NAVIGATING THE NEXT PHASE OF ASIA'S TOURISM

Insights on the future of tourism in the world's fastest growing travel market

TravelRave 2013

YourSingapore

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FOREWORD FROM THE SINGAPORE TOURISM BOARD

Asia is fast coming into its own where tourism growth and opportunities are concerned. A joint study by the Singapore Tourism Board (STB), Visa and McKinsey & Company revealed that approximately 60% of the world's Millennials reside in Asia, with a third originating from either China or India. Even before entering the prime of their earning power, Millennials already account for almost 35% of the US$600 billion that Asians spend on international travel. Driven by income growth, the Asian Millennials' expenditure on international travel is expected to increase by 1.6 times to US$340 billion by 2020.

This growth spells valuable opportunities for Asia's travel and tourism industry. With travel and tourism in Asia set to increase on both the leisure and business fronts, there will be more travellers, flights, jobs, revenue, and consumer needs – all creating new opportunities for those in our industry.

Singapore's travel sector exemplifies this potential. Our travel and tourism industry is quickly becoming one of the country's most influential economic drivers. It experienced unprecedented growth in the past decade, and now accounts for more than 4% of Singapore's nominal gross domestic product. In 2012 alone, we welcomed more than 14.4 million visitors with S$23.0 billion in tourism receipts.

While the opportunities in Asia are tremendous, the diversity of Asia means that businesses need to be equipped with a deeper understanding of the region's multi-faceted environment. In 2010, STB realised that the region needed a distinctive platform for the Asia Pacific travel and tourism industry to come together to do business and discuss key issues pertaining to the evolving needs of Asian travel.

With Singapore's international appeal, strategic location and access to key Asian markets, we are well-positioned to serve as a regional hub as well as attract good cross-representation of Asian delegates and quality conferences which provide strong Asia-focused content and insights. Through the various networking events held during the TravelRave week, delegates can make important connections and tap on strategic networks that pave the way for potential business collaboration.

Indeed, TravelRave has become a showcase of the breadth and diversity of Asia's travel and tourism industry, with events and speakers representing the entire spectrum of the industry. With eight complementary travel-related events, TravelRave is a valuable platform that offers key Asian-focused insights across sectors ranging from hospitality, tourism investment, aviation and technology. Delegates can thus benefit from opportunities to gain a more extensive understanding of the Asian travel and tourism landscape as well as its increasingly sophisticated consumers.

Sharing best practices, strategic insights and knowledge about Asia will help all of us in the industry to hone strategies to match the opportunities offered by the region. In this spirit, STB is happy to share the highlights of original research findings and key insights featured across TravelRave 2013 events.

Ms. Neeta Lachmandas,
Assistant Chief Executive,
Singapore Tourism Board

EVENTS @ TRAVELRAVE 2013

Insights presented in this paper were gleaned from an exciting line up of eight quality events at TravelRave 2013, featuring thought-provoking content, influential speakers and the chance to network with some of the leading names in the travel and tourism industry.

Asia Pacific Tourism Destination Investment Conference

Supported by the International Hotel Investment Association, the conference discussed best practices in master planning for upcoming tourism destinations, including how better policy framework, public-private partnerships and innovative business models can unleash investment potential in Asia.

Asia Travel Leaders Summit (By Invitation)

Created and spearheaded by the STB, the fourth edition of the Asia Travel Leaders Summit gathered the leading minds and voices of the Asian travel and tourism industry for an intimate, two-way dialogue. Summit leaders delved deep into industry-wide issues such as consumer insights, innovation as well as talent and leadership, driven by a shared commitment to harness collective strengths in response to key challenges faced by the industry.

Aviation Outlook Asia

The sixth annual Aviation Outlook Asia gathered more than 300 aviation CEOs and senior-level executive, sharing valuable insights on new market opportunities and growth, technology implementation, revenue optimisation, operational productivity and effectiveness.

UIA Associations Roundtable

The inaugural Union of International Associations (UIA)'s first Associations Round Table in Asia brought together international thought leaders and association experts, covering topics such as membership management and retention, delivering value to members including those from Generation Y, community engagement, and communications tools and strategies.

ITB Asia

Attended by prominent players from both the international and Asian travel industry. ITB Asia is a three day B2B trade show and convention, featuring a full range of travel products and services, along with conferences, workshops and seminars that focus on key issues facing the industry.

Singapore Experience Awards (By Invitation)

The Singapore Experience Awards is the most prestigious local tourism industry awards platform. Recognising the best industry players who package quality product and service delivery to create distinctive and compelling experiences, the Awards honour both organisations and individuals in sectors encompassing Attractions, Business Travel and MICE, Dining, Education, Entertainment, Healthcare, Hospitality and Retail.

Web In Travel Conference

Web in Travel Conference is a next-generation conference focused on the digital travel space in the Asia Pacific. Themed "The Asia Factor", the 2013 conference covered uniquely Asian emerging travel trends such as the rise of the new social, Instant Messaging, and the shift to mobile.

Hotel Technology Conference

The fourth Hotel Technology Conference discussed the latest trends in hotel technology, focusing on how technology can aid guest experience and revenue management.

Photo credit: Andrew Tan

EXECUTIVE SUMMARY: NAVIGATING THE NEXT PHASE OF ASIA'S TOURISM

The STB convened the fourth edition of TravelRave in October 2013, gathering Asian travel and tourism industry professionals and business leaders. The week-long festival – in which delegates exchanged insights, discovered new opportunities and celebrated the achievements of Asian tourism – advanced discussion around the industry's dynamic developments, latent commercial possibilities, and corresponding solutions and recommendations.

The discourse that occurred among the more than 10,800 attendees at TravelRave 2013's eight quality events crystallised several themes that reveal the future of Asia's travel and tourism industry.

• Asia is driving international tourism growth:

In 2012, Asia Pacific recorded the strongest growth in international tourist arrivals, with a 7% increase. And between 2010 and 2030[1], the region's arrivals are expected to increase twice as quickly as those in advanced economies. Leading the charge is China; considering that only 3% of its population own passports[2], China became the number one source market in the world in 2012, spending US$102 billion on international tourism[3].

• Southeast Asia offers new opportunity:

Southeast Asia's dynamic economies, powered by a rising middle class, are strengthening in- and outbound travel throughout the region. It posted the highest growth among Asian sub-regions, with 9% more arrivals, largely due to continued strong intra-regional demand[4]. Businesses and governments are looking to collaborate in order to leverage existing infrastructure, networks and expertise. Their aim is to help offset fluctuating demands while broadening the region's ability to grow.

• The consumer segment of Asian Millennial Travellers is a growth driver:

As Asian economic powerhouses continue their growth trajectory, the emergence of the Asian Millennial Travellers presents significant business opportunities – both from a leisure travel standpoint and a corporate travel perspective. Industry players need to understand how best to target this segment.

• New technologies are changing the industry:

With new consumption behaviours and new business models, come new technologies. Innovating and exploring ways to leverage technology to drive growth will continue to be a topic of interest over the coming years.

• Talent remains a challenge:

Attracting, retaining and developing high quality talent at all levels remains a top challenge in Asia's travel and tourism industry. Businesses and education providers must take a more strategic approach to talent and leadership development, especially as the addition of millennials to the talent mix requires additional consideration for management and HR departments.

This report captures the most salient takeaways from TravelRave 2013.

[1]World Tourism Organisation: UNWTO Tourism Highlights 2013 Edition
[2]"Focus on China" concerned about China market concerns, Travel Link Daily, October 12-25 2013
[3]World Tourism Organisation: UNWTO Tourism Highlights 2013 Edition
[4]World Tourism Organisation: UNWTO Tourism Highlights 2013 Edition

YESTERDAY'S TERTIARY MARKET, TODAY'S GROWTH FRONTIER: ASIA

Travel and tourism significantly impacts the world economy. At TravelRave 2013, Dr. Michael Frenzel, Chairman, World Travel and Tourism Council (WTTC), shared that the industry generates more than 9% of global gross domestic product and is responsible for one out of every 11 jobs worldwide[5]. This trend is set to continue, as more than 1,260 billion travellers will embark for foreign countries by 2020[6].

