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Phil opens for longhaul flights

ICAO ban lifted, common carrier tax removed

By Raini Hamdi and Marianne Carandang
ITB BERLIN AND MANILA

Philippine operators are anticipating the longhaul market to soar following the lifting of air safety concerns on the country by the International Civil Aviation Organization (ICAO) and the scrapping of the common carrier tax (CCT), both announced earlier this month.

For three years, the ICAO ban has been curtailing tour/beach programmes in the Philippines as its no-insurance cover on domestic flights keeps the big European tour operators at bay.

Marsman Drysdale Travel's director of tourism services, Eleanor Ng, said: "European tour operators were most affected by the ban since it limited their programme to only one location, say, Luzon, and deterred them from combining it with a beach – Boracay, Cebu, Bohol – which meant flying domestically.

"I expect the combinations to start again, at least for the next winter season."

Josefina Baena, general manager at New Era Travel & Tours,

said: "We look forward to receiving more European passengers, who are long-stay visitors."

John Paul Cabalza, executive vice president of the Philippine Travel Agencies Association (PTAA), said: "We hope (the lifting of security concerns) will act as a magnet for carriers to come to the Philippines."

Shortly after the ICAO news, Philippine president Benigno Aquino III also signed into law the rationalisation of carrier taxes. The CCT, together with the gross Philippine billings tax, result in foreign carriers being more heavily penalised than local ones. KLM, the last airline standing, pulled out its nonstop services last April.

PTAA's outgoing president, Aileen Clemente, noted that at least seven foreign airlines had expressed interest in flying to the Philippines should both taxes be removed.

Indeed the Philippines has much to cheer about. More than

Continued on page 2



Game on in Macau

Not content with its state of play, Macau Government Tourist Office's new director, Maria Helena de Senna Fernandes, tells **Pru-dence Lui** the destination wants to diversify, including breaking out of its reliance on the casinos and Chinese market – see page 6

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- 10 Asia's hotel transaction volume tumbled 49 per cent in 2012

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European demand to Sabah holds up despite advisories

By S Puvaneswary

ITB BERLIN Hoteliers and tour operators in the East Malaysian state of Sabah are still reporting strong inbound bookings, despite recent travel advisories issued by the UK and Australia following the standoff between the Filipino followers of the sultan of Sulu and Malaysian police forces.

"Sabah is not in the main news," said David Carlaw, head of faraway product at UK-based Premier Holidays. "FIT bookings to Sabah are selling well since we



Hong: operating as usual

which operates the Borneo Rainforest Lodge, a 15-pax Swedish group had called off their stay in mid-March, and the lodge had

launched new promotions to Sabah last month."

According to George Hong, general manager of Sabah-based Borneo Nature Tours,

also received 45 cancellations from the UK and a number of cancellations from Scandinavian tourists. However, enquiries and bookings from the European market were still coming in.

He added: "Our lodge is operating as usual. There are no disruptions to activities scheduled for guests. The incident at Tanduo is limited to a secured zone area, which is at a remote area about 200km away."

Likewise, Susan Soong, assistant general manager of Bor-

neo Eco Tours, which manages Sukau Rainforest Lodge resort, said: "New bookings from Europe are still coming in strongly for summer, especially from the UK, Germany and Sweden.

"Two FIT bookings from Sweden have postponed their travel this month to March 2014, and two FIT dive bookings from the UK have cancelled. We hope there will not be new cancellations. We are ready to change itineraries from the east coast of Sabah to the west coast on re-

quest."

Noredah Othman, Sabah Tourism Board (STB) manager for Europe, remarked: "We know travellers are concerned over their safety, so we use our website to keep them informed and updated." At press time, STB's website said it was "business as usual", throughout Sabah, including the various dive destinations of Sipadan, Mabul, Kapalai, Matakang, Pom Pom, Pandanan and Lankayan and Selingan Turtle Island.



Best Western expands Australian offering with new property in Victoria

The BEST WESTERN Hamilton Lakeside Motel in Hamilton, Victoria recently joined the Best Western hotel group, offering guests a range of accommodation from spacious two room self-contained accommodation suites catering up to six people, fully refurbished disabled rooms, and deluxe and standard rooms. Rooms offer Austar cable TV and free wireless internet, with breakfast available as room-service.

The beautiful garden setting of the property is enhanced with a guest BBQ and the property's close proximity to Lake Hamilton, a children's recreation park and the renowned Ansett Museum.

Rob Anderson, Chief Executive of Best Western Australasia said, "Hamilton is a unique and exciting tourism destination for holidaymakers and business travellers. We're delighted to welcome this fantastic motel into the Best Western group, and help increase tourism to the region".

Hamilton, both the geographic and business hub of the region, has been the centre of a large and wealthy pastoral industry for over 160 years and has grown to become a thriving country city. Exhibiting style and quality, with excellent shopping, diverse architecture, an outstanding art gallery and stunning botanic gardens, this gracious city offers a first class visitor experience.

For more information on Australian hotels please visit www.bestwestern.com.au.



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NEWS

German travel steady

Growth to Asia expected to remain at same rate as before

By Raini Hamdi

ITB BERLIN German tour operators are banking on another four to five per cent increase to Asia this year, the same rate of growth as in the past few years, with no major surprises expected.

Michael Frese, CEO of Dertour and Meier's Weltreisen, said forward bookings to date show German travel to Asia is up six per cent. This is based on access to data of some 2,000

German travel agencies which sell all wholesalers' products.

Dertour and Meier's growth was in line with the figure, Frese said.

The German travel market overall is seeing three per cent growth, while its longhaul market is growing about five per cent.

"Asia is doing well. Although

the largest increase in the long-haul is for (East and South) Africa, up 16 per cent, Asia's volume is twice as large as Africa.

"Forward bookings to Australia are up 1.5 per cent. North America is seeing neither an increase or a decrease," he said.

He expects the booking trend to remain steady. "Germans do not seem hesitant to travel. Unemployment is at its lowest

ever, salaries are increasing, with some unions succeeding in getting a six per cent rise, and interest rates are almost zero. Germans are not buying new cars as the government had incentivised them three years ago to buy new cars in order to support the automobile industry. So there is enough disposable



Frese: disposable income

Clark expands inbound for Luzon

By Marianne Carandang

MANILA Clark International Airport (CIA) in Pampanga, Central Luzon is shaping up as an alternative international gateway into the Philippines, with flights coming from even outside of the region.

Last month, Middle Eastern carrier Emirates announced it would launch daily nonstop flights from Dubai to Clark beginning October 1.

"The bulk of travellers flying Emirates will be overseas Filipinos, but this will anchor the route, which then creates opportunities for travel operators," said Cesar Cruz, president, Philippine Tour Operators Association.

Traffic growth into CIA has grown by 16-17 per cent in 2012, way above the six to seven per cent recorded at Manila's perennially congested Ninoy Aquino International Airport (NAIA). Aggressive marketing has brought in over a million passengers to Clark in 2012 compared to 725,023 in 2011.

The Department of Tourism (DoT) expects Clark to bring in 1.7 million foreign arrivals by 2016 – 17.2 per cent of the country's total – making the airport the Philippines' third largest for international arrivals after Manila and Cebu, said undersecretary Danny Corpuz.

Clark International Airport Corporation (CIAC) has submitted plans for a new gateway terminal, budget terminal and additional navigational equipment, which upon completion will expand the airport's capacity to 2.5 million visitors annually.

CIAC officials have also indicated their willingness to twin

the airport with NAIA, with the latter serving as the catchment for traffic to south Metro Manila and regions in southern Luzon, while Clark would handle traffic to north Manila and northern Luzon.

AirAsia Group CEO, Tony Fernandes, whose LCC Philippines' AirAsia is based at Clark, is a firm believer that both airports would be among the country's main hubs, not unlike what Haneda and Narita are to Japan.

"For as long as I've been in business, it's only now that (I'm seeing Pampanga travel consultants) are getting serious about inbound business; it's been easy to sell outbound," said Aurora Agustin, owner-manager of Amega Travel & Tours in Angeles, explaining that visitors coming through Clark can explore the rest of Pampanga, before connecting to destinations like Cebu, Boracay and Palawan.

Guests can opt for packages on the outskirts of Clark and Angeles City, like a trek-swim to Pinatubo volcano, the Puning Hot Springs and a tour of heritage churches in Pampanga. A Subic day tour can also be incorporated into a 3D2N itinerary.

For visitors with more time, travel experts can offer trips to see war landmarks in Corregidor Island or the 'Death March' tour via Mount Samat, both passing through the neighbouring province of Bataan, she added.



Fernandes: multiple hubs

income – no reason why the booking trend should not continue."

Holger Baldus, managing director of Marco Polo Reisen, expects less than five per cent growth this year. "It's going to be an average year, just like last year. The eurozone debt crisis is not impacting Germany too badly. Germans are still travelling and we're seeing greater demand from younger customers who want to enjoy themselves, explore and learn."

Marco Polo has launched a new product for small groups of six to 12 pax (compared with 22 pax for its classic series). The product reaches to adventurous travellers who want to gain real insights into a destination. It offers activities such as cycling by night in Bangkok, exploring street food in Delhi and staying in boutique properties.

"Clark should move beyond its nightlife, and cooperate with other hubs as complementary destinations," Cruz pointed out. He suggests developing modular tour packages that include other areas in Luzon such as Zambales, known for its beaches, the Cordillera mountains and Cagayan, popular for its caving and white-water rafting.

