



ISSUES TRENDS

PACIFIC ASIA TRAVEL

JANUARY 1999

VFR's Tourism Potential for Pacific Asia

The visiting friends and/or relations (VFR) sector does not get much attention from travel marketers. Yet for travel to and from Pacific Asia it could be an important factor influencing many travel decisions. A second generation Italian living in Australia, for example, may not travel to Italy as part of a European tour strictly for VFR reasons. However, VFR could be an significant factor for a traveller who has the choice between an Athens or a Rome gateway into Europe. The same is true for travel into Pacific Asia.

A new OECD report shows that the three countries around the world with the largest groups of Asian immigrants are Australia, Canada and the U.S. The U.S. has the greatest number of Asians—over 3.5 million overall—as well as housing the largest single group—913,000 Filipinos.

Immigrants Born in Asia (000')

From	Resident in:		
	Australia	Canada	USA
China	111	231	530
Hong Kong	68	241	148
India	78	236	450
Japan	na	na	290
Korea	na	na	568
Malaysia	76	na	na
Philippines	93	185	913
Sri Lanka	47	na	na
Chinese Taipei	na	49	244
Vietnam	151	139	543
Total Asia	624	1,081	3,686
Grand total (incl. other)	3,908	4,971	19,767

Notes: 1996 data. Source: OECD.

That helps make Filipinos the largest group spread over the three countries, with a total of approximately 1.2 million people. The second largest, perhaps surprisingly, are the Chinese accounting for a total of approximately 872,000. Vietnam comes third with some 833,000.

The U.S. has four groups of resident Asians, each comprising more than 500,000 people—U.S. citizens originally from the Philippines, Korea-ROK, Vietnam and China. Expressed in terms of potential tourist arrivals and foreign exchange earnings, the figures are very impressive. ■

Markets

Thai outbound travel declined by nearly 26 percent from January to July 1998 over the same seven month period the previous year. Intra-Asian travel suffered the least, although there were a few exceptions to the general trend. Travel to Indonesia, for example, was down by more than 63.0 percent and to Hong Kong SAR and China by 51.4 percent and 47.4 percent respectively.

• All but one of the top favourite destinations of Hong Kong outbound travellers registered healthy growth from the market in the first half of 1998. The exception was the Philippines, down 4.9 percent. South and Southeast Asia overall attracted 16.4 percent growth and North Asia (Japan and Korea-ROK) grew by 54.8 percent. Travel to long-haul destinations, meanwhile, increased by only a modest percentage—Europe and the Middle East were up 1.7 percent and the Americas 0.3 percent.

• Pleasure travel from Japan by females was on track last year to do something literally unthinkable—ie overtake the male share. That was before the downturn. What is happening now? The pattern may be continuing. In the first half of 1998 there was a 9.6 percent decline in travel by males, but only an 8.4 percent fall by females, resulting in a female share of

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Commentary

Changing of the Guard

By Mr. John Koldowski
Director-Strategic Information Centre, PATA

The January 1999 edition of *Issues & Trends* sees a changing of the guard. After two years as the editor of our monthly newsletter, Ms. Nancy Cockerell passes the pen to Mr. Imtiaz Muqbil, a Bangkok-based travel industry journalist and researcher.

The change follows the move of PATA's Operational Headquarters to Bangkok; the Strategic Information Centre's location in the heart of the PATA region gives us a much better feel for the winds of change affecting our industry. The economic events of the past 18 months have wrought social, cultural and political changes that will continue to impact the travel and tourism industry well into the future.

The Strategic Information Centre's mission now is to help PATA members monitor these changes and seek opportunities to rebuild and remould their businesses. *Issues & Trends* will continue to focus on practical research, and future editions will examine the impact of globalisation, technology, environmental regulations, currency issues, infrastructure development, health, demographics and consumer behaviour, and other significant topics. We also intend to give members the benefit of our improving statistical database on visitor arrivals. "Report cards" will be developed for PATA destinations, to allow them to track and compare policy and regulatory changes.

In addition, the Strategic Information Centre is pleased to be situated in the same city as the United Nations' economic, social, health and cultural agencies for the Pacific Asia area. A closer working relationship with these agencies will alert us to early warning signs of issues that

could potentially impact travel and tourism. And this will help PATA and its members become more proactive rather than reactive in facing the challenges ahead.

