

**2nd International Conference on
Tourism Gastronomy & Tourist Destinations**
Trisakti School of Tourism, Jakarta
8-9 March 2018

ASEAN Tourism in 2050

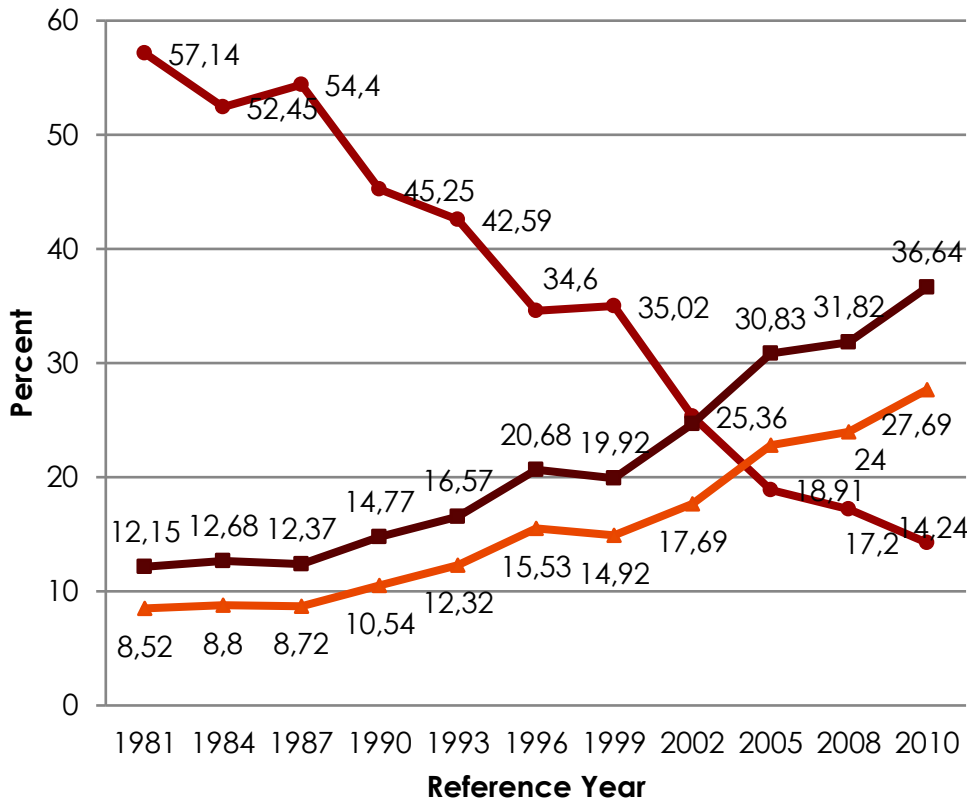
Prof. Datuk Seri Dr. Victor Wee
Taylor's University
8 March 2018

ASEAN in “Asian Century”



- **Asia** shifting from **FACTORY ASIA** towards **MARKET ASIA** and **INNOVATIVE ASIA**:
 - ASIA as growth and change driver of the world
 - East Asia is undergoing a major economic transformation
 - More open, integrated and connected ASEAN community can better respond to the challenges and opportunities of the emergent China & emerging India
- **ASEAN 2025 Blueprint envisages an *integrated, contestable, competitive, dynamic, resilient and responsive ASEAN* in the “Asian Century”**

ASEAN Progress (1)



ASEAN - 7 Poverty Rate:
1990: 45%
2010: 14%
(15.6% incl Myanmar)

ASEAN Middle Class:
1990: 15% (11%)
2010: 37% (28%)



ASEAN 3rd largest East Asian economy
ASEAN 3rd most populous in world

● Poor (<1.25) ■ Middle Class (3<x<12)
▲ Middle Class (4<x<30)

ASEAN Progress (2)

- **ASEAN: Growing Investment Hotspot:**



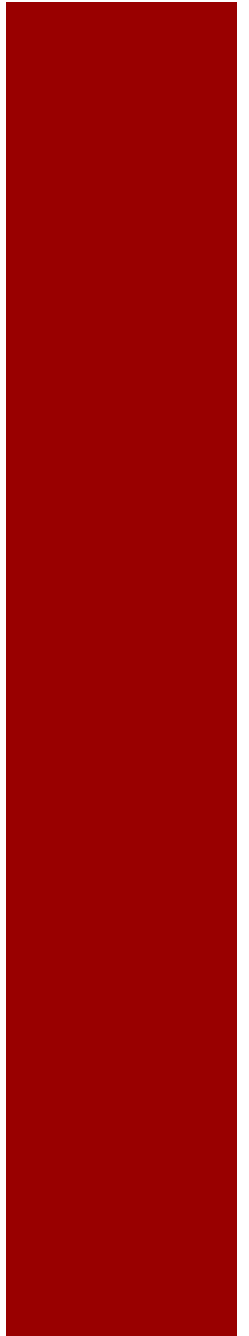
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|----------|------------------|------------------|
| ■ ASEAN: | USD 50 b (2008) | USD 126bn (2013) |
| ■ China: | USD 108 b (2008) | USD 124bn (2013) |
| ■ India: | USD 47 b (2008) | USD 28bn (2013) |

