

Chinese Tourists and Souvenir Shopping in New Zealand

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Executive Summary

Background

The purpose of the study was to examine the attitudes of Chinese tourists visiting New Zealand with specific reference to their attitudes towards souvenir purchasing.

The research is qualitative in nature and comprises of primarily hour long conversations in Mandarin with 45 respondents interviewed in hotels and cafes in Rotorua and Queenstown. These primary data are supported by interviews with 7 Chinese tour guides followed by a subsequent interview with representatives from the New Zealand Chinese Tour Guides Association. Ancillary data from secondary sources were also used.

During the period of data collection new regulations were promulgated by the Chinese State – these related to package holidays including outbound holidays and attitudes by tour guides to these regulations were incorporated into the report. There is among some a reluctance to recognise that previous practices are being outlawed.

Findings

Chinese tourists seek increasingly to buy souvenirs that are quintessentially representative of New Zealand in their eyes, or create a specific memory of time, place and/or people.

Chinese tourists are increasingly better informed through their use of the internet, and there is some evidence that younger people may turn more readily to internet shopping.

Chinese tourists expressed distrust of guides on shopping tours, especially with reference to shopping at what are disparagingly termed as ‘monkey shops’.

Tour guides displayed different attitudes toward shopping tours, from dislike to seeing them as a means of earning money more than might otherwise be the case.

Recommendations

Access to free internet is very important, not simply to permit Chinese tourists to email friends, businesses and family back home, but also to access pages in Mandarin about New Zealand tourist attractions.

Initiatives such as the Premier Kiwi Partnership Programme and working with the New Zealand Chinese Tour Guides Association are important, especially with reference to new Chinese legislation and an anticipated growth in ‘Quality Tours’.

Suggestions are also made with reference to distribution of Mandarin language pamphlets at the airports and with reference to monitoring of retail and tour leader activities.

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The Purpose and Reasons for the Research

1.1 The research purpose was primarily two-fold. The first was to assess the behaviour and perceptions of Chinese visitors to New Zealand with specific reference to their shopping for souvenirs. Hence the subset of research questions applicable to this objective related to:

What products do they purchase?

Why do they purchase such items?

What are the preferred means of payment?

What influences them to make purchases?

1.2 The second research purpose was to specifically assess further the influences that apply when making souvenir purchases, especially with reference to the role of tour guides. This issue has been one of concern for a number of reasons, the primary reason being the existence of what are termed 'shopping tours'. Shopping tours are not unique to the Chinese outbound market, and have been a characteristic of other Asian outbound tourism to not only New Zealand, but also other countries. They seem to be specifically an issue in the early development of these markets when it might be said the outbound market is relatively immature. Concerns have been expressed about the nature of many of these tours for a number of reasons. These reasons were classified by King, Dwyer and Prideaux (2006, p. 127) as:

- (i) *Uncompetitive shopping arrangements* such as excessive or secret commissions, below cost packages, exclusive dealings and exertion of influence;
- (ii) *False or misleading representations* such as misrepresentation of travel components or quality of accommodation and charging for free services;
- (iii) *Low service quality* such as low quality packages and use of employees with low skill levels.

Consequently the authors of this report are aware that past practices have included the advertising the tours that include visits to geo-thermal sites in Rotorua, but where the group are taken to one of the free public parks rather than one of the more specific (and more spectacular) geo-thermal parks. Similarly Chinese tours are taken to walk

through the ‘Redwood trees’ – which is again a site of public access. Clients nonetheless are charged for these visits.

A report published in 2000 by the Centre for International Economics identified a number of other unethical practices. These included:

- (i) Gaining and retaining control of the consumer’s passport and air tickets;
- (ii) Informing groups incorrectly that the products supplied by a non-preferred trader would be liable to confiscation by Customs;
- (iii) Exploiting the trust that tour members place in dealing with one of their own ethnicity;
- (iv) Constructing itineraries that make no provision for free time;
- (v) Delivery to and collection from the front door of preferred stores;
- (vi) Indicating that it is unsafe to travel outside the group (CIE, 2000).

1.3 As noted, the existence of these practices has been well recognised, and both the authorities in New Zealand and China have been aware of such practices. In some ways, between the commissioning of this report and the final writing of results, the purposes of the report were over-taken by events. Initial discussions about undertaking the research took form in March 2013, and at that time it was known that the Chinese authorities had signalled changes in legislation to approach the problem at the point of sale in China, but the specifics of those regulations were not known. In June 2103, the regulations were announced and implementation of them commences in October 2013.

1.4 Prior to these regulations being published the relationship between China and New Zealand with reference to outbound tours from China was subject to controls through the ‘Approved Destination Status’ (ADS) programme. An ADS programme was agreed with China in 1999. Issues became apparent relatively quickly – especially with reference to what are known as ‘shopping tours’. These tours are sold to Chinese citizens at what appear to be, from the tourist’s perceptions, attractively low prices. In practice, the prices are so low as to not cover the costs of the flight and accommodation, and the tour operator seeks to make up the difference through commissions earned from payments made by retailers and accommodation providers. The important intermediary is the tour leader and tour guides, who direct the tourists to those outlets that pay a commission on the basis of sales made. Much of the

commission is retained by the tour guides, who may indeed not be paid a salary and are thus dependent upon the commissions for their income. While tour guides may publicly complain of the system, in practice many may well earn more through 'sharp' practices than they might otherwise earn through a salaried income. A number of practices thus emerge. Tour guides will seek to negotiate with accommodation providers by seeking to make last minute bookings with motels and hotels, even if it means 'no shows' at the hotel where a booking may have initially been made. Additionally retail outlets will be purchased or built by business people who will only open for tour groups and often be located away from centres so that comparison shopping is not possible, or alternatively, just prior to a group arriving, will temporarily close so that price labels can be switched. These problems had become apparent, and one warning sign was that satisfaction ratings being scored by Chinese visitors in surveys undertaken upon departure from Auckland and Christchurch airports were initially 20 percentage points below the norm. This led the Ministry of Tourism to implement a tougher regime of licensing inbound operators. This, in 2007, meant that the administration of the ADS programme was transferred to Tourism New Zealand in conjunction with the Ministry of Tourism (now incorporated into the Ministry of Business, Innovation and Employment). In November 2007 a Code of Conduct was drawn up that related to ADS tours. The ADS Code was developed by TNZ and the Ministry of Tourism after detailed consultation with the Inbound Tour Operators Council (ITOC) and a sub-committee of experienced Inbound Operators who enjoyed ADS status under the former ITOC Code of Conduct.

At the time that the new Code was developed and introduced, it was agreed with the Government that the Code would be reviewed within the first two years of operation, and that the review would consider its scope, compliance effectiveness and operating efficiency.

- 1.5 The core of the Code of Conduct lay in paragraphs that required the accredited Inbound Operator and Tour Guide to agree to the following:

I will not

impose or obtain from the visitors, charges for services or entrance to attractions, activities, venues or other places which are free of charge; or, if not free, have already been charged for in the package price paid for the tour. Charges for optional tour features including (but without limitation) accommodation or meal upgrades, optional inclusions and additional activities must not exceed the charge claimed by the supplier

of the optional tour feature; and the charge for the optional tour feature stated in the itinerary (see section 4.29 of the Code).

- I will not:

- place pressure on Chinese visitors to purchase goods in retail shopping outlets;

- require Chinese visitors to shop in retail shopping outlets against their wishes;

- take Chinese visitors to retail shopping outlets which sell goods to Chinese visitors that are fake or mis-described; or

- take Chinese visitors to retail shopping outlets which charge more than a fair market price for goods offered for sale to Chinese visitors (see section 4.22 of the Code).

- I will

- give full, comprehensive and accurate information to visitors during the course of ADS tours (see section 4.8(c) of the Code). My commentary will include insightful interpretation on New Zealand's geographical, ecological and cultural heritage in order to enrich ADS tour group visitors' understanding and appreciation of New Zealand.

