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#### Citation

Singapore Management University. Why expanding Hong Kong Disneyland Is Important. (2017).  
Available at: <https://ink.library.smu.edu.sg/pers/378>

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# WHY EXPANDING HONG KONG DISNEYLAND IS IMPORTANT

Published:

26 Oct 2017



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The expansion plan of Hong Kong Disneyland has been a highly controversial topic in Hong Kong. Local lawmakers have criticised the government of taking a weak stance in the “[unequal deal](#)” with the US firm.

The HK\$10.9 billion expansion plan includes the development of two large-scale new themed areas: “Frozen” and “Marvel Universe”. Hong Kong Government, the largest shareholder of Disney currently owning 53 percent of equity, will put in another HK\$5.8 billion, whereas Walt Disney Company owning 47% of equity will invest HK\$5.1 billion.

Concerns have been raised as to whether the government should invest further into Disney when the sum of HK\$5.8 billion could be used in poverty alleviation and housing development in the city.

However, we need new facility in facing global challenge. The development of theme parks not only benefits Hong Kong economy but also enhance our competitiveness.

## HONG KONG THEME PARKS AMONG GLOBAL RANKINGS

According to [Worldatlas.com](#) and [Wikipedia](#), the United States has the majority of theme parks in the world. In 2015, nine out of 20 most popular theme parks by attendance were in the United States (Japan 4; Korea 2; mainland China 2; Hong Kong 2; France 1). In terms of ranking, the top third to fifth theme parks are located in Japan, with two related to Disney and the other one to Universal Studios. Hong Kong Ocean Park and Hong Kong Disneyland ranked fifteenth and nineteenth respectively. It is worth noting that 10 out of the 20 most popular theme parks are

Disney-related. In addition, two mainland China theme parks, the Chimelong Ocean Kingdom and the Songcheng Park of Hangzhou, were among the ranking.

Given the size of Hong Kong, it is an honor for its two theme parks to be among the top 20 rankings in the world, when one considers the fact that Universal Studios Singapore, with 4.2 million attendance in 2015, did not even make it.

When the development of an economy reaches the so-called “middle-class” income level, the middle classes will have demand for tourism which includes theme parks. Theme parks need to offer originality; otherwise it is difficult to attract tourists. Without new facilities, visitors will not be interested in buying annual passes. Corporate companies will organize family trips for their employees during anniversary events during the year. With just two theme parks and a lack of new facilities, companies will not choose the parks for their annual activities.

The age of globalization brings about global competitions for theme parks. Tourists have many choices outside Hong Kong. For example, advertisement of Tokyo Disneyland can be seen on the train in Bangkok. Hong Kong Disneyland is supposed to be a better choice for Thailand tourists due to its proximity. However, Hong Kong has been too dependent on mainland tourists.

## **THE ECONOMIC BENEFITS OF THEME PARKS**

Theme parks never yield high profits. It was a record in 2014 that Hong Kong Disneyland had an annual attendance of 7.5 million people and generated of HK\$5.466 billion in revenue with a profit of HK\$0.332 billion. However, in 2015 its annual attendance dropped to 6.8 million, with its revenue reached HK\$5.114 billion with a profit loss of HK\$0.148 billion. As for Hong Kong Ocean Park, its annual revenue in June 2015 was HK\$1.96 billion with a profit of HK\$45 million (its 2014 profits reached HK\$96 million). Many people would not have expected that the profits of theme parks are pretty. The total revenues generated by these two theme parks cannot even match the annual revenues of the Chinese University of Hong Kong.

However, what theme parks bring is people, and people bring about consumptions, job creation and economic growth. In Hong Kong, only a few Legislative Council members would consider such investment from the perspectives of globalization and competitiveness. It is true that the housing policy by the government in the last 10 years is a failure. But the blame should be on the government officials who're responsible, rather than on Mickey and Minnie.

Investing HK\$5.8 billion in expanding Disney will bring more economic benefits with more jobs and a stronger competitiveness, than spending nearly HK\$1 billion annually on the current housing policy. In the long-run, Hong Kong should develop more tourism facilities to maintain its competitiveness.