I will be working very closely with Mr. Muqbil, who edits his own e-mail travel industry newsletter and writes a weekly column for the Bangkok Post. An Indian national resident living in Thailand since 1978, Mr. Muqbil has reported extensively on Asia. Before moving to Thailand, he spent several years as a journalist in the Middle East.

On behalf of PATA, my heartfelt gratitude goes to Ms. Cockerell for the valuable research and writing she conducted for *Issues & Trends*. PATA's Strategic Information Centre gained much from her professionalism and her knowledge of the global travel and tourism industry.

Ms. Cockerell now heads up the rapidly expanding, London-based Travel & Tourism Intelligence—formerly part of the Economist Intelligence Unit.

PATA's Strategic Information Centre always welcomes suggestions on how we can make *Issues & Trends* more useful, practical and relevant to your business. Please feel free to contact us in Bangkok at any time. Fax: (66-2) 658-2010. E-mail: johnk@pata.th.com.

Correction:

The November edition of *Issues & Trends* cited erroneous figures from the World Tourism Organization for the 1997 and 1995 promotional budgets of the Singapore Tourism Board (STB). The correct figures are US\$65,993 for 1997 and US\$45,625 for 1995, so the STB did not have the largest promotional budget as stated. PATA's Strategic Information Centre apologises for this unfortunate error.

pleasure travel departures of 47.5 percent compared with 52.5 percent for males. This suggests the “unthinkable” may still happen before 2000.

- The results of a survey of Canadian leisure travellers by Yesawich, Pepperdine and Brown indicate that interest in adventure travel is down four percent over 1997's level. Demand for skiing has also fallen four percent and for scuba and snorkelling holidays three percent. Even golf is down three percent. The winner is family cruise holidays, up 38 percent.
- Still on the subject of cruising, a meagre 3.6 percent of U.S. citizens had ever taken a cruise in 1986. This has now increased to 11.3 percent, according to the 1998 Market Profile Study sponsored by the Cruise Lines International Association (CLIA). Some 75 million Americans say they are very keen to take a cruise within the next five years. Of these, 27 percent are under 40 years old, 45 percent are aged 40-59 and 28 percent are 60 or over.

**Top Five Destinations for Thai Outbound Travel
January-June 1998**

Destination	Arrivals	% share	% change on 1997
Malaysia	237,895	30.0	10.4
Singapore	109,811	13.8	-25.2
Hong Kong SAR	72,115	9.1	-51.4
Chinese Taipei	66,557	8.4	-4.3
China	35,643	4.5	-47.4
Total (incl. other)	796,977	100.0	-25.9

Source: Tourism Authority of Thailand (TAT).

**Top Five Destinations* for Hong Kong Resident
Departures, January-June 1998**

Destination	Departures	% share	% change on 1997
Thailand	299,028	1.3	32.1
Japan	265,299	1.2	33.9
Singapore	154,806	0.7	8.3
Korea-ROK	154,561	0.7	111.6
Philippines	153,107	0.7	-4.9
Sub-total	2,071,883	9.2	16.2
China	18,365,151	81.3	17.6
Total	22,586,514	100.0	15.7

* Excluding China—main destination.
Source: Hong Kong Tourist Association (HKTA).

Studies & Reports

Far from continuing to increase throughout the world, the amount of leisure time available for many people is likely to decline in the future. This is one of the worrying conclusions of a World Tourism Organization Business Council (WTOBC) study conducted by tourism and leisure consultants Horwath UK. The effect of this squeeze on leisure time will be to accelerate the trend to shorter, more frequent holidays, and could favour the expansion of easily accessible holiday destinations in the same region or time zone.

- The results of a recent survey by American Express in Europe among 200 corporate travellers from medium-sized companies indicate that 27 percent of companies purchase at least some travel globally today, 73 percent think travel and entertainment will increasingly be purchased globally, and 60 percent are already seeking global deals with airlines and 61 percent with hotels.