- **ASEAN capital formation more FDI-intensive (2010-2012):**



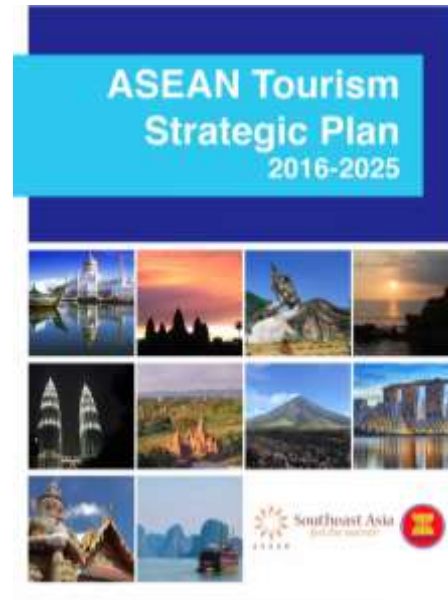
- | | | |
|----------|------|---------|
| ■ ASEAN: | 16.5 | percent |
| ■ China: | 4.0 | percent |
| ■ India: | 5.9 | percent |

Plans for ASEAN Tourism, 2016-2025



Plans for ASEAN Tourism, 2016-2025

- ASEAN 2025: Forging Ahead Together
 - Over riding plan containing Blueprints for the three pillars of the ASEAN Community, 2016-2025
- ASEAN Tourism Strategic Plan, 2016-2025
 - Outlines the vision, strategic objectives and measures to develop ASEAN as a quality destination

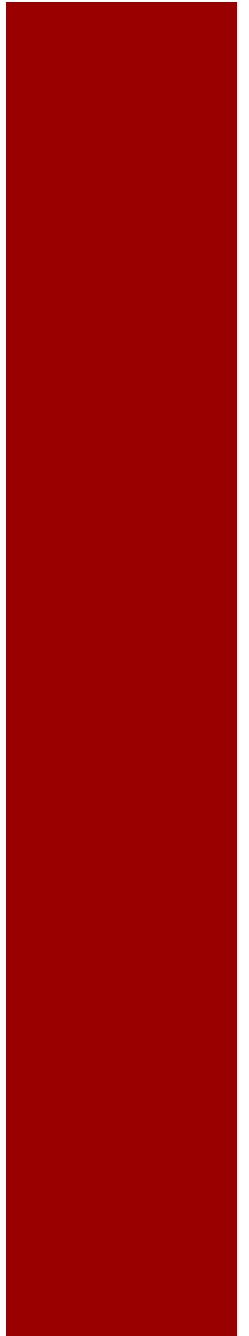


Tourism in AEC Blueprint 2025



- **Tourism listed in ASEAN Economic Community (AEC) Blueprint 2025**
- **Vision for tourism in AEC Blueprint 2025:**
 - ASEAN to be a **quality tourism destination** that is committed to responsible, sustainable and inclusive tourism development.
 - Better balance in distribution of benefits of tourism between ASEAN Member States, reduced concerns over safety and security, improved cross-border travel facilitation, and reduced transportation and destination infrastructure congestion

Direction of World Tourism



Looking back – Looking ahead



International Tourism Trend 1950-2015



Year	Arrivals (Million)	Receipt (USD Billion)
1950	25	2
1980	278	104
1995	527	415
2015	1,186	1,260