- 1.6 The Code of Conduct has been subject to continuing monitoring and review. The first review was prompted by the agreement with Government that the Code would be reviewed within the first two years of operation, and that the review would consider its scope, compliance effectiveness and operating efficiency.

The programme continues today with a proactive approach on the part of the China Market Development Unit. Regular newsletters are distributed, the Code was further updated in September 2012, and at the time of writing 199 tour guides had been accredited. In addition a Chinese Tour Guide Association has been formed and close liaison now exists between Tourism New Zealand and the Association.

A significant change was the introduction of the Premier Kiwi Partnership Programme that was introduced in 2013 in that it seized the notion that the Chinese

market was significantly changing with the growth of what were termed ‘premium’ Chinese visitors who would both stay longer and be more likely to travel independently. To that end Tourism New Zealand sought to carefully target Chinese travel sellers to encourage the market, and thereby step around the issues of the practices outlined above. Chinese travel sellers in question have been selected for joint marketing and promotional activities with Tourism New Zealand. As part of the process these travel sellers have been set targets around the number of tourists travelling to New Zealand on 'approved' higher-value itineraries, developed especially for the clientele by inbound tour operators and their travel sales partners in China.

- 1.7 While the current Ministry of Business Innovation and Employment and Tourism New Zealand have sought to improve the quality of the Chinese visitor once in New Zealand, the Chinese Government has not been unaware of the issues that impact upon its own citizens in many countries when they travel overseas.

- 1.8 In April 2013 the Standing Committee of the 12th Chinese People’s Congress approved a bill after 3 readings that set out 11 articles relating to tourism practices both domestically and with reference to the promotion of Chinese outbound tours. The law seeks to address issues of unfair competition, price hiking with little or no warning and forced goods purchasing. The law also included specific clauses designed to counter the practice of "zero- or negative-fare tours", which refers to tour services sold by travel agents at or below cost in order to attract travellers, who are later forced to purchase goods or tip agents during their tour. These are now banned through a process of clearly listing tour itineraries, content and duration of each travel session, and the conditions for transportation, hotel and dining services. Indeed under article IX (see appendix) tourists now have a right to reject ‘... refuse tour operators forced transactions.’ Equally the itinerary, which must detail activities and their duration, are deemed to be part of the contract (see Article 59). Article 35 specifically forbids the arrangement of shopping only tours unless it can be shown that no tourist was inconvenienced by the arrangement. At the same time the right to make complaints is being reinforced by the legislation and thus this ‘defence’ of shopping only tours may be ‘weak’. Any violation of the “rights and interests of the tourists” can lead to the suspension of tours for a period of six months, and a three-year ban on those whose tour guide certifications have been revoked for luring or forcing tourists

to purchase goods or for unnecessarily changing tour itineraries. Fines of up to 300,000 RMB may also be imposed, and tour guides may lose their certification. In the various announcements accompanying the publication of the articles statements noted a possible future tightening up of penalties, and the establishment of new organisations for the receipt of tourists' complaints. Whether it would be possible for NTOs of tourist receiving countries to lodge complaints with those organisations is currently unknown.

2.0 The Research Methods

- 2.1 When conducting research into a topic such as this a number of issues may arise. First there is the issue of how Chinese respondents may answer a questionnaire. Yang, Ryan and Zhang (2012, p.1692) note with reference to university sponsored research that: "In those cases where the university ethical procedures require a respondent to sign a consent form, such requests elicited responses that can be categorized as (a) do you not trust me to tell you the truth? (b) this makes our conversation 'official', and so I will not participate even though I am happy enough to talk to you otherwise, (c) I am now insulted that you require this of me because it means you do not trust me, (d) friends do not operate in this manner, and (e) I do not understand why this is required and so I will not talk to you in this way.
- 2.2 In the circumstances of this research some respondents would ask whether a gift might be provided (in this instance post cards were provided), while another issue was the possible hostility of tour guides to their parties being approached. Other issues noted in the wider literature relate to the use of structured questionnaires and include a reluctance to provide what are perceived as overly critical responses and at times responses may be guided by a motive to please the respondent rather than provide a statement of the informants views – this may be reinforced if the interviewer is perceived as being 'official'.
- 2.3 Under these circumstances a semi-structured approach was adopted where a framework of questions were listed for guidance and more conversational approaches were initiated. Short notes were made during the interviews and at the completion of an interview more copious notes were immediately made on a laptop. A structured

questionnaire was also available when thought appropriate, but the number of completed questionnaires was very few (9).

- 2.4 Two Mainland Chinese interviewers were used – one having gained her doctoral degree and the other currently studying for her doctoral degree. Both were female. Prior to the main bout of interviews commencing, trial runs were conducted with the support of Zealong Tea Plantation’s Camellia Tea House as the venue – and their help is here acknowledged. This was undertaken to gain practice of the sequencing of questions. None of the data raised in this period is used in this report. Among the reasons for this was that some of the interviewees in this period were actual Chinese residents of New Zealand – in which case the conversations steered toward the more general issues of shopping tours and the types of souvenirs that might possibly be purchased, or what did the informants think Chinese tourists might buy.
- 2.5 There were two main venues selected for the interviews – these being Rotorua and Queenstown. Both are of course frequently visited and both are visited by Chinese tourists – whether or a ‘quality tour’, ‘shopping tour’ or as an independent traveller. It was thought that Queenstown would be the better site in that by that stage tourists would be nearing the completion of their tour prior to returning to China via Auckland International Airport. In practice though it became apparent that North Island was the main site for shopping, and in particular Rotorua. As noted below examples were found where guides recommended shopping in Rotorua. Attempts were made in some instances to ‘join’ a group as they went shopping, but in doing this for the most part the group joined actually went to a “legitimate” outlet. Two specific retail outlets where over-pricing is known to occur are Top Sky Holdings which has an outlet and offices located between Rotorua and Taupo. This location has been known to trade after April 2013 when it was fined by the Commerce Commission. At least two sets of deceits were involved – the first being the higher than normal prices and the second the claims that souvenirs were locally made, or made in New Zealand, when in fact a number had been imported. Among these were alpaca rugs that had been imported from Peru, and which in fact had only a 20% alpaca content. Top Sky holdings still has a presence on the internet and its pages very quickly link into those of New Zealand Made, thereby implying that the products are locally produced.

- 2.6 The second retailer is Kiwi Wool Limited. Again the offence on which the charges were brought related to untruthful claims about the items being sold. In the former case fines of NZ\$164,000 were levied and in the second case NZ\$94,500. Kiwi Wool remains a registered company.
- 2.7 The two field interviewers collected a total sample of 45 interviews of 30 to 60 minutes at hotels and locations frequented by Chinese tourists. While trying to identify tour groups, at times they misjudged the respondents, but once they commenced the interviews the continued. Nonetheless all but 9 were members of group tours. Of interest was the fact that there was relatively little difference in buying behaviour between many of the respondents, and hence unless stated the analysis below relates to the aggregated dataset. The sample comprised 20 respondents from Rotorua and the remainder from Queenstown. There were 21 males and 24 females. Levels of education tended to be high but there is some missing data as to this variable. However it can be stated that the majority were university educated. In addition they were able to obtain relatively substantive sets of comments from 7 tour guides.
- 2.8 The initial note-taking was done in Mandarin and the text was then translated into English. The analysis of the text was completed by reading it through, identifying themes and then proceeding to confirm themes through a process of removing from the text word redundancies as briefly indicated below. This then permitted the use of textual analysis programmes as described below.
- 2.9 Initially the data comprised two sets, with one set being more specifically oriented toward the use of tour guides and the Chinese perceptions of those guides, and the second being more related to the patterns of purchases being made. The report follows that rubric. Hence there are three sets of data – the first oriented toward tour guide behaviours, the second toward shopping patterns and the third an aggregated data set.

