

**Tourism Trends –presentation notes  
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## **1 Introduction**

Before we get started on a discussion about tourism, we need to have some background to provide context. The following sections summarise a number of research papers and presentations providing the status of tourism today and projections of the trends for the next few years.

This information is important as it provides a means to measure progress and gauge the relative position of the country viz. tourism in general. Statistics of any sort are open to interpretation and the tourism figures are no different. For this reason, it is necessary for a destination to establish regular and systematic collection of information to be better able to compare the country results with those of the rest of the world. This information can then be used to support informed policy formation and decision-making.

So what is happening in the world?

## **2 Global Tourism**

One of the key sources of information for global tourism is the UNWTO. The information presented in their annual reports and barometer of the industry is gathered from national tourism organizations and tourism experts and provides an analysis of existing tourism flows and projections.

Some of the key points for global tourism that have been highlighted by the UNWTO include:

- Tourism continues to be the world's largest employer and in spite of the set-backs such as terrorism and disease continues to grow
- In 2007, travel and tourism employment is expected to reach 231 million jobs (1 in every 12 jobs on the planet).
- Tourism generates more than 10% of the world Gross Domestic Product and is one of the top five exports for 83% of countries
- On the global level, outbound trips rose by +5% in 2006.
- Increasing numbers of people, particularly in Asia, have taken to discovering more of the outside world beyond their own national borders.
- At 8% each, Asia and Africa recorded the strongest growth in tourism arrivals.

There are a number of factors driving this growth in tourism:

- Increased wealth, stimulating increased demand for travel;
- Falling prices from low-cost air carriers and lower priced accommodation;
- Spreading use of internet for travel -the entire global tourism supply is now transparent to consumers, bookings are easy for anyone; and
- Growth in demand from Asia -led by S. Korea, China and India.

More and more people are taking trips that include nature and adventure with national parks and wilderness becoming top attractions for holiday-makers. Not only are these areas being put under increasing pressure, but we are in a new era where the beaches, mountains, forests and wildlife are the prime tourist attractions.

Sources of additional information:

-IPK International – World Travel Monitor Company Ltd.

[www.ipkinternational.com](http://www.ipkinternational.com)

-World Travel and Tourism Council

### **3 Regional Tourism**

The Asia-Pacific region is still one of the biggest growth areas for tourism worldwide. Within this region, the countries of the Greater Mekong Sub-region are experiencing robust growth and this has prompted the development of the GMS Tourism Sector Strategy (2006-2015) to capitalize on this growth and to ensure that there is sustainable development in the tourism growth.

Some key points to consider regarding the Asian regional tourism business:

- The Asia-Pacific region recorded 156.2 million arrivals in 2005,
- This is a global business worth more than \$123 billion annually.
- In 2005, the GMS attracted over 20 million tourists, or 2.5% of the global total and 13% of the Asia-Pacific total;
- Significantly, Cambodia, Lao PDR, and Viet Nam have increased tourist numbers rapidly between 1995-2005 with annual rates of increase of 20.5%, 12.4% and 9.9% respectively.

While these numbers look great for potential business, in terms of managing the impacts these are cause for concern. Especially since considerable space still exists for these arrival numbers to continue increasing as global tourist arrivals are projected to reach around 1 billion by 2010 (ADB 2006). The GMS Tourism Sector Strategy estimates that tourist arrivals in the GMS will reach 30.6 million by 2010 and 46.1 million by 2015. That is an additional 10 million tourists to the region in the next three years and another 10 million in the 5 years after that!

An important point to note is that the growth in tourism in this region has taken place during a time when the travel industry was supposed to be recovering from the traumas of 9/11, the tsunami and various disease outbreaks. According to the UNWTO barometer, in spite of these challenges the Asia and the Pacific was able to maintain its extraordinary growth level (+7.6%). This growth was due to the recovery of Thailand and the Maldives from the impact of the December 2004 tsunami, as well as remarkable performances from a number of emerging destinations in the region.

Given the growing importance of the Asian markets, it is instructive to see where these markets are and how they relate to the Cambodia situation. The UNWTO annual tourism barometer lists the top 50 outbound markets in terms

of spending and the top three countries are; Germany, USA and the UK. Interestingly for Cambodia, the country that has shown the biggest increase in tourism spending over the past two years is South Korea. A selection of the results are outlined in Table 1.

**Table 1 World Tourism spending (selected markets)**

World Rank spending	Cambodia arrival rank	Country	Annual Tourism Expenditure (billions US)	% increase 2005-2006
5	2	Japan	26.9	3.8
6	8	China	24.3	11.8
10	1	South Korea	18.2	18
14	16	Hong Kong	14	5
16	11	Australia	11.7	5
18	14	Singapore	10.4	-0.5
21	8	Taiwan	8.7	0.7
30	4	Thailand	4.6	14.0
34	6	Malaysia	3.7	-2.4
35	15	Indonesia	3.6	1.3

The significance of this table is to illustrate the fact that some of the world's top tourism spenders are within easy reach of Cambodia and as yet an untapped market (e.g. Singapore and Hong Kong).