Asia will be responsible for much of this growth, as an estimated 40% of these travellers will come from the region[7]. China (with an 8% yearly growth rate), India (7%) and ASEAN (offering a combined GDP of US$2.3 trillion) are driving this advancement. This trajectory was presented by Mr. Rajiv Biswas, Senior Director and Asia Pacific Chief Economist, IHS Global Insight, speaking at the Asia Pacific Tourism Destination Investment Conference (APTDI) at TravelRave 2013.

As shared by Mr. Biswas, China, long identified as an economic superpower, is now the world's largest source market for

Dr. Michael Frenzel, Chairman, World Travel and Tourism Council (WTTC), speaking at the Asia Pacific Tourism Destination Investment Conference (APTDI) at TravelRave 2013

international tourism. In 2012 alone, the country's total spending abroad reached US$102 billion[8]. India also serves as one of the world's fastest growing tourism source markets, ranking 13th place in international tourism expenditure[9].

[5]Dr. Michael Frenzel, Chairman, World Travel and Tourism Council (WTTC), speaking at the Asia Pacific Tourism Destination Investment Conference (APTDI) at TravelRave 2013
[6]Ibid,
[7]Ibid
[8]Mr. Rajiv Biswas, Senior Director and Asia Pacific Chief Economist, IHS Global Insight, speaking at the Asia Pacific Tourism Destination Investment Conference (APTDI) at TravelRave 2013
[9]World Tourism Organisation: UNWTO Tourism Highlights 2013 Edition

Asia and the Pacific: Inbound tourism by region of origin

International tourist arrivals, million

- ▲ Africa
- ▲ Middle East
- ▲ Americas
- ▲ Europe
- ▲ Asia and the Pacific
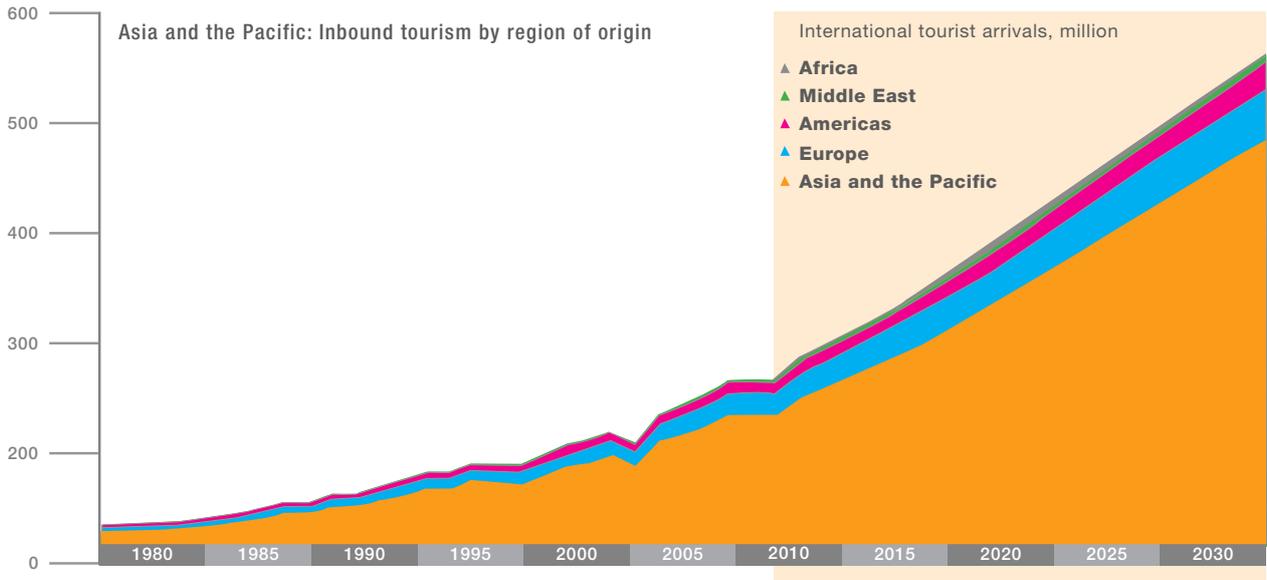
Source: © World Tourism Organisation (UNWTO)

Figure 1: Mr. Márcio Favilla L. de Paula, Executive Director of Competitiveness and External Relations and Partnerships, World Tourism Organisation (UNWTO), shared the above industry trajectory at ITB Asia, a key event under TravelRave. Asia Pacific will continue to grow considerably in both inbound and outbound travel, with most arrivals expected to be intra-regional.

The strength and potential of Asia as a travel market is not exclusive to outbound tourism; the region is currently the second most visited in the world, with more than 230 million international tourist arrivals[10].

The number of visitors to Northeast Asia is projected to rapidly increase over the next 20 years to 290 million arrivals in 2030; Southeast Asia will trump that by tripling the number of arrivals it receives to 210 million in 2030[11].

International Tourism Expenditure: Increase 2006 - 2012 (US$ billion)

International Tourism Expenditure:
Between 2006 and 2012, total up by US$ 330 billion, from US$ 745 billion to US$ 1,075 billion (current terms) in spite of crisis.
Average annual growth rate in real terms: +2.7%

US$ billion

Tourism Expenditure (US$ billion)
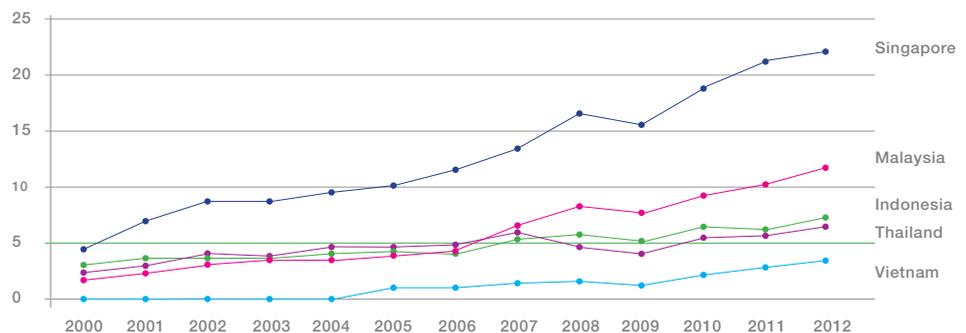
Source: © World Tourism Organisation (UNWTO)

Figure 2 and 3: ASEAN will be a US$10 trillion economy by 2030.

[10] World Tourism Organisation:
UNWTO Tourism Highlights 2013 Edition
[11] Mr. Rajiv Biswas, Senior Director and Asia Pacific Economist, IHS Global Insight, speaking at the Asia Pacific Tourism Destination Investment Conference (APTDI) at TravelRave 2013

PERSPECTIVE
Charting your own course on business travel in Southeast Asia

From an internal operations perspective, Mr. Márcio Favilla L. de Paula urged travel businesses to consider the following when developing a Southeast Asia strategy:

• What potential do you see for your destination/business?
• How to best tap on the potential (products, segments etc.)?
• What marketing strategy to develop/follow?
• The role of e-marketing (internet, social media, mobile technology)
• The role of branding
• Balancing your China strategy versus Southeast Asia
• Constraints to be dealt with (facilitation, connectivity, culture, language, religion, etc.)
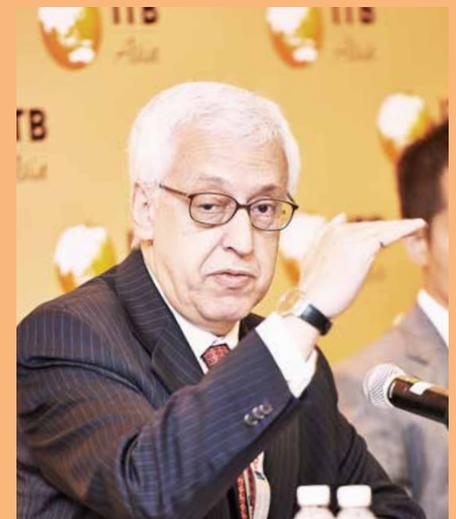
Mr. Marcio Favilla L. de Paula, Executive Director of Competitiveness and External Relations and Partnerships, World Tourism Organisation (UNWTO) speaking at ITB Asia.