3.0 The First Data Set

Tour Guides and shopping

It was quickly evident that there are good guides and not so good – it is apparent that not all guides require their clientele to shop at designated retail outlets. This would appear to be dependent on the inbound tour operator. Some of the ‘good ones’ would

include bookings made by tourists using Ctrip, CITS and CYTS. The websites of each of these companies, as existing in early June 2013, were examined and the following represents a brief summary of findings with reference to the tours being organised:

Ctrip: They have 23 tourism products to New Zealand, 12 of these 23 products clearly mentioned that there is no shopping. In their shopping tours, the retail outlets they mention are: DFS Duty Free in Auckland, and The Velvet factory and wool quilt factory in Rotorua. It is clearly indicated that the shopping activities would last one hour. It was noted that Aotea Souvenirs are also listed and some of the products provide an Aotea coupon when a booking is made.

CITS: They only have five tourism products relating New Zealand. Of these only one is classified as "no shopping". The listed shopping activities for the other tours are: DFS duty free one hour, The Wool Quilts Factory 45 min, and The Velvet factory 45 min.

CYTS: they have 8 New Zealand tours, in which three tours are no shopping tours. The retail outlets that are mentioned Shops they mentioned are DFS duty free in Auckland (one hour), Mataiahn Souvenirs in Auckland (one hour), Velvet factory in Rotorua (45 min), and The Wool Quilt factory in Rotorua (45 min).

In the 'no shopping' tours this characteristic is generally listed on the first line of the web pages, and the implication is clear that such tours are of better quality. In short, it can be clearly seen that the major outbound companies are complying with the new Chinese legislative framework in terms of promoting the holidays.

3.1 *The role of the tour guide*

Informants mentioned that today they can do a lot of shopping through the internet, but reasons for shopping in New Zealand were to get a better quality of product, or one thought to be more authentic. Items of certain types of clothing can be problematic for some tourists. One example was the shopper who wished to buy Ugg boots, only to find that they were actually made in China.

Examples arose where it does appear that tour guides are directing tourists to outlets under false pretences. For example one informant had been told prices were much higher in South Island than in North Island and thus they had been encouraged to purchase goods in North Island (Rotorua), which of course meant that they then

carried all the items throughout the second part of their trip. In this case it was thought that the tourist had been taken to a 'commission store' but the informant was unable to remember its name. Indeed, encouraging tourists to undertake their shopping earlier in the tour does indicate that it is less likely that tourists will be able to correctly recall the name of any specific souvenir outlet. Another rouse was revealed when an informant stated:

Our hotel is not in the town centre. The tour guide told us that it was not safe if we walk outside the hotel in the evening. We don't have any opportunity to visit other shops.

This does raise the issue of safety in New Zealand. Generally New Zealand is perceived as a safe country, but past incidents of theft and more violent occurrences are quickly reported as evidenced, for example, by events that occurred at Mt Eden when buses were broken into. The attitude of tour guides is discussed in paragraph 5.8.

Certainly on the part of tourists, informants were able to identify some occasions relating to activities where there had been some over-charging. In some instances tourists could identify times when they had been seemingly cheated.

We were encouraged to use cash. The guide said it is convenient.

I needed some information about some special souvenir shops, and the price of tourism activities. I checked the tourism activities' prices when I arrived in New Zealand. But I found the price of all organised activities were higher than the real local price. For example, we paid NZ\$100 for a Jet boat activity, but I found the real price is NZ\$90 when I asked the local i-site staff.

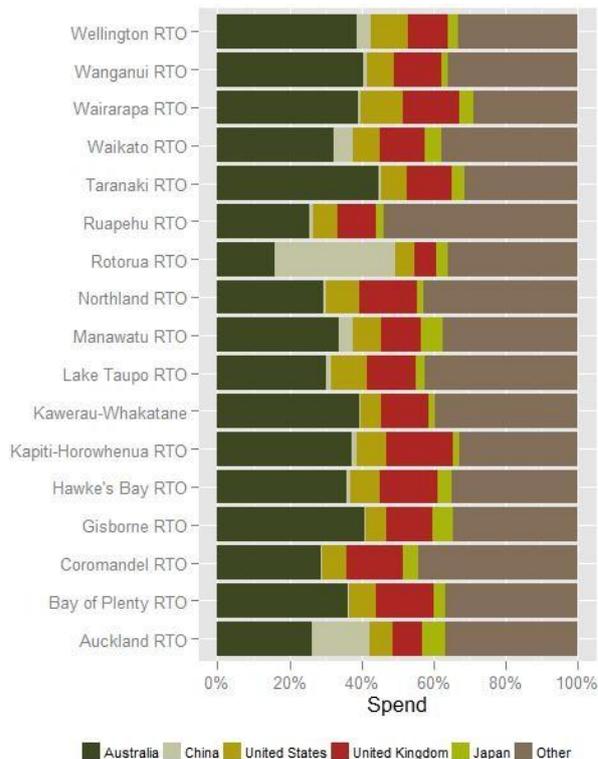
With reference to the predisposition to use cash to make payments, there are some interesting anomalies. First it needs to be noted that general tourists are permitted to only take \$20,000 RMB in cash out of China. This would generally be more than adequate (being about NZ\$4,000) but obviously it depends upon the length of stay, the nature of the trip (is it a dual destination tour with Australia) and the degree of

intent on the part of the tourist to go shopping. It also explains the concern about safety if the tourists are carrying high amounts of cash. So, given these factors it can be understood why cash is seen as important.

A second factor is the importance of Rotorua to the Chinese market. Data from the Regional Tourism Indicators clearly shows this as indicated in the following graphic (figure One).

Figure One

IVS adjusted spends for North Island RTOs for the year ended September 2012



Source Regional Tourism Indicators, June 2013.

What is of interest is that the majority of Chinese electronic card spend is spread across Auckland (62 per cent), and yet Bay of Plenty (includes Rotorua) accounts for only 12 per cent, less than even Otago (14 per cent). Of even more interest is that Chinese electronic credit card spend in Rotorua has fallen by over 10 per cent since 2008.

The impression is that Chinese tourists may be coming with cash, are directed toward shopping in Rotorua, but if extending their stay in New Zealand need subsequently to use credit cards later in their trip. Second, Rotorua will be visited by those on short duration trips, and thus they will use cash, while those in South Island are more likely to be on 'quality tours' or be FITs. A second possibility is that Chinese tourists arriving in New Zealand initially take advantage of their arrival in Auckland to use their credit cards to obtain cash, feeling that it may be more difficult to obtain cash later in New Zealand, while there exists some hearsay evidence that some may use their credit cards to obtain cash for gaming purposes at the casino.

Among the products specific to New Zealand and which people wished to buy were wine, woollen products and health products including creams and lotions. And there were references also to the purchase of milk powder. The items being purchased are indicated in more detail in paragraph 3.7.

3.2 *The importance of brochures*

With reference to the Chinese language brochures about shopping in New Zealand, responses broadly fell into two categories. These were: (a) a lack of awareness of the brochure or (b) being aware of the brochure, but not being able to find them. As an example of the latter one informant stated:

Before I came to New Zealand, I knew the airport provides some information brochures with Chinese language through a search of the internet. I tried to find out them when I arrived. However, I found nothing about Chinese language brochures in both Auckland and Queenstown Airports. I just saw some brochures with Japanese and Korean. I really needed some city maps and tourism attraction maps with Chinese language, because I knew nothing about this country (other than what had been read on the internet).

Similar comments were made by another respondent, who stated:

I really need more Chinese language information about New Zealand tourism attractions, food, souvenirs, and maps. I can't speak English and understand

English language information. In our hotel, there is also no Chinese language information.