"It's just a matter of creating awareness," said Fe Abing Yu, general manager, Arfel Travel & Tours, who is intent on bringing more leisure groups and MICE business to northern Luzon – where she thinks Pinatubo and the hot springs will be a hit – as well as Vigan and Laoag.

As of now, luxury resort destinations in northern Luzon have yet to see business coming from Clark. "We get French visitors from Manila on heritage tour packages, but we still rely on word of mouth to bring in visitors from Clark. I'm considering van transportation from there to help us," said TK Solvason, general manager at Las Casas Filipinas de Acuzar in Bagac, Bataan.

Just like at Las Casas, foreign visitors are mostly overseas Filipinos at Thunderbird Resorts – Poro Point, La Union. Said Odette Aguilar, hotel and event sales and marketing director: "The small number of South Korean and Chinese visitors who do come up for beach, golf and casino entertainment are coming from Manila."

"I suggest that Clark travel operators consider including us in their packages that aim for Baguio. After all, we're only two hours away, while Manila is six."

Indonesia struts its stuff at ITB Berlin

Indonesia was the official partner country at this year's show, a first for any South-east Asian nation. Appointed as the country's official partner, Accor also took the chance to unveil its Indonesia-centric brand, Grand Mercure Maha Cipta. Right: Indonesian Ministry of Tourism & Creative Economy's Agustini Rahayu (third from left), Esthy Reko Astuty, Sapta Nirwandar, Nia Niscaya and Molly Prabawaty

Continued from page 1

Volume from Europe to climb

14,000 new rooms will open by 2014, likewise a slew of new international airports, including Legaspi (opening 2015 if not sooner) and Bohol, according to Susan del Mundo, marketing & promotions, Tourism Promotion Board. The Clark airport is also developing nicely as a complement to main gateway, Ninoy Aquino International Airport in Manila (see related story, left).

According to Marie Venus Q Tan, Philippine Department of Tourism (DoT) director West, Central & Eastern Europe, Europe grew 12 per cent last year over 2011. "We

"It's really fun now."

Cesar R Cruz

President/GM of TRIPS Travel and president, PHILTOA

focused on European niches such as the dive market, which would come despite any 'negative' sentiments, and we did not pull out from major trade-shows," she said.

Places such as Albay which, despite the ban, has been able to attract German visitors due to its ecotourism and adventure offerings, are expecting further windfalls.

Maria O Ravanilla, DoT regional director-Region 5, said of around 67,000 Germans who visited the Philippines last year, 17,000 went to Albay, located about an hour's flight from Manila.

Cesar R Cruz, president/GM of TRIPS Travel and president, Philippine Tour Operators Association (PHILTOA), added: "Despite the ban, the European market has grown for us as we never stopped promoting and marketing the destination to Europe."

"If it had not been for the ban, we would probably have achieved 20 per cent growth instead of 10 per cent."



Bali feels the pinch

Slowing markets and overdevelopment make this a tough year

By Mimi Hudoyo

JAKARTA The Indonesian travel trade and hoteliers are predicting a challenging year for Bali, especially with the West European market not picking up.

This is exacerbated by January's decline of key markets like China, Taiwan, Singapore and Australia.

Data from the Central Board of Statistics (BPS) (as reported by travel consultant Bali Discovery Tours) showed that compared to 2012, month-on-month January 2013 arrivals from China were down by 52.9 per cent, Taiwan by 33.2 per cent, Singapore by 13.8 per cent and Australia by 9.1 per cent.

Furthermore, the board projected a decline in Bali's total tourist arrivals this year from 2.9 to 2.8 million.

Meanwhile, the increasing number of hotel rooms on the island poses another challenge for hoteliers.

Based on BPS data quoted by the Bali Hotels Association, the island had more than 22,000 hotel rooms in 2011. The number has increased by more than 3,400 in 2012, and some 4,700 rooms are scheduled for opening in 2013, with a further 4,100 rooms from 2014 to 2016.

Achmad Sufyani, COO of Panorama Destination, whose major market is European group series, said: "Business seems to be slowing down for Bali in terms of the European market, and I'm concerned it might not be just for the year. I've heard many comments that Bali has become overcrowded with developments, yet is becoming pricey."

Santika Indonesia Hotels & Resorts general manager corporate sales and marketing, Guido

Andriano, confirmed that the rapid growth of hotel rooms in Bali has made competition even tougher. In the first two months, the performance of his Bali hotels was down by 10 per cent from the same period last year. He attributes this not only to the entry of new hotels but also to the decline in Europe and other markets.

Said Andriano: "Based on the discussions we had at ITB Berlin, we see that European midscale groups will be soft for us this year, but demand for our upmarket properties still remains."

Archipelago International vice president of sales and marketing, Norbert Vas, also saw tougher competition among hotels in Bali. He said: "Nowadays, you really need to have a very good distribution system and online strategy (to win the business). You also require peer account managers for Japan, South Korea, Europe."

Pita Maha Resort corporate director, Pande Sutawan, added that Bali was facing competition from neighbouring countries such as Thailand, Cambodia and Vietnam.

"They are not only aggressive in their marketing but also in their pricing," he said. "We've received feedback from buyers that Bali has become an expensive destination."

The good news is that some hoteliers in Bali are wising up. Panorama's Achmad noted that a few had requested to review their pricing for 2013 in a bid to win over Europeans, who are becoming more price conscious due to weak economies.

He said: "Some mid-market hotels with room inventories between 200 and 400 (which were catering for the European

and Australian markets) have requested to amend their pricing to the 2011 level, which was between 15 per cent and 18 per cent lower than their prices this year."

Achmad explained that in the last couple of years, hotels had been enjoying high occupancy, as the Australian market boomed and prices increased.

"Now with the Australian market decline, they are turning back to us for the European market, one which is challenging due to pricing issues and also because of waning interest in an overdeveloped Bali," he said.

In light of this, travellers are being offered other Indonesian options as well. This year, Panorama will promote Sumatra, Java and Bali overland tours, which have been growing in popularity, instead of beach holidays.

Aneka Kartika Tours & Travel Service, whose European clients are mostly FIT travellers doing customised overland tours, is also receiving requests for beyond Bali tours.

Operations manager, Adjie Wahjono, said: "I have received requests for programmes such as Surabaya-Semarang and Java-Lombok from some Scandinavian tour operators. They are medium-sized operators who are just entering Asia, and Indonesia is one of their destinations. Some of the programmes they are asking for end with short stays in Bali, but some are not including Bali at all." He pointed out that this was partly due to competition from bigger players who have been selling Bali for many years and pricing concerns.

"The number of tourists they will be sending is not big, but we find there is new and interesting demand for Indonesia," said Adjie.



Pande: competition heats up

TTG Intelligence

Analysis by Murray Bailey

Air traffic to/from UK falls

The number of air passengers between the UK and Asia-Pacific (APAC) fell 2% in 2012. That compares with 1% growth for all UK air traffic, and is a shock for the region.

A crucial factor is the 5% fall in the largest country-pair, to-and-from India. This, in turn, is partly because of a slowing economy in India in 2012.

Falls on the Australasia routes were expected, although not the extent – a damaging 28% for Australia routes and 18% for New Zealand.

Also a surprise was Hong Kong's 1% fall, although this decline may continue as special links with the UK fade and as Hong Kong becomes a less important gateway for travel to/from China.

Malaysia's fall was caused primarily by AirAsia X's pullout from Europe early in 2012.

Air passengers UK-APAC, 2012

Countries	No., million	Growth, %	Share, %
Australia	792	-28.1	0.5
China	720	8.6	0.4
Hong Kong	1394	-1.3	0.8
India	2402	-4.6	1.3
Japan	720	10.3	0.4
South Korea	377	21.0	0.2
Malaysia	525	-5.7	0.3
New Zealand	211	-18.2	0.1
Singapore	1269	9.3	0.7
Taiwan	98	-38.5	0.1
Thailand	637	10.0	0.4

APAC total	9144	-2.4	5.00
Grand total	182926	1.0	100

Source: Civil Aviation Authority

Asia outbound grows modestly

Asia's outbound travel market grew about 8% in 2012. The total (283 million) is not comparable with inbound travel data because of greatly differing definitions. Some things to point out: Hong Kong is boosted immensely by land-border crossings into China and Macau, theoretically domestic destinations. It is similar in China, which includes travel to Hong Kong and Macau.

Overseas travel by Asia residents, 2012

Countries	No., million	Growth, %	Share, %	Source
China	83.1	18.2	29.3	TBA
Hong Kong	85.7	1.0	30.2	PATA
India	14.9	5.0	5.3	TBA
Indonesia	6.9	5.0	2.4	TBA
Japan	18.7	9.8	6.6	DMO
South Korea	13.7	7.7	4.8	DMO
Macau	1.3	41.4	0.5	PATA
Singapore	8.0	2.8	2.8	PATA
Taiwan	10.2	6.3	3.6	DMO
Thailand	5.6	3.7	2.0	TBA

Asia+	283.5	8.1	100.0	NA
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Notes: Not shown are Malaysia (latest data 2003) and the Philippines (2008). DMO = destination marketing office, PATA = Pacific Asia Travel Association, TBA = Travel Business Analyst

*Some are calculations by TBA from latest available data
+TBA estimates for missing markets

Jetstar, best results in the Pacific

The Australia-based international airline of Jetstar, Jetstar International, was the star performer among Australasia's main airlines in 2012. It sold 15% more seats, compared with a 2% fall in the international routes of its owner, Qantas.