Contribution to World Economy

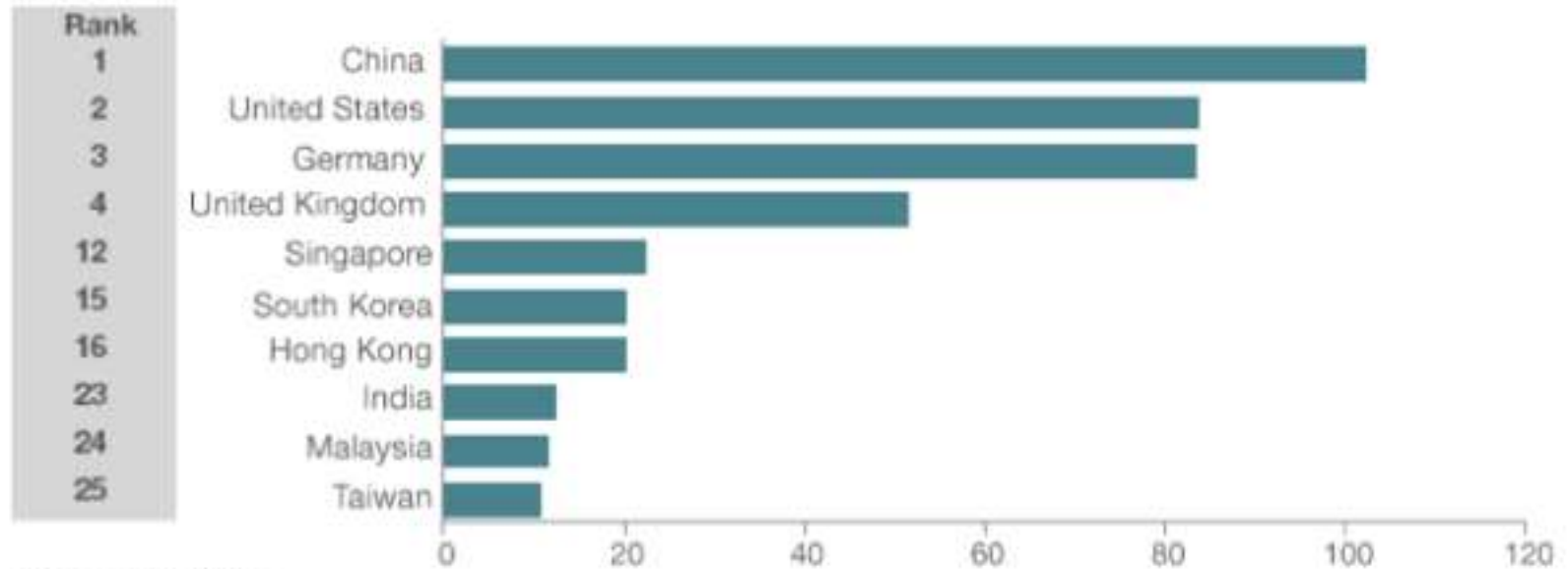
Why Tourism Matters



Asians Rank Among the Top Spenders



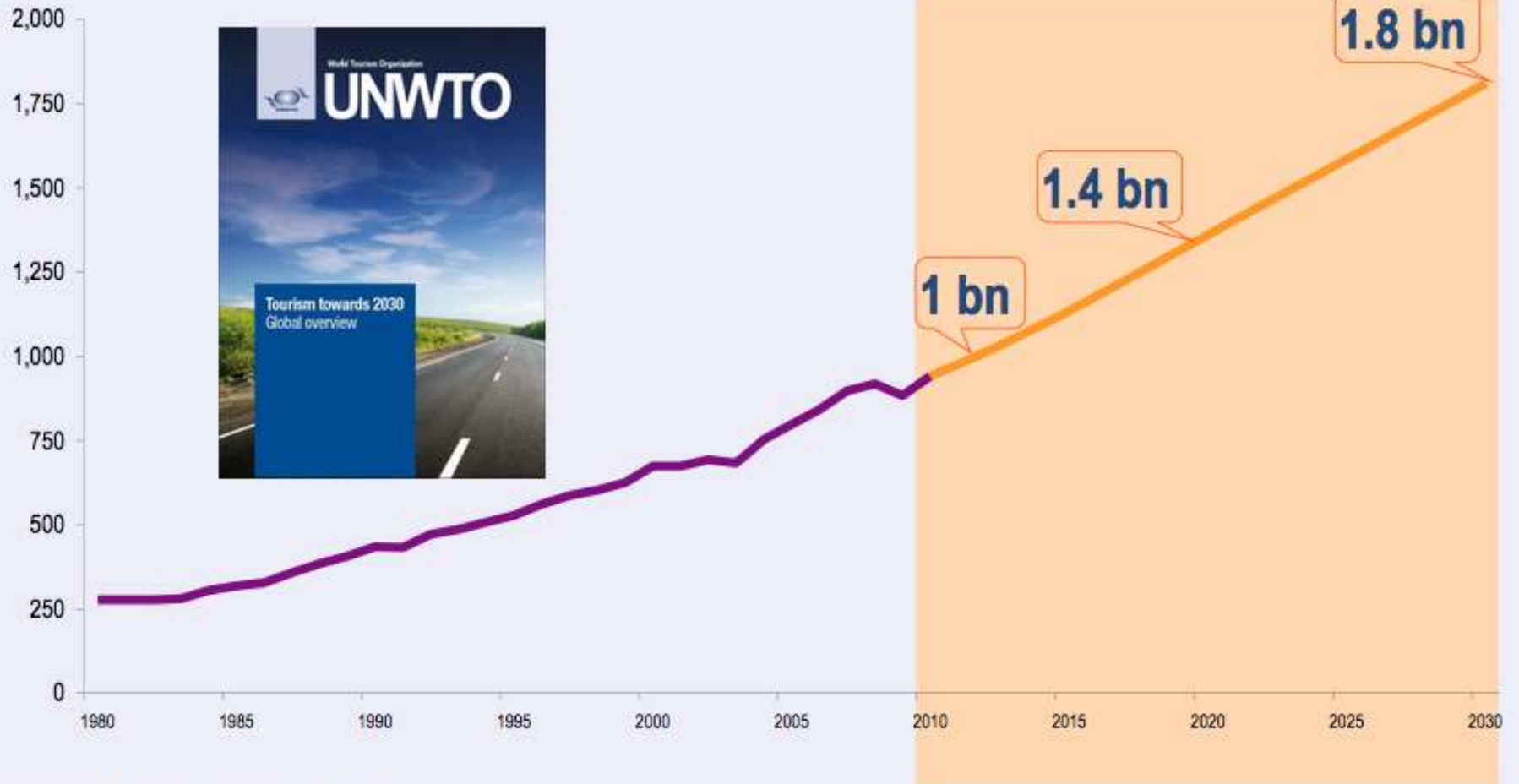
US \$ billion



Source: UNWTO

International tourist arrivals to reach 1.8 billion by 2030

International tourism, World



source: World Tourism Organization (UNWTO) ©

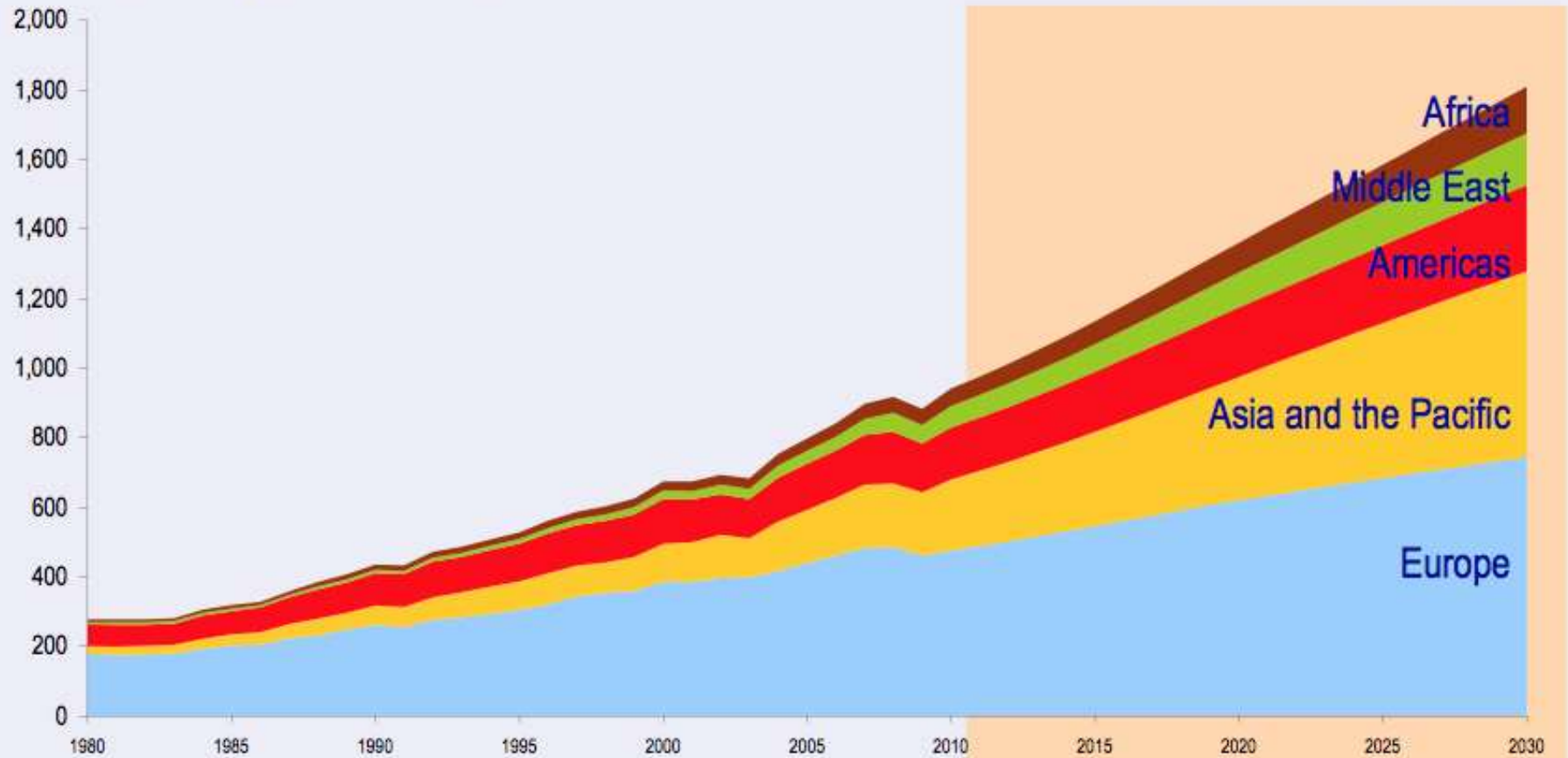
Asia Tourism Trends 2010-2030



- International tourist arrivals to Asia Pacific will increase by 331mn (from 204mn 2010 to 535mn 2030)
