

Cambodia Reaching New Heights

As much of the world struggles to post growth, Cambodia's tourism and hospitality sector continued to expand and diversify, attracting more intra-regional activity and especially from major emerging markets in Asia, MICE segments, as well as traditional leisure clientele.



Like neighboring countries Thailand, Vietnam, Malaysia and Laos, Cambodia has quickly emerged into a well sought-after tourist destination, possessing exceptional assets and unparalleled opportunities.

From its World Heritage gem Angkor Wat in Siem Reap, to pristine beaches, wilderness, culture, history and people, Cambodia represents all that is Southeast Asia, yet also extremely unique in its own right. Its wedged location also makes it an ideal transit route; both for international visitors, as well as intra-regional traffic.

Together with extensive government initiatives and foreign investment, tourism has boomed since the mid-1990s. And despite limited (but ongoing) infrastructure improvements – currently revolving around the three major locations Phnom Penh, Siem Reap and Sihanoukville – the sector is poised to continue growing remarkably in the years ahead.

Cambodia's ability to maintain stable visitor flow from traditional markets in Europe and the West, whilst at the same time attract new visitors from nearby countries and emerging power markets such as China, India and Russia has been fundamental. As has its ability to diversify clientele segments and receive a lot more MICE segments.

Evidence of growth clear in statistics

Between 2000 and 2011, international tourist arrivals to Cambodia increased remarkably, from less than half a million to over 2.5 million, representing a compound annual growth rate (CAGR) of 18%. All other key indicators also recorded great growth. Average length-of-stay has grown from around 5.5 days to 6.45 days, hotel occupancy from 45% to over 66%, and tourism receipts \$228 million to over 1.7 billion.

No doubt, much better air transport and accessibility infrastructure has contributed to this growth, as has improved accommodation standards, tour packages, and above all more positive destination marketing and promotions.

Although almost all global markets record growth, the most powerful performances come from emerging markets, namely Asia, Eastern Europe, Nordic–Scandinavia and Africa – economies that were less affected by the economic downturn. No doubt, this is also what has allowed Cambodia to be resilient to the slowdown in global tourism.

“Asia is of particular importance, but the interesting thing about Cambodia is that it appeals to so many markets. We have guests coming from Australia and the US, South America and Europe but mostly the growth is and will continue to be coming from Asia,” confirms Director of Sales & Marketing, Sofitel Cambodia, Gregory Tugendhat.



Overall, Asia and the Pacific records 16.6% growth over 2010. Standouts are neighboring ASEAN countries such as Myanmar, Laos, Philippines, Indonesia and Vietnam, Eastern Asian markets, including China and Korea, as well as India. Eastern Europe records a staggering increase of over 68%, mainly driven by Russia with over 98% growth and Ukraine with 37%.

Other important results from single markets in 2011 come from Argentina (+136%), Brazil (+45%), other South American countries, Nordic countries, and South Africa.

Vietnam is Cambodia’s largest feeder market, with over 21% market share in 2011. According to general director, Ministry of Tourism, Tith Chantha, this is due to the nation’s proximity. “In recent times, we see the Vietnamese at the top of the market because this nation is close to us and they can access Cambodia (boat, plane or land),” he says.

Korea is the second largest feeder market at present with almost 12% share and an increase in arrivals of over 18% in 2011, followed by China with 8.6% share and an increase of over 39%. China is now expected to increase even more in the years ahead as the industry shifts its focus to this massively emerging market.

“In future, we hope that Chinese tourists will hold the record,” states Chantha. Tourism and Government Officials are hoping that the number of Chinese visitor arrivals to the country would increase to one million by 2020, supported by a recent bilateral trade agreement between the two countries, as well as more direct flights.

“We will also encourage owners of hotels, restaurants and tourism resorts to use three languages – Khmer, English and Chinese – in billboards, or promotional leaflets or brochures,” explains Cambodia’s Minister of Tourism, Thong Khon. “We believe the target is within reach because the country is politically

stable and there is plenty of tourism potential. Diplomatic ties between Cambodia and China are excellent, too.”

