

PHILIPPINE TOURISM 2012: GEARING FOR MORE FUN AND PROGRESS

Tourism Arrivals' Record-Breaking Year

Philippine Tourism has reached a new milestone for achieving 4,272,811 visitor arrivals which was a 9.07% increase from the 3,917,454 tourist who came in 2011. This is the first time that the country passed the 4 millionth arrivals.

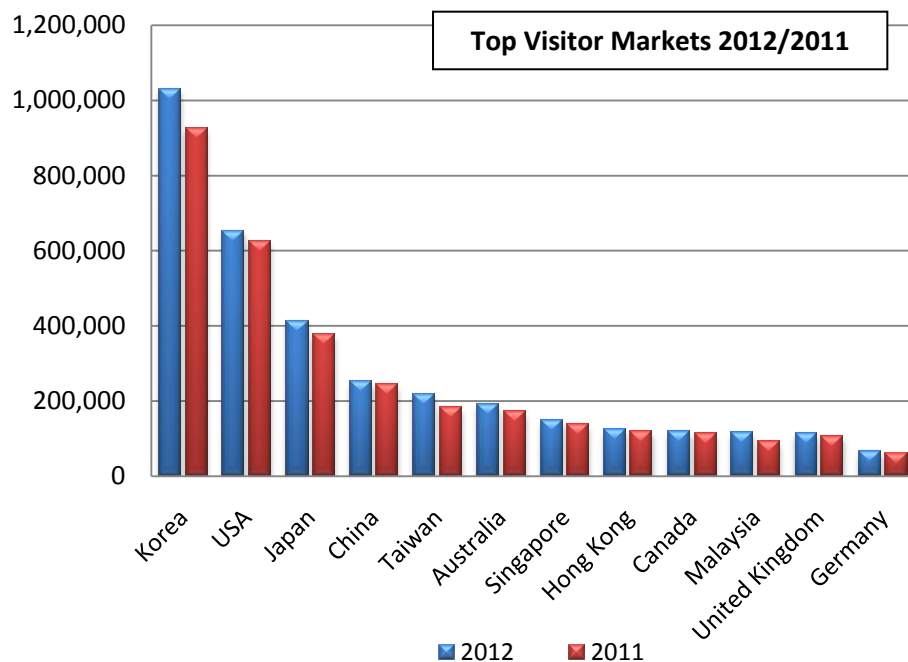


Korea continues to be the country's largest visitor market with its 1,031,155 arrivals that accounts for 24.13% share of the total visitor volume to the Philippines. The said market rose by 11.45% from its 2011 count of 925,204 arrivals.

Another record was achieved by the tourism industry as it is the first time that a source market of the Philippines reached its 1 millionth visitor.

Three key markets of the country have surpassed its target arrival for the year in review, namely, Japan which provided 412,474 visitors which is 3.86% higher than its target of 397,141; Taiwan, surpassing 10.46% of its arrival target of 196,008 by registering 216,511 arrivals; and Russia which recorded a 22.12% more arrivals than its target of 23,149.

The feat continue as some markets recorded double digit gains highlighted by Russia which recorded a 40.05% increase from 20,185 in 2011 to 28,270 in 2012. Malaysia likewise experienced high growth rate of 24.81% by producing



114,513 arrivals vis-à-vis its 2011 arrivals of 91,725. Australia grew by 11.96% by contributing 191,150 arrivals against its previous year's volume of 170,736.

Record shows that all major markets of the country registered growth in arrivals. Following the Korean market, the US market constituted 15.27% of the total inbound traffic by producing 652,626 visitors to the Philippines. This figure is up by 4.50% from 624,527 in 2011. The Chinese market provided 250,883 visitors or 5.87% of the total. It showed a moderate increase of 3.19% over 2011's volume of 243,137 arrivals.

Other markets with substantial contribution to the overall visitor arrivals include Singapore with 148,215 arrivals, Canada with 123,699 arrivals, Hong Kong with 118,666 arrivals, United Kingdom with 113,282 and Germany with 97,023 arrivals.

International Visitors are not the only thing on the rise for 2012, domestic travelers also showed a dramatic 8.53% increase from 37.5 million travelers in 2011 to an estimated 40.7 million for the year. This figure is well on its way to the projected 56 million annual domestic travelers by 2016.

The Philippine tourist market profile shows that Tourist Receipts in 2011 reached 2,993.97 Million US\$ with a 739 US\$ average expenditure per capita. In addition to this, the average length of stay of tourists in the Philippines extends to 8.04 nights.

Continuing Tourism Development

With the encouraging performance of Philippine Tourism in 2012, the Philippine Department of Tourism (DOT) carries on with the implementation of the three strategic directions of the National Tourism Development Plan (NTDP).