- In absolute tourist numbers North East Asia is fastest growing, adding 9 million arrivals per year
- By 2030, North East Asia will be the most visited subregion, representing 16% of total arrivals
- Southeast Asia arrivals will grow at 6.0% per year and triple to 210mn in 2030.

Asia and the Pacific will gain most of the new arrivals

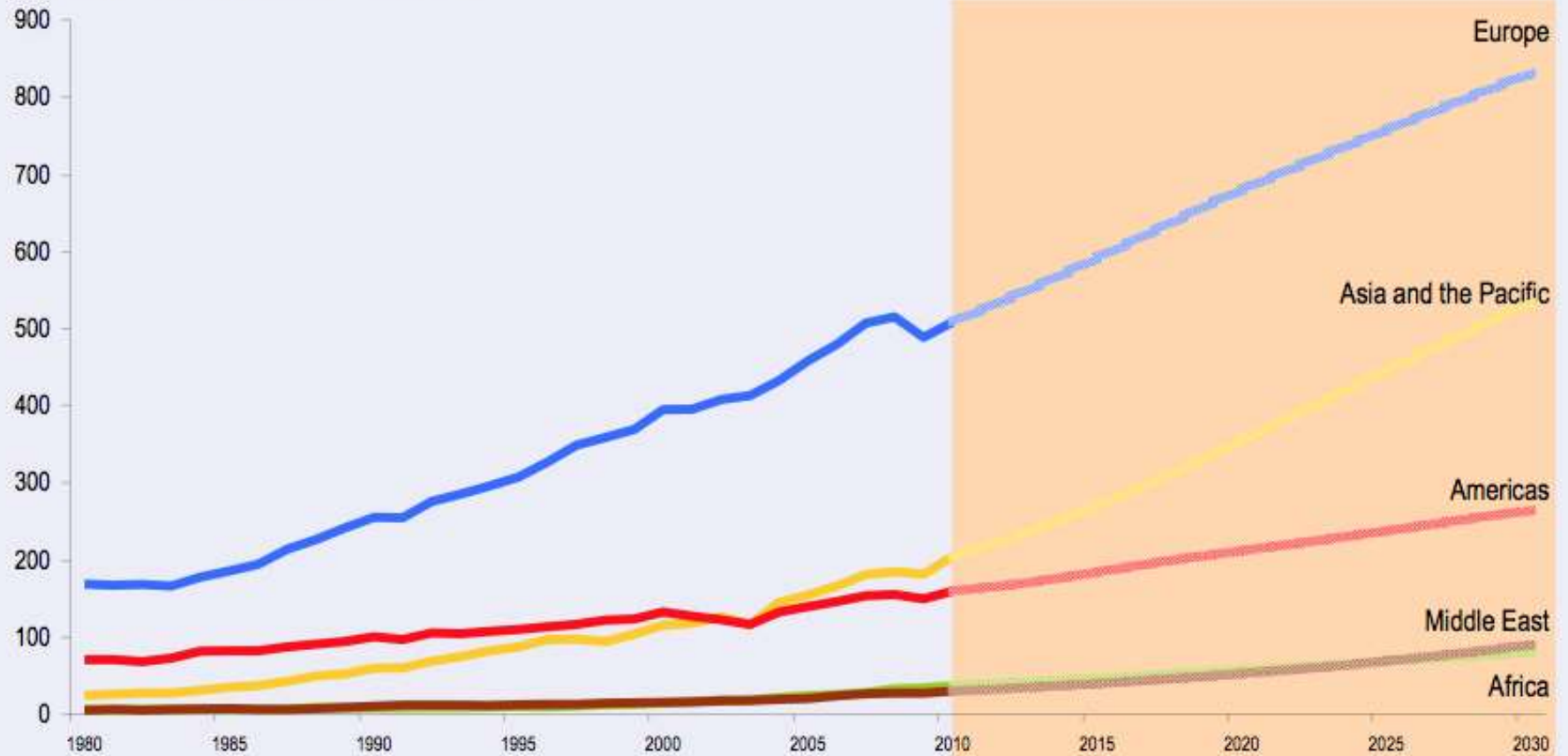
Inbound tourism by region of destination



