

CACCI Tourism Newsletter

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Climate of Change

We produce below the message of Mr. Peter de Jong, President and CEO of Pacific Asia Travel Association (PATA) which you will find very interesting in reading.

My Best Wishes

*Prema Cooray
Chairman
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CLIMATE OF CHANGE

As the inaugural PATA CEO Challenge 2008: Confronting Climate Change becomes a Reality on April 29 and 30 in Bangkok, Thailand, we are greatly encouraged to see a climate of change moving across our industry.

My PATA colleagues and I have been delighted by the strong response from leaders of all sectors of our industry who are stepping up to share their experiences in confronting this growing threat to our planet.

It makes me feel more confident than ever that by exchanging insights and collaborating on practical solutions, we can make a difference. We can show the world that travel and tourism is genuinely committed to reducing its carbon footprint and developing a truly sustainable business model. As arguably the world's largest industry, that is both our responsibility and our opportunity.

Many within our industry are now looking anxiously at the slowdown in the US economy and the troubles besetting the financial sector. While it is difficult to assess the short-term impact on Asia Pacific travel and tourism, PATA believes the region's fundamental economic strength will hold us in good stead over the next three years.

In this issue, we share details of PATA's Asia Pacific Tourism Forecasts 2008-2010, which suggest average annual growth rates of between 7 and 8% and total demand worth US\$ 4.6 trillion across 40 Asia Pacific destinations.

The PATA Forecasts reinforce the fact that travel and tourism will continue to be a vital economic driver of many Asia Pacific economies, providing jobs and livelihoods for around 95 million people. When it comes to our future, there is a lot at stake.

It is essential that we work together to ensure we grow in a sustainable fashion. We need to manage this projected growth so that we protect our planet and its amazing biodiversity, as well as its diverse cultural heritage. Our efforts to counter the impacts of climate change are an important part of the challenge.



Source - PATA COMPASS - March/April 2008

Asian Strength to Drive Growth

Despite concerns over a US recession, PATA's new Forecasts predict a bright future for the region, with China (PRC) and Korea (ROK) set to generate strong outbound growth to Asia Pacific destinations

By the end of the first decade of the third millennium - 2010 - total travel and tourism demand in Asia Pacific will be worth a staggering US\$4.6 trillion, with destinations in the region receiving close to half a billion international visitors annually.

These remarkable figures headline PATA's newly-published *Asia Pacific Tourism Forecasts 2008-2010*, due to be launched in Singapore in March. Despite regional stock market volatility and uncertainty over local impacts of a possible US recession, the PATA Forecasts predict robust average annual growth rates of between 7 and 8%.

PATA Director - Strategic Intelligence Centre Mr John Koldowski explains that as much as two-thirds of all international arrivals into Asia Pacific are generated from within the region. "Due to the global nature of business, Asian markets will inevitably be impacted by a slowdown in the US economy triggered by the credit crunch. However, the medium-term outlook for most Asian economies is very strong, with growth rates well above world averages," he says.

Mr Koldowski notes, however, that localised issues and conflicts, including political and civil disruption in some markets could pose a threat to tourism growth.

The 40 Asia Pacific destinations covered by the Forecasts account for close to 98% of all international arrivals measured and tracked across the region in a given year, making them a compelling measure of total activity across the wider Asia Pacific region as defined by PATA.

Highlights of the Forecasts include:

- Strong outbound growth - in volume - from China (PRC), Korea (ROK), Singapore and the US.
- Strong outbound growth - in percentage terms - from Gulf markets (including Bahrain and Oman) - and Greater Mekong region markets (including Myanmar, Lao PDR and Vietnam).
- Fiji and Nepal are showing extremely positive trends after periods of political uncertainty.
- Asia to dominate inbound growth: by 2010 Asia will receive the same number of international visitors as the entire Asia Pacific region received in 2006.

Weathering the storm

Mr Koldowski cautions that it is not all good news across the region. Perhaps the most pressing concern is the unfolding financial crisis in the US. While America might not necessarily fall into a full-blown recession, any downturn will ripple through many interconnected economies, including that of regional powerhouse China.

