



## Phuket climbs as Samui flatlines

By Tina Hsiao

Phuket and Samui have long enjoyed most favoured status amongst international visitors to Thailand, but in an age of shifting source markets, the Andaman Pearl is currently outperforming the Jewel in the Gulf.

With Samui licking its wounds after an extended period of destructive weather earlier this year that seriously impacted on high season revenue, Phuket currently claims the economic bragging rights when it comes to resort island revenue.

Figures recently released by C9 Hotelworks on Phuket highlight the growing divide. Despite peaks and troughs, the Andaman island has enjoyed a

steady increase in tourist arrivals, with hotel occupancy rates consistently hovering just below 70 per cent. Direct connections with Russia, the Middle East, China and Australia accounted for a 21 per cent increase in the total number of flights, with the number of monthly passengers rarely dipping below 200,000, and even reaching a high of 400,000 in December. European charter arrivals to Phuket airport nearly doubled in 2010 compared to the previous year, reaching 120,000 passengers. The Russian market also grew by a staggering 250 per cent, actually overtaking Europe with 140,000 charter arrivals.

By comparison, even in its best month, visitor arrivals to Samui airport have never exceeded

100,000. With a slew of new hotel launches, and the number of rooms increasing at least 20 per cent YoY since 2005, this adds up to a significant mismatch between demand and supply. Although Phuket faces a similar problem with hotel supply increasing at a rate of between 50-70 per cent per year over the same period, the latter's ability to shift with the market, particularly with regard to attracting Russian and Chinese visitors after the GFC, has helped certain sectors continue to grow.

The principle reasons cited for Samui's economic stagnation, particularly when talking to those involved in the island's tourism industry, is the high cost of flights to the island and the airport's limited capacity. Bangkok Airways own the island's only airstrip, monopolising airlift and charging landing fees that effectively exclude most other airlines from the route with the exception of Thai Airways, which offers a very limited service when compared to other Thai destinations. Samui is also starved of charter flights,

which on Phuket represent 28 per cent of total arrivals during high season. "The lack of low-cost carriers hits Samui hardest," said C9 Hotelworks' managing director, Bill Barnett. "Domestic tourism numbers falter where high priced airfares are the norm. This impacts seasonality in a negative way, as Thai people travel to Phuket year round, even out of season."

Despite such negative indicators, some of Samui's more established players argue the slump is transitional, with the island gradually redefining itself as a high-end destination. The recent launch of several major 5-star hotel brands, with more scheduled for 2011/12, plus the growing popularity of luxury villa rentals in various locations island-wide is all predicted to have a positive influence in the coming months. Also, the local government recently announced a THB1 billion (USD32.8m) budget for infrastructure improvements, which includes asphaltting the island's ring road and the airport access road. "Although some people blame Bangkok Airways for the current market stagnation," said John Birt, managing director of Samui Villas and Homes Ltd, the island's largest villa rentals agency, "another approach might be to look at the way tourism the market itself is changing and to adapt the products and services offered on Samui to match the wealthier, more discerning visitors the island now attracts."

Such arguments seem logical, particularly at the top end of the scale where budget air fares are less of a differentiator, but the question of volume remains. As Bill Barnett points out, "you can't stay there if you can't get there", and until Samui addresses this issue effectively, big sister Phuket will continue to enjoy the lion's share.