However, there is a link between these results. As Qantas cuts back on some international services, its lower-cost subsidiary grows. On current trends, Jetstar International will be a bigger international airline than its parent from 2014.



Notes: Seats sold on international routes according to calendar year, despite different counting periods for airlines
Source: airlines, TBA



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Here's what you've missed

Tourism Data



Average hotel room prices in Asia rose two per cent in 2012 to 109 points on the Hotels.com Hotel Price Index (HPI), lagging behind the global growth average and a far cry from the 2007 HPI ranking of 131; hotel transaction volume in Asia fell from US\$3.7 billion in 2011 to US\$1.9 billion in 2012, with main drops coming from Singapore and China, according to Jones Lang LaSalle; Asia-Pacific posted groundbreaking growth in 2012, welcoming 350 million international visitors, PATA's statistics show

Hot Deals

Crystal Cruises has launched its Sell 6/Sail Penthouse promotion, which rewards travel consultants who sell six staterooms at full fare, double occupancy for any 2013 voyages with a free cruise in a butler-serviced penthouse. Agents may bring one guest.



Hot Moves

Robert Khoo has retired from his post as CEO of the National Association of Travel Agents Singapore; Patrick Pahlke has been appointed hotel manager at Grand Hyatt Guangzhou; Hilton Worldwide names Dominic Sherry as head of sales for Asia-Pacific; Jessie Khoo is now director of sales, Pan Pacific Singapore

Closed out of market



Just as hoteliers are working the tools to distribute inventory judiciously, so should wholesalers be working to diversify their offerings.

Raini Hamdi
Senior Editor

With the Internet as an accepted booking engine, one wonders why the wholesale/retail distribution model still exists.

Having just returned from my umpteenth ITB, it is clear this ecosystem is not going away anytime soon. Michael Frese, CEO of Dertour/Meier's Wel-treisen, told me that in the German market, 85 per cent of leisure travel is still booked through offline travel agencies, make that 90 per cent if it is long-haul leisure travel. Sure, the OTAs and hotel portals have come onto the scene, but the business they have taken away from travel agencies is air, rail, certain kinds of hotel bookings (e.g. corporate) and shorthaul leisure travel (e.g. Mediterranean packages), and their marketshare is still 15 per cent.

"Travel agencies will for a long period of time remain the number one seller," Frese said. "I would be pretty crazy to kick this bucket if it contributes 85 per cent of my business."

The fact is, the cost of sale is way cheaper if a tour operator goes to the agency than to Google for a client – consider the huge investment he needs to make on infrastructure such as marketing, call centres, etc. For the consumer, the fact remains there is no real difference in pricing between online and offline; yet, he gets consultancy from offline, which is particularly valuable for the more complex longhaul itineraries, and the assurance that there is a real someone to turn to in case something goes wrong. Unless any of this equation changes, long live wholesale/retail distribution.

A lot of hotel chains in Asia also still rely hugely on the wholesale market for its volume and guaranteed base – even though it gives the worst margin. These chains have large resorts which must be filled.

But the rise of travel from Asia, Russia, Scandinavia, etc, and new travel distribution means are

helping hoteliers to maximise their yields as best they could, which is why there has been a huge jump in stop sales notices, particularly in Thai beach resorts, as demand outstrips supply (see *TTG Asia*, March 8 issue).

Centara Hotels & Resorts' SVP sales and marketing, Chris Bailey, made a great point when he said European wholesalers must work on their ability to upsell. "This is where OTAs score over operators as they will sell what rooms there are available and at rates hotels want to sell at," Bailey said. Wholesalers must understand hotels could not keep contract rates affordable and there was only so much supply of lowest category room types, he pointed out.

But wholesalers are under pressure to thumb prices down, especially in Europe, which is still nursing its debt crisis. These are the ones who will lose rooms in a tight market.

Others, such as Marco Polo Reisen, are trying to upsell and expand their markets. Apart from its classical series, Marco Polo has just launched a "mini group" series (six to 12 pax compared with 22 pax for the classical series), which takes passengers deeper into a longhaul destination through activities such as cycling by night in Bangkok or street food exploration in old Delhi – no 'Delhi belly' guaranteed. Managing director Holger Baldus said it was in response to demand from a lot of customers who felt a group size of 22 pax was already too big, and a change in infrastructure in the destinations (e.g. the rise of more boutique hotels in Asia).

Just as hoteliers are working the tools to distribute the inventory judiciously, so should tour operators be working to diversify their product offerings.

There's a place for everyone at the right rate and time. No one needs to be squeezed or closed out.

Most commented on www.ttgasia.com

Sri Lanka's second international airport opens in the south

Percy Ranasinghe from Moratuwa, Sri Lanka was thrilled by the news of Mattala Rajapaksa International Airport's opening in Hambantota on March 18. He said: "This is a dream come true for all Sri Lankans. We salute our brave and far-sighted leader, president Mahinda Rajapaksa, for making another of his much-needed public infrastructure development plans a reality!"

European wholesalers urged to change business model as stop sales jump

Gonzalo from Bangkok said: "An easy solution to those huge tour operators would be to distribute their yearly roomnights among many other hotels. Instead, they insist on keeping their hotel supply low and dismissing other hotels."

Philippines mulls twin airport status for Clark, NAIA

In response to our article on the Philippines considering a twin-airport system in Manila, Roger Begre from Manila wrote: "Terminal 3 at the NAIA is perfectly suited to handle international traffic and Terminal 2, domestic traffic, if properly managed and organised. It cannot be air traffic that causes the delays and problems – take for instance the old Kai Tak Airport in Hong Kong. There, planes took off and landed every 49 seconds, yet there were almost no delays."

"In Manila, the airport looks empty most of the time with one or two planes taking off, except for the early morning hours when all the airlines think they have to fly at the same time. Get the airport and schedules organised."



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Maria Helena de Senna Fernandes
Macau Government Tourist Office
(MGTO) director

Not content with its state of play, Macau's new tourism chief tells **Prudence Lui** the destination wants to diversify, including breaking out of its reliance on the casinos and Chinese market

Game on in Macau

You've been MGTO's deputy director since 1998. How has tourism in Macau changed over the years?

Macau had less than 10,000 rooms before. Now, we have about 30,000, and the industry has grown. We've got a lot more travel (consultants), hotels and different parties who feel they are part of Macau's tourism as we begin to position it as a leisure destination. People are more aware about tourism in the city and how it affects them.

The most unexpected turning point was around 2002/2003, when we saw the liberalisation of the gaming industry in Macau followed by the opening of the China market through the Individual Visit Scheme (IVS). Another vital moment was when we achieved UNESCO World Heritage status in 2005. The international branding changed the old perception of Macau as a gaming centre.

About 25 million Chinese visitors visited Macau last year, while this Lunar New Year there were even scuffles at border crossings. What kind of impact is this having on other markets?

By Chinese, we mean China, Hong Kong and Taiwan. Mainland visitors account for 17 out of 28 million arrivals last year. We are pretty conscious about the need to diversify, which also explains why we recently appointed a marketing representative in Russia. In 2012, there were 26,844 Russian visitors (a rise of 62.6 per cent), and it's a good market to draw as they tend to spend. In the long term, we'll work on new markets and promote joint itineraries with neighbouring cities like Hong Kong. To be honest, Macau is small even though reclamation work is ongoing. If we want tourists to stay longer, we need to work with the region to attract people.

Regarding the chaos over Lunar New Year, the police are looking into it and we hope they implement some measures to ease traffic. Dissemination of information will also be

improved, so people may obtain updated information earlier such as where to eat, retail hours and room rates if they plan to come in during crowded public holidays.

What other new markets are you exploring?

India has been on our list for a few years, but we may probably look at the Middle East in

the future due to the spending potential of its travellers. To tap this market, we would not just need to promote but build international awareness among travel consultants and hoteliers. We still need to observe this market, so there will be no immediate action now. However, we've been exhibiting in Arabian Travel Market, and we also take advantage of the show to meet the trade and media.

But Macau's visitor arrivals in 2012 almost hit the city's capacity limit of 28.8 million. Is there really room for more tourists?

The estimation came from an ongoing capacity study by the Institute for Tourism Studies in 2011, commissioned by the Secretariat for Social Affairs and Culture. Capacity is a dynamic figure – a certain estimate at a certain period of time given facilities available. We have more

as Coloane, bringing people to different parts of the islands or even the northern areas. We are exploring how we can first work with the local community, put together attractions, then create itineraries and promote them to tourists. We hope to do this by the third quarter, especially for the area near the Ruins of St Paul's.

What kind of new attractions are being planned?

Different hotels have introduced new things every now and then, and we've also added tourist attractions such as cultural performances that are more interactive. We also introduced a night parade over the Lunar New Year. Moreover, the Yellow House (the Macau Tourism and Cultural Activities Centre) has implemented a trial programme, where games are offered to kids while their parents search for information.

website dedicated to budget hotels last year as these premises don't promote themselves very well. We worked with the Macau Hoteliers and Innkeepers Association on this. There are also new hotel projects in the pipeline, and we have seen investors who are interested in this segment.

What are your expectations for 2013?

I will be glad if we can maintain last year's numbers. We are not after big numbers, and we need more tourists to stay overnight in hotels. They now tend to come and go within a day, but they can't see Macau in depth. Another challenge is aviation. Although we don't have influence over that, we hope to see more new destinations.