Given that Asia is an important destination for the global business travel industry, corporate travel will also contribute to the region's growth.

Asia accounted for more than 37% of global business travel in 2012 – an amount that reached US$1.06 trillion – and is expected to account for more than 43% within the next five years[12], according to the Global Business Travel Association (GBTA)'s Business Travel Outlook (BTO) Report 2013-2017, sponsored by Visa.

By 2017, Japan, Germany, and the United Kingdom will join the U.S. and China to round out the top five business travel sources[13]. At the same time, developing markets like India, Brazil, Indonesia, and Russia will leapfrog slower-moving mature markets to further shift the dynamic. Mr. Welf Ebeling, Executive Director, GBTA, speaking at the GBTA Business Travel Forum at ITB Asia, proposes that the growth in these secondary markets will continue to shift the balance of global business travel spending.

As this occurs, professionals in the travel industry will need to begin searching for opportunity markets that were previously perceived as tertiary, like Southeast Asia.

[12]Global Business Travel Association (GBTA), Business Travel Outlook (BTO) Report 2013-2017, sponsored by Visa, presented at ITB Asia, TravelRave 2013
[13]Ibid.

SOUTHEAST ASIA: CHALLENGES AND OPPORTUNITIES

Southeast Asia's dynamic economies, powered by a rising middle class, are strengthening inbound- and outbound travel. The region posted the highest growth among Asian sub-regions, with 9% more arrivals, largely due to continued strong intra-regional demand[14].

Several markets – namely Thailand, Myanmar, Cambodia, Malaysia and Singapore – are creating a new growth frontier for travel in Asia[15]. The nuances of each of these markets offer a vast spectrum of travel destinations for tourists; however, these areas require tailored approaches to capitalise on their unique opportunities.

The participants at TravelRave 2013 identified four preeminent challenges – and opportunities – in the Southeast Asia travel and tourism industry.

1. Differences in culture and expectations:
a. *Challenge:* The travel markets within Southeast Asia are inherently diverse. Travellers from each country seek dissimilar travel experiences; for example, Indonesians generally demonstrate more interest in historic and cultural travel programmes than their Thai and Malaysian counterparts. This demands that industry professionals tailor their travel packages and offerings based on local market interest and need.

b. *Opportunity:* Southeast Asia's diverse markets offer ideal destinations for nearly every type of traveller, including those seeking beach resorts, city excursions, cruises, historical tours, and other trips.

2. New types of travellers:
a. *Challenge:* The increasing middle class population in Southeast Asian countries is the crucial growth factor behind the region's growth in worldwide tourism. As their economic prosperity continues to grow, industry professionals will face the challenge of effectively and sustainably meeting this demand.

b. *Opportunity:* Southeast Asia will continue to offer a bevy of untapped- or under-tapped travellers, seeking to explore their immediate region and the world beyond. Travel and tourism professionals should cater their packaging and offerings to allow for more customised and accessible travel.

3. Diverse purchasing power:
a. *Challenge:* The purchasing power of Southeast Asia's population will continue to rise, but there will be significant differences in the respective GDP per capita figures between each of these countries. Attempts to define the proportion of the population who can afford to travel abroad regularly remain unsuccessful.

b. *Opportunity:* A demonstrable portion of Southeast Asia's population will have some means to travel – despite not being considered affluent. As a result, there is an opportunity for the industry to offer lower-priced travel and tourism opportunities.

4. Varied infrastructure and travel facilitation:
a. *Challenge:* Visa requirements vary for both inbound and outbound travel in Southeast Asia. Similarly, the electronic payment infrastructure differs between countries. The use of payment cards for retail spending abroad is well-established in Singapore, Malaysia, Thailand and Vietnam, but not yet in Indonesia. Internet access is also limited in many markets.

b. *Opportunity:* ASEAN member states aim to have achieved a number of goals by the end of 2015 (the latest date for the launch of the ASEAN Economic Community (AEC)), and part of the larger discussion under AEC includes the finalisation of a visa-exemption agreement between all ASEAN member countries and the creation of an ASEAN Single Aviation Market. Beyond that, industry leaders should tailor their approaches according to market, offering alternative payment methods and mobile access.

As Southeast Asia continues its unprecedented growth in the travel and tourism industry, businesses are increasingly collaborating to leverage existing infrastructure, networks and expertise. This will help offset fluctuating demands while broadening the region's ability to grow.

SPOTLIGHT
Developing intraregional connectivity through low-cost carriers[16]

Airlines in Southeast Asia have formed alliances, allowing them to leverage the growing opportunities in the regional travel market.

Doing so has improved connectivity among the region's countries – opening new trade markets, encouraging innovation, enhancing competition, and offering more trust – according to discussions at Aviation Outlook Asia at TravelRave 2013.

As a result, regional carriers are increasingly seeking commercial partnerships with other airlines to ensure their viability and address the industry's main challenges: providing enough flights to meet the rising demand in air travel; tailoring offerings to match diversified clientele needs; and maintaining operational standards and efficiency.

The Asian low-cost airline sector demonstrates the ability to develop infrastructure and advance the industry through strategic alliances, partnerships and collaborations.

The emergence and expansion of low-cost carriers (LCCs) provides travel access to a broader population segment with relatively modest levels of income per capita – a significant market within Asia. Indonesia, India, Thailand and Malaysia collectively account for more than 50% of global LCC growth, according to Amadeus' Air Traffic solution research presented at Web in Travel at TravelRave 2013.

Asia's economic strength, traffic growth and relaxed entry policies are generating an unprecedented level of operational innovation among LCCs. The region has been the cradle of several partnerships over recent years, including:

• Independent cross-border joint venture LCCs, allowing the creation of regional, multinational brands such as AirAsia.
• Successful long-haul, low-cost operators such as Jetstar, AirAsia, and Scoot.
• Airline operations that mesh more effectively with airport functioning – imitating the network model, but with a more

tailored, cost-effective approach. For example, AirAsia works with its hub airport, Kuala Lumpur International Airport, to transfer passengers with minimal cost and formality.

These innovations are converging with industry-wide initiatives, such as multilateral liberalisation through the ASEAN Single Aviation Market (SAM) – a topic raised by Mr. Ron Bartsch, Managing Director of UAS International, at Aviation Outlook Asia at TravelRave 2013. If successful, SAM will create near-open skies among ten ASEAN members by 2015, along with the potential to attract China, Japan and India, among others.

Public-private partnerships, for example, have the potential to add more value to the industry than government or business alone. In the case of the travel and tourism industry, governments can plug in gaps that the private sector is unwilling or unable to fill, pushing through initiatives such as visa-free travel, lower regulations for air travel, standardised employee training, and high-speed rail travel.

SPOTLIGHT
Advancing the cruise industry through public-private partnerships[17]

Cruise has been on an uptrend in Asia, with the Asian Cruise Association (ACA) estimating that Asian passenger numbers will grow at a compounded annual growth rate of 14.3% in the next seven years. With the year-round tropical climate and well-suited geography, Southeast Asia in particular has the inherent attributes to become an exciting cruise destination.