The weak US dollar is not helping either, making both exports and our tourism products relatively more expensive. "But perhaps the bigger concerns relate to other factors such as political and social unrest which can have a dramatic impact on tourism flows and we have a number of those situations simmering across the region at the moment," he says. "While many of these issues are beyond the control of travel and tourism leaders, we have proven to be a remarkably resilient industry and tourism can play an important role in the healing process and helping destinations recover from crises."

He cites the recovery across Asia Pacific following the SARS outbreak and the revitalization of the areas affected by the December 2004 tsunami as examples of how unforeseen events have forced the industry to react and recover quickly through unified efforts. "Obviously you cannot predict every intervention event, but what you can do is learn from them and even turn them to your destination's advantage. By accepting that the size and diversity of travel and tourism means there are enormous unknown influencers, the use of accurate forecasting ensures you are maximizing the information available to you that will help, literally, weather the storm," Mr Koldowski explains.

Asia to dominate arrivals

By 2010, the Forecasts show that Asia will increase in do a 64% grab of all international arrivals to the region to just the end of the decade.

"In fact by 2010, Asia will receive around the same nu national arrivals - in its own right - as did the whole of the region in 2006," adds Mr Koldowski (see table below).

Sub-region	2006a	2007e	2010f	Volume Gain 2007-2010
Americas	85.3	89.7	102.7	13.0
Asia	252.0	275.6	348.8	73.2
<i>South Asia</i>	6.8	74	9.2	1.8
<i>Southeast Asia</i>	55.6	62.2	79.7	175.0
<i>Northeast Asia</i>	189.6	206.1	206.0	53.9
Pacific	9.7	9.9	77.1	1.8
Total	347.0	375.2	463.3	88.1

Note - actual, e - expected, f-forecast

Source - PATA COMPASS - March/April 2008

Join the Conversation

Web 2.0 provides the travel and tourism industry with a unique opportunity to engage with consumers

Visit the website of Sheraton Hotels & Resorts (www.sheraton.com), and you'll find something quite unique. Gone are the seductive pictures of hotel rooms or lobbies, no more are the marketing slogans or enticing offers, even the property search function loses its usual prominence. In its place is an outline of the globe small amateur photographs and text boxes recounting whether it's Tokyo or Chengdu, Perth or Fiji, London or New York, you can find a comment from destinations all over the world. And many don't even mention a Sheraton hotel. The idea is that these stories help inform and guide your travel decisions, while at the same time encouraging you to share similar information when you yourself return from a trip. Whether it's through www.sheraton.com, specific travel forums such as TripAdvisor and Dopplr, or more general social media or sharing sites such as Facebook, MySpace and YouTube, the ability for people to talk to each other, to discuss and share experiences with such ease, has added a whole new dimension to the impact of "word of mouth" on purchasing decisions. Be it buying a book or a new mobile phone, booking a hotel or a flight, gone are the days when people took a product at face value. Social media, user-generated content, blogs and other so-called "Web 2.0" technologies, have put the power very much in the hands of the consumer.

For the travel and tourism industry this presents enormous, if not rather frightening, opportunities. Mr Jeff Mirman, Director of Interactive Marketing at Starwood Hotels & Resorts (the parent company of Sheraton), says that the big advantage for them is the ability to create two-way conversation with consumers. "It allows us to connect to them (our consumers) and them to connect to us - and any time you have a closer connection between the brand and the consumer you're going to be better off," he explains. Connecting with customers through an organisation's own website is only half of the story. Cathay Pacific's Online Marketing Manager Mr Alastair Bullock says that they are currently looking into having a "fan page" on popular social networking site Facebook. As a place where

consumers can share experiences and comments, while allowing an organisation to add updates and news, a Facebook fan page provides an ideal opportunity to engage with customers, while also spreading brand awareness. Similarly a site like YouTube, Mr Bullock explains, is a further opportunity to create a relationship with Cathay's customers, by getting them to share their experiences via video clips. "We're looking at the potential of having a Cathay/Dragon Air YouTube page. We might incentivize consumers to put up their videos," he says, adding that this would not necessarily be a video specifically about Cathay, but rather about a holiday experience that Cathay enabled. However Mr Bullock warns that before creating a presence on a site such as Facebook or YouTube, it is critical that you understand what your brand is and where you want it to be. "You need a Web 2.0 presence, but the critical question is where do you want that presence to be? For Cathay potentially having a YouTube page or a Facebook page is a probably a good idea, but we wouldn't want to be on MySpace or Bebo because they don't represent our core audience," he explains. Mr Bullock admits he was initially skeptical about having a fan page on Facebook, but having seen that business magazines such as *The Economist* has one, he became more convinced it could be a good move for Cathay.