How does MGTO see the role of the travel trade?

In Macau, we work closely with travel consultants, hotels and restaurants. There are some 22 associations. We are trying to build awareness of tourism in Macau, raise the quality of the industry and create new events together. We still work with travel consultants around the world and they continue to play a vital role. We employ different methods of working with them in different markets. We create new packages with new components, as well as conduct training sessions and fam tours. In many of the main cities worldwide, travellers have matured so they tend to buy online directly. But in a lot of secondary cities in Europe, China and India, we still work with travel consultants.

As the first female director of MGTO, how would your leadership differ from your predecessor?

My predecessor (João Manuel Costa Antunes) spent over 20 years in MGTO, so I have big shoes to fill. MGTO has existed for a long time and has secured many projects. I will ensure these are taken care of. Leadership wise, I am trying to be more participative. With the change in our management team, some new department heads have come up with new ideas, so Macau will generally see new things. In 2013, we have new initiatives like an awareness campaign, which is a concerted effort with the Cultural Affairs Bureau to educate citizens about tourism, with the goal of building a 'World Centre of Tourism and Leisure'.



"In the long term, we'll work on new markets and promote joint itineraries with neighbouring cities like Hong Kong."

hotels now, with an increase in supply coming over the next five years, a potential border crossing that will take a few years to come to fruition as the Light Rail System is being built and a ferry terminal to be ready by 2014. With these developments, capacity will change over time.

The Macau Policy Research Institute will also look at the existing policy of IVS and conduct future studies to see what improvements are possible. In fact, one of our tasks is to broaden traffic beyond hotspots like the Ruins of St Paul's so that travellers explore nearby areas within walking distance. We will also look at developing community tourism in places such

In fact, (introducing new attractions) has to be a concerted effort by the private sector and government departments.

The city is becoming more expensive, thanks to the rise of upscale accommodation. Has the influx of close to 6,000 rooms had any impact on rates?

Most hotels in the Cotai area are high-end in terms of facilities, but you get what you pay. Occupancy rates are still high due to supply and demand. The average rate of five-star hotels went down slightly (3.3 per cent) last year, whereas mid-tier grew (three-star was up four per cent). We still have room, as average occupancy across all hotels was more than 80 per cent last year. Capacity seems to have been absorbed. I would say rooms of all categories are needed.

The city also caters for the lower-end market, with two-star hotels and guesthouses offering about 1,400 rooms. We are trying to enhance our lower-end offers, such as by launching a booking

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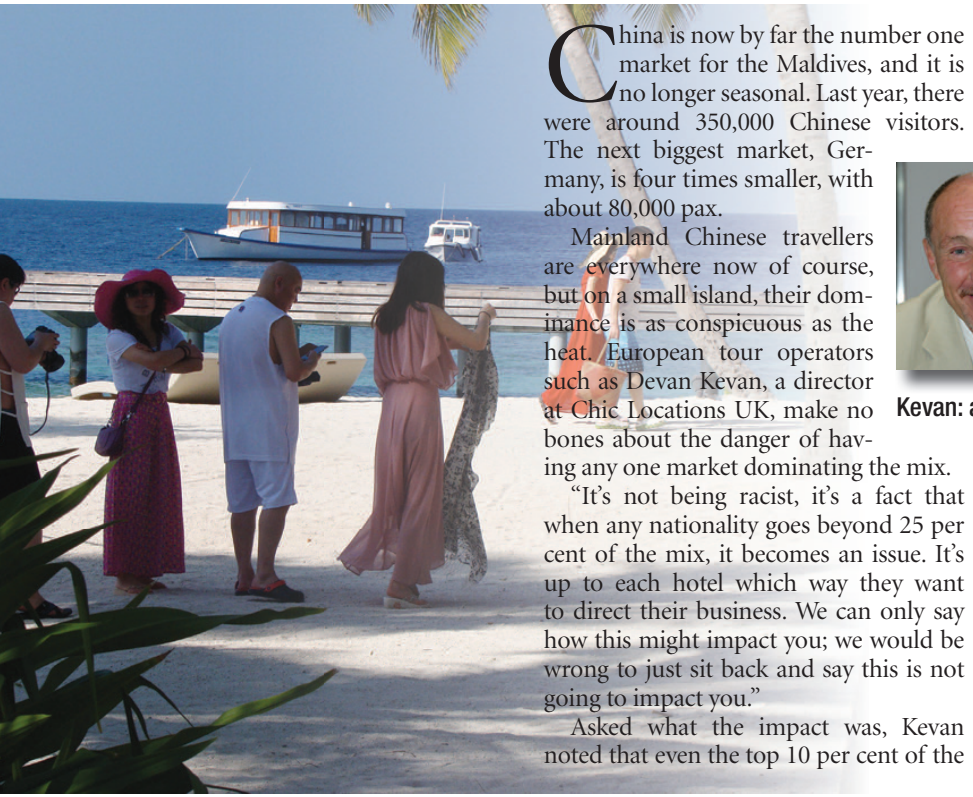
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A question of balance



China is now by far the number one market for the Maldives, and it is no longer seasonal. Last year, there were around 350,000 Chinese visitors. The next biggest market, Germany, is four times smaller, with about 80,000 pax.

Mainland Chinese travellers are everywhere now of course, but on a small island, their dominance is as conspicuous as the heat. European tour operators such as Devan Kevan, a director at Chic Locations UK, make no bones about the danger of having any one market dominating the mix.

“It’s not being racist, it’s a fact that when any nationality goes beyond 25 per cent of the mix, it becomes an issue. It’s up to each hotel which way they want to direct their business. We can only say how this might impact you; we would be wrong to just sit back and say this is not going to impact you.”

Asked what the impact was, Kevan noted that even the top 10 per cent of the



Kevan: a fact

China market would move out. “So you’re not going to lose just your Europeans and other Asians, but the real luxury Chinese travellers.

“We have notes on our website that the profile of the clientele has changed, but the hotels we’re working with in the Maldives have given us the assurance that they will limit the number of any nationality – Brits, Russians, Italians – so that none will dominate.”

Hotels are equally aware and a full force was at ITB wooing the European market in earnest. However, the eurozone debt crisis is not helping. Thomas Barguil, general manager of The Residence Maldives, which opened in April last year, said his target mix was 60 per cent Asian and 40 per cent European, but admitted: “Even that is a huge challenge. The older resorts themselves are trying to hang on to their loyal clientele, but they too find it difficult.

“It does have an effect on European clientele, but it’s happening all over the world. Their (the Chinese) buying power is high and we hoteliers have to survive.”

Badr-Eddine Rakmi, Banyan Tree Hotels & Resorts sales manager Maldives,



Hatton: real value

said: “Markets like Spain and Italy won’t come back. The UK, France Germany still give us good numbers. We’re lucky to have a lot of repeaters and are striving for a good mix – no one likes to have one big of anything, but it is hard, especially for the new resorts.”

That does not stop the newcomers, including Dusit Thani Maldives, which opened September last year, from luring loyal guests of older resorts their way while building their own markets.

Said Dusit Thani Maldives general manager Desmond Hatton: “The response to the Maldives and to our resort at ITB has been extremely positive.

“New resorts always attract interest and, by offering real value and excellent service, we’ve been able to get a lot of clients from the German-speaking markets to switch to Dusit Thani Maldives.”


Hatton eyes an occupancy of 62 per cent and an ARR of US\$700 for this year.

Banyan’s Rakmi observed that competition was intensifying. “As more projects come online, five stars are selling at four stars. Many Europeans and Japanese now stay at three- to four-star hotels but stay longer. The Chinese market is the one that can afford real luxury though the stay is shorter,” he said.

On a small island, the dominance of any one market is being felt tenfold more. Raini Hamdi reports

Checking in

The Residence Maldives

 Cenizaro, the resort arm of Singapore-based Bonvests Holdings, brings its Residence brand closer to Asia with the opening of a Maldives resort last year. Raini Hamdi checks in

LOCATION On the island of Falhumaafushi in Huvadhoo Atoll south of Male, an area which is opening up. It is a 55-minute domestic flight from Male to Koddoo airport, followed by a 25-minute speedboat transfer.

VILLA I stayed in a deluxe over-water villa, which was extremely spacious with quality fittings (182m² including pool and deck, 100m² villa only). From my sun-deck, I could slip straight into the waters and snorkel to the house reef (swam with a turtle and had a spotted baby shark coming right at me; it was a vibrant reef).

Alas, the oversized living room was not air-conditioned or curtained. The resort meant well in trying to bring the beautiful outdoors into the living room, but the heat rendered it useless from mid-day.

F&B Ah, it’s worth flying to this resort just to eat at The Falhumaa where chef Ashish and pastry chef Jabin are wizards of French cuisine and desserts respectively. These are serious professionals, and they are in a pact with the service staff, Gagan and Mohammed, to deliver an experience worthy of a Michelin star. The food was divine and the service, touching.

FACILITIES The Spa by Clarins, the only one in the Maldives, is yet another treat. Spa manager Luciano Porcu is irrepressible in his *joie de vivre* and personally welcomes every guest with a quick Clarins eye mask, a mini temple massage and a foot wipe.

“There, there, happy feet,” he said, which just made me smile inside.

Other noteworthy facilities include a large PADI-5 Dive Centre and modern gym. Everything is large here, including the island, which is 1km long and 120m at its widest point. I enjoyed long strolls, followed by a cocktail at the Beach Bar.

