

Phuket at the Crossroads

Let the market drive the brand?
Or drive the brand to the market?

AMCHAM Phuket
30 November 2011

think sideways

Brand Phuket



1970s

Bridge connects island to mainland
Phuket Airport opens

Brand Perception
DISCOVERY

1980s

A handful of luxury hotels open

Amari 1985

Amanpuri 1988

The Boathouse 1989

International travellers 'discover' Phuket



Brand Perception

DISCOVERY/HIGH-END/EXOTIC

Thought Leader

*Phuket in the 1980s had similar potential to Bali.
Its advantage was its access. Phuket was that
much closer to the lucrative European markets.
Its weakness was its perceived lack of culture.*

Brand Perception
DISCOVERY/HIGH-END/EXOTIC

Origins of Mass Tourism

1990s

Visitor arrivals multiply 5 times
from 500,000 to 2.5 million by the Millennium

Growth from Western Europe, Asia and Australia



Brand Perception
**ASPIRATIONAL/LONG-
HAUL/FRAGMENTED/EXOTIC?**

Brand Phuket Popularised Globally

2000s

Visitor arrivals grow to 5 million

Airport expansion agreed on

Early part of decade sees massive property speculation
(despite government restrictions)

Remarkable rebound despite Tsunami

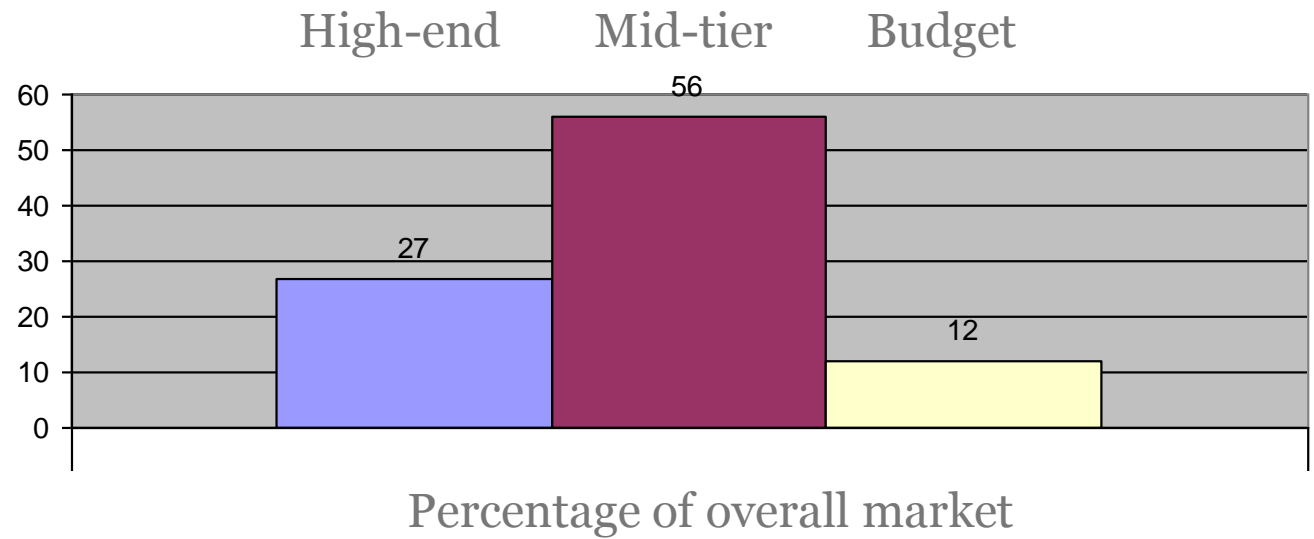
Growth from Eastern Europe led by Russia

Growth from Asia led by China

Brand Perception

**ASPIRATIONAL/LONG-
HAUL/FRAGMENTED/EXOTIC?**

The market today



Perception of Brand Phuket

Aspirational Phuket

Arguably the world's most popular tourist island
Recognised for its beach, sun, accommodation and
leisure activities

Small meeting facilities (convention centre will
add to aspirational value of brand)

Not recognised for culture

High perceived value for all maritime and sea
activities

Maintained exotic quotient

Perception of Brand Phuket

Aspirational Phuket

Market segments that aspire to visit, live in or purchase property in Phuket have evolved considerably in the last few years. The verticals have expanded and the greatest opportunity is the higher end of the middle income bracket as this is the widest segment and supplies the largest numbers of visitors to the island.

