

# Outlook of domestic and international tourism

Government



**ASSIGN  
BUSTER**

## 1. Outlook of Domestic and International Tourism in the Philippines:

•According to the Philippine National Tourism Development Plan 2011-2016, DOT wanted the Philippines to be a must-experience destination in Asia. With that strategic vision, they established a general goal which is to develop an environmentally and socially responsible tourism that delivers more widely distributed income and employment opportunities as indicated by 6.6 M international arrivals and 34. M domestic travellers generating PhP1, 759 billion in total expenditure, contributing 6.78% to GDP and employing 6.5 million people by 2016. With that being said they created objectives to achieve the goal which is to improve market access and connectivity by rapidly expanding capacity of secondary international airports, expanding connectivity between Philippines and its key growth markets and implementing a strategic access infrastructure program between secondary international airports and strategic destinations.

Developing and marketing competitive tourist destinations and products by implementing a sustainable tourism destination infrastructure program, developing diversified tourism products that engage local communities, implementing a PPP-based mandatory tourism enterprise accreditation system and facilitate tourism investment and lower cost of business safeguarding natural & cultural heritage and vulnerable groups PPP-based marketing strategy and action plan.

Lastly, improving tourism institutional, governance and human resource capacities by institutionalizing roles and responsibilities of DOT and LGUs, developing a competent well motivated and productive tourism workforce and improving governance in the area of safety, security, and in dealing with

tourists. ([http://asiapacific.unwto.org/sites/all/files/pdf/philippines\\_5.pdf](http://asiapacific.unwto.org/sites/all/files/pdf/philippines_5.pdf))

•As of January 2013, DOT Secretary Ramon Jimenez, have missed the target of 5 million tourist arrivals by less than 300, 000 (4. 6 Million), and is eyeing the 5 million by the end of 2013.

He will do it by intensifying the marketing campaign overseas, increasing the number of hotels and room accommodations, and most importantly, improving the so-called one of the worst airports in the world which is NAIA.

(<http://www.abs-cbnnews.com/business/01/17/13/dot-misses-2012-tourist-arrival-target>) 2. Interest of Air Asia and Tiger Airways in the Philippine

Operation: •AirAsia has affiliates in Indonesia and Thailand, both of which could have an IPO later this year, as well as long-haul associate AirAsia X. It has also announced plans to start up an affiliate in the Philippines.

Clark will be the 13th regional hub of the AirAsia group, in addition to its bases in Malaysia, Thailand and Indonesia. Increasingly, however, AirAsia is finding that it has to share its turf with Singapore Airlines' associate Tiger, which has announced plans of its own for the Philippine and Thai market. According to AirAsia's chief executive Marianne Hontiveros, " Our choice of Clark underlines the airline's commitment to developing transportation and tourism hubs outside Manila. This is part of our plan to contribute to the development of the country as a whole. Last February 2011, Tiger said it would buy a 32. 5% stake in Philippine low-cost carrier Seair, following a marketing partnership between the two airlines late 2010. Tiger's chief executive Tony Davis says that by taking a stake in Seair, his airline would be able to take a bigger share in " a major market opportunity for low cost airlines". The move would also allow Seair to compete more effectively

<https://assignbuster.com/outlook-of-domestic-and-international-tourism/>

against local market leader Cebu Pacific, which had a successful IPO last year and is rapidly expanding both its fleet and network. (<http://www.flightglobal.com/news/articles/low-cost-carriers-growth-expectations-355702/>) •The year 2012 put the global spotlight on the Philippine aviation industry, largely due to the phenomenal performance of the low-cost carriers flying domestic and international routes. The share of budget carriers in the the Philippines in the first 9 months of 2012 has soared to an average of 60%, reflecting one of the highest in the world, according to business consultancy firm Innodata. Almost 80% of the domestic market's 15. 5 million passengers and about 30% of international's 12. 5 million flew budget airlines in January-to-September.