SERVICE The resort is lucky to have many stars among its staff. Apart from the ones mentioned, Malaysian chef Kamarul at the coffeehouse would always ask if there was anything he could do beyond what was provided, which was enough. Young bell-boy Fazeel would run to us, asking how our day was, even remembering my partner’s birthday. The service by such staff made the stay unforgettable.

VERDICT Before this, I would have to fly to Tunis, Mauritius and Zanzibar to experience The Residence. Great to have it closer to Asia, and it’s a brand worth trying.

Name The Residence Maldives
No. of beach/overwater villas 94
Rate From US\$900 (BAR)
Contact details
Tel: (960) 682-0088
Email: sales-maldives@theresidence.com
Website: www.theresidence.com



First person

Banyan Tree revisited

I often wondered how older resorts in the Maldives compete as newcomers enter, so I decided to revisit the Banyan Tree Vabbinfaru, one of the first five-star resorts in the Maldives located just a 20-minute speedboat ride from Male.

Some resorts would fiddle with their design and concept in the face of fresh competitors, but I heaved a sigh of relief that the renovation of Banyan Tree Vabbinfaru, which reopened last September, did not change anything.

In fact, the more new over-water villas open, and the fancier or more luxurious some of them are, the more needed are resorts with a true Maldivian tropical island setting.

The natural surroundings – the beautiful beach, age-old palm trees, friendly stingrays and baby sharks circling near the shore – are the props, as they should be. Everyone congregates in the rustic restaurant and lounge bar for meals and at sunset, when we are also treated to a football match on the beach by the staff. It’s simple living in a serene and relaxing scenery, which is a real luxury.

So what was renovated? Extra or improved hardware, to give guests better comfort. So each of the 48 villas (all beachfront, no overwater) now has a new dipping pool and jet pool in their private garden at the back of their villa.



Interiors have been spruced up, and the villa appears brighter and bigger, although the layout and design are the same.

The Banyan Tree Spa reception area can do with a real makeover, as it is cramped and does not live up to the brand’s image. But the spa treatment and service are the best of all the Banyan Tree Spas I’ve tried.

And they need to throw the old treadmill in the gym in the attic.

But overall, it is an effective renovation, and competitors who hope to steal the resort’s loyal guests will be disappointed as it did not fix anything that was not broken.

What they could steal instead is a lesson on restoring the authentic Maldivian experience for guests.



Raini Hamdi
Senior Editor

Checking in



Opened last September, the Thai chain's first new-generation Dusit Thani has a big heart, says **Raini Hamdi**

LOCATION In the Baa Atoll, a UNESCO biosphere reserve, on the island of Mudhdhoo, 35 minutes from Male by seaplane.

VILLA There is no grand design here; it is warm and homely with just the right touch of Thai in silk curtains, lotus-shaped ceiling fans and the like. The over-water villa is comparable to those in other five-star resorts in the Maldives with its spacious bedroom/living room, outdoor terrace with pool, bathroom with a fine bathtub in the middle and kitchenette/service area.

But how this resort gets it right with guest comfort! Ever been to a friend's home and he or she is gracious and generous to a fault so that you are comfortable and pleased? Dusit Thani Maldives is like that. It not only thinks up all the facilities, services, amenities you could possibly need, it provides the best it could, and amply.

F&B The breakfast buffet is an example of this generosity. An air-conditioned room holds all the food (a great idea for outdoor breakfasts as it keeps food fresh and appetising). There are hot, cold, salad, bread, fruit sections, each overflowing with variety and quality. Staff are always there to take the plate to the table.

The resort's three restaurants offer real choice. Sea Grill, overlooking the ocean, serves fresh grilled seafood and steaks, and has a wine bar that stocks fine wines. Of the three, it is the classiest and most romantic.

The Market, which serves a different buffet each night, is your normal open-air coffee-house, but the staff there, led by restaurants manager Mohamed Azeem, make it anything but plain: it's fun, relaxing, joyful.

The Thai restaurant, Benjarong, serves the best Thai I've had in a while. So each night is a different experience, which is important, as clients are trapped on the island and stay for days (for Europeans, weeks).

FACILITIES The house reef teems with fish. I was not lucky to see a tortoise or an eagle ray, which some had sighted, but there were incredible curtains of fish. I like the porcupine puffer with its funny bulging eyes.



Dusit Thani Maldives

The dive centre could take you on whale-watching and fishing excursions or snorkelling to nearby reefs such as Dhigu Furu, which has lots of living corals and fish. Marine biologist and conservationist Lauren Arthur is also just ready to bring you closer to the marine ecosystem.

The resort's pool is the best I've seen in all the resorts I've been to in the Maldives: long, wide, deep and drop-dead gorgeous especially at night, when the infinity effect is perfect. It's a joy to swim in.

The gym is well-equipped but poorly sited (I've been spoilt by overwater gyms offering views of a family of squids or school of

fish in the waters). So instead of the gym, I jog around the island four or five rounds for a good hour's workout. The vegetation is incredibly lush and the air is so fresh, no need for a gym.

There is also a Deverana Spa, the second outside Thailand after the Philippines. Be warned, its charming manager Khun Oy and the signature treatment will make you want to return.

SERVICE William, a service staff at The Market, remembers how my partner likes his espresso: "at night, with a little milk and sweetener; in the morning, a bit more milk and no sweetener". Yes, he's difficult, even I cannot remember but William does, and

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No. of beach/overwater villas 100
Rate US\$700 (targeted ARR)
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immediately. That's the kind of staff they have, motivated individuals with the right attitude who work as a team and demonstrate real care for guests. They have my respect and heart.

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Battle for Asian skies

LCCs must evolve as competition streams in. **Sim Kok Chwee** rounds up key players in the region

Starting in 2002 with Malaysia-based AirAsia, ASEAN countries were among the first to adopt the idea of low-cost carriers (LCCs) in Asia. Naysayers were quick to point out that the unbending bilateral air services agreement, low Internet penetration rates, a lack of secondary airports and consumers' reluctance to purchase travel products online doomed the LCC enterprise to failure.

Still, one after another LCCs sprouted, and carriers sporting names such as Tiger, Lion, Nok ('bird' in Thai) and Firefly began roaming the skies. And not only have LCCs thrived, these carriers have also become game changers within the travel industry, altering the behaviour of consumers, hotels and full-service competitors.

Because of the brief but attractive airfare offers by LCCs, more travellers are taking short, impulse holidays to nearby destinations more frequently. Bottomline-conscious small and medium enterprises are even booking their executives on LCCs instead of full-service carriers, slashing their budget for regional travel.

LCCs circumvented the stumbling block of low Internet penetration rates by working with convenience stores and post offices to facilitate bookings and payments via their websites, while consumers are now more willing to peruse, purchase and pay for travel products online.

However, it remains to be seen if LCCs are ready to tackle the changes on the horizon as new challengers close in.

Marking territory

AirAsia has been the most aggressive in milking the first-mover advantage, acting quickly to establish footholds in Thailand, Indonesia, the Philippines and Japan. Last week, Philippines' AirAsia announced that it intends to invest in the Zest Air Group by acquiring 49 per cent of common stock of Zest Airways and 100 per cent of Asiawide Airways. This will allow PAA, which currently operates out of Clark, to benefit from Zest Air's operations out of the Ninoy Aquino International Airport



LCCs such as Jetstar and AirAsia have changed the face of South-east Asian travel

and its strong domestic network that feeds into international routes. Shareholders of PAA will infuse funds to augment working capital. India is also the new apple of AirAsia's eye, where it is currently working on a joint venture with the Tata Group to establish an LCC.

Similarly, Jetstar Airways created Jetstar Pacific in Vietnam and Jetstar Japan, with ongoing plans for a Jetstar Hong Kong in partnership with China Eastern Airlines.

Ever on the prowl, Tiger Airways set up Tiger Airways Australia and acquired stakes in Mandala Airlines of Indonesia and SEAir in the Philippines. The latter is awaiting regulatory approval for its submission to rebrand as Tiger Airways Philippines in the second quarter of 2013. The LCC is reported to be in talks with Golden Myanmar Airlines to get a foot in the door.

ASEAN now also boasts two, soon to be five, longhaul LCCs: AirAsia X, Scoot, Lion Air's work in progress Batik Air, Cebu Pacific's longhaul operation to the Middle East and PAL Express. Cebu Pacific will face direct competition from the latter (a rebranded AirPhil Express) when PAL Express adds a fleet of up to eight Airbus A330s with premium economy and economy class seats operating to Doha, Abu Dhabi, Dubai and Jeddah. While AirAsia X and Scoot have Australia

and North Asia in the crosshairs for now, both – along with Batik Air – intend to add more longhaul destinations judging by their fleet expansion plans.

Scoot and Batik Air have ordered 20 and five Boeing 787 Dreamliners respectively, and AirAsia X has ordered 10 A350-900s. Cebu Pacific will become the first Filipino carrier to operate directly to Dubai when it launches daily flights on October 7, 2013.

Nevertheless, protectionism still rears its ugly head occasionally and, taken with other challenges, has resulted in a number of failed ventures. AirAsia took a hit in its foray into Vietnam and likewise, Tiger faced fierce resistance from local LCCs during its venture into South Korean airspace. Its plan to partner Thai Airways International for a Thai Tiger also crashed.

A clash of titans

Malindo Air, a joint venture between Lion Air and Malaysia's National Aerospace & Defence Industries, will launch in March 2013 in a face-off between Indonesian and Malaysian aviation giants.