ASEAN is committed to promote "Cruise Southeast Asia" to consumers and cruise companies and has commissioned various working groups to look into regional infrastructure development and cruise marketing. These efforts include:
• Study of port infrastructure in key Southeast Asian ports.
• Formation of the Product Development Working Group which is made up of ASEAN members to champion cruise industry development work.
• At the ASEAN Tourism

Ministers' Meeting in Manado, Indonesia, in January 2012, the ministers pledged to further develop the cruise industry by supporting the organisation of cruise workshops, strengthening collaboration in joint marketing efforts, encouraging port infrastructure developments and developing new cruise itineraries along three cruise corridors: the Malacca Straits, Karimata Strait/ Java Sea/Flores Sea, and South China Sea/Gulf of Thailand.
• Development of an ASEAN cruise website platform to showcase various port information and destinations in Southeast Asia.

ACA is also committed to growing the pool of cruise specialists within the region and has started with in-market travel agent trainings in key cities within the Philippines, India and Indonesia. In 2014, ACA will be launching its proprietary online training programme and cruise modules.

[17]Singapore Tourism Board

Mr. Emirsyah Satar,
Chief Executive Officer
and President Director,
PT Garuda Indonesia

SPOTLIGHT
Turning challenges into opportunities in Indonesia's busy skies[18]

Garuda Indonesia illustrates the opportunities and challenges that currently exist in Asia's broader tourism and travel industry:

Indonesia is currently one of the fastest growing markets in the world. Its population will reach 135 million by 2030, making it the seventh largest economy, and one of the largest aviation markets in the world. The increase in low-cost carriers and the rising affluence of consumers in the region have also resulted in the surge in tourists travelling into Indonesia.

"Indonesia now faces a 'happy problem,'" said Mr. Emirsyah Satar, Chief Executive Officer and President Director at PT Garuda Indonesia, after being conferred the 2013 CNBC Travel Business Leader Award in Asia Pacific, at the TravelRave Leaders Gala. "Our market continues to grow, but we have challenges in hard and soft infrastructure."

To help close this gap, the Indonesian government will add 24 new airports between 2013 and 2015 in mid-size cities. The country's high aviation figures can be attributed to an increasing number of Indonesians traveling by air domestically.

Garuda is keen to capitalise the growth in mid-size cities. To anticipate the air transport constraints, and to support the growing aviation industry in the region, Garuda is also working closely with the government to support the execution of plans to reform airport infrastructures.

To meet the increasing demand for domestic air travel, Garuda has increased its fleets by investing heavily in aircrafts, such as the turboprop ATR planes. These planes would be used to cover domestic routes between small cities that hold huge potential and promising prospects.

By focusing on frequent domestic travellers, tapping into the wealthy Indonesian consumer market, and improving the quality of the aviation service in the region, Garuda's revenue has increased by 17% each year.

[18]Aviation Outlook Asia at TravelRave 2013

SPOTLIGHT
Singapore-Kuala Lumpur High Speed Rail[19]

An ambitious high-speed train project that will link Kuala Lumpur to Singapore is taking shape. With a proposed completion date in 2020, the 330 km long rail service promises to cut the current travelling time of six hours to just 90 minutes. The initiative was first proposed by the Prime Ministers of Malaysia and Singapore in February 2013 to improve travel and business linkages.

At present, the two governments have set up working groups to conduct feasibility studies for the rail line, according to Mr. Rajiv Biswas, Senior Director and Asia Pacific Chief Economist, IHS Global Insight. He was speaking at the Asia-Pacifc Tourism Destination Investment

Conference held in October 2013. The proposed system will have two phases; the first links Kuala Lumpur to Singapore with potential intercity stops in the states of Negri Sembilan, Melaka and Johor, and the second connects to Penang and even Bangkok and China, said Mr. Biswas.

[19]Asia Pacific Tourism Destination Investment Conference (APTDI) at TravelRave 2013

From Left: **Mr. Joshua Goff**, Former Vice President of Amazon Prime; **Ms. Neeta Lachmandas**, Assistant Chief Executive of Singapore Tourism Board, **Mr. Fan Min**, Co-Founder, Vice-Chairman of the Board and President of Ctrip International and **Mr. Deep Kalra**, Founder & Group CEO of MakeMyTrip.com at the Asia Travel Leaders Summit.

THE COMING OF AGE FOR ASIAN MILLENNIAL TRAVELLERS: THE MOST EDUCATED AND CONNECTED GENERATION IN MODERN HISTORY

Within a fast growing and diverse region like Asia, it is crucial to identify the right consumer segment, stay ahead of consumer trends, and adapt existing business models in order for tourism businesses to be successful.

The 2013 Asia Travel Leaders Summit (ATLS) identified one such segment to be Asian Millennial Travellers (AMTs). The Asian travel and tourism leaders at ATLS discussed the challenges and opportunities posed by this growing segment, which is touted as the most educated and connected generation in modern history.

AMTs already account for nearly 35% of the US$600 billion spent by Asians on international travel, according to a joint study by STB, Visa and McKinsey & Company. The population segment is expected to increase their travel spending by 1.6 times to US$340 billion by 2020, due to income growth.

In addition to spending, AMTs will play a considerable role in the workforce. Approximately 75% of the world's workforce will be made up of this population segment – also known as Generation Y – according to Mr. Rob Davidson, Senior Lecturer at the

University of Greenwich, who spoke at the first-ever UIA Associations Round Table at TravelRave 2013.

To successfully capture this next wave of consumer demand and secure the next generation of talent for the travel and tourism industry, professionals will need to acquire an in-depth understanding of this key consumer group.

Profiling Asian Millennial Travellers (AMTs)
Participants at the ATLS identified the following as key insights into AMTs:

1. AMTs differ between regions:
It is important to understand the travel preferences of AMTs based on their home nations. For example, the Chinese are the largest spenders of AMTs and seek "brand name destinations", followed by the Indians. The Indonesians tend to opt for budget airlines and accommodations, as do Singaporeans, who seek out the best deals.

2. AMTs want autonomy and control:
Flexibility is an essential travel component for this population segment. AMTs desire greater control over their travel experience, and have

a general aversion to cookie-cutter itineraries. As a result, they seek out extensive information, referring to online sources like blogs, social media, and travel reviews, as well as more traditional publications.

3. AMTs have high brand awareness and low brand loyalty:

Travel businesses in Asia have had little success earning AMTs' brand loyalty, despite their high brand awareness. AMTs are more focused on price, convenience and user reviews.

Pursuing AMTs' Business:

AMTs belong to a generation of travellers demanding a new set of value propositions. ATLS participants suggest the following as means to best meet their needs.

1. Know your audience:

Invest in channels and partners to reflect local travel needs, rather than taking a single, overarching approach to reaching AMTs. For example, when targeting Indonesian AMTs, travel professionals should bolster their presence on social media sites. This will likely be more fruitful than an intermediary like TripAdvisor or Agoda, as Indonesian AMTs prefer word-of-mouth recommendations from trusted friends and family.

2. Offer individualised travel:

Sell or facilitate tools to allow AMTs to design a personalised travel experience. This can be done by offering basic packages with add-ons – as opposed to bundles – a trend popularised by low-cost carriers. The approach goes beyond providing customisation for existing customers by facilitating adoption from new customers, including those in price-sensitive segments.

3. Build trust:

Create platforms and opportunities for engagement. AMTs seek dialogue with consumer brands, around both positive and negative feedback. Authentic, peer-reviewed content will be essential to earning AMTs trust, and ultimately their business. This can be accomplished through social media channels, evolved loyalty programmes, and a commitment to understand the needs and desires of AMTs.

SPOTLIGHT
Understanding Asian Millennial Travellers (AMTs) in four countries

China:
Discerning webizens

TO KNOW:

- Travels around four times a year.
- Average trip lasts four nights.
- Sees travel as an indulgence and a break.
- Spends nearly twice as much as other AMTs.
- Prefers "brand name" destinations.
- Relies on local Online Travel Agencies (OTA) for booking.
- Compares options via multiple sources.
- Prioritises comfort travel.
- Makes up the largest proportion of business class travellers (19% vs.11% for average AMT).
- Opts for the combination of package and flexible travel.
- 97% share their travel experience online.

TO CONSIDER:

- Offer best-in-class: Avoid diluting brands with budget offerings, as these travellers are willing to pay a premium for comfort and reputation.

- Be available: Ensure products are available and well-marketed on Chinese OTAs, as they are increasingly the channel of choice for booking and planning.

- Help flaunt adventures: Assist travellers in sharing memories of their trips with their personal communities, as these adventures are truly seen as a status symbol.

Indonesia:
Budget socialites

TO KNOW:

- Travels around twice a year.
- Average trip lasts four nights.
- Spends little compared to China, India and Singapore.
- Most likely to travel within the region.
- Takes impulse holidays triggered by cheap promotions.
- Opts for budget airlines and accommodations.
- Relies on word-of-mouth information when seeking travel destinations.
- Likes to share travel experiences on social media.
- Values convenience in travel research and planning.

TO CONSIDER:

- Make it social: Provide travellers with options to display their trips on social networks and with friends.

- Minimise costs: Avoid being excluded as a travel option due to high-entry cost.

- Promote yourself: Offer genuine deals to earn goodwill. From a marketing perspective, deal quality trumps quantity.

Source: Joint Study by STB, Visa and McKinsey & Company, presented at the Asia Travel Leaders Summit 2013

India:
Family guardians

TO KNOW:

- Travels around twice a year.
- Average trip lasts five nights.
- Spends a high amount on trips (second only to Chinese).
- Opts for cheaper accommodation (1-3 star hotels or family/friend homes).
- Spends more on flights (prefer full fledged carriers).
- Most likely to travel with family.
- Opts for long-haul destinations.
- Sees travel as a status symbol.
- Relies on travel agents for cheap, customised travel packages.
- Relies on brand familiarity, and thus often turns to those with an Indian presence.

TO CONSIDER:

- Look beyond the consumer: Target travel agents and OTAs, as they play an important role in Indian travel.
- Prioritise Family: Offer options and packages for the entire family; Indian AMTs travel as a single unit, especially when going overseas.
- Pay attention to detail: Handle all trip details, down to the food, and supply true "classic vacations" – especially those inspired by Bollywood.

Singapore:
Deal-seeking adventurers

TO KNOW:

- Travels around four times a year.
- Average trip lasts four nights.
- Favours intra-regional travel.
- Spends relatively low amounts per trip.
- Seeks deals to maximise dollar value.
- Least likely to engage travel agents to assist in trip planning.
- Spends a substantial amount of time planning travel .
- Consults a wide variety of traditional and online sources.
- Seeks novel travel experiences.
- Second-most likely to travel on budget carriers.
- Splurges on accommodation (opts for 4-star and boutique hotels).
- Displays little-to-no brand loyalty to airlines or hotels.
- Persuaded by deals or promotions.

TO CONSIDER:

- Go niche: Offer exclusive or uncommon packages.Singaporean AMTs are willing to pay for exciting experiences.
- Manage online presence: Ensure online availability and appropriate presence, to provide information and customisation options for travellers.
- Supply deals: Cleverly use deals and promotions to effectively manage deal seekers while managing inventory.
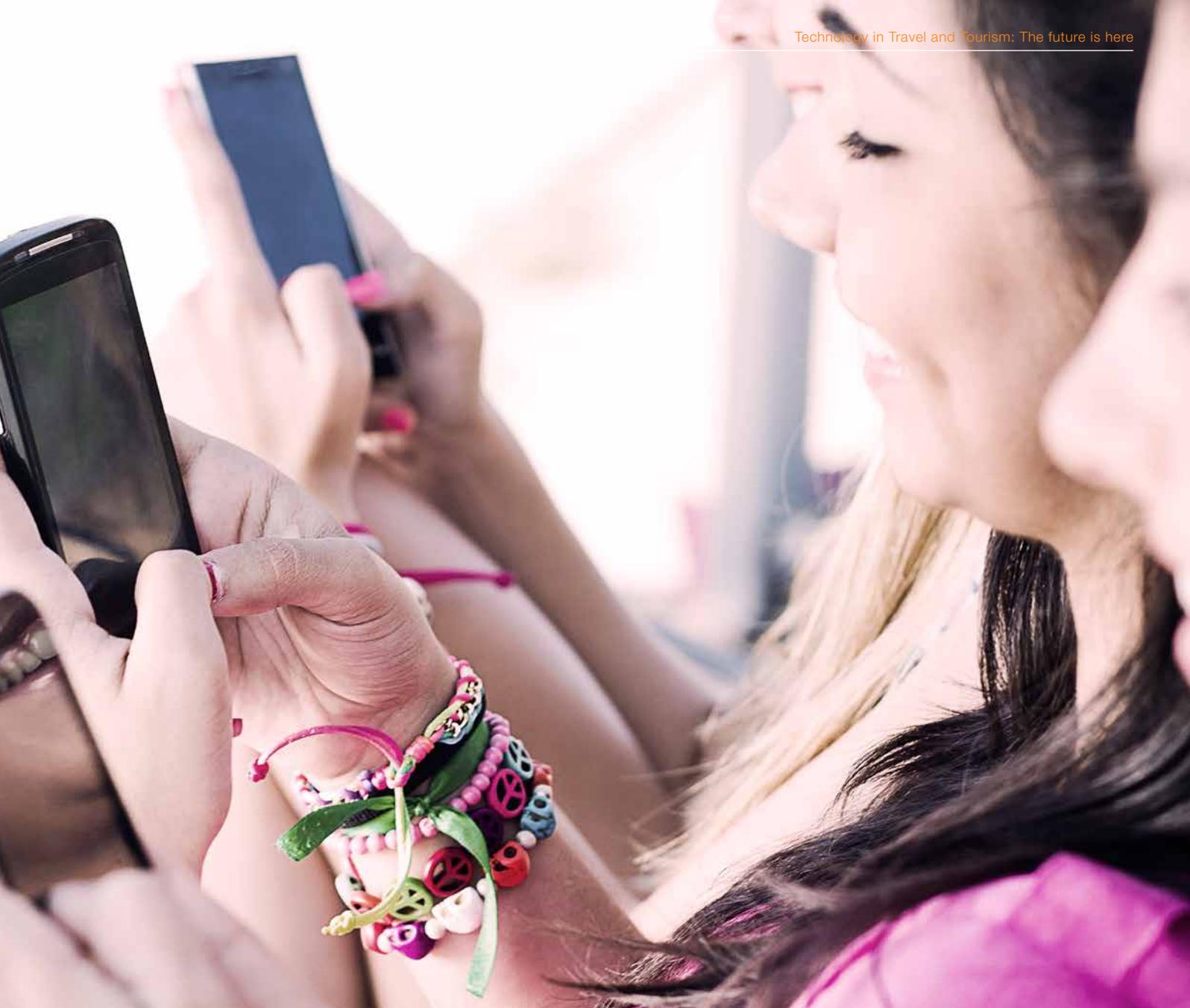
TECHNOLOGY IN TRAVEL AND TOURISM: THE FUTURE IS HERE

Innovating for Digital Narratives

The travel and tourism industry must embrace an entire generation of digital natives.
The bulk of the industry's new customers – and new employees – grew up using multiple screens and devices. This requires that the industry innovates on two fronts: first on channel marketing and customer experience; and second, on employee interfaces and operations.

Improved technology infrastructure and appropriate adoption will give rise to a new landscape within the Asian travel and tourism industry fraught with opportunity. Cloud computing, social media, big data and mobile technology are already creating this new landscape, changing the ways in which travellers interact with businesses in the industry. These were some pertinent developments discussed at Web In Travel Conference, a key event under TravelRave 2013.

Meeting Travel Consumption through Technology

Ubiquitous technology in Asia is driving new travel trends. It is transforming infrastructure – empowering innovation in sectors including cruise, airlines, and low-cost carriers. It is changing the way consumers travel as well.