source: World Tourism Organization (UNWTO) ©

Asia and the Pacific will also be the outbound region that grows most

Outbound tourism by region of origin



source: World Tourism Organization (UNWTO) ©

Tourism Outlook 2050

- Seismic shift in global economy up to 2050. Fivefold expansion of emerging economies & become larger than developed economy (HSBC 2011)
- Changes in income distribution, demography, ICT, connectivity, travel facilitation spur growth in travel
- Air transport growing almost 2 times GDP expansion, i.e. more people are travelling more frequently than ever before
- IATA (2012): “The passenger market will expand and diversify beyond our wildest dreams by 2050”



Mega Trends on Tourism-- Demand

- Economic growth in Asia
 - Asia's prosperity up to 2050 will be led by 7 economies: PRC, India, Indonesia, Japan, Republic of Korea, Thailand and Malaysia
 - In 2010 their combined GDP was \$14.2 trillion
 - Their GDP in 2050 will be \$132.4 trillion, accounting for 45% of global GDP

	2010 GDP \$ trillions	2050 GDP \$ trillions
PRC	5.7	62.9
India	1.4	40.4
Indonesia	0.7	11.4
Japan	5.4	8.2
Rep of Korea	1.0	3.7
Thailand	0.3	3.2
Malaysia	0.2	2.6
Total Asia-7	14.8	132.4

Growth of Middle and Upper Class, 2030 & 2050



The Asian middle class will grow sharply over the next 40 years. This will stimulate growth of tourism and spending at the destination.

	2030			2050		
	Middle Class Population	Upper Class Population	GDP per capita (PPP)	Middle Class Population	Upper Class Population	GDP per capita (PPP)
PRC	1,120	40	21,100	1,240	190	47,800
India	1,190	15	13,200	1,400	210	41,700
Indonesia	220	5	13,500	250	40	37,400
Japan	100	20	48,900	60	40	66,700
Republic of Korea	30	20	60,200	10	35	107,600
Viet Nam	80	2	11,900	100	15	33,800
World	4,990	580	19,400	5,900	1,500	36,600
US	185	190	65,500	120	290	98,600
Germany	50	30	51,300	25	50	77,800

Source: Centennial Group projections, 2011.

Mega Trends on Tourism-- Demand



- Demographic trends
 - **Silver Hair Tourists:** In 2030 world population over 60 years reach 1.4bn; live well beyond 65yrs; ready to spend & travel; require highly personalized services; soft adventure for “feeling young”; health and wellness products
 - **Generation Y & Z.** “Millennials” will represent 50% of all travellers by 2025. Want tourism services to be linked with lifestyle, tech savvy, with focus on empathy and customer connection.
 - **Disabled Travellers.** Accessibly Tourism or Barrier-Free Tourism where disabled travellers are able to function independently through universally designed tourism products

Mega Trends on Tourism-- Demand

■ Health and Healthy Lifestyles

- Taking care of personal health and wearable technology
- Treatments, relaxation, healthy diet and medical-focused destination spas for real time health monitoring
- All-encompassing life coaching on nutrition, physical exercise, stress management, goal setting and empowerment

■ Spectrum of Health Tourism



Mega Trend on Tourism-Supply

- Airline alliances (One World, Star Alliance, Sky Team)
- Low-cost carriers (RyanAir, AirAsia, EasyJet, JetStar, etc.)
- Mega hubs in the Middle East, Turkey
- Cruise lines
- All-inclusive resorts
- Non-traditional operators (Service apartments)
- Online direct booking: OTA – Online Travel Agencies
- Vertical integration (Tour operators, travel agents, airline, resort, attraction, etc.)
- Internet and social media