The new carrier will operate domestic, medium and longhaul services, beginning with flights to Sabah, Sarawak, Trichy, New Delhi, Hong Kong, Guangzhou and Shenzhen this year by deploying the six

B737-900ERs it is set to receive, with business class and economy class seats.

By end-2013, Malindo expects to operate a dozen B737-900ERs and has bullishly predicted a 100-strong fleet within a decade. It is also slated to receive five B787 Dreamliners that were originally intended for sister carrier Batik Air.

The upstart will initially operate out of Kuala Lumpur International Airport, and shift to the new budget terminal KLIA2 when it opens in June. As the international arm of Lion Air, both airlines are expected to cross-feed into each other's network.

Malindo is expected to pose a threat to the AirAsia group, which has hitherto faced little competition from Malaysian carriers. Sensing the possibility of a clash, AirAsia has indicated that it is open to, and even desirous of, a collaboration.

Competitors close in

Though ASEAN's LCCs today compete strongly against their counterparts and full-service carriers, Asian competitors are pressing in on the region's market.

Chinese and South Korean carriers such as Spring Airlines, Jin Air and T'way Airlines are dipping their toes into the ASEAN region, beginning with Bangkok. With East Asia fast becoming nesting grounds for new start-ups, the number of LCCs attempting to tap the ASEAN market can only soar.

Mihin Lanka from Sri Lanka also briefly experimented with flights to Bangkok and Singapore, though it currently only flies to Jakarta.

LCCs thrive in an environment of tight cost control and only those with the lowest cost will fly high. It is therefore unsurprising that four of them – AirAsia, Thai AirAsia, Jetstar Asia and Cebu Pacific – were among the first airlines in the world to receive new A320s with sharklet wingtips that promise greater fuel efficiency. Should ASEAN LCCs lose the momentum to innovate and embrace change, the very traits that made them rise within the region, then it's game over.

Indonesia	Airline	Fleet	Routes	Remarks
	Batik Air	10 x B737-900ER (delivery in 2013)	Longhaul destinations to be announced	Owned by Lion Air. Five B787s ordered will now be delivered to sister airline Malindo Air
	Citilink	11 x A320	Balikpapan, Bandung, Banjarmasin, Batam, Denpasar, Makassar, Medan, Surabaya and Lombok. International destinations are being planned	Subsidiary of Garuda Indonesia. 10 A320s to be leased, 15 A320s to be delivered from 2014 and 10 A320neos to be delivered from 2017
	Indonesia AirAsia	24 x A320	Extensive domestic network, with international services to Kuala Lumpur, Penang, Bangkok, Phuket, Ho Chi Minh City, Singapore and Perth	
	Lion Air	5 x B737-400, 12 x B737-800, 66 x B737-900ER, 2 x B747-400	Extensive domestic network, with international services to Ho Chi Minh City, Kuala Lumpur, Penang and Singapore	Another 122 B737-900ERs and 201 B737Maxs are on order
	Mandala Airlines	3 x A320	Denpasar, Medan, Padang and Surabaya, as well as international services to Bangkok, Kuala Lumpur and Singapore	33 per cent owned by Tiger Airways. Four A320s to be delivered by March 2013
	Wings Air	20 x ATR72-500, 2 x Dash 8 Q300	Extensive domestic network to complement that of Lion Air with international services to Penang	A wholly-owned subsidiary of Lion Air

Airline	Fleet	Routes	Remarks
Jetstar Asia	19 x A320	South-east Asia, eight cities in China, Taipei and Osaka	Merged with Valuair and continues to fly to Indonesia on Valuair's flight code. Will receive first A320 with sharklet wingtip in February 2013
Tiger Airways	19 x A320	South-east Asia, five cities in China, six cities in India, Colombo, Dhaka and Taipei	Interline services with Scoot at Changi Airport Terminal 2. One A320 to be delivered by March 2013
Scoot	4 x B777-200, 1 B77-200 to come in 2013	Bangkok, Gold Coast, Sydney, Taipei, Tianjin, Shenyang, Qingdao and Tokyo-Narita	20 B787-9s are on order, with the first delivery slated for 2014

AirAsia	58 x A320	South-east Asia, India, China	First operator of an A320 with sharklet wingtip in December 2012
AirAsia X	9 x A330-300, 2 x A340-300, 2 x A330-200	Gold Coast, Melbourne, Perth, Sydney, Beijing, Chengdu, Hangzhou, Shanghai, Tianjin, Tokyo-Haneda, Osaka, Taipei, Seoul and Kathmandu	On order are one A330-200, 16 A330-300s and 10 A350-900s
Berjaya Air	2 x ATR72-500, 3 x Dash 7-100	Langkawi, Pangkor, Redang and Tioman, as well as international services to Hua Hin and Singapore	
Firefly	12 x ATR72-500, 2 x B737-400	Alor Setar, Ipoh, Johor Bahru, Kerteh, Kota Baru, Kuala Terengganu, Kuantan, Langkawi and Penang, as well as international services to Phuket, Koh Samui, Banda Aceh, Pekanbaru, Medan and Singapore	Jet services previously operated to Indonesia and East Malaysia were curtailed and Firefly's remaining two B737-400 are available for charter flights
Malindo Air	6 x B737-900ER by May 2013	Kota Kinabalu and Kuching (mid-March 2013); Trichy and New Delhi (April 2013); Guangzhou, Hong Kong and Shenzhen (May 2013)	Two B737-900ERs to be delivered each month in March, April and May 2013. Five B787s originally designated for Batik Air will be deployed to Malindo Air in 2015

Cebu Pacific	10 x A319, 23 x A320, 8 x ATR72-500	Extensive domestic services with international services to Brunei, Hanoi, Hong Kong, Macau, Osaka, Seoul, Shanghai, Siem Reap and Singapore	With a fleet of leased A330-300s, Cebu Pacific plans to fly to the Middle East, Honolulu and other longhaul destinations to cater to the Filipino labour market
PAL Express	13 x A320, 3 x Dash 8 Q300, 5 x Dash 8 Q400	Domestic network with international services to Hong Kong, Kuala Lumpur and Singapore. New A330s will operate to Doha, Abu Dhabi, Jeddah and Dubai	Philippine Airlines (PAL) and PAL Express will remain independent companies after the latter's rebranding from Airphil Express. It has seven A320s on order and may receive eight A330s from PAL
Philippines' AirAsia	4 x A320	Davao, Kalibo, Kuala Lumpur, Hong Kong, Singapore and Taipei	Kota Kinabalu services are expected to begin by February 2013
SEAir	2 x A319, 2 x A320, 1 more A320 in 2013	Bangkok, Hong Kong, Kota Kinabalu and Singapore	40 per cent owned by Tiger Airways and awaiting approval for rebranding as Tiger Airways Philippines
Zest Airways	10 x A320, 4 x A319, 4 x MA60	Domestic network with international services to Seoul, Busan, Shanghai, Jinjiang and Taipei	Pending approval, Philippines' AirAsia intends to invest in the Zest Air Group by acquiring 49 per cent of common stock of Zest Airways

Nok Air	3 x B737-400, 9 x B737-800, 2 x ATR72	Comprehensive domestic network, with plans to resume international services in 2013	Nok Air cooperates with coach, high-speed ferry and catamaran operators to extend its reach to coastal towns and offshore islands
Thai AirAsia	26 x A320	South-east Asia, India and China	

Golden Myanmar Airlines	1 x A320	Yangon-Mandalay, as well as Yangon to Singapore (March 15) and Bangkok (March 31). In the pipeline are Hong Kong and Kuala Lumpur	Reported to be negotiating with various parties including Tiger Airways for stakeholding and cooperation
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VietJetAir	5 x A320	Danang and Hanoi. First international service from Ho Chi Minh City to Bangkok will be launched on February 10	One more A320 was due by end-2012
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Macau is slowly seeing the birth of new tourism products such as this drumming activity atop the Macau Tower

Upping the ante on leisure

Despite the addition of thousands of rooms, rates are still projected to climb, says **Prudence Lui**

Arrivals While visitor arrivals exceeded 28 million last year, this only represented 0.3 per cent growth. Macau Government Tourist Office (MGTO) director, Maria Helena de Senna Fernandes, hopes to maintain similar numbers for 2013, with China continuing to be the powerhouse (see View From The Top on page 6). MGTO has also appointed a representative in Russia, an emerging market which grew by 63 per cent last year.

The NTO's plan of building a 'World Centre of Tourism and Leisure' is ongoing. Areas of focus include industry training and promotion of quality tourism.

A development plan for community tourism is also being introduced in cooperation with local associations to draw more attention to Macau's islands and the northern districts. On the cards are a guidebook, cultural festivals and a tourist information system.

Airlines Air Macau will start thrice-weekly services for Macau-Quanzhou/Jinjiang on April 2. It is the second carrier serving this route after Xiamen Airlines. In January, Air Macau

kicked off its Shenyang route with four weekly flights. Last November, the national carrier also signed an MoU with Asiana Airlines to codeshare on flights between Incheon and Macau.

Daily services between Taichung and Macau started last December by Eva Airways' Uni Air have ceased.

Meanwhile, the Civil Aviation Authority of Macao SAR and Civil Aeronautical Board of Chile reached a consensus in January on their bilateral air services agreement. However, both parties do not expect direct flights in the immediate future.