An overwhelming 96 percent of those interviewed said they believe that electronic or e-commerce is faster, 93 percent said it produces significant cost savings and 67 percent said they either already use e-commerce or will be doing so soon. The majority of corporate travellers are clearly in favour of the euro. It simplifies payment, eliminates the inconvenience of foreign exchange and allows for improved expense reporting. Some 70 percent of corporate travellers interviewed by American Express also believe that airlines and car rental companies will be forced to reduce prices because of the increased transparency resulting from the launch of the euro.

- The results of a survey by JRA Data & Forecasts among 12,000 female business and leisure travellers across four continents provides some interesting reading, as well as indications as to the untapped sales potential of this increasingly important sector of the travelling market. The survey looked at a number of different issues, addressing the special needs of female travellers of different ages, travelling alone or accompanied, and the product aspirations they had for purchases on trips.

Around 65 percent of females—57 percent of those travelling on business and 72 percent leisure travellers—believe that airport congestion severely affects the time they have for shopping at airports. Young women feel they are not well catered for, and that “much work is needed to provide retail outlets at airports which

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reflect their substantial spending power." Too many airport shops are aimed at the middle-age traveller.

The favourite purchases by women at airports are clothing items, followed by jewellery and fashion goods, and finally electrical and household goods. There is reportedly virtually no difference between the tastes of business and leisure travelling females in this regard.

Hotels

Radisson's goal is to receive 100 percent of its bookings electronically. It still has some way to go before reaching its target as the current status of bookings for the U.S. hotel group is 63 percent electronic bookings—62 percent from global distribution systems (GDS) and one percent via the internet—and 37 percent by phone. However, over 190,000 travel agents have enrolled in its "Look To Book" electronic system.

- The U.S.-based Forrester Research has upped its forecasts for online bookings in 2000. In January 1998 it was projecting US\$5 billion for travel bookings overall, of which US\$1 billion was attributed to hotels. Eight months later, in September, it forecast US\$14 billion in online bookings for leisure travel only by 2000—with US\$5 billion of that for hotels.

Growth over the next two years is expected to be driven not only by an increase in absolute numbers of internet users, but also by a higher percentage of people buying online.

- In the past 12 months, Carlson and Accor have bought into, or bought out, their Pacific Asia franchisees—to ensure they are not bought by rival companies. This is just one example of the shuffling in the region that has begun to take place—the free-and-easy attitude to expansion in Asia will take second place to caution.

- As reported last month, All Nippon Airways has sold its San Francisco and Washington hotels and has removed them from its ANA Hotels portfolio—leaving it with only one property outside Pacific Asia, in Vienna. It has also reportedly closed most its overseas sales offices, adding weight to the rumours that its hotels subsidiary is for sale.

- Japan Airlines (JAL) also looks likely to give up its hotel interests. Its hotel and resort activities—primarily its Nikko Hotels subsidiary—contributed to an

Growth Rates Drive Online Bookings, 1998-2000

	1998	2000	% change
Global public internet users, mn	150	300	100.0
% buying	20	27	-
Internet buyers, mn	30	80	166.7
% reserving hotels	7	10	-
Online hotel reservations, mn	2	8	300.0
Reservations per user	3.5	3.8	8.6
Total public online hotel reservations	7	30	228.6

Sources: Nua Internet Surveys, Nielsen Media Research, Forrester Research.

increase in net losses for the group in fiscal 1997/98 (ended March 1998). JAL's plan is to sell its hotels—although keeping its hotel management company—to concentrate its resources on pure airline business. However, the value of some hotels has fallen since it acquired them, forcing the airline to set aside money to cover losses it expects to incur when the hotels are sold.

Travel Intelligence

These and other hotel industry developments are covered in the new research report being published this month by Travel & Tourism Intelligence (TTI), entitled *The International Hotel Industry—Corporate Strategies and Global Opportunities*. The report retails at US\$760 but a special discount of more than 15 percent has been negotiated for PATA members.

- This special discount also applies to other TTI reports being published in early 1999, the first of which will be *EMU, the Euro and the Travel Industry*. The report, available for US\$295 (after discount) provides a detailed analysis of the implications of European monetary union and the single currency for the travel and tourism industry—not just in the euro-zone, but also in countries around the world which do business with, or whose customers travel to, this economic region.



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