Against this background of recovery, the overall increase in international tourist arrivals for the region is projected to be around 4%, much in line with the forecast long-term annual growth rate of 4.1% through 2020.

#### **4 Cambodia Tourism**

In the Asia-Pacific region Cambodia is one of the new, emerging destinations and while it has yet to achieve the volume of visitors of some of its neighbours it is certainly contributing to the growth figures.

Some quick facts about Cambodia tourism:

- In Cambodia, visitor arrivals in 2005 amounted to 1.4 million, staying 6.3 nights on average.
- In 2006 this increased to over 1.7 million visitors (an over 21% increase) with tourism revenues soaring to over \$1.5 billion.
- The Ministry of Tourism (MOT) reported 5,278,113 domestic tourists in 2005 out of a total population of 13.3 million.
- The largest increases have been through Siem Reap by air (a 60% increase) and through Preah Vihear with (a 99% increase).
- 2007 arrivals for the first seven months exceeded 1.1 million international visitors

The Republic of Korea provides close to 20% of the international arrivals and at 221,381 this is a 32.3% increase over the 2006 arrivals. Japan ranks second with 7.5% (a 4.6% increase over 2006 followed by the US with 7.3% of arrivals (a 14.6% increase over 2006).

Other key source markets and the arrival trends from 2006 include: Taiwan 70,998 (+71.31%); Vietnam 70,688 (+65.41%); China 65,628 (+54.74%); Thailand 53,238 (+30.14%); France 49,056 (+26.59%); United Kingdom 48,746 (+23.37%); Malaysia 47,182 (+11.01%).

Target arrivals for 2010 are 3.12 million visitors, with 5.5 million projected for 2015. Keep in mind that attaining these figures requires maintaining the tourism growth rate at 20% per year until 2010 and then 10% annual growth until 2015. So far, no estimates have been given for the growth in the domestic market, but it is assumed that as the economy of Cambodia improves, this segment will grow apace. Given that most destinations within Cambodia report domestic visitor arrivals of anywhere from 70-90%

Thus Cambodia's tourism growth has been quite phenomenal and this is something that needs to be discussed in light of the ability to put in place not just the infrastructure, but also the systems and processes required to guide the growth. With the arrivals growing from only 176,617 international tourist arrivals in 1994 to 1,421,615 in 2005, the recent growth in arrivals correspond to the opening of the Siem Reap International Airport in 1997. However, with these increasing arrivals, the stress on the main attractions such as the Angkor (Siem Reap) heritage sites is beginning to show.

Siem Reap is still the main point of arrival for over 60% of all the tourism arrivals to Cambodia.

There is no question that tourism is important for the Cambodian economy, contributing \$832 million in direct expenditure, 8-12% of gross domestic product (GDP), and generating direct employment for about 200,000 employees (and indirect employment of 300,000).

## **5 Challenges to Growth in Cambodia**

Dealing with the tourism growth requires huge investments on the part of the government to provide the basic urban services and infrastructure. The focus for development has been on associated infrastructure such as roads, airports, harbors, clean drinking water supply, electricity, and other services. These facilities need to be put in place to deal with the local population as well as to cater to the additional demands from close to 2 million tourists per year. Thus, urban services must deal with not only the populations of the town but also the additional water demands and waste disposal requirements resulting from the additional tourist loads.

While tourism has the potential to bring in additional foreign income and create jobs, one of the big challenges is to keep the benefits in the country.

From tourism in Cambodia there are high economic leakage of foreign income from tourism, with the potential losses estimated at over \$370 million in 2003, or 40% of the total income. These leakages arise from the import of food items and other goods to cater to the tourism business. There are also leakages in wages with many of the high level service industry jobs being held by non-nationals. Due to the ease of setting up foreign-owned/managed businesses in Cambodia and a growing demand for high-end, tourism services which require a high level of expertise, experience and investment many of the jobs go to non-nationals.

One of the factors resulting in the relatively low tourism receipts compared to arrivals is the low average length of stay; generally less than one week but estimated at 6.3 days per visitor. Many of the tourists arrive on package tours of just 2-3 days in length and based around Angkor Wat and Siem Reap Province. These tours often originate from other center in the region with Angkor and Cambodia serving as a side trip or add-on holiday.

The growing number of group tourists each year (35.64% of all tourists in 2005 were on package tours) means that this trend may be difficult to change without more creative, attractive and logistically efficient services available in other provinces.

With over 60% of the total international visitors to Cambodia visiting Siem Reap (Angkor), continued growth in tourist numbers may threaten the environment and preservation of the ancient temples in the region.