Perception of Brand Phuket

Greater Phuket message

What exactly is Phuket?



Perception of Brand Phuket

Greater Phuket message

Is Phuket Town even featured?

Beach vs. lush green?

Outlying islands? Phi Phi? Similan?

Phang Nga?

What are the perceptions of these areas?

Perception of Brand Phuket

Greater Phuket message

While tourism has spread north to the mainland, developers have tried to harness Phuket's popularity by branding their projects as 'Greater Phuket'.

At the same time there are tourists who specifically choose Phang Nga because it is NOT Phuket.

“Phang Nga people don't want Phang Nga to be 'spoiled' like Phuket.”

- Anurag Ramanat, South Asia Law Co.

Perception of Brand Phuket

Access

Significant incremental growth
Direct scheduled routes from Europe, Asia and
Australia

Destination Phuket is perceived as within range and within value proposition for Europeans, Asians and Australians across multiple segments.

Perception of Brand Phuket

However

Fragmented

Aspirational to multiple segments

Many verticals

No cohesive marketing strategy

Suffering from Brand Thailand mismanagement and multiple crises

Individual marketing destination campaigns such as by Laguna, Royal Phuket Marina create complex messaging

Massive growth in certain areas of the island

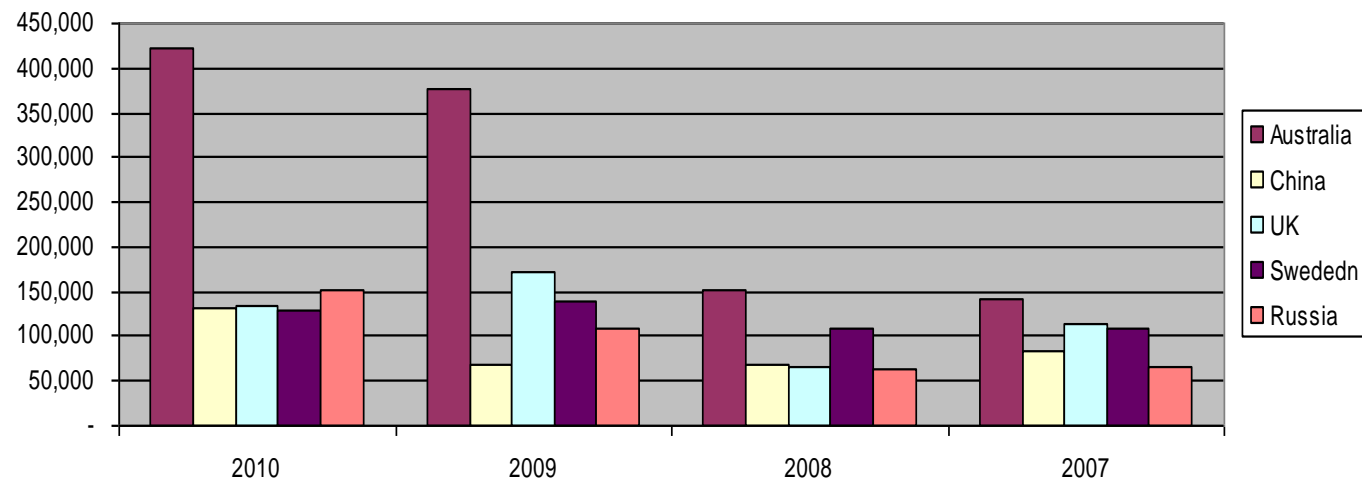
‘Brand Patong’