Since budget flights were introduced to Filipinos in 2005, the number of passengers hopping from one of the archipelago's 7, 100 islands to the next, or to Asian destinations less than 4 hours away, have been growing by leaps and bounds. The year 2012 saw the highest jumps. The promise of low fares and new destinations were key reasons for this exponential growth. Budget carriers, in turn, battled it out in this increasingly competitive playing field by acquiring fuel-efficient aircraft and testing new markets. Some beefed up their war chest by getting new owners or partners with deeper pockets or wider reach. (<http://www.rappler.com/business/18371-low-cost-carriers-drive-aviation-growth>) •“ Tiger Airways, however, said the long-term potential of the Indonesian and Philippines air travel market is promising. ” (<http://www.interaksyon.com/business/53511/tiger-airways-says-seair-unlikely-to-turn-in-a-profit-in-2013>) •The resulting operational and cost efficiencies will ensure more low fare seats are available and contribute to

the growth of SEAIR and the Clark gateway, benefiting customers in the Philippines and across the Asia Pacific region.

Avelino Zapanta, SEAIR's President and CEO, said, " With this new collaboration with Tiger Airways, we will also be able to serve more international visitors to the Philippines by offering more destinations with great value, low fares. In addition, the introduction of these new jet services will create a welcome boost to the Philippines tourism industry and create more high calibre local jobs. " Chin Sak Hin, Chief Financial Officer of Tiger Airways Holdings Limited, said, " We are very excited to be working with SEAIR as the first " Partner Airline" of tigerairways. com.

Besides the cost advantages resulting from basing aircraft and crew in Clark, SEAIR's extensive experience and brand recognition will ensure that more customers in the Philippines and internationally can access the same low fares offered by Tiger Airways when using the leading regional travel portal " tigerairways. com". Together with Tiger Airways' strong marketing and distribution platform in Singapore and across major markets in the region, it will be a powerful combination that offers unbeatable value and fares to even more travellers. ([http://www.tigerairways.com/news/OA\\_20110224\\_Tiger\\_Airways\\_Plans\\_To\\_Purchase\\_Major\\_Stake\\_in\\_SEAir\\_df](http://www.tigerairways.com/news/OA_20110224_Tiger_Airways_Plans_To_Purchase_Major_Stake_in_SEAir_df)) • " Our choice of Clark underlines the airline's commitment to developing transportation and tourism hubs outside Manila. This is part of our plan to contribute to the development of the country as a whole. AirAsia, Inc. is excited to start contributing to the economy of Clark and the rest of the country by boosting tourism and offering job opportunities to Filipinos," said Marianne B. Hontiveros, chief executive of AirAsia, Inc. " • " We plan to

make Clark the hub for flights to popular destinations including Singapore, Hong Kong, Taiwan, China, Thailand, Korea and Japan.

Travel will become much easier and more affordable for tourists and overseas Filipino workers,” Hontiveros added. Hontiveros, Antonio O. Cojuangco Jr. and Michael L. Romero own 60% of AirAsia, Inc. in equal partnership. The remaining 40% is owned by AirAsia Berhad. 3. Relevance of the Philippine population in the regional LCC’s interest of operation According to the Pacific Asia Travel Association, as of 2011, there are 114 million online visitors who check out the internet for Airlines which are aged 15 and above and who have internet access in schools, works, homes, etc.

In the Philippines, 11% of the total population has access to the internet and check out these sites for low-cost airfares. This study shows that the higher the population is the more online hits and the more famous the air carrier gets when it comes to low-cost fares. AirAsia has topped the list of most-visited websites with 3, 380, 000 visits and second is, Tiger Airways which increased 226% from 554, 000 to 1, 805, 000. Low-cost airlines in Asia Pacific have already seen substantial growth, even just in the past year.

With many of these carriers adopting highly web-centric models, it is significant that they attract more than their fair share of the young Internet users in the region. For these young travellers, low-cost airlines may be the first time that they have to book and buy their own travel, providing for many the portal into continued use of the web as an e-commerce channel. Significant upside in the market remains as Internet penetration increases in the region, and people who could not afford to travel before can now take cheaper flights.

The younger generation as well as the continued improvements in site usability and security will also begin to influence older Internet users to adopt the web as a channel for researching and booking travel. " PATA sees low-cost carriers as an increasingly important part of the travel ecosystem in Asia Pacific and this study has proven that," remarks John Koldowski, Deputy Chief Executive Officer and Head, Office of Strategy Management, PATA. " As consumers across demographic segments continue to turn to the web for their travel needs, it