He then went on to make a further point:

Further, I want to complain about the Wi-Fi service in the hotel. I just can get 20 minutes free Wi-Fi per day. In China, almost all of the hotels provide free Wi-Fi. I need the internet to search Chinese language tourism information and products' price.

In short, the failure of many of the New Zealand hotels to provide a free and ideally fast internet service is disadvantaging tourists in more than simply not permitting them to contact friends, family or business colleagues via email, but it is also inhibiting tourists from accessing more information about New Zealand, and of course, our tourism attractions and those products that may be purchased as souvenirs.

Certainly informants were able to identify some occasions relating to activities where there had been some over-charging in cases where they were able to make comparisons. One such source was when tourists used the i-sites. Thus one tourist noted:

I need some information about some special souvenir shops, and the price of tourism activities. I checked the tourism activities' price when I arrived in New Zealand. But I found the price of all organised activities were higher than the real local price. For example, we paid 100 NZD for Jet boat activity, but I found the real price is 90 NZD when I asked the local i-site staff.

3.3 *Methods of payment*

Three main forms of payment were mentioned, these being UnionPay, Cash and Visa. The position as to the use of cash is a little unclear, as evidenced by one informant who noted:

We were encouraged to use cash. The guide said it is convenient.

While there is truth in the statement that the use of cash is convenient, a question arises as to where the tourist was obtaining the cash. In the case of the more dubious tours it was possible that tour guides were offering to provide cash, but it is not known at what rate of exchange. For tourists using Visa there is generally little issue as ATMs are easily available, and for tourists who wish to use UnionPay, the Bank of New Zealand ATMs will accept Union Pay Cards. However, it is uncertain as to what extent Chinese tourists are aware of this. In addition retailers need to be aware that Union Pay will require ID Pin numbers to be entered and there is no equivalent to 'Pay Pass' for small amounts of money.

3.4 Themes in the text

Taking the text as a whole and going through a process of textual standardisation, such as removing discrepancies due to the use of the plural or the singular, a corrected (and much shorter) text was then analysed using the software package CatPac. One of the features of this programme is that it generates a dendrogram based upon the spatial proximity of words, thereby indicating some of the underlining themes that may exist within the text. This dendrogram is reproduced in Figure Two. At the right hand side of the dendrogram can be found comments about the Chinese language, and a link exists with the word brochures. As indicated in the above analysis the connection with brochures relates to the leading questions that were asked as to whether the brochures about shopping in New Zealand were being used – but as is also noted in the same analysis – it does raise some issues in a wider context. First, as noted with the blue circle, Chinese tourists did use i-sites when they could (even if on guided packaged tours, especially if on 'quality tours) and guides in Mandarin are therefore appreciated. Second, the point about hotels not providing a means to access information about New Zealand in the Chinese language by failing to provide free internet access in hotels is a theme as discussed below.

The themes noted by the red circle may be divided into two sub-themes and are linked to the first by the word 'brochures'. Essentially the theme relates to products and is hence linked to brochures in Mandarin that the Chinese would wish to use to find information about possible products that they are considering purchasing. This arises in the context of shopping and hence the second theme related to this is with reference to modes of payment, and whether cash or a credit card can be used. Hence to the left

To the extreme left of the dendrogram can be found two more sub themes; one of which refers again to shopping and buying things. The terms ‘shops’ and ‘shopping’ were kept separate as the former related to seeking information and the latter the actual activity. Finally issues of prices that were related not only to products but activities duly emerge.

It should be noted that the analysis is not representative of Chinese tourists’ experiences of New Zealand as a whole, but rather reflects a specific form of questioning that was related to shopping activities and the role of tour guides, and thus the analysis reflects this emphasis.

The data however is supplemented by further information obtained from a more general questioning of additional informants, and these data were examined firstly separately, and then together with the above data to form a composite picture of Chinese tourist shopping patterns

3.5 Introduction to the second data set

In the second data set the questioning was much more general in nature although relating to shopping. It avoided therefore specific questioning about the role of tour guides and the sample, as stated previously, included the nine who were FIT tourists organising their own itineraries.

3.6 General shopping patterns

The attitude towards tour guides

Many informants, even if travelling independently raised (with little prompting) comments about tour guides based on either current or past experience, or from their own observations or discussions with other Chinese tourists. In addition the readings of blogs may have also informed some of the views. Certainly knowledge of shopping commission tours existed among many of the informants. It was the impression of the field researchers that those travelling independently were either more assured, confident or experienced as tourists than those travelling as part of a group, but it is emphasised this is an impression with little statistical data to support such a view.

Among the comments made about tour guides were the following:

From a package tourist.

We have visited Auckland and Rotorua. Seen volcanos, farms, lakes, and some gardens. I have no plan for shopping. But I have heard of the milk powder. I have not started shopping. I am going to buy something; I mean I have to buy something for family and friends, just something from New Zealand. If they can deliver it directly to China, it would be perfect. *But I am afraid to visit the shops which are run by the travel companies. They are cheating us.* Some of my group members are taking a list of products according to the requirements of family and friends. There are many different things were listed, such as milk powder, health product.

From a second package tourist

We visited a lot of places, such as volcano, farm, forest, Spa, and lake. When one of my friends heard that I was going to New Zealand, she required me to buy milk powder for her. I bought some velvet because the tour guide told me it is really good for health. *The tour guide told us that all the shops we visited are on the list of the customs. The government would check their price regularly to make sure they are not cheating. If they were cheating, they would face great fines. The government is strict in pricing, especially for souvenir shops. So we can buy some real good products here with reasonable price. And the tour guide also told us that their price is the same in all different shops. This is different from Australia. Most shops in Australia were running just for tourists.* They mislabelled the price. I think New Zealand is a small country, so it is much easier to control than Australia.

From a third package tourist

We just visited Rotorua, farm, Polynesian Spa, and lake. We are going to visit a bird island tomorrow around Auckland. What we paid is a quality tour. We paid more than regular groups. So we need not go shopping to complement their cost. Our tour guide never led us to souvenir shops. You know, they

(regular groups) only paid 14,000 RMB for a two countries' trip, which is only enough for airfares, maybe. So they have to go shopping, it is their duty to buy something. Otherwise the tour company could not survive. Many countries welcomed Chinese tourists because they believe that Chinese tourists are stupid, Chinese tourists are willing to pay a large amount of money to buy anything they promoted. But things are changing. Many tourists with more overseas travelling experience would not pay a lot to buy souvenirs; they want to enjoy their holiday. *Because of our culture, we have to buy some gifts for relatives. But we want something with New Zealand's element. A gift should be like that, it is from New Zealand. Maybe we are going to buy something in the airport.* According to my previous experience, when we check in, we normally have at least one hour of walking around in the airport. So, maybe I will buy something if I find some interesting things.

These and similar comments are of interest for a number of reasons. These reasons include:

- (a) Chinese visitors are increasingly well informed about the unethical practices associate with 'shopping tours';
- (b) Nonetheless there remains, for a minority, the realisation that the shopping practices are a *quid pro quo* for the relatively small price that has been paid for the tour;
- (c) Some tourists have an awareness that within New Zealand checks are being made to try to ensure that shopping is free from undue pressures;
- (d) Some tourists are aware of the guidelines and brochures on appropriate prices for a number of products. It is difficult to be precise but about one-quarter of tourists made varying statements about being aware of information from the existence of a brochure, information on the web or knowledge gained from blogs;

(e) The need to buy souvenirs for cultural reasons remains quite strong but there might be said to be three trends that will grow of importance, namely:

- i. Purchase only quintessentially New Zealand products;
- ii. Items must have value for money;
- iii. Convenience in purchasing could be a growing factor, and this can, as noted elsewhere, mean purchasing from the internet.