East-West divide

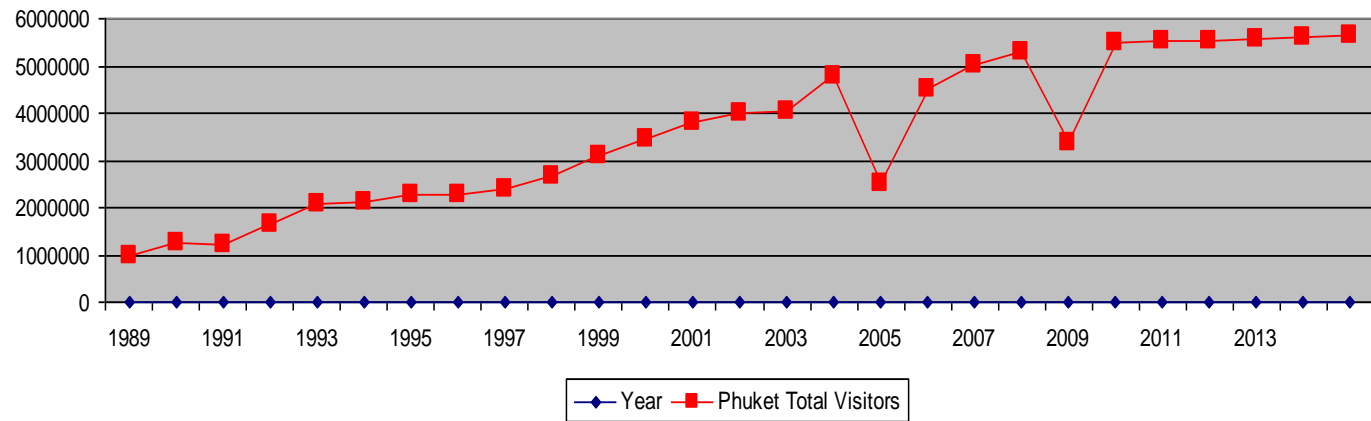
No single body is taking responsibility for harnessing Brand Phuket.

The market today

Visitor arrivals



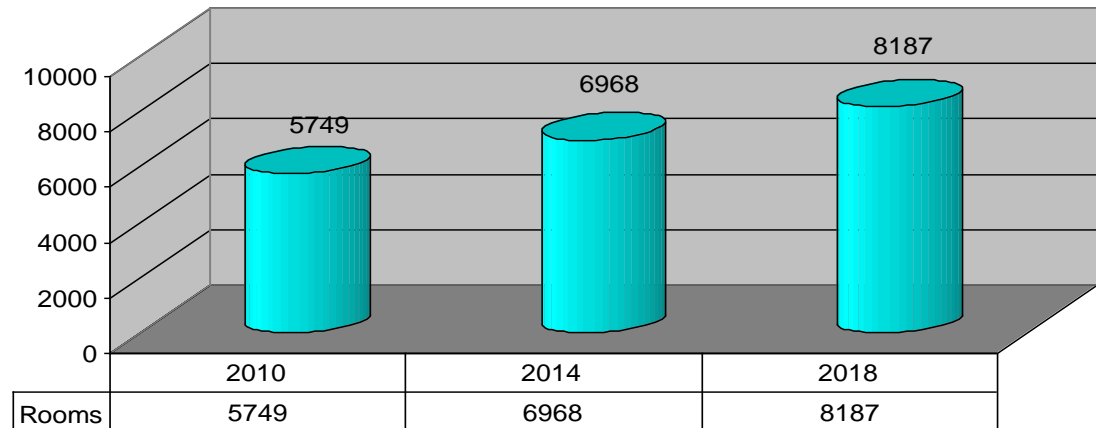
Some projections



Since 2006 there has been a 21.6% increase in tourists or an average of 38,875 visitors a year.

Based on 2010 visitor numbers, by 2014 there will be more than 5,665,593 million visitors to the island.