Asian travellers are constantly connected, using technology to plan their trips and share their experiences at each step of their journeys, based on research presented at the Web In Travel Conference.

More than four-fifths of travellers use the internet to plan their hotel stays, according to "The Constantly Connected Traveller," a Google Study presented at TravelRave 2013. The new breed of Asian travellers is heavily reliant on the web; they use an average of four different sources of information when planning their hotel stay.

83%

Use online to plan hotel stays

28%

Use ONLY online to plan stays

Bar chart values (highest to lowest):

- Malaysia — 92%
- Thailand — 88%
- Singapore — 84%
- Philippines — 84%
- Taiwan — 84%
- China — 82%
- Indonesia — 81%
- Australia — 80%
- India — 79%
- Hong Kong — 79%
- Japan — 79%
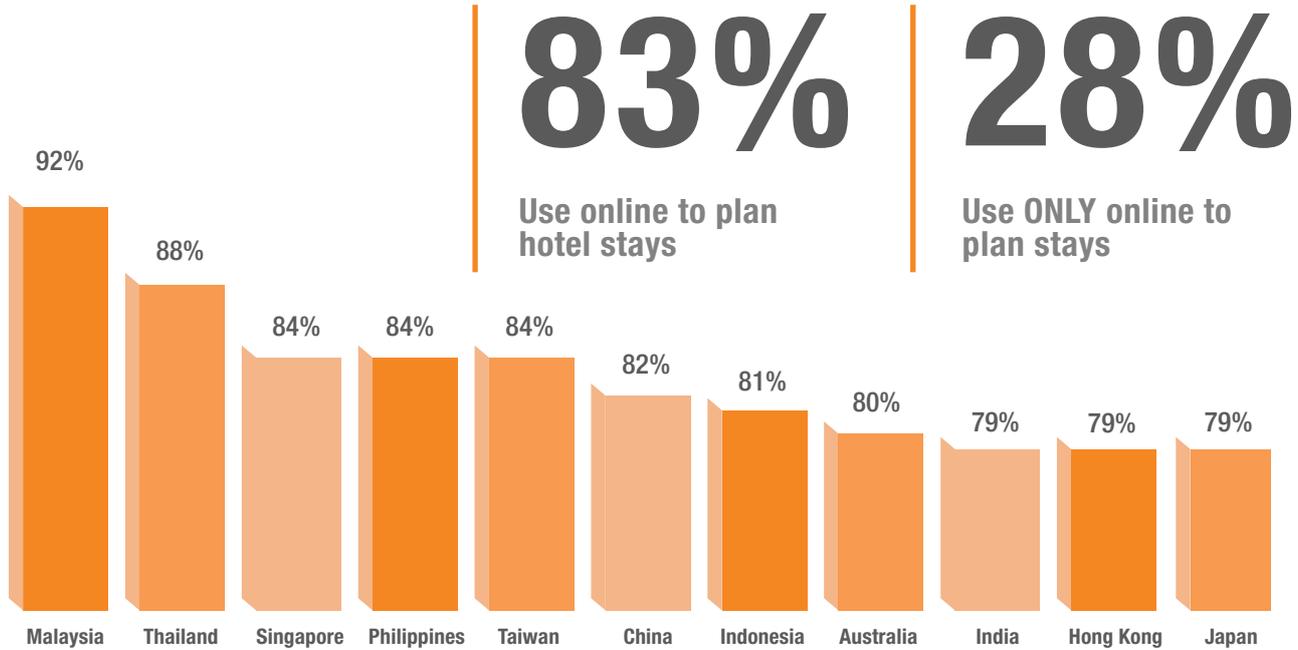
Source: © 2013 Google

Figure 4: 83% of travellers use the internet to plan their hotel stays, according to Google's "The Constantly Connected Traveller"

This is true on mobile as well, as 39% of travellers worldwide – and 49% of travellers in emerging markets – have used a mobile phone to plan their stay. In Asia Pacific, travel mobile queries are rising more than 160% each year, according to Mr. Bambos Kaisharis, Head of Travel, Google Southeast Asia.

This is especially true with Chinese, Thai, and Filipino travellers; 85% are active social media users during their trips, according to Ms. Emilie Couton, Director of Guest Experience at Accor. They share status updates, upload photos, provide comments, and search for local information during trips, relying on hotel Wi-Fi (52%), local SIM card (15%) and data roaming (15%) for internet connection points when traveling.

The vast amount of information available online can be daunting: 14% say they feel overwhelmed when researching travel options. As a result, the personal touch is extremely important. More than 25% of travellers in the region say they are deterred from booking hotels online due to the lack of personal connection. Beyond that, more than 70% of travellers consider personal recommendations very important in making a hotel choice, and 62% highly value being recognised as a returning customer.

// There are three things today's travellers are looking for: simple, personal and mobile experiences. //

Mr. Alan Gertner, Head of Travel at Google APAC, speaking at the National Association of Travel Agents Singapore (NATAS) conference at TravelRave2013

Despite the prevalence of mobile and online travel planning, there are several gaps that must be addressed. Poor usability is the biggest barrier; 42% of travellers believe it is easier to book on a PC, 21% do not trust mobile payments, and 19% say mobile connection speed is too slow. Optimising the mobile experience can lead to powerful results; CTrip, for example, makes more money on mobile bookings that desktop.

From Left: **Ms. Yeoh Siew Hoon**, Producer of Web In Travel, **Ms. Kathleen Tan**, CEO of AirAsia Expedia and **Mr. Robert Rosenstein**, CEO of Agoda, at the Web in Travel Conference

Leveraging Technology to Capture Tomorrow's Opportunity

The travel and tourism industry is applying technology to change the way it approaches customer service to transform the travel experience and reinvent business models.
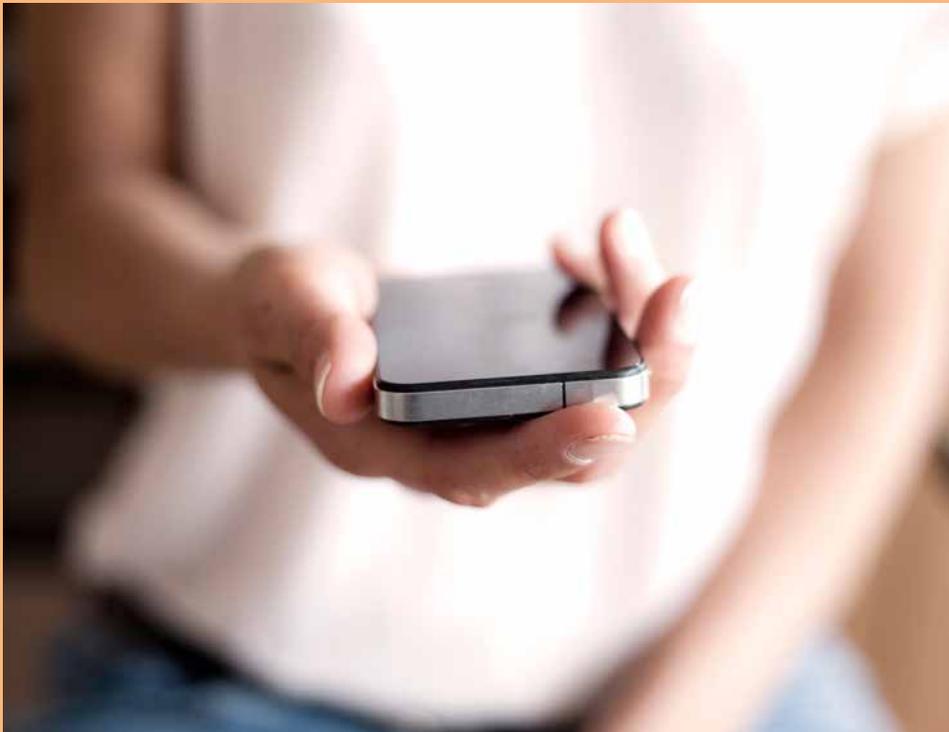
SPOTLIGHT
TripAdvisor: Betting on mobile

Companies like TripAdvisor are taking notice of mobile and technology developments and adjusting their businesses accordingly, said Mr. Julio Bruno Castellanos, Global Vice President of Sales at TripAdvisor, during his presentation at Web in Travel.

