

## Thailand Tourism 2007- Chic Optimism - By Andrew J Wood

2007-01-09

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Last Year's 60th Anniversary celebrations were a series of outstanding events that generated excellent exposure for Thailand and its tourism industry. 2007 is expected to show continuing signs of growth but at a slower pace.

Industry experts agree that 2007 should be a good year and the Tourism Authority of Thailand's (TAT) predictions of a growth from 13.8 m international visitors to 14.8 million in 2007 are achievable but 'optimistic'. According to Khun Phornsiri Manoharn, the recently appointed Governor of the Tourism Authority, tourism is expected to generate Bt 547 billion of revenue in 2007.

Commenting on the outlook for 2007 Mr. John Watson, CEO of Diethelm Travel Asia (DTA) a leading inbound operator in Thailand was asked for his view on the outlook for 2007.

'Whilst 2006 was a year of strong recovery for Thailand, I am not so sure for 2007 at this time. I think it inevitable that the current political uncertainty will affect the corporate in-bound market negatively. The decision makers in the corporate market are closer to the issues than the individual leisure traveller from abroad. We have seen a number of corporate (MICE) customers asking us questions that demonstrate they are uncertain about the wisdom of coming to Thailand until the political situation is resolved. However, the leisure market remains upbeat and I am optimistic that, overall, Thailand will see an increase in activity albeit at a slightly reduced level.'

Richard Brouwer, COO of DTA, commented; 'My concerns for 2007 surround the weakening dollar and political uncertainty in Europe. A number of the key markets abroad face elections and that could lead to economic uncertainty. However, Thailand has had plenty of good publicity this year from the 60th Anniversary of His Majesty the King's accession to the throne and the opening of the new Suvarnabhumi Airport. Cautious optimism is our watchword.'

Mr. Luzi Matzig, MD of Asian Trails was a little more optimistic, saying, 'For Asian Trails 2006 was an excellent year with sales growing by 53% over 2005. Naturally we do not expect such steep growth to continue unabated into 2007, but general outlook on bookings is very positive and I am convinced that we can expect another increase of around 25% for the coming year.'

He added, 'Thailand is very popular at the moment, not only with Europeans, but also with visitors from the Middle East who are no longer keen to travel to the USA / UK in great numbers and feel happier in our part of the world.'

Despite a significant 16 per cent rise in visitor arrivals in the first 10 months of this year, the Association of Thai Travel Agents (ATTA) remains modest that the 2006 figure will not reach the 13.5 projected by TAT. According to statistics by the Immigration Bureau, (see table) in Jan-Oct '06 there were 7.92 million tourist arrivals by air in Bangkok, an increase of 15.97% when compared to the same period last year. In line with the interim government's policy to focus on the quality of tourists, the TAT has cut the tourist arrivals target for this year down from 13.85 million.

ATTA president, Mr. Apichart Sankary, said, 'The 10 months' figure is actually much higher if taken into account direct arrivals to Phuket and Koh Samui. However, the private sector believes the whole year figure will not be more than 13 million'. The TAT states its 2006 revenue target of 480 billion baht (US\$13.2 billion).

However ATTA are unsure, "We cannot confirm if this revenue target will be achieved. But we are confident that tourism earnings will be more than last year as Thailand is seeing more bookings coming in for four-and five-star accommodation," Mr. Apichart said.

Thai Hotel Association (THA) president however paints a gloomy picture for his members for 2007, claiming the country has an oversupply of inexpensive five-star rooms. President Chanin Donavanik stated that 2007 occupancy rates will not noticeably grow, as supply will outweigh demand. He added that Thailand's hotel business would only grow by 6% to 7% next year. He said one issue facing Thailand's hotel industry is that of oversupply, especially in Chiangmai, Pattaya, Samui, and Phuket.

THA revealed in its marketing plan for 2007 that it is gearing up for road shows with TAT and includes plans to host ATF 2008 (ASEAN Tourism Forum) for the first time in Thailand.

THA also voiced concerns over Suvarnabhumi airport's capacity, which is at the limit, making additional flights unlikely.

