



## Singapore Market Intelligence Update for NSW Sellers attending ATE 2009

### Outbound travel trends

- The economy in Singapore grew by 1.1% in 2008, compared with 7.8% in 2007. Singapore's GDP growth prospects appear weak in 2009 as a result of the pessimistic global economic outlook. In January 2009, the International Monetary Fund (IMF) downgraded its 2009 growth forecast for the world economy to 0.5% in 2009. (*Source: Ministry of Trade and Industry Singapore*)
- The recent February 2009 National Association of Travel Agents Singapore (NATAS) Travel Fair reflected a 'wait and see attitude'. Sales to regional Asian countries such as Taiwan, China and Korea were good. Traffic to Europe has also increased due to aggressive low airfares by the airlines, with savings of 30% to 40%.
- In Australia the weakening dollar is now almost on par with the SGD which has encouraged more first time visitors. Most visitors chose between Sydney – Melbourne or Sydney – Gold Coast. Qantas Airways' NATAS Promotion – Fly to two Australian Cities from \$869\* and its launch of the new A380 Premium Economy class also encouraged double income no kids (DINKS) and young families to visit Australia.
- Australia remains in the top four favourite destinations (22.1%) after Hong Kong (24.9%), USA (24.2%) and Malaysia (22.8%), (*Source: MasterCard Worldwide Index of Travel Highlights, released July 2008*).
- People are still willing to travel to Europe with the weakening of the Euro and the Pound, the lower fuel surcharge, as well as lower cost airfares.
- The introduction of Qantas Airways' new A380 flight to Sydney in January 2009 started a price war with SQ to Australia.
- Intra-regional travel continues to dominate outbound travel since the evolution of low cost carriers. Malaysia Airlines' price war with AirAsia X spills into the Singapore market, hence promoting short haul demands.

## Travel Industry Trends

- Both Singapore outbound and inbound travellers are currently focusing on short, intra-regional trips. All but one of the destinations in the top ten searched for by Singaporeans in January 2009 is within the Asia Pacific region and similarly, those looking to travel to Singapore are exclusively from the region. The top ten flight searches out of Singapore (1-19 January 2009) are Bangkok, followed by Hong Kong, Denpasar (Bali), Phuket, Kuala Lumpur, Taipei, Sydney, Melbourne, Manila and London (*Source: Wego.com*).
- With the weakening of the AUD, agents are more willing to develop their existing Sydney packages to differentiate themselves from the rest.
- Key trade agents, such as Chan Brothers, SA Tours, Commonwealth Travel, Dynasty Travel, Qantas Holidays plus four newly appointed Premier Aussie Specialists – Five Stars Tours, Sakura Holidays, ASA Holidays and UOB Travel Planners, played a major role in the outbound travel market. However, with the economic downturn, although there are lower exchange rates, they are not hopeful about the surge in travelling demand to Australia. Agents are trimming their profit margin to stimulate buyers.
- Agents' response: Short term focus, more direct consumer roadshows, bank partnerships and creation of loyalty cards, targeted customer segmentation.
  - Agents are going online: Statistics show that consumers do their background research on the destination that they want to go online. (41.9%). Agents are making their websites more informative and interactive (*Source: IVS YE Dec08*).
  - More travel fairs: Big agents like CTC and ASA Holidays are organising their own post-NATAS travel fairs in either shopping malls or in-house fairs.
- SQ has announced an 11% cut in their flight capacity, whilst LCC like Jet Star announced flying double daily to Perth (*Source: AsiaOne news*).
- There is a need to focus on tactical promotions to stimulate consumers to make purchases.
- The budget carriers were offering zero fuel surcharges or buy one sector free return sector to stimulate sales.
- The Ministry of Education of Singapore has appointed 24 accredited travel agents to specifically handle this niche but growing segments. For example CTC has set up an Education Forum for teachers to learn more about overseas exchange programs and internship programs in Australia.
- Consumers are bombarded with continuous and amazing travel offers and the urgency to book is a challenge for all agents and destination marketing organisations. Despite a high affinity with Australia, the intention to travel and book is low due to lack of urgency and high familiarity.
- With high repeat visitation to Australia, people are very familiar with the country. There is a need to find new reasons to visit Sydney and also product experiences that other states do not have.
- With the weakened AUD, there is a high percentage of first time visitors

with the intention to visit Australia for the first time as a result of the movie 'Australia' and the 'Come Walkabout' Campaign. However, consumers are either planning for May/June travel or inquiring for year end travel.