## **6 Uncertainties in Global Tourism (From: UNWTO barometer)**

In spite of the robust growth in global tourism there still exist a number of uncertainties. Four key concerns are:

- *Terrorism* continues to be a present although most travelers have assumed the risk involved in traveling and make their choices accordingly. This situation could change rapidly.
- *Rising energy prices*; these might change the economic scenario and alter the desire to travel (especially if this is coupled with green house gas emission concern)
- *Avian flu*; the effect of outbreaks on travel trends will be related to the ability of the local authorities to deal with the outbreak and provide credible information. Crisis management will be important
- *Other diseases*; H5N1 virus, SARS etc.

## **7 IT trends**

The Internet is already the primary research and booking tool for many travelers and its use for travel booking will continue to grow. There are a growing number of flight search engines providing access to cheap airfares throughout the world. These search engines have now expanded to include

hotel booking information with some moving into tour operations and car rentals. With advances in internet access and use of PDA and cell phones using 3G and similar technology, the role of the travel agent is changing rapidly.

For the time being in Cambodia, there is still a role for travel and tour operators to arrange travel to the remote areas, but this will soon change with travelers seeking out products rather than operators.

Destinations and attractions must make sure that their web-based resources, tools and programs are effective as well as integrated into overall marketing and communications plans. Information has to be up-to-date, accurate and easy to access.

## **8 Demographics; the changing market**

The first baby boomers turn 60 in 2006 and travel tops the list of desired retirement activities across all ages of boomers. Other popular interests are:

- spending time with loved ones/friends (42%);
- exercising more (42%);
- volunteering (37%);
- taking up a hobby (33%);
- acquiring new skills (29%) and
- taking classes (25%).

(Source: 2005 Del Webb Baby Boomer Survey)

Youth and student travelers make up 24% of all international travelers worldwide. Students have greater access to information than ever before and now seek to include travel as part of their educational experience. This means they seek out funding and do their post-graduate research in countries other than their home country. Many students will also work part-time and then take a year off to travel before entering the work force. These are budget travelers but with spending power.

There is a growing student population, with more diversity, traveling in higher percentages, at earlier ages, on more expensive trips, using technology, demanding more from their travel experience, and going to destinations further away than did previous generations.

(Source: Student Youth Travel Association, SYTA)

According to Contiki Travel, the leader in vacations for 18-35 year-olds, seven out of every 10 tour bookings were made by a female traveler, an increase of 10% when compared to the same period of the previous year.

Travelers from Japan, Korea, Taiwan and Singapore made up the female majority, and of that number, close to 60% traveled as individuals. Japanese and Korean women proved to be the most independent travelers of the four,

embarking on various tours to Australia, Europe, New Zealand and North America.

## **9 Nature based travel**

The WTO estimates that nature tourism generates 7% of all international travel expenditure and the growth estimates for nature travel range between 10% and 30% per year since 1993. While there is some confusion on the parameters for measuring the actual volume of nature tourism making it difficult to compare, it is nonetheless considerable. Birdwatchers form the largest single interest group in the United States and the United Kingdom with over 1 million birders in the UK.

## **10 Environment Trends**

There is increased traveler demand for destinations that protect the authenticity and geographic character of the destination. Travelers are seeking tourism that:

*- sustains or enhances the geographical character of a place—its environment, culture, aesthetics, heritage, and the well-being of its residents.*

A recent study sponsored by the Travel Industry Association of America and National Geographic Traveler, found that at least 55.1 million Americans could be classified as "sustainable tourists." Specifically, the study states that: "These travelers have ceaseless expectations for unique and culturally authentic travel experiences that protect and preserve the ecological and cultural environment." This has important implications for how tourism areas are planned, developed and managed and how the actual structures are designed. (Stueve-Cook-Drew, The Geotourism Study: Phase I, TIA-National Geographic Traveler, 2002) (Source: The Center for Sustainable Destinations, National Geographic Society).

## **11 Carbon off-sets and Green Travel**

As the issues of global warming become more well known and more widespread, consumers will begin to request more of their travel service providers in terms of carbon off-sets, and sustainable travel initiatives. In many cases, they will be prepared to pay for this, but will require detailed information regarding what they are paying for.

In general, national environmental policies have to shift towards more energy efficient models using demand-based models. As energy costs rise, it makes economic sense as much as environmental sense to support policies that advocate using less energy. With the spectre of airline surcharges for CO<sub>2</sub> emissions, the countries that can demonstrate low carbon efficiency or projects that can be used for carbon trading will have a definite advantage.

## **12 Stay at home “travel”**

Already there are calls in the European nations for their citizens to forego international travel and in the name of more green travel (and no doubt to help local economies) to stay home using public transport such as trains.

On the first day of the recently concluded ITB in Berlin, Parliamentary leaders from three different German parties called upon the German holiday makers to “change lifestyles” and consider holidays that did not involve flights. The identified aircraft and air travel as a major emitter of the green house gas CO<sub>2</sub> and a significant contributor to global warming. Now it is unlikely that this will stop long distance travel by airplane, but the fact is that global warming is a major concern and many people are making their choices based on some environmental considerations. For the countries of the GMS that are not major consumers of fossil fuels or emitters of GHG (Green House Gases), what does this mean? This is both a threat and an opportunity. A threat if it means travel may be affected; but an opportunity to provide a form of tourism that is low impact, low carbon and contributing to workable solutions to off-set GHG emissions.

## **13 Keeping it natural**

The tourism market is moving away from big overdeveloped resorts. After years of large scale development, Pattaya in Thailand is trying regain re-establish its natural beauty through a re-development and re-branding exercise.

Destinations that still have natural resources such as mangroves and undeveloped beaches are at a cross-roads. Few of these areas are left in the world and if properly planned those countries that have these areas can use them as attractions by maintaining them and providing access. There are more than enough resorts on land that “used to be something”.

Big resorts in Spain and France are being redeveloped on a smaller scale to recreated what was originally there; small towns and villages with local businesses, restaurants and shops. There is a move towards more “culturally” attuned hotels and accommodation that lets the visitor know where they are.

## **14 Can Ecotourism be mainstream?**

Fifteen years ago, ecotourism was the banner of a handful of ecolodges and small operators. “Greenies” to most in the travel industry and “special interest” to anyone who could not really define what these people were trying to do. Now (perhaps finally) it is fast becoming a way to do business with everyone

from hotels to car rentals getting in on the act. Many will claim that this is still more “greenwash” or just more clever ways to market the same old product. However, there are changes; transport companies are looking for more fuel efficiency (this is partly cost drive, but will soon be policy driven as well). The latest aircraft all advertise their ability to fly quieter, cleaner and more efficiently. There are many places now offering carbon offset calculations and the option to buy the equivalent carbon credits to what you would use on your holiday. This is still in the early stages, but could eventually be a significant funding tool for conservation efforts around the world. Governments that fail to recognize this growing area of concern do so at the risk of being left behind.

## **15 How Consumers will choose destinations** (Source: UNWTO Megatrends)

### **15.1 Activity-Interest Based Travel**

Travelers are first deciding what activities they want to partake or areas of interest and then choosing the destination that offers them. This places a high demand on unique selling points, activities and special interests (E.g. Cambodia is the only place where you can see Angkor Wat).

Volunteer tourism is another emerging trend. Late management guru Peter Drucker had foreseen that, “a third/non-profit/social sector,” (volunteer organizations) will play a major role in the 21st century in order to sustain the smooth running of a civil society.

### **15.2 Polarization of Tourist’s Tastes and Spending**

At one end are visitors seeking for comfort and/or luxury travel products, at the other are people looking for thrills and/or budget travel. The middle class travel seems to be disappearing with consumers either seeking (and paying for) luxury or budget arrangements.

### **15.3 Accommodation:**

-“Cultural hotels” are emerging. This reflects the locations of the hotels, usually at cultural and/or heritage sites, are more important than brand to travelers. The internet and guide books play a large role in the type of testimonial or referrals that market these types of facilities; and  
-Hotel and resort designs are taking a more holistic approach combining social, environmental, community and financial elements.

### **15.4 Consolidated Social-Environmental Awareness and Consciousness**

Where economic development has and continues to put a heavy burden on the ecological environment. Other regions and countries mentioned by the trade media regarding social and environmental issues include Cambodia (commercialization of Siem Reap, a gateway town to Angkor Wat).

### **15.5 Safety and Health Concerns Require Timely Communication to Mitigate Negative Impacts on a Destination**

Travelers are now more concerned with pandemic outbreaks and terror attacks. The threat of a pandemic outbreak such as bird flu calls for a coordinated effort among NTOs and other government agencies. However, timely, accurate and responsible communication is even more important than the outbreak itself because visitors make decisions based not so much on risk itself as on perception of risk. NTOs therefore should closely monitor media reports to mitigate the negative impact of some irresponsible blanket reports of a pandemic outbreak. Media relations management needs to be proactive in a world full of information and media channels.

### **15.6 Indochina – a Gem to be Cherished**

Myanmar, Laos, Cambodia and Vietnam are emerging as attractive destinations to European, North American and other Asian markets with marine, cultural and heritage tourism as the key products. Vietnam as a whole and Hanoi in particular are emerging as new meetings locations. Vietnam also has the potential to become a gateway to Indochina.

Indochina is emerging as a popular destination for adventure tourism. Adventure tourism often involves venturing into off-the-beaten track destinations and a balance between development and conservation needs to be struck.