Another issue is that of low hotel rates, especially for five-star accommodation. Thai hotel rooms are half as much as those in Singapore and one-third less than rooms in Hong Kong, Shanghai and India.

The president agreed with governmental policies to focus on quality tourism and the rehabilitation of untouched and damaged attractions. He cautioned that to compete, Thailand needed to develop new tourism products and take note of the competition developing natural destinations, such as Vietnam and China.

In the latest figures released by the Tourism Authority of Thailand, arrivals at the International Airport from January to October 2006, the top 6 countries to visit Thailand were:

1. Japan
2. China
3. Korea
4. UK
5. USA
6. Singapore

The top three positions remain unchanged from last year. The largest European market for visitors to Thailand still continues to be the UK recording 540,401 visitors, an increase of +7.96%. Sixth place Singapore actually saw arrivals fall by -4.36% over last year, perhaps as a result of fallout from the 'Thaksin Effect' and the sale of Shin Telecom to Singaporean company Temasek Holdings, in a controversial deal that led to demonstrations both in Bangkok and overseas.

Russia saw the largest increase of any country, rising to 99,247 arrivals in the first 10 months, a healthy 108% increase over the same period last year.

The southern unrest does not appear to have affected cross border traffic with Malaysia, with arrivals surging +16.35%.

Thailand is becoming more popular not only with Europeans, but also with visitors from the Middle East as earlier commented on by Mr. Matzig of Asian Trials. Arrivals rising +33.43%, with Saudi Arabia showing an increase of +86.47% and Egypt increasing +48.60%.

Commenting on the success of attracting UK visitors to Thailand Ms. Abigail Silver, Marketing Manager, UK & Ireland, Tourism Authority of Thailand, said, 'Despite the tragic event of the Asian Tsunami last year, Thailand has bounced back and is once again a hot destination, selling extremely well. Existing tour operators to Thailand are continuing to develop product to meet consumer demand. Kuoni has produced its first ever Thailand dedicated twenty-four page brochure, released in July 2006.'

Ms. Silver added, 'The key Thailand operators are reporting substantial business increases year-on-year and healthy forward bookings. There are a number of NEW tour operators for Thailand. An increase in visitors will also result with the additional capacity created by a new Phuket Charter flight (Thomson Fly) which commenced operation in November this year (until April 07).'

The industry is becoming weary of changing slogans and it appears that even regional offices have invented their own. Recognizing that 2007 will bring a stream of new, luxury boutique hotels, as well as the emergence of Trang, Koh Yao, Koh Chang and Koh Racha, a new catch phrase 'CHIC by Thailand' has been launched in the UK to emphasize trendy and luxurious tourism products. This on top of TAT's own global catch phrase 'Unforgettable Thailand'.

Commenting on a theme for Thai tourism, THA president Chanin said, 'It can be anything. However, even more important is to find a firm theme for Thailand, to avoid confusing the market. Changing concepts every couple of months only attracts the media and advertising companies.'

Ms. Tamara Diethelm, Product Manager Far East, Kuoni (UK), commenting on Thailand's popularity said, 'Thailand has had a fantastic year. It is great to see it doing so well especially at the upper end of the market. We look forward to seeing the growth continue in 2007.'

Thailand maybe CHIC in the eyes of some; however it is still a difficult country in the eyes of a number of operators. Long term residents and retirees are still not allowed to buy land on which to build a home under their own name. Tourism as a result will never be able to attract VFR (Visiting Friends and Relatives) traffic as much as other countries, due to its existing property laws. And also whilst countries like Cambodia and Macau benefit from gambling tourists, (tiny Macau for instance attracts over 20 million tourists a year), gamblers are not welcome in Thailand.

And finally explaining the current UK market trends for Thailand, Mr. David Kevan at Tropical Locations (UK) said; 'We ended 2006 with a substantial passenger increase and 2007 looks just as encouraging. Thailand is constantly evolving so the product range rarely becomes stale, plus you have good air lift from London with four airlines flying at least once daily to Bangkok. These two points in particular give Thailand a tremendous advantage over its competitors and it's not surprising for most operators that it is the number one destination in the region by quite a long way - it looks like being a great 2007.'

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The URL for this story is:

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