The online travel booking site – which receives more than 22% of its traffic from Asia – is now betting on mobile and various new technologies.

For example, earlier this year, TripAdvisor announced that its market-leading mobile app would be the only travel app to come pre-installed onto the new Samsung GALAXY S4, enabling millions of consumers worldwide to have easy access to its travel content.

The company is also one of the earlier adopters to integrate with Facebook.

TripAdvisor consistently updates its use of Open Graph to increase social sharing capabilities on its site and in its portfolio of travel-related apps. This has yielded strong results; Facebook users have 27% higher engagement on TripAdvisor, and one in three users signing in with a Facebook login contribute on TripAdvisor's site.

Lastly, it recently launched TripAdvisor Connect – a meta-search product that allows independent hotels and B&Bs to participate en masse on a cost-per-click basis – to offer its travellers more choice.

Mr. Ian Aitken,
Director of Solutions, Samsung Asia

PERSPECTIVE
The future of smartphones in hotels

The need for connectivity has never been more important than it is today, according to Mr. Ian Aitken, Director of Solutions, Samsung Asia, who spoke at the Hotel Technology Conference 2013.

It's not that a mobile device connects – but what it connects to – that is most important. Devices have the ability to not only enhance the customer-facing experience, but to also transform back-end processes for increased efficiency and impact.

As mobile devices continue to infiltrate consumers' lives, technology will dictate the industry's ability to deliver quality service. Hotels can readily embrace this trend to increase efficiencies and revenue, according to Mr. Aitken.

While at the conference, Mr. Aitken showcased several mobility solutions that can be adopted by the hotel industry. Smartphones, for example, can be used as key cards, eliminating the need for investment in physical keys.

Guests can also use their phones to notify hotels of their arrival, authenticating their information to bypass check-in altogether; to control the television and air conditioning systems in their rooms; and to order room service and make other guest requests.

SPOTLIGHT
Hotel ICON: Training next-generation talent in next-generation environments

Hotel ICON, a teaching and research hotel, is implementing various technologies to assess their functionality and efficiency, according to Dr. Basak Denizci Guillet, Assistant Professor and Coordinator of "Tomorrow's Guestrooms", School of Hotel and Tourism Management, Hong Kong Polytechnic University.

Dr. Guillet highlighted a number of examples while speaking at the Hotel Technology Conference 2013. One was the Neobar by BarTech. The next-generation mini bar helps increase revenues for the hotel while optimising the guest experience. It allows Hotel Icon to examine consumer behaviour to better understand the items guests choose, the times of day they take them and whether they add in any of their own snacks or drinks.

Another innovation is a guest communication centre, created by technology solutions provider Fingi that is placed in each of Hotel ICON's rooms. The bedside device is an audio-docking station that can charge multiple devices at one time, replacing a number of current in-room devices. As with the Neobar, this technology helps streamline hotel investment and enhances the ease of customers' use.

SPOTLIGHT
Japan Airlines:
Going Social,
Local, Mobile

Japan Airline's domestic flight sales via mobile booking increased 357% between 2011 and 2012. This growth was driven by a SoLoMo (Social, Local and Mobile) strategy to enhance customer loyalty, according to Mr. Tomohiro Nishihata, Vice President, Web Sales and Marketing, Japan Airlines, who spoke at Aviation Outlook Asia 2013.

Through this strategy, Japan Airlines allows customers to purchase tickets, access the status of their flights, use a navigation guide to find the departure gate, and use a QR code for boarding – on both iPhone and Android platforms.

The airline also adopted Near-Field Communication (NFC) for Android platforms, providing passengers the ability to use NFC for touch-and-go check-in service. Japan Airlines has launched more than ten apps and mobile websites, and actively engages with 700,000 fans online, creating a truly mobile experience.

With these initiatives, Japan Airlines customers can use their mobile throughout their entire journey – from check-in, security and boarding to in-flight sales, destination services and general retail.

FUTURE LEADERS: OVERCOMING THE TALENT CHALLENGE IN ASIA'S TRAVEL AND TOURISM INDUSTRY

Managing Asia's Talent Crunch

Talent is one of the regional tourism industry's greatest challenges. Successfully aligning job demand and employee skill is critical to capturing available growth opportunities. Yet Asia's talent-short market makes this a difficult achievement.

To identify and work toward potential solutions, dozens of the industry's movers and shakers convened at the Asia Travel Leaders Summit (ATLS) at TravelRave 2013. Their closed-door dialogue was designed to advance the foundation laid at ATLS 2012, while further examining the region's priority issues.

Asia's travel and tourism industry is accelerating at an unprecedented rate – one that its supply has been unable to meet. This will only continue as the industry faces a labour shortage of about eight million jobs in the next ten years[20]. The shortage will be most felt at the managerial level, as the supply of hotel managers in 2021 is expected to meet less than half of the expected market demand[21].

Yet managers will play an integral role in the region's success. They will be responsible for meeting the complex demands and diverse customer needs brought by the growing travel and tourism sector.

Companies therefore need to prioritise talent as a business objective; accelerating the development of the next generation of leaders who will support future business growth.

[20]HVS, ILO, WTTC, CNTA, IIFL, Cygnus Great Places to Work Institute, Industry Interviews, BCG Analysis, as shared at Asia Travel Leaders Summit at TravelRave 2012
[21]BCG research, shared at Asia Travel Leaders Summit 2012

Significant travel labour supply shortages in Asia
Estimated travel labour shortage in 2021 (M)

" The business is growing very fast; 700-800 middle management positions will be needed in the next 2-3 years," CEO, regional hotel chain

More acute gaps at managerial-level
Hospitality demand in China (2021) (%)

- Supply
- Gap

Supply Gap (M)	Managers 0.2	Supervisors 0.7	Service/Operations 1.2
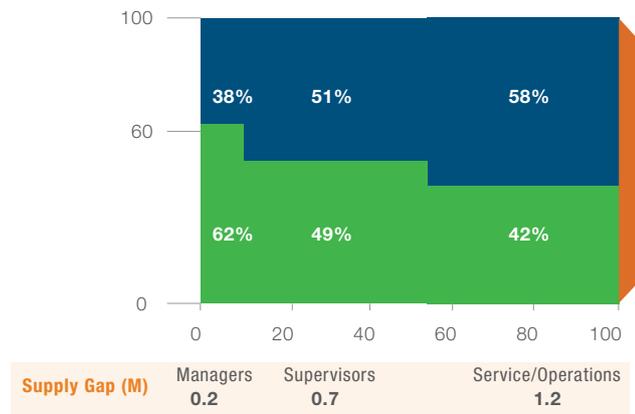
Source: © 2013 Singapore Tourism Board (STB)

Figure 5 and 6 : Asia's significant labour supply shortage affects managerial levels most, according to the ATLS 2012 Discussion on Executive Development in Asian Travel and Tourism.

//
"Millennials seek work-life balance – a concept that is increasingly blurred. They believe in the value of personal development to career progression, and they are tech-savvy. This has resulted in a generation that expects instant gratification. They like options, they like communication, and they are more individualistic."
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Mr. Rob Davidson, Senior Lecturer, University of Greenwich, speaking at the first Union of International Associations (UIA) Round Table in Asia

[22]Ms. Kris Miller, Director Strategic Corporate Development APAC, Travelport, speaking at Global Business Travel Association (GBTA), TravelRave 2013

Grooming the Next Generation of Talent

Millennials will constitute a large portion of the next generation's leaders – 75% of the global workforce, to be exact[22]. This will create another layer of complexity in effectively managing talent in the travel and tourism industry.

The population segment of millennials, also known as Generation Y, prioritises workplace values and attitudes that differ significantly from those of their predecessors.

The Future Leaders programme at TravelRave 2013, a joint initiative by ITB Asia and STB, convened students and industry leaders to explore the generational gap; their findings indicate an impending change that will dramatically shift industry options.

On the whole, millennials are far more likely to prioritise work-life balance. They are global citizens, are more socially and environmentally conscious, and view themselves as life-long learners who crave access to personal development. Even more impactful, 80% of this generation believe they deserve more on-the-job recognition, and 90% think they deserve their dream job[23].

While at the Future Leaders programme, students and industry leaders developed a list of perceptions around which they were misaligned. It included the following:
• The variety of jobs available to entry-level candidates.
• The kinds of training companies offer.
• The level of job security.
• Opportunity for rapid career development.
• Benefits of choosing a career in the industry versus furthering education.
• The potential – or lack thereof – for high future earnings.

"Our industry needs to begin thinking how we can redesign jobs to meet the aspirations of young job seekers," said Mr. Yap Chin Siang, Assistant Chief Executive of the Singapore Tourism Board, in a panel discussion at ITB Asia.

The industry's ability to effectively communicate with its future talent pool to dispel these perceptions will be critical as it seeks to capture future growth opportunities.

Mr. Yap Chin Siang, Assistant Chief Executive of the Singapore Tourism Board

Preparing for the Future

This new demographic, along with the state of Asia's overall talent market, will have a real impact on the travel and tourism industry in the coming years. More specifically, they will create three challenges that the industry will need to overcome, according to the ATLS 2012 Executive Development online survey:

1. The need for future leaders to have broader management and business competencies.

2. The gap in training and development programmes capable of nurturing middle managers' core business and leadership skills.

3. A lack of access to relevant rotational opportunities and extensive training programmes.

To address these issues, senior management and HR departments in Asia's travel and tourism industry must take a more strategic approach to talent and leadership development. Industry collaboration can help deliver the following solutions:

1. Broadening skillsets:

a. *Challenge*: Developing managers with well-rounded experience and market exposure is the most challenging training and development issue facing C-suite leaders today, according to discussions at TravelRave 2013. Future leaders must be equipped with broader competencies – beyond core functional skills – to compete in a more complex and dynamic operating environment.

b. *Opportunity*: Companies should create and launch development programmes for middle managers, provide HR staff with the skills necessary to design and execute targeted training and development programmes, and create cross-company attachments to expose employees to different functions, markets and geographies.

2. Attracting new talent:

a. *Challenge*: Attracting suitable talent is also a pressing challenge across the region, though causes vary. For example, in some markets cultural and social issues make the travel and tourism industry a less attractive option than medical or finance jobs. In others, potential candidates are not equipped with necessary skills.

b. *Opportunity*: The industry must be more accepting of people with varied backgrounds and experiences. These professionals can take on important leadership roles, especially as the gap between talent demand and supply continues to grow.

[23]Universum research 2013, presented at the ITB Future Leaders Conference at TravelRave 2013

SUCCEEDING IN ASIA'S TRAVEL AND TOURISM LANDSCAPE

Tourism is an important contributor to Asia's economy, but its impact goes beyond economic benefits.

To reap its long-term gains, the industry must adapt to the evolving consumer landscape; it must adopt new technologies, diversify to meet local needs, provide opportunities for millennial employees and Asian millennial travellers, and maintain its position as a top destination for tourists worldwide.

The next decade will offer many opportunities for Asia to attract new travellers and create new careers. Successfully capturing these opportunities will rest on the industry's ability to collaborate between businesses, among the public and private sectors, and throughout the region.

TravelRave will continue to facilitate this collaboration. As the most influential travel trade festival in Asia Pacific, the event unites the best travel minds and leverages innovative, quality travel content to advance networking and explore business opportunities in Asia.

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Our ambition is a very simple one: We want to position TravelRave as the preeminent marketplace for the travel industry in Asia. We see three types of potential synergies. Firstly, creating synergies across markets, with TravelRave being the epicentre for industry players who are looking to focus on Asia. Secondly, we see synergies in cross-event content, and we will continue to build up the quality of Asia-for-Asia intelligence. Lastly, the synergy of networks comes to life at TravelRave, with the movers and shakers of the travel and tourism trade coming together.
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Mr. Lionel Yeo, Chief Executive,
Singapore Tourism Board

SPOTLIGHT
Evaluating Singapore's tourism sector

Singapore's travel and tourism industry is increasingly one of the country's most dynamic and fastest-growing sectors. The industry reinforces Singapore's status as a vibrant global city that attracts capital, business, and talent. It also enhances the quality and diversity of leisure options, helping to create a living environment that Singaporeans are proud to call home.

A snapshot on travel and tourism in Singapore:

• 4%+ of national gross domestic product.

• 160,000 jobs.

• S$23 billion in tourism receipts in 2012.

• 10% compounded annual growth rate in tourism receipts between 2002 and 2012.

• 14.4 million arrivals in 2012.

• 6.6% compounded annual growth rate of visitor arrivals between 2002 and 2012.

• 100 international airlines with flights to more than 240 cities.

• 86% average occupancy rate in the hotel industry.

Awards and accolades:

• Top International Meeting Country, second time – Union of International Associations 2012.

• Top International Meeting City, sixth year – Union of International Associations 2012.

• Top Convention City in Asia, eleventh consecutive year – ICCA Global Rankings 2012.

• Best BT MICE City – TTG Travel Awards 2012.

• Best Business City in Southeast Asia – Business Traveller Asia – Pacific Travel Awards 2012.

• Best Convention Bureau & Best Convention Bureau Website – CEI Asia Industry Awards 2012.

• Most Popular Business Travel Destination in Asia Pacific 2012 – Accor Asia-Pacific Business Traveller Research.

• Asia's Most "Network Ready" Country – The Global Information Technology Report 2010-2011, World Economic Forum.

About TravelRave

TravelRave, Asia's most influential travel trade festival, took place from 21 to 25 October 2013, with an exciting line up of eight quality events featuring thought-provoking content, influential speakers and the chance to network with some of the leading names in the travel and tourism industry. Leveraging Asia's growing potential, TravelRave 2013 provided a dynamic platform for business leaders and industry professionals to convene, share knowledge and insights, network and discover new business opportunities, and celebrate Asian tourism at its best.

About the Singapore Tourism Board and Singapore Exhibition and Convention Bureau™

Singapore Tourism Board (STB) is a leading economic development agency in tourism, one of Singapore's key service sectors. Known for partnership, innovation and excellence, STB champions tourism, making it a key economic driver for Singapore. We aim to differentiate and market Singapore as a must-visit destination offering a concentration of user-centric and enriching experiences through the "YourSingapore" brand.

The Singapore Exhibition and Convention Bureau™ (SECB) is a group within STB tasked specifically to champion business travel and business events as key drivers of the tourism sector and enablers for industry growth in Singapore. It aims to establish Singapore as a dynamic business events destination where people, technology and ideas converge to create great value for customers. As the leading government unit for the business events sector in Singapore, the Bureau works with stakeholders to create, attract, and grow business events, as well as ensuring exceptional experiences in the delivery of these events. The Bureau also develops partnerships with international organisations and alliances. For more information, please visit www.stb.gov.sg or mice.yoursingapore.com.

About BestCities Global Alliance

The Singapore Exhibition & Convention Bureau™ (SECB) is a member of the BestCities Global Alliance. BestCities is the first global alliance to put in place a certification programme – with standards certified by Lloyd's Register Quality Assurance (LRQA) – to ensure a consistent level of convention bureau service excellence from all partner cities. BestCities Partners are Berlin, Cape Town, Copenhagen, Dubai, Edinburgh, Houston, Melbourne, Chicago, Singapore and Vancouver. For more information, please visit www.BestCities.net.

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