3.7 Items being purchased

A significant range of items were purchased by the visitors. However it seems that it was only a minority who wished to buy Maori carvings, especially if relatively high priced, but a demand does exist among those who were FIT visitors. One such visitor who, it seems, was a 'committed' but selective shopper commented:

I visited several shops, and bought more or less from nearly every shop. I am afraid that I could not find what I have seen from the last stop. So I bought souvenirs during the trip if I liked (the objects). Maori carving is special in NZ. I will put in my house to show others it is from New Zealand.

A relatively small number of items tended to dominate the patterns of purchasing. Thirteen of the 45 informants noted milk powder as an item for purchase. To provide just a few examples from different informants:

Some of my group members are taking a list of products according to the requirement from family and friends. There are many different things were listed, such as milk powder, health product.

When my friends heard that I was going to New Zealand, she required me to buy milk powder for her. I bought some velvet because the tour guide told me it is really good for health.

Most of these are requirements from relatives and friends, and colleagues. As you know, we suffered a lot in poison food. When we came to a country like New Zealand, most of them just want some safe eating things, such as fish oil, honey, and milk powder.

When I was in China, I just heard of milk powder. They were talking about milk powder all the time, relatives, websites.

- 3.8 Two comments may be made about these and similar comments. First, the demand for milk powder is a significant issue in China as has been widely reported. For example, Adams (2013a) reported that the smuggling of milk powder across the Hong Kong-China border has reached such proportions that those being arrested exceed those caught smuggling drugs. Examples are cited of milk powder being purchased in Countdown and other New Zealand supermarkets are being shown on *Taobao* complete with the supermarket sales receipts as evidence of being the authentic product, and being sold for as much as 200 RMB per can of Karicare. The Chinese authorities in March 2013 placed a limit of 2 cans per person for those entering China across the Hong Kong border in 2013. *China Daily* (1st June 2013) estimates that in the aftermath of the Sanlu disaster Chinese milk powder companies possess now only half of the domestic market compared to the 70% they held prior to that event, and there is little doubt that the Chinese public possesses concerns about the quality of their food generally and not simply just milk powder.
- 3.9 That milk powder is being sought in New Zealand might also be explained by recent CCTV programmes (e.g. 30th April 2013) that have been critical of the quality of milk powder being sold in China and which is reputedly being exported from New Zealand. On the 1st June both *China Daily* and *People's Daily* reported that Premier Li Keqiang stated regulations on food stuffs should be the equivalent of those for medicines.
- 3.10 Given this, it should therefore also be noted that the purchases are often at the request of friends, which request does place some pressure on the tourists to comply for reasons of reciprocal patterns of relationships (*guanxi*). On reason for these demands

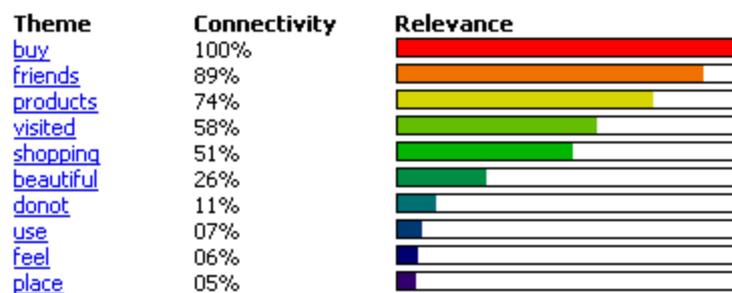
is that it seems that a number of Chinese are aware that milk powder sold within New Zealand supermarkets has to meet quality criteria that are higher than those required for exports. One reason for this is that milk powder sold in New Zealand complies with a 1981 World Health Organisation Code on Breast Milk Alternatives which is supplemented by three sets of voluntary codes. After the Sanlu incident of 2008 many Chinese consumers possess, as noted above, reservations about the quality of milk powder being purchased in China.

- 3.11 Milk powder is not the only product that is in high demand by the Chinese. Again Adams (2013b) reported that honey was also being smuggled in China from Hong Kong in an attempt to avoid a 17% tax being levied in China, and again examples of New Zealand product were being found on *Taobao*, including ‘Comvita’, ‘New Zealand Honey Co’, ‘Sweet Meadow’ and ‘Signature’ brands – and not unusually at prices below those being charged by New Zealand companies in New Zealand. Two issues thus arise, one related to the price and the second to the possible dilution of the product.
- 3.12 These controversies have the effect of seemingly influencing Chinese tourists purchase patterns and attitudes toward the buying of products in New Zealand. As noted, Chinese tourists are tending to buy a core of products that are related to health. Thus of the 45 informants, 10 purchased honey, 13 purchased lanolin creams, 4 purchased propolis, 6 purchased fish oil and other products that were mentioned included velvet, colostrum, and placenta – and almost in every case Chinese respondents referred to themes of health and the purity of product that they expected to find in New Zealand.
- 3.13 With reference to modes of payment, three main modes were mentioned by respondents – these being Visa, Union Pay and Cash. The first two modes accounted for most of the answers, but with reference to cash there were fewer mentions but it is of interest that some comments related to some tour guides recommending that payments be made in cash. It is thought that not all respondents were aware that Bank of New Zealand ATMs accept Union Pay cards.

of interest in the text of the conversations this mention of products is associated with ‘tours’, ‘price’ and ‘shops’ and the text as indicated above voices the tourists’ concerns with group tours and shopping tours. Hence the words ‘do not’ feature strongly in the text as respondents commented and not buying from such shops or joining such tours. The left hand side of the map highlights the beauty of New Zealand and this associated with its ‘pure’ image indicates why people wish to buy products from New Zealand.

4.3 The centrality of the ‘buying motive’ is indicated by a measure of the way words are related to each other, and this is represented by the bar chart shown in Figure Four.

Figure Four Degrees of Relationships between words



4.3 Finally the software produces a ‘cloud’ formation wherein the relationships are shown by sizes of the words, their proximities and the colours of the words – and this can be generated by simply asking the software to run over the total text which, however, is modified by the ‘cleaning’ process mentioned above where words are, for example, standardised as to the singular or plural or the active voice of the verbs. The cloud is shown in Figure Five.

4.4 Yet again buying ‘New Zealand things’ is the central theme, friends in China and buying items like milk powder and lanolin form a clear cluster or theme, and shops, products and prices another – implying concern about prices. The time available for shopping arises as another secondary theme, and again aspects of landscape again emerge

Figure Five Cloud Analysis of the Text



4.5 It then becomes possible to clearly identify where in the text words are found and hence it is possible to go back into the original data to examine how respondents contextualise given words. A partial example is provided in Figure Six.

Figure Six Example of the contextualisation of the Word ‘Buy’

Query Results

Query: WORD:buy

Matches 1 to 84 of 84

1. /Total doc 3.txt/Total doc 3~1.html/1/1_7

Especially, the autumn is really attractive.
We have to buy something for family members.

2. /Total doc 3.txt/Total doc 3~1.html/1/1_115

Sometimes I buy something just for the function.
Visa

3. /Total doc 3.txt/Total doc 3~1.html/1/1_132

Maybe Auckland, or might be the airport. I won't buy too much.

4. /Total doc 3.txt/Total doc 3~1.html/1/1_215

My friend let me buy something for her. So I would definitely buy what she required.

5. /Total doc 3.txt/Total doc 3~1.html/1/1_245

Gift should be like that, it is from New Zealand. Maybe we are going to buy something in the airport.

5.0 The Tour Guides

5.1 That some tour guides expressed some harsh sentiments about the application of policies under the Code of Conduct might be said to be an under-statement. Examples of some of the comments included, from one tour guide in Rotorua, the following short sentiment:

If you are working for TNZ, I won't let you speak a single word to my tourists.

A second was more forthcoming (indeed relatively hostile) , but his sentiments echoed those of that just cited. He stated:

Please don't mention TNZ to me. I really felt angry with them. What they are caring about is just some small things, such as our commission. They should pay attention to improving the positive image of the country. Last time, the luggage of the whole group was stolen. I reported this to the police and no one come to help. Why don't TNZ negotiate with the police to reduce crime rate towards tourists?