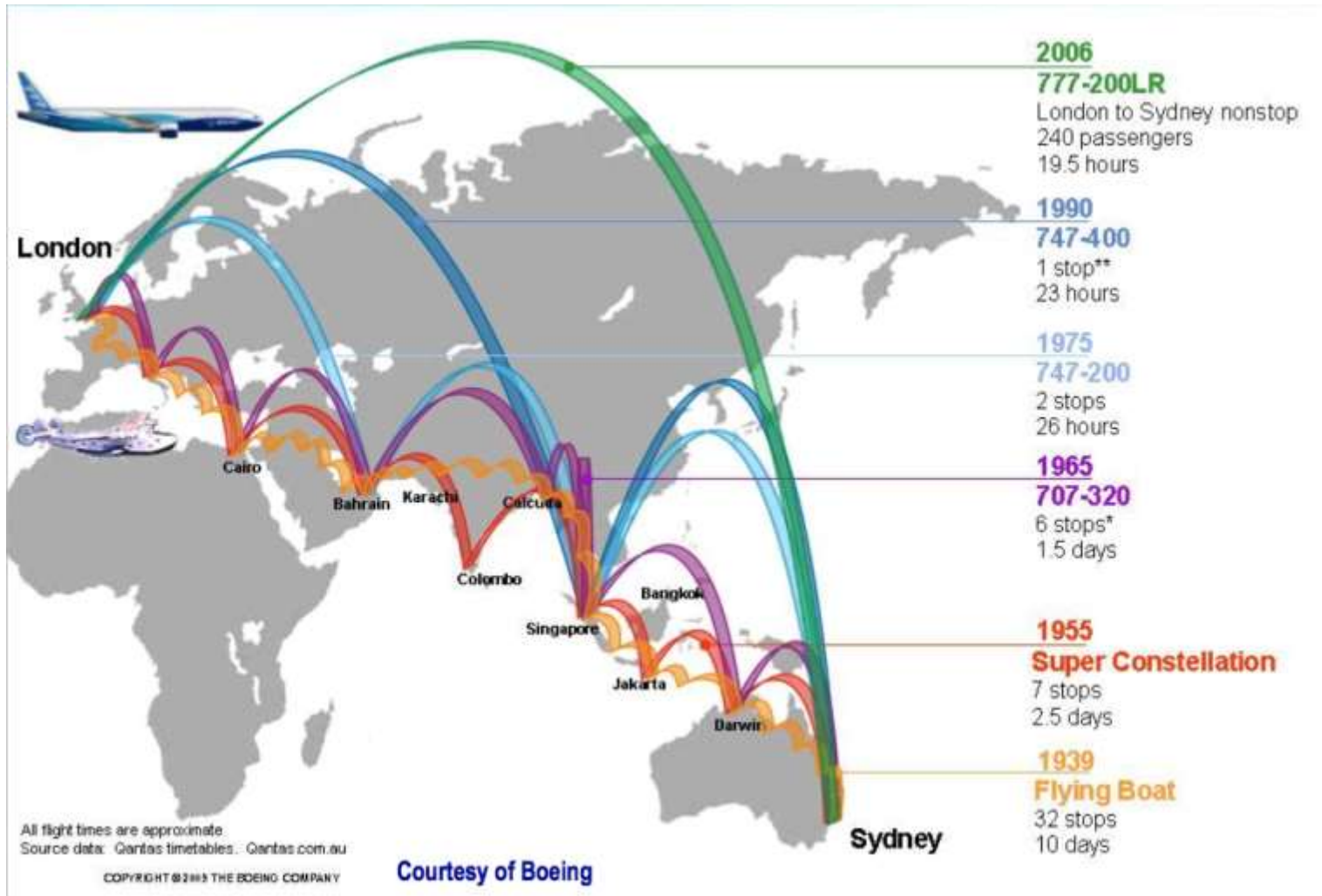
Mega Trends on Tourism— Supply



■ **Transportation & Connectivity**

- Air (intraregional connectivity through low-cost carriers)
- Road (Highway connections across Asia, Middle East, Europe)
- Rail (high speed train linking Singapore to KL, Bangkok, China, Central Asia, Europe)
- Sea (Uptrend in cruise industry in ASEAN)