- High Repeat Visitors: 69.3% (IVS Dec 08). Trend leans towards mono itinerary for FIT Travel.
- TFC forecast 1.9% growth between 2007- 2017 from an average annual growth
- Key sources of information used by travellers in planning their trips were the Internet (44.1%), followed by travel agents (56.6%). (Source: MasterCard Worldwide Index of Travel Highlights, released July 2008) Most of those who travel to Australia used the internet as their key source of information. (IVS Dec08).
- The buying behaviour leans more to value for money packages and countries where the currency has weakened (China and Europe – are the top two popular destinations).
- With airlines opening up their Business to Consumer (B2C) online booking engines, people are going online to plan and book their holidays via online resources for point to point bookings
- Consumers are making their hotel reservations either through internet (35.3%) or directly with the hotels (27.1%). The rest (37.6%) are through travel agencies (Source: MasterCard Worldwide Index of Travel Highlights, released July 2008).
- Travel is a lifestyle for the Singaporeans even in the midst of economic downturn. People will still spend but only on value for money travel packages or short haul destinations.
- Younger first time travelers are venturing to places further afield like Australia for backpacking.

### **Singapore Visitors' Demographics (IVS Dec 08)**

- Biggest age group: 35 to 44 years old (27.2%). Followed by 45 to 54 years old (25.2%) and 25 to 34 years old (22.6%)
- 41.9% used the internet as their main of information. Previous visit(s) was 2<sup>nd</sup> most popular (21.0%). Followed by travel agent (20.9%) and work related/ business colleagues (20.2%)
- Visitor Expenditure (IVS Dec 08):
  - Expenditure Per Visitor in NSW: Down by 5% from A\$2210 to A\$2089
  - Expenditure Per Night in NSW: Down by 9% from A\$144 to A\$132
- Length of stay & regional dispersion (IVS Dec 08)
  - Average length of stay in NSW : Up by 3.4% from 15.3 nights to 15.8 nights.

### **What buyers are looking for in terms of product?**

- Attractive, unique, and new products that are commissionable and differentiated from other countries/states.
- Thematic Driven Experiences – festivals driven, major floral events, gourmet tours (in Asia), celebrity driven tours, soft adventure, romance , wine and dine, self drive packages.

- Targeted Segments: Muslim tours, kids educational focused tours, educational school groups, women travellers, senior travelers.
- Family friendly experiences and activities such as feeding the farm animals, interacting with locals, fruit picking, staying in a cottage. Farmstays and orchards are frequently requested by consumers.
- Affordable transfer options with regional experiences for non-self drivers (below AUD100).
- Easy & complementary attraction and accommodation passes in regions.
- Developing beyond city experiences within three hours' drive of Sydney
- Accommodation: Ranges from three to five star. Also require rooms to accommodate two adults and two children. Looking at apartmentst to cater to family travellers and boutique accommodation to cater to DINKS/Couples.
- Younger travelers are looking for off-the-beaten track experiences such as the precincts of Sydney and the “free” things to see and do in the surrounds.

### **Other information**

- Agents appreciate brochure and gift support from suppliers at the consumer shows.
- Agents appreciate support from suppliers in their tactical packages with strategic partners like banks, airlines, etc. such as one for one offers, for every two adults booking a child travels free, free upgrade, complimentary drink).
- Agents appreciate face-to-face interaction with suppliers, and suppliers need to factor in at least one market visit per year to reinforce the product and establish relationships.
- Bundling experiences makes selling easier.
- Do not undercut pricing.
- Social networking and viral marketing is increasing in Singapore making word-of-mouth an important decision-making factor.