Robberies happened frequently, even in your Hamilton. Such things are more important than our commission. We need to survive. Tourists were not frightened by higher price of the local products, but they won't come if they feel that New Zealand is not a safe country. ... They (TNZ) hired mystery customers to travel with the group from China. They viewed the whole process of how we sell options, and how we introduce products. They should know everything. ... Commission is quite common for many countries. Chinese tourists love low prices, love shopping. This kind of practice is what they want.

- 5.2 Other guides were more polite but also expressed views that to be totally honest would have significant economic implications for them. One of the tour guides commented:

TNZ again? They only focus on our tour guides. We have an association. When they cut off all our profits, we would organise a strike. You are kind to ask me first. What you want to know? Brochure? Do you know what the content is in the brochure? They provide local products and probable price. How can I let my tourists even see it?

- 5.3 By the time the field interviewers reached Queenstown detail of the new Chinese legislation had been made public. It was felt therefore pertinent to examine how guides might respond to some of the potential implications of the new regulations. Hence one guide responded:

I have never heard of the new legislation. But as you know, China's law is very comprehensive. The problem is not lacking of certain laws, but how to put them into force.

- 5.4 This feeling that it is one thing to pass a regulation, another to implement it was repeated by others. To provide just two examples:

New legislation? I haven't heard of it. But I am working in New Zealand. So I just need to obey New Zealand's law, not China's law. The legislation may work in China, I am not very sure. But it won't affect us.

And from another informant:

I don't know the new legislation. It might have some influence in a short time. Some clever people might have new ideas to avoid punishment. Such things happen every day in China.

- 5.5 Some of the guides in South Island sought to make distinctions between themselves and those working with tours in North Island. Hence one guide noted:

We are different from tour guides working in North Island. We have basic salary. I normally let tourists walk around and visit shops by themselves. But I would like to introduce some shops to them because if my tourists buy something in these souvenir shops, the shop give me commission.

And another stated:

I used to work in North Island. But I don't like their practice. I also felt great pressure from the company. So I moved to South Island. I enjoy my work here because I need not cheat the tourists all the time. All shops in Queenstown clearly mark price. It is different from North Island, especially in Rotorua. I felt guilty when I saw the tourists bought items and paid ten times higher than normal price.

- 5.5 There was also a sentiment expressed by the South Island guides that they came under pressure from the tour operators and two of the guides provided some evidence of this in their statements. The first of these said:

Nearly all tour groups visiting North Island will be led to designated shops. South Island is cleaner than North Island. We normally receive some restrictions from the company when we receive the group. If they are shopping groups, I have to try my best to prevent them shopping in South Island. The group would be accommodated in hotels far away from the town centre. Their itinerary is too intensive. When I send them to the airport, I have to find some

excuse to delay the group, and let them arrive at the airport at the last minutes to make sure they have no time to walk in some shops at the airport.

And another spoke of the personal pressure that he felt under, saying

I could not feel any enjoyment when I receive a shopping tour group. I was told that I have to prevent their personal shopping activities in South Island. It is hard. I have to watch the whole group all the time. But during the dinner, when I was eating, several tourists quickly finished their dinner, and escaped for shopping. They are so cunning. I just felt so frustrated.

- 5.6 It this appears that for some of the shopping tours the emphasise is being placed on the North Island component of the tour, and this appears to specifically relate to Rotorua where tours are being taken to shops such as those of Kiwi Sky Holdings. There is a suspicion that some tours are organised in a way that seeks to deny tourists the opportunities to undertake comparative shopping in South Island whereby they may be able to better assess the prices. However, South Island tour guides seem to have much better working conditions, and a seventh informant from South Island noted:

Your questioning gives tourists a hint that we might cheat them. Most of the Chinese tourists don't trust tour guide because there are so many negative reports about tour guides. Our tour guides working in South Island have a salary and (are paid) tips. So it is not necessary for us to lead them shopping all the time. Our work is not easy, please say something positive.

- 5.7 Finally some comments sought to justify the shopping commission tours, basing their argument on the grounds that all parties 'know the score'. In short, it is recognised even by tourists that there is some *quid pro quo* that for the cheap price of the tour there is an expectation that they will be expected to buy items from retailers on which commissions are paid to the tour guides and operators. Thus one guide said:

I think most of the tourists understand the shopping activities in designated shops. When they booked a tour which is only 1,4000 RMB for a 10 days trip,

they should know the cost of the trip is much higher than 1,4000 RMB. So tourists who love (such a) low price should pay more on shopping. There are “pure sightseeing” tours sold in a lot of tour companies. If tourists don’t like shopping in designated shops, they may pay higher price to book that kind of pure sightseeing tours.

However, while it may be thought that there is some justification for such a view, two questions emerge. First, if such shopping tours are considered valid on these grounds, nonetheless it does not justify many of the practices of excessive over-charging and false descriptions of goods noted by the Commerce Commission in recent cases. Second, there remains the question as to whether the continued existence of such tours is not, in itself, a contributory factor to such unethical practices.

5.8 With reference to the issue of safety, in conversations with members of the Tour Guide Association, safety was seen as being critical, and as one guide stated – it is safety of the person, their cash and passport and then other valuables in that order. There were concerns expressed about:

- a) Tour buses left unoccupied by drivers during stops;
- b) The seeming disinterest of the New Zealand police.

However, there was a recognition that the incidents were few in number (and that was one reason why they created such an impression) and equally that positive reactions had been undertaken by the police while, under questioning, it was also recognised that tour arrangements with bus companies need to be professional and cover drivers being with the coaches – and this was the responsibility of the tour operator. Some guides appear to be more willing than others to recognise that New Zealand authorities had reacted positively to these issues.

6.0 The sales of New Zealand items on *Tao bao*

6.1 Given the comments by tourists that it is increasingly possible to purchase souvenir-style items through the internet, the researchers examined China’s largest online shopping mall, namely “Taobao”.

6.2 On entering the website “Taobao”, and entering as a key word “New Zealand” (in Mandarin) and searching items for sale, it is quickly evident that Karicare milk

powder is the most popular product. Additionally for health care products, the brands “Good Health” and “Comvita” are also found to be very popular in China.

- 6.3 The team also approached an online shop owner that had three years’ experience of overseas purchasing from 2008 to 2010 while she was resident in New Zealand. Her comments are noted below:

In my shop, there were four kinds of products, including health care products (the leading brands being Comvita, and Good Health), sheepskins, UGG boots, and skin care products. I only sold some popular products with famous brands at that time...

For the health care products, both the brands of Comvita and Good Health are popular in China. For example, I knew of two Comvita physical stores, respectively located in two shopping malls in Beijing, China, and there the prices were much higher than New Zealand...

For UGG boots, I just provided some styles or colours which sold in New Zealand but which were widely not available in China. Many Chinese consumers thought that they should be “limited editions”...

For skin care products, Chinese consumers prefer some natural products like honey, flowers, fruit, and essential oil.

Almost all of these products I bought from xxx Souvenir Shop except the UGG boots bought from an Auckland outlet. Before I started this business, I undertook research about products’ prices in New Zealand and found a retail outlet that consistently sold items are lower than average prices. ... I knew there were many online shop owners who purchased products from xxx Souvenir Shop. For example, the price of Colostrum milk chews was NZ\$24 per bottle in Aotea, while it was sold at NZ\$12 in xxx Souvenir Shop at that time.

From the second half of 2008 to 2009, New Zealand exchange rate dropped which was benefited to overseas purchasing business. Further, I also sold some handbags of luxury brands at that time, such as LV and Gucci.