Breakthrough In Airplane Capabilities



Cost for Flight From Sydney to London



Growth of Low Cost Carriers & Connectivity

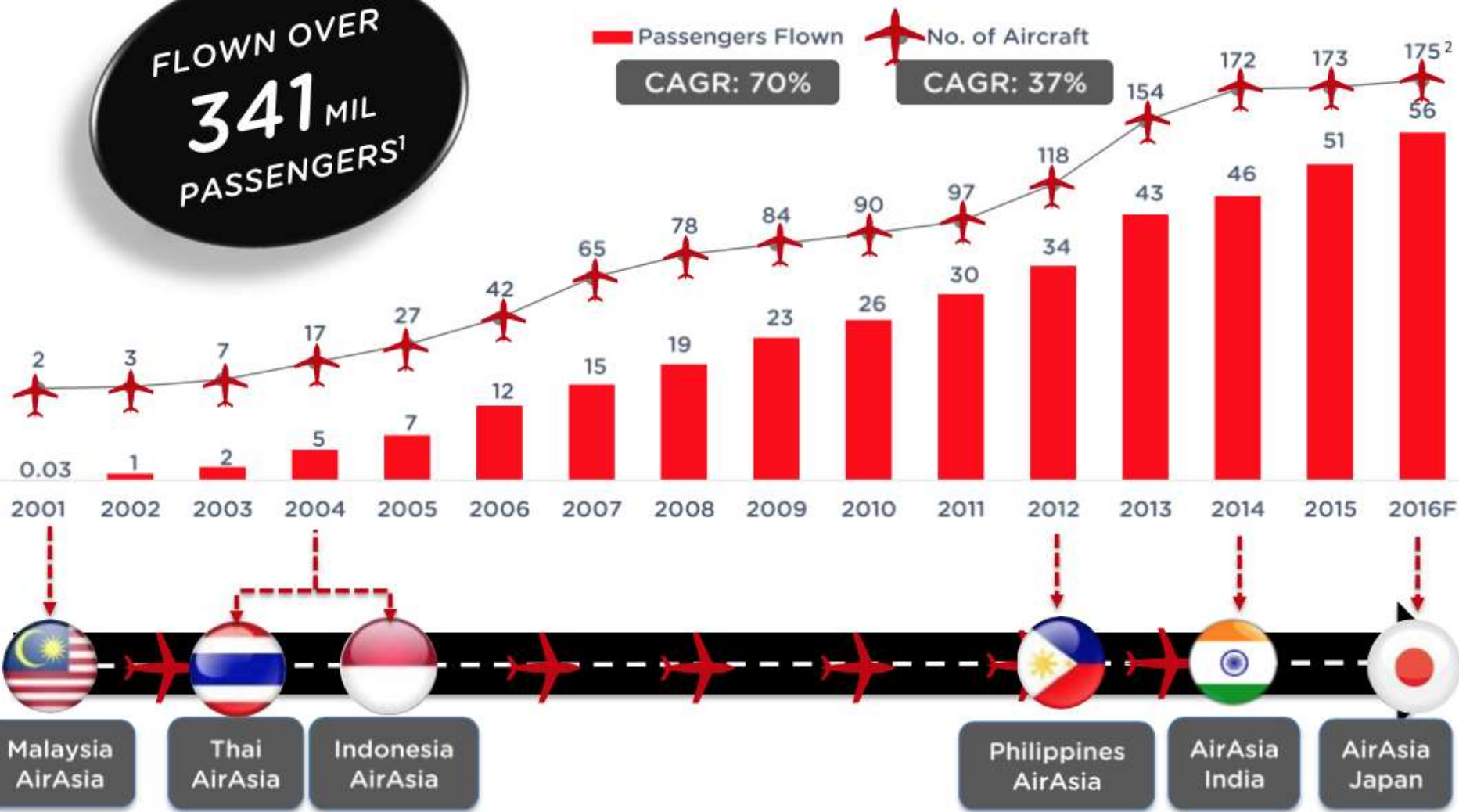


- Increased connectivity within the region especially with the growth of LCCs have a profound effect of travel and tourism
- Low cost carriers (LCCs): 132 in the world, 61 in Asia, 27 in Southeast Asia, 5 in Malaysia
- India, Thailand & Malaysia account for more than 50% of global LCC growth
- In 2015 AirAsia has a wide network of 120 destinations spanning 24 countries and carrying 55 million passengers across Asia with its 173 aircrafts

AIRASIA'S PHENOMENAL GROWTH

FROM MALAYSIA TO ASEAN TO ASIA

FLOWN OVER
341 MIL
 PASSENGERS¹



All figures refer to MAA, TAA, IAA, PAA, AAI (Excluding AAX)

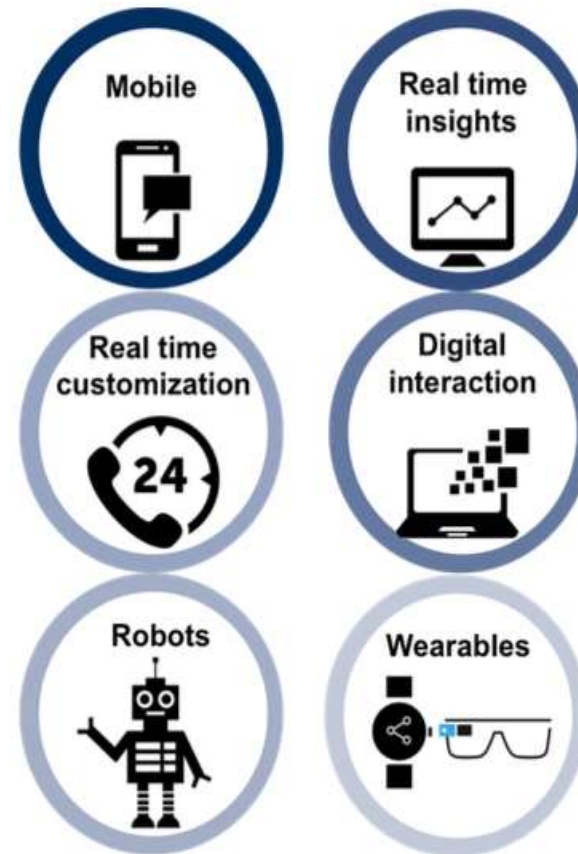
¹ YTD Jun 2016 for MAA, TAA, IAA, PAA, AAI (Excluding AAX)

² Excludes 7 aircraft for sale

Mega Trends on Tourism— Supply

■ Technological Revolution

- Global technology outlook
- Key Influences on Tourism
- Digital Technology (Virtual Reality, Augmented Reality, Mixed Reality)
- Robots (maintenance, guest service, room service)
- Holograms with avatars (reception, staff)
- Interactive displays, smartphone and gadgets



Impact of Technologies on Tourism



- Changes in technology transform tourism services. Travel agencies need to reinvent themselves
Global Distribution System → Online Travel Agents → Cybermediaries
- Travellers depend on social media to make travel decisions & share travel experiences
- The sharing economy lead to more personalized tourism experiences (e.g. Airbnb, Couchsurfing)
- Technology makes travel more accessible to disabled and other segments of the market
- Cloud computing and Big Data can lead to more efficient services provision and targeted marketing

Talent Development



- Between 2010-2020 Malaysia's tourism industry estimated to require 497,000 more workers, Its experienced staff pinched by other countries.
- Asia face shortage of 8 million workers in tourism industry during this period.
- Close collaboration among industry, training providers & government required to get right people with right skills at right time
- Need to depend on foreign workers

Looking to the Future: Challenges & Opportunities in ASEAN Tourism

- Differences in culture and expectations—marketing opportunity to people within the region
- New types of travellers from the expanding middle class
- Diverse purchasing power. Opportunity for lower-priced and value-for-money travel opportunities
- Varied infrastructure and travel facilitation e.g. finalization of visa-exemption agreement and creation of ASEAN Single Aviation Market (SAM)