"If *The Economist* is there then it suggests Facebook is gaining an older audience," he explains. Travel industry research company PhoCusWright notes that organisations also need to consider regional differences, pointing out that in Japan, for example, the most popular social networking site is MIXI, while in India sites such as Orkut and Facebook lead the way. According to PhoCusWright, Web 2.0 does much more than simply allow two-way conversations. "Customers communicating with other customers, or C to C, has not only triggered an unprecedented social networking phenomenon but also a resurgence in The Long Tail economy," a spokesperson for the company comments. They add that the alleged "leveling of the playing field" that was supposed to have occurred in the Web 1.0 era has now finally become a reality. "Big companies are

successfully harvesting a lot of little things, while 'Davids' are beating 'Goliaths' with intelligent and efficient approaches," explains the PhoCusWright spokesperson.

Social media, user-generated comment, blogs and other so-called "Web 2.0" technologies, have put the power very much in the hands of the consumer..

However, in their 2007 report on Web 2.0 - or Travel 2.0, as they term it - PhoCusWright highlighted that the pace at which these technologies are evolving surpasses the rate at which the travel industry is adopting them. One of the reasons for this, the report explains, is to do with knowledge - or the lack of it; another is a concern about control. "One respondent worried that an increase in consumer interactivity means less control over content and therefore lower site content quality," the report cites. It is a concern shared by many in the travel and tourism industry. "Sure there's a risk, because users are uploading their comments and their photos and yes, there are real issues about whether they're uploading the wrong thing," says Starwood's Mr. Mirman. However he believes even negative comments can be beneficial. "Giving guests control can be scary, but also very positive. Even a negative experience lets us connect to that consumer in a way that we couldn't before," he says.

Mr Mirman readily admits that while they'll allow negative comments about a destination, they don't put up negative experiences of a Sheraton hotel. "If someone has a bad experience at the hotel, then that's not necessarily about their travel experience - it's about their hotel experience and it's something we can fix," he explains. Mr Peter Smith, Vice President of Business Solutions at Amadeus Asia Pacific, agrees that there are risks, but says organisations need to learn to be more open to criticism and scrutiny. "I think there is a psychological issue here - businesses like to control a lot more than they'd admit. This Web 2.0 is really about letting go of that control; it's about letting your customers feedback to you in a very dynamic way," he explains. However Mr Smith warns that being open to negative comments is not the only issue. He explains that identity misuse is also something companies embracing Web 2.0 need to be aware of. "I could create an email address with your name, your details and 1 could go onto a

website and make some quite outrageous criticism. I could look like you," he says, adding that when such identity misuse takes place on the website of, say, a major hotel chain there is the possibility that the real person may want redress. Despite such concerns, Mr Smith says Web 2.0 is here to stay. "We won't even be talking about this in 12 months time, because Web 2.0 is becoming main stream - it's just the way we do business," he says. As a technology solutions provider for the travel industry, Amadeus has been working with its clients to provide solutions that incorporate elements of Web 2.0 technology, such as the ability for customers to interact with airline and hotel websites. "Web 1.0 was about taking content and putting that content into a web environment. Web 2.0 is more about making that content extremely reactive to the unique demands of individual consumers, but also providing reference points for those consumers who can see and contribute to the content themselves," Mr Smith explains. He adds that a further benefit of Web 2.0 lies in the internally within a company. "Organisations are social settings, therefore the tools of social networking can be used within a company to create new dynamics for development - for selling, for communications, for e-learning, for examples," Mr. Smith explains.