Hotels As of January 2013, the average occupancy rate of hotels in Macau reached 87.8 per cent, up 4.5 per cent year-on-year, while average room rate dropped 16.3 per cent to MOP\$1,403 (US\$176). For the entire 2012, occupancy was 88.3 per cent, down 0.06 per cent over the year before. Room rates, however, grew 5.9 per cent to MOP\$1,423.20.

Metropole Hotel general manager, May Wong, projects that rates will continue to head upwards this year despite the influx of almost 6,000 rooms at



"Hotel rates will continue to increase this year because of rising tourist traffic. It'll be easy for the market to maintain occupancies at between 70 and 80 per cent if rates are flexible."

May Wong
General manager
Metropole Hotel

Sands Cotai Central from last year. "We won't lower our rate, but will provide value-added elements like free minibar during the peak season," she said.

As of end-February, there were 102 hotels in Macau offering 28,784 rooms. Most of the inventory is five-star, accounting for more than 50 per cent of all rooms, followed by four-star (20 per cent) and five-star deluxe (13 per cent).

Despite this, the city continues to cater to travellers with tighter budgets. The Macau Hoteliers and Innkeepers Association recently launched a budget accommodation website with support from MGTO. Online bookings can be made directly on the website, with eight establishments offering over 500 rooms so far.

Shun Tak Travel general manager MICE travel, Simon Leung, pointed out that the next wave of hotel openings would be two to three years later.

However, he said that stiff competition would push hotels to "work hard in order to fine-tune their brand and service for better positioning". For instance, Grand Lisboa and Hotel Lisboa are leveraging their cluster of F&B outlets, while Galaxy Macau is playing up its offer of interna-

tional cuisine from all over the world, said Leung.

MICE Macau's Incentive Travel Stimulation Programme received a total of 39 applications last year, comprising 28,242 incentive travellers. This is in contrast to 2011, when there were 55 applications but the total number of participants was only 17,631. China, Taiwan, Hong Kong, India and South Korea, were the top five incentive-sending markets in 2012.

An MGTO spokesman said that while the majority of event owners or event organisers were based in Shanghai and Beijing, incentives hailed from all across China, with average length of stay being three to four nights.

Products The Macau Tower and Human Rhythms Macau have joined hands to give the skywalk a twist. Drums are handed out to participants as they make their way around the building, where they end up on a platform playing to a beat.

Festive highlights for the year are the 25th Macau International Fireworks Display Contest and 60th Macau Grand Prix.

GRAND EVENTS

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www.gbta.org/china
15 to 17 April 2013 | Jin Jiang Tower Hotel

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China (Shanghai) International Meetings & Conferences Forum

www.cimcf.org
16 to 17 April 2013 | Shanghai Marriott City Centre

Learn how to organise and manage meetings and events successfully and professionally in China. Get expert advice through keynote speeches, panel discussions, educational presentations and case studies at this one-and-a-half day forum.



Association Professionals Competencies Briefing

17 April 2013 | Shanghai World Expo Exhibition & Convention Center
Specially tailored for personnel working in societies and

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www.itcmchina.com
17 to 19 April 2013 | Shanghai World Expo Exhibition & Convention Center

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ICCA Association Database Workshop

18 to 19 April 2013 | Shanghai World Expo Exhibition & Convention Center

During this 3-hour workshop, ICCA members will learn a variety of database skills

including the use of the ICCA database, how to locate business leads and the use of other ICCA business tools. The training will be conducted in English and is suitable for all levels of database users.



IMEX-MPI-MCI Future Leaders Forum

18 April 2013 | Shanghai World Expo Exhibition & Convention Center

Aimed at nurturing the future leaders of the MICE industry, this full-day programme is catered to students pursuing degrees in

meetings and events management, tourism or related business or administration studies. It offers the best and brightest students a chance to experience real-life industry challenges and an insightful glimpse into a dynamic MICE career. This event is held in conjunction with IT&CM China 2013.



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www.ttgchina.com/ttg-awards
19 April 2013 | The Longemont Hotel Shanghai

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Hotel competition heats up in Macau

Older properties raise their game, eager to convince they are worthy contenders. By **Prudence Lui**

1 What is the room situation like in Macau? Macau had 28,784 rooms across 102 hotels in February, boosted by the injection of almost 6,000 rooms within the recently opened Sands Cotai Central. With the completion of Sheraton Macao Hotel's Earth Tower earlier this year, the hotel is now the city's largest and the largest in Sheraton's portfolio worldwide.

2 What impact has this had on the industry? Tourism stakeholders say the market seems to have absorbed the additional capacity well, with minimal impact seen.

As of January, the average hotel occupancy rate of hotels in Macau reached 87.8 per cent, up 4.5 per cent year-on-year, while average room rate dropped 16.3 per cent to MOP\$1,403 (US\$176). Last year, occupancy was 88.3 per cent, down 0.06 per cent over 2011. Room rate, however, grew 5.9 per cent to MOP\$1,423.20.

According to Macau Hotel Association chairman, Samuel Yeung, hotel occupancy is forecast to be stable and on par with 2012, while a mild increment of five to seven per cent in average room rate is predicted.

MGM Macau, executive director of sales & guest services, Irene Wong observed that hotels in Macau were fully booked over the Lunar New Year holiday in early February – a sign of strong demand – even if some slowdown was expected after.

She said: "Despite the increase in inventory, we are expecting average daily rate and occupancy level to remain flat compared to 2012. We have a steady pool of customers, and they will continue to support us. Also, a lot of customers prefer to stay on the Macau Peninsula instead of the Cotai area."

Wong was also optimistic that the new properties in Sands Cotai Central would add to the number of attractions in Macau and in turn create more awareness, driving visitor figures.

3 Has there been a rate war yet? Hotel Royal deputy general manager, Kevin Chan, felt there had been no such thing so far, despite a five-day promotion dangled by Sands Cotai Central last month. The "buy one get one free" offer was valid for two consecutive nights and above.

He said: "It did generate a lot of noise in Macau and around

the region, serving its purpose. In the last couple of years, there have been lots of online platforms that allow hotels and other travel suppliers to promote their products and achieve quick returns."

Room boom

6,000

The number of rooms added to Macau over the last one year

"For other hotels, I believe we would all go deep into our market segments and try to secure business. But I have not seen a rate war thus far."

MGM Macau's Wong, however, noted that hotels were becoming more "value for money" through offering special packages and added benefits. She said that "there had been a number of deals floated in the market by

Cotai properties".

As for the overall effect on room rate and occupancy, Chan said that more time was needed to gauge, also because these were dependent on traffic to Macau.

"It is too premature to say because during the holiday season, every hotel was running at over 90 per cent occupancy, but occupancy usually dips after a long holiday," he added.

4 How are existing hotels tackling the supply influx?

A number of hotels on Macau Peninsula are undergoing or completing their refurbishment. For instance, the 307-room Grand Emperor Hotel started sporting a new design in all its fully revamped rooms in January, while Metropole Hotel upgraded all 112 rooms and repositioned itself as a boutique hotel from last month.

Metropole Hotel general manager, May Wong, said: "We want this to be one of our selling points, differentiating us from our competitors. Apart from equipping our whole hotel with full Wi-Fi connection, we also added value such as by offering complimentary water and enhancing our minibar service. We even have a new trendy-looking

facade."

Wong revealed that her hotel had raised its room rate by 10 per cent following the renovation, adding that there was no intention to slash rates to compete with her newer rivals in Cotai.

5 Are there plans for more hotels? According to the Macau Government Tourist Office, as of February, two applications have come in for hotels in the three-to-five-star category, totalling 387 rooms. Four applications have also been received for budget accommodation, which would generate 452 rooms.

However, Macau Hotel Association's Yeung warned that just beefing up hotel supply was not good enough if the aim was truly to develop Macau into a tourism hub.

"For the long-term development of Macau as an international leisure and MICE destination, (the opening of hotels) should coincide with the roll-out of several major infrastructural projects, such as the Hong Kong-Zhuhai-Macau Bridge, the Light Rail System, the expansion of the Gongbei border gate and projects in the Heng Qin Special Region," he explained.

Test drive

1930s Shanghai in Grand Hyatt Macau



Prudence Lui relives Shanghai's good old days in a well-executed gala dinner

WHY Who says you can't throw a Shanghai-themed gala in Macau?

Grand Hyatt Macau's general manager, Paul Kwok, for one, finds that the two Chinese cities boast similarities. "Both Macau and Shanghai are unique, vibrant and inspiring cities. Hundreds of years of colonial (Portuguese

and French respectively) traditions and culture blend with a modern high-tech world that is focused on extraordinary entertainment and luxurious leisure," he said.

WHAT Splashing out HK\$2.3 million (US\$300,000) to celebrate its third anniversary late last year, the hotel used this opportunity to also showcase its banqueting capabilities. The 1930s Shanghai ball was a project that was four months in the making, from brainstorming and costume sourcing to execution. Just setting up for the event took five full days.

The dinner began with cocktails in Salão do Teatro, which featured a modern Chinese-style set-up brimming with Oriental screens and fresh displays of flowers native to China. Guests were then asked to proceed to the foyer and walk through a "time tunnel".

We ended up in the Grand Ballroom, which had been transformed to old Shanghai with



a large projector screen playing nostalgic footage from the 1930s. Guests could socialise in a recreated family living room, complete with velvet sofas and mahjong tables, plus a bedroom filled with antiques. What caught my eye were the more than 450 black and white photos and impressive artwork that hung on the walls. Taking in all the details took a while.