THE FUTURE IS BRIGHT

FOR ASEAN, INDIA, CHINA & THE REST OF ASIA

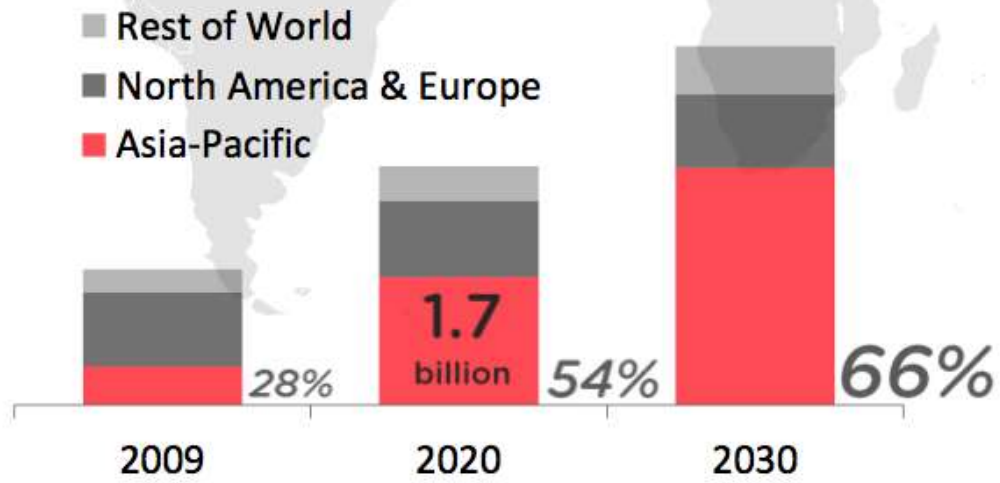


North America
pop. 357 mil.
2.5 flights per capita

European Union
pop. 509 mil.
1.3 flights per capita

ASEAN +2
pop. 3.3 billion
0.3 flights per capita

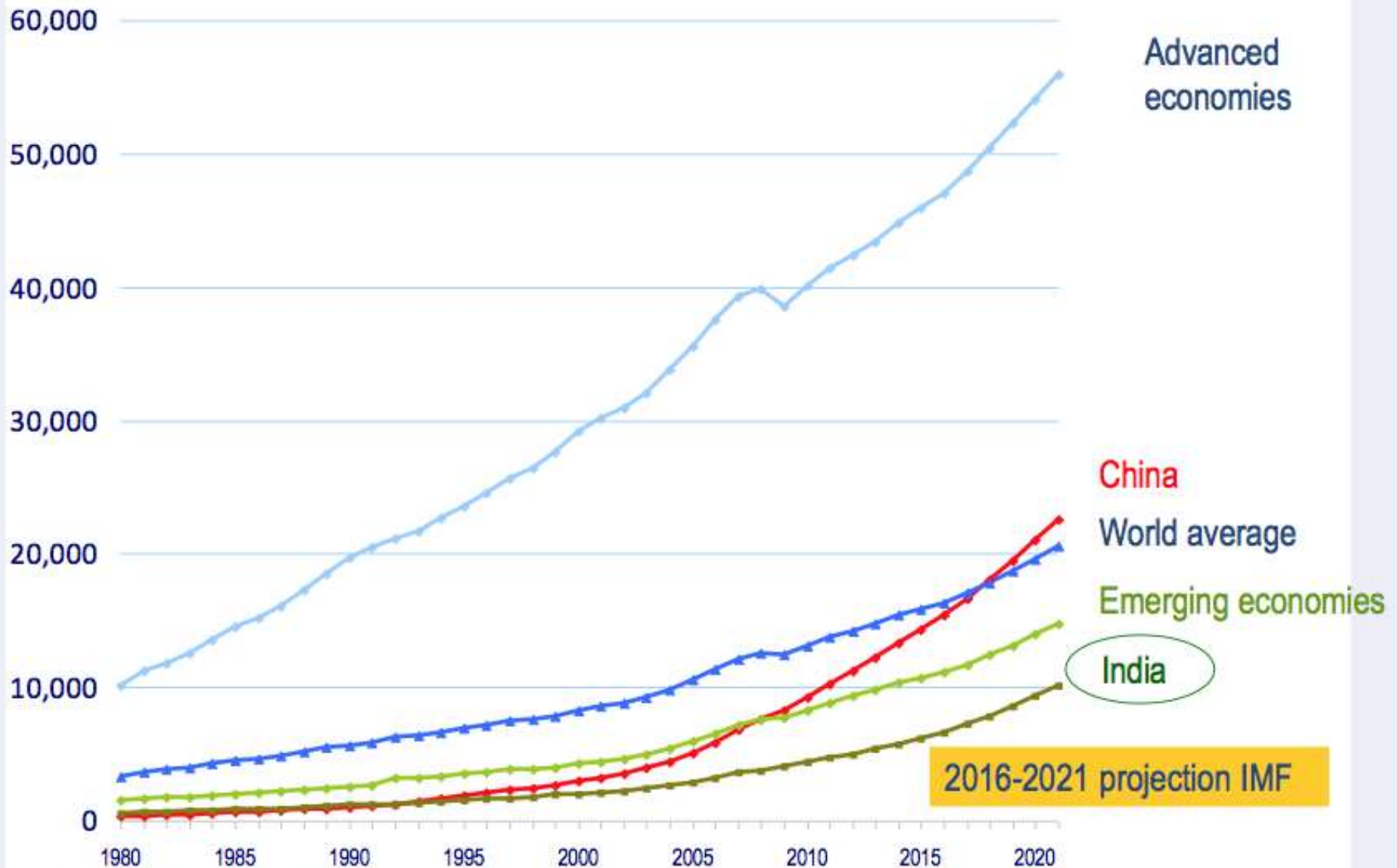
Expanding global middle class



Source: World Bank, IEMS, Kharas and Gertz, 2010

India next?

Gross domestic product per capita GDP (based on purchasing-power-parity (PPP))



Thank You

