

SINGAPORE TOURISM FACES A CHALLENGING YEAR



Singapore tourism sector is expected to record a slowdown in its growth this year. The reason is that many tourists are tightening their belts as global economic weakness becomes more pronounced.

The decline in the Chinese as well as US markets, uncertainties caused by ongoing reforms in China and normalization of monetary conditions in the USA negatively affect the global economy as well as tourism. Further, **the Singapore dollar will continue to remain strong in 2016, which in turn would encourage regional tourists to spend less during business and leisure travel.**

Singapore is expected to face regional competition as well. According to Singapore Tourism Board (STB), 2016 will be a challenging year because of all these reasons.

In 2015, visitor arrivals to Singapore increased by just 0.9 percent on year over year basis to 15.2 million. On the other hand, spending dropped as much as 6.8 percent to \$22 billion. These figures are much below the targets of 17 million in visitor arrivals and \$30 billion in Singapore tourism receipts set by STB in 2004.

Fewer business travelers and smaller spending per person were projected as the main reasons for not achieving the targets. Further, a depreciation of the currencies of some of the main source markets such as Malaysia, Indonesia and Australia also contributed to the reduction in tourist arrivals as well as their spending.

STB's forecast for the year 2016 is a growth of zero to 2 percent to \$22 to \$22.4 billion in tourist spending and zero to 3 percent to 15.2 million to 15.7 million in visitor arrivals. Industry analysts opined that a concerted effort has to be made to overcome the issues as they are not at all new challenges being experienced by the Singapore tourism market.

Michael Chiam, senior tourism lecturer at Ngee Ann Polytechnic, said that new visitor markets (secondary cities in India and China) should be considered as well as improved marketing strategies for promoting local cultural heritage to attract repeat visitors.

Mr. Kevin Cheong, Singapore Attractions Association chairman, said that tourist attractions in Singapore should work together to emphasize uniqueness, diversity and authenticity. He also noted that Singapore tourism operators need to review their pricing structure in view of the competition offered by regional destinations such as Malaysia, Australia and Thailand.

The contribution of Singapore's tourism sector to the country's GDP in 2014 was about 4 percent. Over the years 2010 to 2015, the compounded annual rate of growth in tourist receipts and arrivals was 3.1 percent and 5.5 percent respectively. Key industries in Singapore tourism industry include the hotels, resorts, cruise, arts and entertainment and attractions.

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