When it was time for dinner, I was impressed by the special thought given to the serving of appetisers – waitstaff gathered at the dance floor in the centre

of the room, before fanning out to tables in a uniquely choreographed parade in sync with the music and lighting.

Appetisers were shared family style followed by main courses of steamed Boston lobster with crab and lemongrass sauce, ending off with a dessert buffet.

We were kept entertained throughout the night, with acts such as a Russian dance and performances by resident band, Miracle.

HOW The package includes decoration and table settings. For

entertainment, a separate discussion is required. This is suitable for groups ranging from 300-400 pax.

VERDICT A nostalgic journey back to the glamour and glitz of Shanghai in its golden days.

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Phuket welcomes more direct flights, including those from China, India and Dubai

Air access buoys Phuket

The Pearl of the Andaman shines, attracting more international links. By **Xinyi Liang-Pholsena**

Arrivals Phuket International Airport (PIA) saw a marked increase in aircraft and passenger movements last year, according to figures from the Airports of Thailand (AoT).

Passenger arrivals climbed 12.8 per cent from 4.2 million in 2011 to hit 4.8 million in 2012. Of total arrivals at PIA, international arrivals accounted for 2.5 million (53 per cent) versus 2.2 million (47 per cent) for the domestic segment.

Based on research by C9 Hotelworks, arrivals from Europe dipped considerably in 2011 due to the eurozone crisis, while Chinese and Russian arrivals grew strongly due to mass market demand. Phuket's top market sources in 2011 were China (22 per cent), Russia (15 per cent), Australia (10 per cent), South Korea (nine per cent) and Malaysia (four per cent).

Hotels Phuket's hotels registered a 76 per cent average occupancy in 2012, with ADR and RevPAR standing at US\$142 and US\$108 respectively, according to C9 Hotelworks. In 2011, ADR was US\$135 and RevPAR was US\$101.

At end-2012, Phuket had over 45,000 registered accommodation units, inclusive of some 1,500 keys that came online during the year. Meanwhile, a total of 4,091 keys are expected to enter the market by 2016, boosting supply by nine per cent. In particular, the west coast will play a dominant role as 61 per cent of the development pipeline is heading for Patong.

Notable additions this year include the 277-key Pullman Phuket Arcadia Naithon Beach and 277-key Holiday Inn Express Phuket Patong Beach Central in February, as well as the 70-key Regent Phuket Cape Panwa, 79-key Point Yamu by Como and 120-key Days Inn Hotel Phuket Town, all three launching in the last quarter. Among the openings lined up for 2014 is the 174-key Nikki Beach Hotel and Spa.

Access In September 2012, AoT finally commenced the 5.7 billion baht (US\$190 million) expansion of the congested PIA, including the construction of a new international terminal and the renovation of the domestic terminal. Due to be completed by April 2015, the airport will see its annual handling ca-



"Phuket has been very popular even though the traveller has to transit in Bangkok. With direct flights, southern Thailand will benefit from a large influx of Indian tourists as they will explore that region more."

Rajesh Sethi
Managing director
Carnation Travel Services India

capacity increase from 6.5 million to 12.5 million passengers.

Meanwhile, Phuket continues to welcome new air links. Emirates started daily services from Dubai to Phuket on Airbus A340-300 aircraft on December 10, 2012.

China's Juneyao Airlines commenced its inaugural international link with Shanghai-Phuket flights on A320 aircraft, beginning as a four-weekly service on November 9 before being upgraded to a daily service on December 9.

Since launching daily Bangkok-Phuket flights on A320-200 aircraft on October 1 last year, THAI Smile will also commence four weekly flights from Phuket to Mumbai and New Delhi on March 31 and April 1 respectively.

Later this year on November 13, Phuket will boast its first-ever connection to the UK when Thomson Airways launches a weekly service from London's Gatwick airport to Phuket on 787 Dreamliner aircraft.

According to Garry Wilson, TUI Travel managing director-mainstream purchasing, sales for the London-Phuket segment had been "very strong" since commencing in November, with UK

customer volume expected to hit 7,000 in the first year.

NTO As Phuket has witnessed a remarkable diversification from a beach destination to encompass heritage, boutique properties as well as spa and wellness, the Tourism Authority of Thailand (TAT) is training its sights on four niche markets – golf, honeymoon & wedding, ecotourism, and health & wellness – to foster tourism development of the island.

For example, TAT Phuket will leverage major upcoming events such as the Laguna Phuket Triathlon in November and Phuket King's Cup Regatta in December.

MICE Hotels have seen double-digit growths in their MICE bookings, thanks to the influx of direct flights. Li Ann Loo, Westin Siray Bay director of sales, said: "This year our MICE bookings have grown by more than 25 per cent, particularly for the meeting segment. We have definitely seen a significant increase from Russia and China, which are among the top growth markets, with a combined share of 34 per cent in 1H2012."

My choices

Phuket

Compiled by
S Puvaneswary



Thomas Maurer
Managing director
Travel Center Asia



Nurat Atibaedya
Director of sales & marketing
The Kee Resort & Spa



Juthaporn Rerngronasa
Deputy governor for international
marketing (Europe, Africa
Middle East and Americas)
Tourism Authority of Thailand



Javed Shaikh
CEO
Horizon Hotels & Resorts

What is your biggest concern
in the next six months?

Traffic congestion in Phuket. I'm afraid it may only get worse with more cars on the road. This will spoil the tourist experience.

I have seen a drop in the Australian FIT market, which is the biggest source market for our hotel. I am concerned that this may continue. This could be because they are choosing other beach destinations.

Whether the Phuket International Airport can accommodate the growing number of air travellers, but this is just a temporary problem as a new airport is being constructed.

I have no concern at all. Business is very good for our two properties in Phuket, Horizon Patong Beach Resort & Spa and Horizon Karon Beach Resort & Spa.

What is your business outlook
in the next six months?

Everything is looking fine for our business in Phuket. We expect healthy double-digit growth in arrivals.

Positive as the hotel has a mix of markets. Emirates' new flights from Dubai to Phuket (launched last December) have also resulted in more Middle Eastern clients.

Phuket is still a very popular destination for tourists. It is also a transit point to get to nearby destinations such as Krabi, Khao Lak and Trang.

It is currently very good, and I expect this trend to continue. Both hotels are experiencing high occupancies.

What would you like to see
happening to rates in the
next six months?

I hope it remains stable, given that the number of hotel rooms are increasing sharply in Phuket. Once hotel rates drop drastically, it will be difficult to bring it up again.

We want to maintain rates but it is not going to be easy to persuade European travel consultants to accept it. The baht is very strong, and Europeans are complaining.

I would like to see an increase in hotel rates but in a reasonable way. Rates in Phuket are lower than what they should be.

I would like to see a nominal increase of five to six per cent in November, as operational costs have increased.

What is Phuket's best-kept
secret?

The Old Town has trendy restaurants and stylish boutiques. It has a really nice atmosphere.

Phuket is usually associated with seafood, but Italian food in Phuket is second to none. The restaurants opened by Italians here serve simply delicious food.

There are a lot of unspoilt beaches and islands near Phuket, and they are easily accessible from Phuket. A good example is Phang Nga Bay.

The people in Phuket are easy-going, and this makes holidaymakers feel welcome.

Checking in



JW Marriott Phuket Resort & Spa



Save for island tours, guests will be tempted to stay in because of its myriad leisure options, says **Marianne Carandang**

LOCATION The JW Marriott Phuket Resort & Spa is located on a secluded 11-hectare plot with direct access to the fawn-coloured sands of Mai Khao beach.

Only 20 minutes away from the airport, the resort has few neighbours, such as a small high-end shopping strip called Turtle Village. Scheduled shuttles are available to Patong Beach and Phuket town.

ROOMS My ground floor deluxe room, spacious at 47m², is charmingly designed with an indoor elevated sala where one can lounge around or have a massage. A private terrace in the back leads towards the beach. All rooms have mosquito repellent pads, which are helpful in the evening.

Twelve oceanfront pool suites are located adjacent to the North and South pools. Eight of these can be converted into two-bedroom suites, with huge terraces perfect for private dining.

Three villas serve as oceanfront two-bedroom suites. Of these, the Royal Suite has a pool, a whirlpool and a sun deck.

FACILITIES Guests can sign up for cu-

linary classes at the Ginja Cook Cooking School or yoga breakfasts – yoga sessions followed by breakfast at the Andaman Grill. The hotel can also help to arrange island tours, which come with half- or full-day charters of luxury yachts, and options for F&B, snorkeling equipment and onboard massage therapists.

F&B There are six restaurants and four bars. Marriott Cafe offers guests a healthy start to their day with “body boost” tonics at its breakfast buffet. Other dining establishments include Siam Deli, Cucina, Andaman Grill, Kabuki – Japanese Cuisine Theatre and Ginja Taste.

At dusk, converge at the Sala Sawasdee Lobby Bar to witness a dramatic fire lighting ceremony, followed by tapas and jazz music later in the evening. One can continue the night at Out of the Blue Drink bar, which overlooks the beach.

VERDICT A hotel that offers memorable leisure activities.

Name JW Marriott Phuket Resort & Spa

No. of rooms 252

Rate From US\$227 (BAR), group rate from US\$150

Contact details

Tel: (66) 7633-8000

Email: jwmarriott.phuket@marriotthotels.com

Website: <http://jwmarriottphuketresort.com>



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