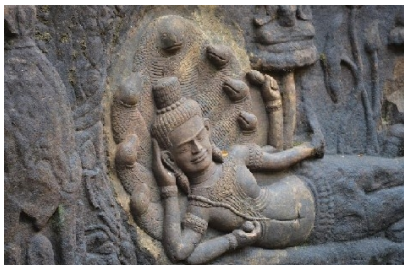
Meanwhile, international visitor arrival numbers continue to increase in 2012, up by 28% during the first quarter over the corresponding period last year, with Vietnamese visitors representing 18% of the market. Over 151,000 Korean tourists or 15% of the market traveled to Cambodia followed by Chinese, Japanese, Russian and UK tourists.

“There is a projected increase in visitor numbers over 2011 and as the ASEAN presidency is chaired by Cambodia in 2012, there will no doubt be increased awareness in the surrounding region of what it is that Cambodia has to offer, thereby further increasing interest into the country,” continues Tugendhat.

Hoteliers enjoying results

These results only verify Cambodia’s appeal for tourism-related investors. The country is perceived as one of the major destinations for tourism development in the Southeast Asia, with immense opportunities in all areas, including hotel infrastructure, but also sustainable-, eco-, agro- and other culture based tourism.

Hoteliers verify this positive momentum, both in actual performances and in new markets/clientele segments such as corporate and MICE, whilst explain how it all must continue in order to better evolve.



“In 2011, we recorded an increase in room sales of around 10% to 15% over 2010. This was mainly fuelled by more visitors from Asian countries, as well as a lot more business customers,” says President, Cambodia Hotel Association and owner of Almond Hotel Group, Luu Meng.

According to Meng, Cambodia is also an ideal traveling choice due to its competitive prices over neighboring countries, and overall value-for-money offering. “We now need to introduce a lot more direct flights in order to attract the right visitors, as well as conduct greater destination marketing and promotions.”

Senior Sales Manager, Sunway Hotel Phnom Penh, Touch Angousspheap also talks about how the market must shift accordingly. “We are experiencing moderate growth year-on-year but mindful that there is a general shift in the market with a reduction in arrivals from EU states due to the continuous financial instability. It is anticipated that arrival from Asia Pacific and the emerging East Europe and Asian markets will increase as travelers are more affluent and with higher disposable income.”

“To further entice and enhance arrivals into Phnom Penh (and the rest of Cambodia), further direct air transport at affordable rates will need to be increased, connecting both domestic destination; Siem Reap and Sihanoukville. Meanwhile the newly introduced “Open Sky” concept for international airlines will hopefully boost Phnom Penh as a primary or transit destination,” adds Angousspheap.

“At Raffles Hotel Le Royal we receive a very healthy mix from each market segment. We have corporate travelers, diplomats, politicians, corporate group meetings, corporate incentives as well as special interest groups and leisure groups. The season that sees the most leisure guests is Oct – March and this would be classed as our peak season. In Siem Reap at Raffles Grand Hotel d'Angkor there are more leisure individuals, leisure groups, incentives and some corporate retreats and executive meetings,” explains Director of Sales and Marketing, Raffles Cambodia, Gareth Walters.

“Every indication is that 2012 should be a successful year with results at a higher level than in previous years. We see a growth from certain countries and guests that have already been to Vietnam and Cambodia.

“The International press related to Song Saa Island is very positive and should also help Cambodian tourism. Increased flights between Vietnam and countries such as UK and the UAE should boost Siem Reap. However, there would still be a need for further activities to bring more leisure guests to visit the capital, Phnom Penh,” continues Walters.

“A more regional approach – expatriates in neighboring countries. Weekend packages, breaks and the right offer at the right time. Packages that include both Siem Reap and Phnom Penh. Deep meaningful relationships with established partners. A proactive approach to press visits, familiarisation trips and ensuring that we are very active in both the local and International marketplace.”

By Michael Komodromou (Market Development & Research manager, MKG Hospitality)

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