Tourism Trends and Implications for the Asia-Pacific Region

School of Hotel & Tourism Management
The Hong Kong Polytechnic University
Asia Pacific Tourism Trends Analysis

• Tracking tourism trends in Asia/Pacific region since 2005
• Initially a Joint Project between Hong Kong PolyU and UNWTO
• Content Analysis of travel industry news
• 499 articles total from TTGAsia, Travel Weekly US, Travel Weekly UK, BBC News reported in 2013
Global Hotel Construction

Asia = nearly 50% in Pipeline

Total of 508k Rooms Under Construction in STR Database (Dec 2013)

Source: STR
Asia Pipeline by Countries & Phases - China = nearly 60% of Asia Pipeline

As of December 2013, in thousands

- Countries shown with existing number of rooms in thousands,
- Number of rooms under construction indicated on graph, in thousands

New Zealand (39)
Taiwan (53)
Singapore (54)
South Korea (55)
Australia (241)
Vietnam (47)
Japan (439)
Phillipines (42)
Thailand (166)
Malaysia (113)
Indonesia (144)
India (199)
China (1,642)

Source: STR
Experience Economy and World Tourism

Experience Economy

Service Economy

Industrial Economy
Experience economy

☑ Experience economy demands activity-oriented travel

History/Culture tourism
Nature-Based Tourism Culinary tourism
Events/Festivals/Sport Sightseeing Wellness/Medical Tourism
Leisure Travel Beach holiday Shopping Tourism Adventure tourism
Cruise Tourism Spiritual/Religious tourism Marine Tourism Theme Parks
Wine Tourism Wedding/Honeymoon Film-Induced Tourism Integrated Resorts Rural Tourism Urban Tourism
## Shifts in Major Trends

<table>
<thead>
<tr>
<th>Rank</th>
<th>Change</th>
<th>Trend</th>
<th>Case Occurrence</th>
<th>% Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>↑</td>
<td>Experience Economy</td>
<td>484</td>
<td>97.2%</td>
</tr>
<tr>
<td>2</td>
<td>↓</td>
<td>Activity-Oriented Tourism</td>
<td>445</td>
<td>89.4%</td>
</tr>
<tr>
<td>2.1</td>
<td>-</td>
<td>Nature/Culture-Based Tourism</td>
<td>344</td>
<td>69.1%</td>
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<tr>
<td>2.2</td>
<td>-</td>
<td>Food and Wine Tourism</td>
<td>168</td>
<td>33.7%</td>
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<tr>
<td>2.3</td>
<td>-</td>
<td>Cruise Tourism</td>
<td>87</td>
<td>17.5%</td>
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<tr>
<td>2.4</td>
<td>-</td>
<td>Other Activity-Oriented Tourism</td>
<td>350</td>
<td>70.3%</td>
</tr>
<tr>
<td>3</td>
<td>↑</td>
<td>Marketing and E-Commerce</td>
<td>431</td>
<td>86.5%</td>
</tr>
<tr>
<td>4</td>
<td>-</td>
<td>Hotel Sector</td>
<td>386</td>
<td>77.5%</td>
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<tr>
<td>5</td>
<td>-</td>
<td>Emerging Markets</td>
<td>384</td>
<td>77.1%</td>
</tr>
<tr>
<td>6</td>
<td>↑</td>
<td>Regulatory and Political Environment</td>
<td>371</td>
<td>74.5%</td>
</tr>
<tr>
<td>7</td>
<td>↑</td>
<td>Role of Travel Companies</td>
<td>326</td>
<td>65.5%</td>
</tr>
<tr>
<td>8</td>
<td>-</td>
<td>Polarisation</td>
<td>323</td>
<td>64.9%</td>
</tr>
<tr>
<td>9</td>
<td>➖</td>
<td>Infrastructure Development</td>
<td>298</td>
<td>59.8%</td>
</tr>
<tr>
<td>10</td>
<td>➖</td>
<td>Aviation Growth</td>
<td>294</td>
<td>59.0%</td>
</tr>
<tr>
<td>11</td>
<td>→</td>
<td>Cooperation/Competition</td>
<td>284</td>
<td>57.0%</td>
</tr>
<tr>
<td>12</td>
<td>➖</td>
<td>Human Resources</td>
<td>264</td>
<td>53.0%</td>
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<tr>
<td>13</td>
<td>➖</td>
<td>Diverse Demographics</td>
<td>206</td>
<td>41.4%</td>
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<tr>
<td>14</td>
<td>-</td>
<td>Investment climate</td>
<td>182</td>
<td>36.5%</td>
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<tr>
<td>15</td>
<td>➖</td>
<td>Corporate Travel</td>
<td>157</td>
<td>31.5%</td>
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<tr>
<td>16</td>
<td>➖</td>
<td>Social/Environmental Consciousness</td>
<td>151</td>
<td>30.3%</td>
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<tr>
<td>17</td>
<td>-</td>
<td>Events</td>
<td>129</td>
<td>25.9%</td>
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<tr>
<td>18</td>
<td>-</td>
<td>Seasonality</td>
<td>96</td>
<td>19.3%</td>
</tr>
</tbody>
</table>
Implications

• Innovations
• Technologies
• Capacity building (capacity handling)
• People development
• Tuning to changing consumers
• Cooperation
BLUE OCEAN STRATEGY
How to Create Uncontested Market Space and Make the Competition Irrelevant
W. Chan Kim • Renée Mauborgne
HARVARD BUSINESS SCHOOL PRESS
Red Ocean Strategies

1. Competing in existing market place.
2. Beat the competition.
3. Exploit existing demand.
4. Make the value-cost trade off.
5. Align the whole system of activities with strategic choice of differentiation or low cost.

Blue Ocean Strategies

1. Create uncontested market space.
2. Make the competition irrelevant.
3. Create and capture new demand.
4. Break the value-cost trade off.
5. Align the whole system of activities in pursuit of differentiation and low cost.
Hotel ICON in First Three Years of Operation

• ADR USD290+, 90+ occupancy; operating profit in first 3 month of operation
• TripAdvisor: Ranked among top 3 hotels out of 570 hotels in Hong Kong
• 30+ Awards and Prizes
  – Wallpaper Magazine
  – CNN.Go
  – Conde Nest Traveler
  – Michelin Guide
  – TripAdvisor
  – “Architecture of the Year”
  – McCool Breakthrough Award
  – Design Hotel of the Year
  – UNWTO Ulysses Award
Need for Greater Connectivity between Technology and Tourism
Responsiveness to Market Need

• International tourists wish to have 24 hours mobile Internet access in destinations
• Providing Internet abled smart phone to every guestroom
People Development

- Personnel management
- Human resources management
- Human capital development
Generation Y Economy
Cooperation vs. Competition: Coopetition

Despite the competitiveness of tourism sector, cooperation remains important!
In Conclusion

“The industry needs to promote and pursue sustainable growth, which ensures benefits for consumers, businesses, local people and the environment.” (Travel Weekly UK, 08/04/2013)
Thank you and stay connected!

Look for “Kaye Chon” in: