

## Meet the Innovators: Dr. Yuwa Hedrick-Wong



Dr. Yuwa Hedrick-Wong is chief economist, MasterCard Center for Inclusive Growth. Based in Singapore, Yuwa is also HSBC professor of international business at the Sauder School of Business, University of British Columbia, Canada. He is the architect of the Global Destination Cities Index.

### **MC Central: The survey is now in its fourth year. What changes have you seen in survey results since the first year?**

*Yuwa:* In the five-year period since the launch, destination cities in many emerging markets, especially those in Asia, have grown at a very rapid pace. This is a reflection of both the rising importance of emerging markets in Asia from a business point of view, as well as the immense potential there for tourism development. On the other hand, some of the leading destination cities that are located in high-income developed economies have been able to sustain robust growth as well, such as London and New York. So the global picture is a very dynamic one, and competition is very intense. A case in point is London; after losing the world number one ranking narrowing to Bangkok in 2013, it regained it this year.

### **MC Central: Where did the idea come from?**

*Yuwa:* The idea of the Index came about six years ago as a result of connecting several dots. The first dot is that it was around that time that humanity crossed a historical threshold with the majority of people of the world living in urban areas. This was a historic first. The second dot is that cities emerged as the primary gateways through which countries are becoming connected. And connectivity through air travel has been the fastest growing in the global context, which is an important human dimension of globalization. The third dot is that cross-border spending is a powerful source of revenue generation for MasterCard. Once these dots are connected, then the idea of a Global Destination Cities Index to map international visitor arrivals and their cross-border spending in 132 key cities in the world became obvious.

### **MC Central: What's unique about the research?**

*Yuwa:* To begin with, there is nothing like it out there. While there are many indexes ranking cities in a wide range of ways such as livability and cost of living, size, growth, income etc., I am not aware of another index that ranks cities in how they are interconnected via air travel and cross-border spending. The closest that I have seen is an index ranking the size of cities' airports.

The second unique feature of our research is its complexity. Instead of examining each city on a standalone basis, we created a model to understand how 132 of the world's most important cities are interconnected through air travel and cross-border spending. This required estimates of connectivity between some 35,000 pairs of cities, which in turn created a powerful data base that can accommodate further in-depth analyses. The Index also offers unique values to both businesses and governments. In destination cities, a wide array of industries are becoming increasingly dependent on tourist spending, and knowing where these visitors are coming from, and where new visitors are starting to come from (as well as where they are not coming from in spite of targeted marketing efforts), is critically important to government authorities.

**MC Central: How do we use it as a company?**

*Yuwa:* The Index can be used by the company as a guide to business development as it pinpoints where the fastest cross-spending is growing.

An even more innovative application is to combine it with MasterCard's data to pinpoint where international visitors are spending in a destination city, and in what expenditure categories, and in some instances, at which merchant locations. This was done in 2012 for the city of London. Sharply differentiated spending patterns were observed between visitors from Germany, Dubai, Shanghai, Singapore, and Sydney, for instance. These market insights were presented to MasterCard's UK team and customers to support business planning and market development strategies.

**MC Central: Did any findings this year surprise you?**

*Yuwa:* In the 2014 edition of the Index we calculated for the first time numbers of international overnight visitors and their spending per resident in the destination cities. A very different picture emerged from this perspective, and even though I had expected to see the superior performance of some of the leading destination cities in this regard, I was surprised by how much they are able to punch above their weights.

**MC Central: Do you have any plans to travel to one of the top 10 cities anytime soon?**

*Yuwa:* I visit the top 10 destination cities on a regular basis. Outside of the top 10, I always look forward to visiting cities in South Africa, in India and in Eastern Europe.