He says that internal blogs and chat rooms can be contribute ideas to a project dynamically - even if it's a little than normal methods of communication. Mr Smith suggests that increased internal use of Web 2.0 is just one way we'll see this trend developing in the believes Web 2.0 will no longer be locked to your computer "We have to start thinking about designing 2.0 applications that will span multiple devices, such as PDAs, mobile phones, laptops and so on," he says. PhoCusWright agrees: "Industry pundits have been touting of mobile travel for years and 2008 will be the year realized. Apple's iPhone makes it clear that smart design content accessible on smaller mobile devices:' For Cathay's Mr Bullock the future means keeping abreast trends. "Social media is here to stay," he says, "but the question is which social media will be the hot one next year:' And while he admits a question remains about how to monetarise the impact of Web 2.0 technologies, there is no doubt they are critical resources to the travel and tourism industry.

Source - PATA COMPASS - March/April 2008

"The value of being able to go to Facebook or TripAdvisor or Dopplr and say 'hey, I went to Thailand and this beach was really good, or I stayed at the Conrad in Hong Kong and it was fantastic' - that for the tourism industry is very very important."

Bold Move



Hotels and airlines need to take more decisive action on climate change

When is an idea a bad idea? When it is designed to have maximum impact but ends up having minimum effect. This is what is happening with the airlines' "help the environment" plans, particularly in terms of carbon offsetting.

I am not a nasty person. I do not want to hurt small animals or even large planets. I think it is fair that the polluter pays. But I am pretty put off by the proposals that the airlines have come up with.

We are being asked to make an extra payment - usually via an airline's website - to an environmental group to plant trees or take some other measure such as emissions trading, to reduce the harmful CO₂ effects of the flight. But - and here is the rub - it is the passengers that are being asked to pay, not the airlines! And it is this "it ain't our fault" from the airlines that has me foaming.

Qantas launched its scheme last September. On its website, CEO Mr Geoff Dixon says the carbon-offset payment "will go towards Australia based Greenhouse Friendly approved abatement programmes, which may include energy efficiency measures, generation of renewable energy and tree planting projects". Any the wiser about where your money goes?

Quest, you are being ridiculous, you might rightly think. Indeed, no airline is ever going to do that. Instead they have come up with wishy-washy schemes that do little more than make us feel better about ourselves.

Let us look at the facts. First, it could well take the entire lifetime of those trees you plant to offset the one flight you make - not just the

Lufthansa is no better. Its website tells me I should pay 38 Euros (US\$53) to offset a flight from Frankfurt to Los Angeles in economy and 56 Euros (\$78) for business class - but because it is voluntary the responsibility for your carbon footprint is left up to you.

Do not misunderstand me: I believe we should do everything we can to help reduce the damage to the planet from our travels. All of us. You, me, the airlines - everyone. But I object to the way the airlines are shoving all of the responsibility over to you and me.

If airlines were really so concerned about the environment, their websites would flash up, "Is this trip really necessary?" Followed with a further prompt, "Are you sure? Why not use video phone instead?" Then, just before you book an expensive business class flat-bed (it's heavier than an economy seat, so requires more fuel burn for fewer passengers), the website could ask, "Err ... the seat you are about to buy is the most environmentally unfriendly on the plane. You will be dumping 3.2 tons of CO₂ into the atmosphere - would you like to downgrade?" Finally, if I did go ahead and buy, the airline could automatically include the offsetting fee in the ticket price thus relieving me of the choice.

few hours it took you to cross the planet. Second, there really is no guarantee that those trees ever get planted or that the complicated offset scheme actually reduces the emissions. Even senior executives in the industry admit the schemes are neither transparent nor effective.

And as for the hotel industry, do not smirk in the corner! You are no Better. In your rooms,

the default position is the least environmentally friendly. You require us to put the card on the bed if we want to re-use Sheets. We have to hang up towels to use them again.

If the hotel industry was serious about the environment it would say "We won't change your sheets until day three, unless you tell us vise".

'Privately, airline and hotel executives tell me they would be prepared to be bolder, but they are afraid of the competition taking advantage of a perceived service disadvantage. One luxury hotel chain said its guests "expect" clean, crisp sheets every day. Well, guess what?

This is the time to be **bold**. A time for us all to say we are serious about the environment - and taking fewer trips and less tokenism is a good place to start. I have nothing against the airlines "doing their bit". but please, let us have less of the carbon offsetting and tree planting schemes. By all means plant a tree ... but you might want to stay at home to water it.

Richard Quest is a CNN anchor and correspondent. He is a key part of the politics team bringing international perspectives on the US election.

Source - PATA COMPASS March/April 2008

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