

SINGAPORE'S TOURISM SLOWING DOWN



The upward trend previously witnessed by the tourism industry in Singapore is no more. If anything, the speed of growth is likely to dip by 50% over the next decade.

The shift is attributed to the stiff regional competition, with all players targeting the same tourism market. The labor market in Singapore is also stretched.

These are the remarks of S. Iswaran, the Second Minister for Home Affairs, Trade and Industry who commented a recent tourism report. **The report predicts a tourist arrival growth of 3-4% every year.** Over the next decade, tourist expenditure is projected to grow by 4-6% only.

This is a significant drop compared to the period between the years 2002 and 2012. During this period, visitor arrivals increased at a compound rate of 6.6% annually. Tourism revenues also increased by 10%.

It should be noted that this growth coincided with the unveiling of key projects including Formula One Singapore Grand Prix and the two integrated resorts, and is 'not sustainable' according to Mr. Iswaran. These events could have been the motivation for the unusually high number of tourists that visited the country.

During a recent Tourism Industry Conference, he told the 600 delegates that a growth model that is only reliant on sheer quantitative growth is not sustainable any more. He noted that the country needed to find ways of achieving viable quality growth which is targeted at deriving returns from every tourist.

In 2012, an approximate 14.4 million tourists visited Singapore. This is a growth of 9% from the previous year. Their expenditure was \$23 billion, an increase of 3% from \$22.3 billion the previous year.

Tourism revenues are likely to go up slightly this year (between 3.2% and 6.5%). The growth in visitor arrivals will dip to between 2.8% and 7.6%.

Mr. Iswaran said that one of the viable solutions is to appeal to more high spenders not forgetting the regular visitors. He advised the stakeholders to establish additional products for tourists in the lifestyle and business segments. For instance, the Singapore Tourist Board and National Parks Board are considering turning Fort Canning Centre and Black Box Theatre into an Asian themed museum equipped with modern art.

Speaking at the same event, STB's head Lionel Yeo noted that competition was getting stiffer. **South Korea and Macau have new integrated resorts, Shanghai and South Korea will soon house Universal Studios and Bangkok is looking into hosting an F1 night street race by 2015.** He added that most of the competitors were after similar markets and sectors. This coupled with a tight labor market is bound to further complicate the situation.

Companies like the Chan Brothers Travel had to postpone arrangements for a new subsidiary brand focusing on private clients owing to staff shortage, as confirmed by CEO Anthony Chan. The

company could not find sufficient employees to run the anticipated office.

With this trend, the hotel sector is not safe either. Room inventory is expected to grow by over 20% to 53,000 by 2015.

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