- 6.4 The owner of the shop had no reason to believe that the goods were other than the genuine article and the retail outlet in question has been trading for many years. One reason why this is possible is because wholesale prices will vary between outlets based upon volumes of goods and hence supermarkets will obtain lower supply prices than other retailers for a number of reasons. However the assumption that the retail segment is wholly ‘tight’ is not well founded and anecdotal evidence was found of leakages of from one sector to another – including one instance of a Chinese purchasing directly from a supermarket manager in an arrangement of direct supply from the supermarket warehouse.

7.0 Summary and Discussion

- 7.1 The above discussion identifies a number of themes that can be summarised as follows:

- a) There is widespread recognition by Chinese tourists of the existence of shopping tours;
- b) Shopping tours are perceived as ‘part of a system’ that permits some to travel on overseas holidays that might otherwise be seen as too expensive for them;
- c) The consequence is a state of tension exists for many such Chinese shopping tourists and their tour guides – shoppers are distrustful of the guides fearing that they are being taken to shops that charge too much, and on the other hand guides have five forms of response:
 - i. They rationalise their own role by saying tourists must expect to pay for items to offset the low price of the holiday;
 - ii. They feel ambiguous about their own role, but perform it because they feel they must under pressure from the shopping tour retail outlets and the need to earn money;
 - iii. Some would seek to exploit the tourists and connive with shopping tour retail outlets to the point where they will cheat their clientele.

- iv. Some would welcome the end of the shopping tours and hence would be able to act ethically;
 - v. Some work only for 'quality' tours.
- d) Shopping by tourists is beginning to change in nature for a number of reasons. First tourists have referred to the fact that they can obtain items over the internet, both within New Zealand through sites like Taobao. Shopping in New Zealand is thus driven by a motive to obtain the quintessential New Zealand product which is defined in terms of authenticity and quality. It is therefore suggested that accreditation and marks of authenticity such as *Toi Iho* and including Qualmark for retail outlets be reconsidered and re-emphasised. This is also consistent with the Premier Kiwi Partnership Programme. Such initiatives is also likely to appeal to those on 'quality' tours and will reassure a group of tourists that have causes for concern over food quality and other issues, and who know that items and brand names have been copied. Chinese tourists are searching for quality in products, and increasingly are able to pay accordingly. The Chinese legislation may increase the price of tours in that it the past practice of 'shopping tours' based on retail outlets offering commission can be better controlled – but there was an acceptance by some tourists of this practice. Given this acceptance there may be, in the short run, some attempts to retain the practice, but equally there were signs of tourist resistance to the practices even where 'shopping tours' had been knowingly purchased. Accreditation schemes help reinforce perceptions of quality and care for the tourist as a consumer, and can be marketed as such.
- e) The main products being purchased remain milk powder at the bequest of friends and relatives in China, and health associated products such as honey and creams like lanolin. However, it is thought that tourists will increasingly look for convenience and not wish to carry around such items on their tours of New Zealand. There is evidence of convenience being sought by internet purchases and shopping at airports at the last moment. It is suggested that retailers offering postal and courier services on behalf of tourists may gain a small advantage.
- f) Shopping tourists and others need to be informed of weight allowances and baggage charges for return journeys.
- g) The practice of hotels to charge for the internet has an impact beyond that of simply inhibiting the sending of emails to family, friends and businesses. It also inhibits Chinese tourists from a search for information about products, services

and attractions in New Zealand while they are holidaying – especially for such sites in Mandarin. While the ideal solution would be for hotels to be able to offer free internet access, and for telecoms to have charges that would permit this, in the intermediate period it would be helpful to direct Chinese tourists to where free services can be accessed. Such access is offered at fast food outlets while increasingly city web free internet access is available through at least some part of major cities such as Wellington and Hamilton – but tourists need to be informed of this. Such internet access also supports the wider tourism industry and the retail industry, and can be used to inform Chinese tourists about accreditation schemes.

- h) The display of brochures at the passport controls is perhaps not having the desired effect because the brochures are not at eye level at a time when possible tired tourists are more worried about meeting the entry requirements to gain access to New Zealand. An ideal solution would be for custom officials to hand to Chinese passport holders a copy of the brochure at the time of immigration procedures.
- i) There seems to be a reluctance on the part of some guides that the legislative changes coming into effect on 1st October 2013 in China will impact their current patterns of business. It is suggested that there may be a need to monitor a practice whereby some Chinese tourists fly to New Zealand and then purchase a tour that is organised within New Zealand. Nonetheless such tours must comply with the conventional laws of New Zealand such the Trade Descriptions Act and hence goods sold in ‘monkey shops’ will need to meet the Act’s conditions.
- j) In interpreting the above comments from guides and Chinese tourists there is a need to recognise that in approximately 40 per cent of the approaches made to the guides and tour leaders the field workers were rebuffed by those who did not wish to respond to any questions. One reason was that the field workers truthfully responded that they were undertaking research as University researchers commissioned by others to look at the issues discussed above – an answer dictated by University guidelines for ethical research. This was simply a path of less resistance on our part to undertake the research more quickly – for future research we would need to offer reasons as to why complete disclosure is inappropriate – and the instances uncovered by the Commerce Commission would be the basis for that argument. However, there remains a danger of under-reporting in the above report of unethical behaviour on the part of the guides. On the other hand it is felt that the views attributed to the tourists themselves are unaffected by this refusal

on the part of tour leaders because some tourist informants were members of the tour groups being led by some of these guides.

- k) Under the accreditation of ADS tour leaders and tour guides one potential means of assessing the degree of dependency of guides on retail and other commissions may be to require a tax return to be part of the documentation required for licensing. While it would be naïve to expect a full disclosure on the part of tour leaders and guides, it may represent another avenue by which those engaged in unethical practices may come to be censured.
- l) Another means of policing compliance with the ADS agreement may be through ensuring that retail outlets claiming Qualmark accreditation are doing so legitimately. This would require Qualmark making available to the Police and Ministry lists of those who are appropriately and properly accredited by Qualmark so that the enforcement agencies can duly inspect premises where claims to be so accredited are thought to be fraudulent. It is recognised that Qualmark does undertake inspections, but its database will be limited to those who have legitimately followed Qualmark procedures, and thus would fail to list those who simply duplicate fraudulent Qualmark certificates in their premises. If ADS, tax, police and other enforcement agencies had easy access to lists of legitimate outlets, then where there was reason to suspect no adherence to Qualmark or the making of fraudulent Qualmark claims. such checking would become simply a matter of course.

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Appendix One Chinese Legislation on Tours – effective from 1st October 2013 –

Extracts

Please note that the translation is from Google translation, and hence is not as good as it might be. Nonetheless it provides a flavour of the legislative intent and article 35 specifically states:

Article 35

(there shall not be) be unreasonably low price travel agencies that organize tours to entice tourists (who are) charged separately by arranging shopping or tourism projects get kickbacks and other improper benefits.

Xinhua News Agency, Beijing, April 25 –

PRC Presidential Decree

No.

“China Tourism Law” by the Republic of China National People’s Congress Standing Committee of the Twelfth second meeting on April 25, 2013, is hereby announced that since October 1, 2013 into effect.

Chinese President Xi Jinping, April 25, 2013

Xinhua News Agency, Beijing, April 25 –

China Tourism Law

(April 25, 2013 Twelfth National People's Congress passed the second meeting)

Directory

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Chapter tourists

Chapter tourism planning and promotion

Chapter IV tour operators

Chapter travel services contract

Chapter VI Travel Safety

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Chapter VIII tourism disputes

Chapter IX Liability

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Chapter I

Article for the protection of tourists and tour operators of the legitimate rights and interests, regulate the tourism market order, the protection and rational utilization of tourism resources and promote the sustained and healthy development of the tourism industry, the development of this law.

Article in the PRC and the overseas organizations in the PRC, tours, vacation, leisure and other forms of tourism activities and provide related services for the tourism business activities of this Law. Article tourism in national development, improve public services, tourism, tourists in the law to protect the rights of tourism activities.