On developing and marketing competitive tourist products and destinations, the Department, as stated in the National Tourism Development Plan continues to develop and improve on its product portfolio which includes (but are not limited to) Nature Tourism, including the strengthening of the ecotourism drive in the country with the assessment and reconsideration to the National Ecotourism Strategy; Cultural Tourism, with the Kulinarya Food Trips featuring the country's vast array of culinary delights and the Rizal Heritage Trail celebrating the history of our national hero to name a few; Sun and Beach Tourism with the continued rise of destinations such as Boracay and Cebu in the global scene and some emerging destinations as the Zambales Coast and the treasure down south in Santa Cruz, Zamboanga, beach destinations proves to still be the most popular product of the country; Leisure and Entertainment Tourism with the numerous shopping and recreation developments focused in the Metro Manila area; MICE and Events Tourism, with the avid promotion of the Philippines as a prime MICE destination in the region; Health, Wellness and Retirement Tourism, this being a very promising product with the existence of facilities such as The Medical City, St. Luke's Medical Centre, and Chong Hua Hospital among others; Cruise and Nautical Tourism which is a main product for development in the ASEAN, given the region's very promising seascapes, this product has largely developed with the visit of 17 cruise ships in 2012 at the ports of Manila, Cebu, Puerto Princesa, Romblon, Cagayan, and Subic; Diving and Marine Sports Tourism,

enthusiastically promoting the twinning of Davao and Manado with the SEafari program; and Education Tourism where English as a Second Language (ESL) with the 34 DOT partner training centers which plays major part in the country's competence. The Tourism Infrastructure and Enterprise Zone Authority has also delivered positive reports for 2012 with the designation of three Tourism Enterprise Zones namely: Ciudad de Victoria in Bocaue, Bulacan; Resorts World Manila, the new prime entertainment complex right across the NAIA Terminal 3; and Queen's Castle.

Some other developments in tourist infrastructure includes the SM Bay City Arena is the newest structure at the Mall of Asia (MoA) complex where large events like concerts, circus, ice shows, sports and entertainment events can be held. It has a seating capacity of 16,000 for sporting events, and a full-house capacity of 20,000. Also, envisioned by the Provincial Government of Cebu to promote Cebu as "*The Broadway of the Philippines*," the Cebu Cultural Center or CCC was formally opened on March 16, 2012 via the hit musical *Les Miserables*. The new premier venue to showcase the best of Cebuano culture and talent, the CCC was built with the aim of creating awareness and to upgrade the talents within Cebu through Cebuano-organized or produced shows. Complementing the Cebu International Convention Center (CICC) in Mandaue City, the 1,600 capacity CCC is being managed by the Philippine Exhibits & Theme parks Corporation (PETCO) which also currently manages the CICC. Furthermore, the Department, in cooperation with the Puerto Princess local government unit has developed the online booking system for the Puerto Princesa Underground River tours to better the service and operations of the PPUR - listed as one of the New 7 Wonders of Nature.

Duty Free Philippines' strong performance in 2012 shows growth in sales to \$ 234 million, a \$ 12 million increment over 2011 sales of \$ 222 million. DFP surpasses its targets by a 107 % gross of the target \$ 218 million. The agency's remarkable growth may be attributed to the country's dynamic economy and tourism resulting to a significant boom in tourist arrivals. Aggressive multi-platform marketing campaigns were adopted by DFP to effectively reach its target consumers and sustain the previous year's sales momentum.

On improving market access, connectivity and destination infrastructure, the DOT with its convergence program with the Department of Public Works and Highways, under this program, a total of 147 Kilometers of roads leading to tourist destinations and providing access to key tourist site was plotted and appropriated for. The initially amount of Php 3,070 Million was released and was later closed to Php 5,000 Million for additional projects under the DOT-DPWH convergence. For 2013, the appropriation amounts to approximately 12 Billion Php for further enhance access and infrastructure in connective with tourist in the country. Moreover some 13.36 Billion Php worth of tourism related investments was endorsed to the Board of Investments and the Philippine Economic Zone Authority in 2012. These projects account for some 1,356 additional manpower compliment.

Some of the major investment in accommodation establishments in 2012 includes; Fairmont Hotel and Raffles Suites in Makati with 549 rooms, Quest Hotel and Convention Center Cebu with an inventory of 427 rooms, The Bellevue Bohol with 159 rooms, Kukun Cagayan de Oro Hotel having 150 rooms, and Park Inn Hotel by Raddison in Davao with a 204 room inventory.

Also in 2012, Philippine total room inventory is at 162,704 available rooms in 6,873 accounted accommodation establishments. Majority of the rooms are still in Metro Manila with 31,790 rooms followed by the 27,447 rooms of Central Visayas, and Western Visayas comes in third with 15,200 rooms.