Article tourism development should follow the social, economic and ecological benefits of the principle of unity. The State encourages market players in the effective protection of tourism resources under the premise, according to the rational use of tourism resources.

Article IX relates to tourists' right to choose tourism products and services, and they have the right to refuse tour operators forced transactions.

Tourists have the right to know their purchase of travel products and services the real situation.

Tourists have the right to require tour operators to provide products and services as agreed.

Tourists' human dignity, national customs and religious beliefs should be respected.

Chapter V tour operators

Article 28 The establishment of travel agencies, touting, organization, receiving tourists, providing travel services, shall meet the following conditions, tourism authorities to obtain a license, according to business registration:

- (A) have a fixed place of business;
- (Two) have the necessary business facilities;
- (Three) in compliance with the provisions of the registered capital;
- (Four) have the necessary management staff and tour guides;
- (Five) laws, administrative regulations and other conditions.

Article 29 travel agencies can operate the following business:

- (A) Domestic tourism;
- Two) outbound tourism;
- (Three) border tourism;
- (Four) inbound tourism;
- (Five) other tourist services.

Tour operators preceding the second and third line of business, shall obtain the appropriate business license, meeting the specific conditions by the State Council.

Article 30 travel agencies may not rent, lend travel agency business license, or other forms of illegal transfer of the travel agency business license.

Travel should be required to pay in accordance with

Article 31 that relates to tourism service quality guarantee, damages and interest for tourists and tourists' advance when personal safety is in danger an emergency fee.

Article 32 travel agencies to attract, organize tourists Ads must be truthful, accurate and not false propaganda to mislead the tourists.

Article 33 travel agencies and their employees organizations, receiving tourists, shall arrange to visit shall not participate in violation of our laws, regulations and public morality project or activity.

Article 34 shall apply to the activities of travel agencies organize tours qualified suppliers ordering products and services.

Article 35

(there shall not be) be unreasonably low price travel agencies that organize tours to entice tourists and charged separately by arranging shopping or tourism projects get kickbacks and other improper benefits.

Travel organizations, receiving tourists, shall specify the specific shopping, tourism projects shall not be arranged for a surcharge.

However, by mutual agreement or tourists requirements, and does not affect other travellers, an itinerary may excluded.

Violations of provisions of the preceding two situations, tourists travel right after the end of thirty days, ask travel agents to handle returns and paid in advance for their return payment, or to refund the cost of tourism projects surcharge.

Article 36 tour organized groups or organizations outbound tourism, inbound tourism reception team shall be arranged in accordance with the provisions leader or guide accompanied.

Article 37 participating tour qualifying examinations qualified labor contracts with travel agencies or organizations registered in the relevant travel industry personnel, can apply for tour card.

Article 38 should travel guides employed according to their labor contracts, payment of labor remuneration, pay social insurance costs.

Travel guide for tourists to provide temporary employment services shall pay in full the provisions of Article 70, paragraph 3 tour guide service fee required.

Travel arrangements for the team to tour guides to provide services, shall not be required to advance or to tour guides charge any fees.

Article 39 get tour card, with the appropriate qualifications, language skills and tourism industry experience, and labor contracts with the travel agency staff, can apply for Escort Pass.

Article 40 of the guide and leader to provide services for tourists must accept the travel agency delegated by the contract shall not be privately guided tours and team business.

Article 41 of the guide and leader engaged in activities shall wear tour card, Escort Pass, abide by professional ethics, respect for the customs and religious tourists, it shall inform and explain to tourists travel norms of civilized behavior, guided the tourists Health , civilized travel, discourage tourists violate social ethics behavior.

Leader guides and travel arrangements should be strictly enforced, shall not alter itineraries or suspend service activities, shall not be obtained from tip to tourists, not induced, deception, coercion or coercion to participate surcharge tourists shopping or tourism projects.

Article 48 of the travel agency business through network operators, travel agency business shall obtain permission from, and on its website home page prominently labeled with its business license information.

Tour operators publish information website, shall ensure that information is true and accurate.

Article 51 tour operators selling, buying goods or services, shall not give or accept bribes.

Article 55 tour operators organizing and receiving inbound and outbound tourism, found that tourists engage in illegal activity or violation of the circumstances specified in Article 16, it shall promptly to the public security organs, tourism authorities or institutions abroad country reports.

Article 57 travel agencies organize and arrange tourist activities, shall enter into a contract with the tourists.

Article 58 of the package tour contract shall be in writing, including

the following:

(A) travel agencies, tourist basic information;

(Two) travel itinerary;

(Three) into a group tour the minimum number;

(Four) transportation, accommodation, catering and other travel service

arrangements and standards;
(Five) excursions, entertainment and other project-specific content and timing;
(Six) free time arrangements;
(Seven) travel expenses and payment terms and methods;
(Eight) breach of contract and dispute resolution methods;
(Nine) laws and regulations and other matters agreed by the parties.

Entered into a package tour contract, agencies shall give tourists the preceding detailed description set out in the second to eighth content.

Article 59 should travel itinerary provided to tourists before the start of tourist itinerary. Travel package tour itinerary is part of the contract.

Article 60 entrusted to other travel agents selling travel package tour products and package tour with tourists entering into a contract, it should be stated in the contract package tour agency and agent commission basic information society.

Travel agencies in accordance with provisions of this Law will package tour contract hospitality business entrusted to carry out ground operators, it should be stated in the contract package tour to take community's basic information.

Guided tours for tourists to provide services, it should be stated in the contract package tour guide service fee.

Chapter IX Liability

Violation of Article 95 of this Law, unlicensed operation of travel agency services, tourism authorities or by the administrative department for industry and commerce shall order a correction, confiscate the illegal income, impose a fine of 20,000 to 100,000 yuan fine; illegal income one hundred thousand yuan more than, more than five times the illegal income and impose a fine; persons responsible, at 2,000 to 20,000 RMB.

Travel violate this law, unauthorized operation of Article 29 of the second paragraph, third line of business, or lease, lend, travel agency business license, or otherwise illegal transfer travel agency

business license , except in accordance with the preceding paragraph, punishment, and ordered to suspend business for rectification; serious cases, suspension travel agency business license; directly responsible person in charge, at 2,000 to 20,000 RMB.

Travel violate Article 96 of this Law, the following acts by the tourism department shall order correction, confiscate the illegal income, impose a five thousand yuan more than 50,000 yuan; circumstances are serious, shall be ordered to suspend business for rectification or revoke travel agency business license; executives directly responsible and other directly responsible personnel at two thousand yuan more than twenty thousand yuan shall be imposed:

(A) is not in accordance with the provisions of outbound or inbound travel arrangements for the team leader or tour guides accompany the;

(Two) arrange tour card without obtaining permits or leader or leader to provide tour services;

(Three) failing to pay the tour guide temporary employment service charges;

(Four) required to advance or to tour guides charge a fee.

Travel agencies violation of the provisions of the following acts by the tourism department or departments to make corrections, confiscate the illegal income, impose a 5,000 to 50,000 yuan; illegal income \$ 50,000 , and more than five times the illegal income and impose a fine; circumstances are

serious, shall be ordered to suspend business for rectification or revoke its travel agency business license; executives directly responsible and other directly responsible personnel from 2,000 to twenty thousand yuan Penalty:

(A) to carry out false propaganda to mislead the tourists;

(Two) to unqualified suppliers ordering products and services;

(Three) are not in accordance with the provisions of the insured travel agency liability insurance.

Article 98 travel agencies violate the provisions of Article 35 of this Law, the tourism department shall order correction, confiscate the illegal income, ordered to suspend business for rectification, and impose a 30,000 yuan to 300,000 yuan fine; illegal gains three hundred thousand yuan more than, more than five times the illegal income and impose a fine;

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