The Department of Transportation and Communications (DOTC) and the DOT have likewise aggressively planned for the improvement of major gateways and access to tourist destinations. The on-going projects and proposals for the construction of tourism airports and facilities for improved connectivity are still in line with the NTDP. Some of the projects under the DOT-DOTC Convergence Program include the Mactan-Cebu International Airport Project that would construct a new international Passenger Terminal Building (PTM) to accommodate 3.5 Million Passengers per Annum (MPA) and upgrading of existing PTB for domestic operations with the project cost of: Php 10.2 Billion. Next is the New Bohol Airport Project at Panglao Island, Bohol, to replace the Tagbilaran Airport currently servicing to Bohol. The total project cost of this investment will amount to Php 7.4 Billion and can accommodate aircrafts up to the size of Airbus A320s. The planned Puerto Princesa Airport Project with capacity expansion and improvement of runway, navigational aids, and utility systems costing Php 4.5 Billion and can accommodate aircrafts the size of A330 would improve access not only to the city of Puerto Princesa but also to the Palawan Tourism Cluster. Another major project is the Bicol International Airport Project with the construction of a new airport at Daraga, Albay, to replace the existing Legazpi Airport. The project cost for the Daraga Airport totals Php 4.7 Billion. Boracay will also be given a boost with the Caticlan Airport Project: Runway extension to 2.1 km, improvement of PTB, and upgrading of airport facility for international operations with a project cost of Php 2.5 Billion and would allow entry of aircraft the size of Airbus A320. Two other airport projects are: Laguindingan Airport Project with the development of a new airport to replace domestic airports at Lumbia and Iligan costing Php 7.9 Billion, and the Tacloban Airport Project with capacity expansion through construction of new PTB, runway, apron, taxiway with project cost of Php 2.9 Billion.

On the other hand, for improving tourism governance and human resources, the Philippines has taken the initiative to promote the development of its workforce and industry mechanism. Training programs were conducted by the DOT to provide technical assistance to skilled and professional tourism industry partners. A total of 71 trainings have been organized and assisted some 3,367 industry personnel. In addition to this, 10 Tourism Oriented Police or TOPCOP trainings were conducted which benefit 176 uniformed personnel.

To further increase competence in the tourism and hospitality industry, the DOT has initiated the Mandatory Accreditation for primary tourism establishments to better the standards in the country and make them at par with global standards. With this Mandatory Accreditation drive is the generation of new standards to align the Philippines accommodation ratings to the Star-Grading System.

It's More Fun in the International Scene

The Country hosted several international events in 2012, the Destination APEC 2020: A Conference on Enhancing Tourism and Air Connectivity in the Asia-Pacific Region was organized in

Further on the promotional efforts of the DOT is its participation on Major Travel and Trade Fairs, Expositions, Exhibition and Forums worldwide. This continuing strategy of marketing the Philippines in various venues proves to increase awareness and interest of tourists. Some of the Major events partaken in 2012 are: ASEAN Tourism Forum Travel Exchange (ATF TRAVEX) from January 12 - 15, in Manado, Indonesia; Asia Pacific Incentives & Meetings Expo (AIME) February 21-22, Melbourne Convention Center; Asia Dive Expo (ADEX) April 13-15, at the Marina Bay Sands, Singapore; the World Travel Fair from May 10 - 13, at the Shanghai International Exhibition Center in Shanghai, China; OTM (Outbound Travel Mart) February 19 – 26, in New Delhi and Mumbai that targets to market the Philippines to travel agents and tour operators from 61 countries , having the highest number of participating countries in any international trade show in India and the South Asia region. In the European Market, marketing efforts centered on large events such as the Internationale Tourismus Borse in Berlin, Germany that lasted from March 7 - 11; the World Travel Market last November 5 - 8 in ExCeL, London, United Kingdom. The country's largest source market was also given focus in promotions and event participation, largest of which is the Korea World Travel Fair held in June 7-10 in COEX, Seoul along with the ASEAN Culture and Tourism Fair June 9-10, held at D-Cube, Seoul.

More Fun to Come

With the positive turn out in 2012 an estimated 5.5 million tourists are expected to visit the country in 2013 on the road to the 10 million visitors targeted by 2016. This would contribute to the GDP of the country by 6.7% with a projected Tourism Gross Value Added P748.3 billion and a national employment share of 13% with 4.9 million strong workforce.

With foreign tourists hitting record breaking highs, the domestic travelers are also targeted to reach 44.7 million in 2013, a 9.8% increment from 2012's 40.7 domestic travelers. This increase is projected to produce revenue of Php 1,298 billion with an average daily expenditure of Php 2,580.