Some projections



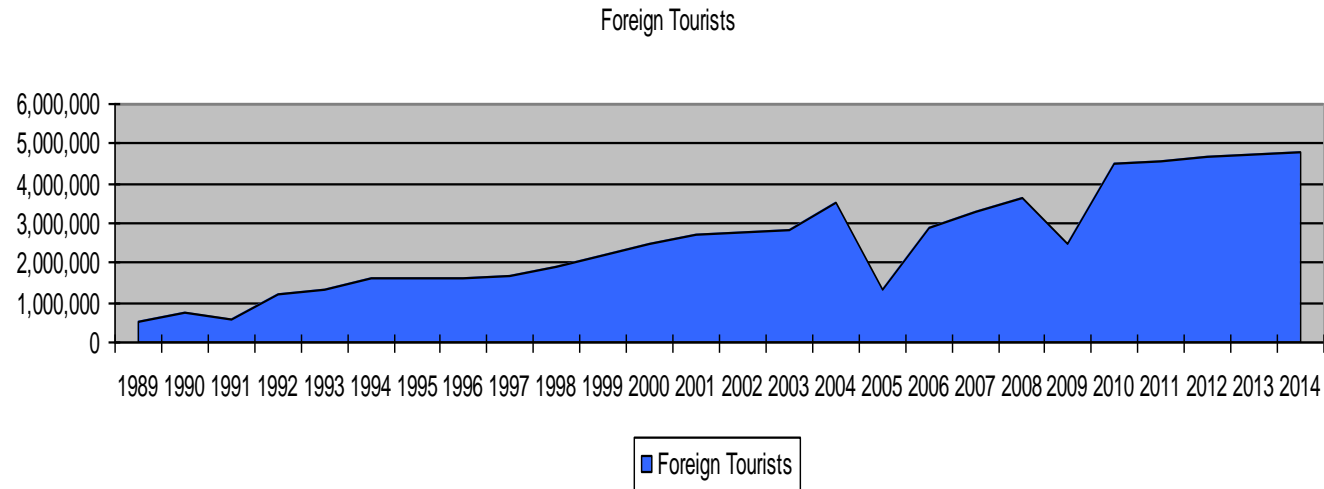
There are currently 43,571 rooms in registered accommodation establishments in Phuket.

In 2010 there was an increase of 5,749 rooms available in accommodations representing a 12.9% increase to the existing supply.

In 2014 that number is expected to rise to 6,968, an increase of 16%.

At this rate, by 2018 there will be an increase of 8,187 rooms available on the island.

Some projections

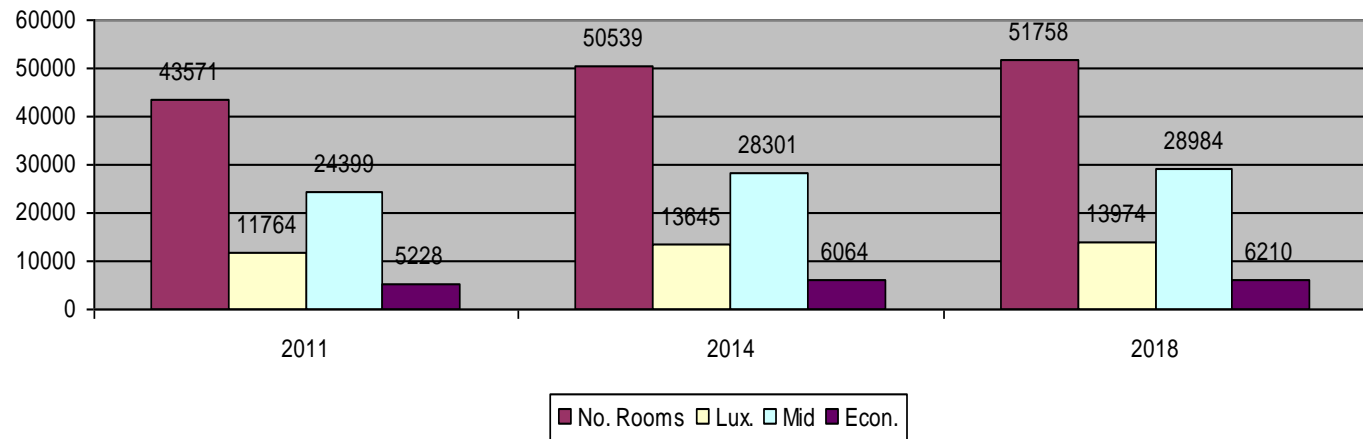


Since 2006, foreign tourists have increased by 13.07%, or 75,351 visitors a year.

By 2014, this number will reach 4,807,430 visitors.

Some projections

Projected number of rooms maintaining the current ratio of 12% Luxury, 56% Mid-Tier, and 12% Budget.



THE CROSSROADS

THE CROSSROADS

BRAND PHUKET IS AT A SIGNIFICANT
CROSSROADS IN ITS EVOLUTION

TWO CLEAR PATHS OR A HYBRID?

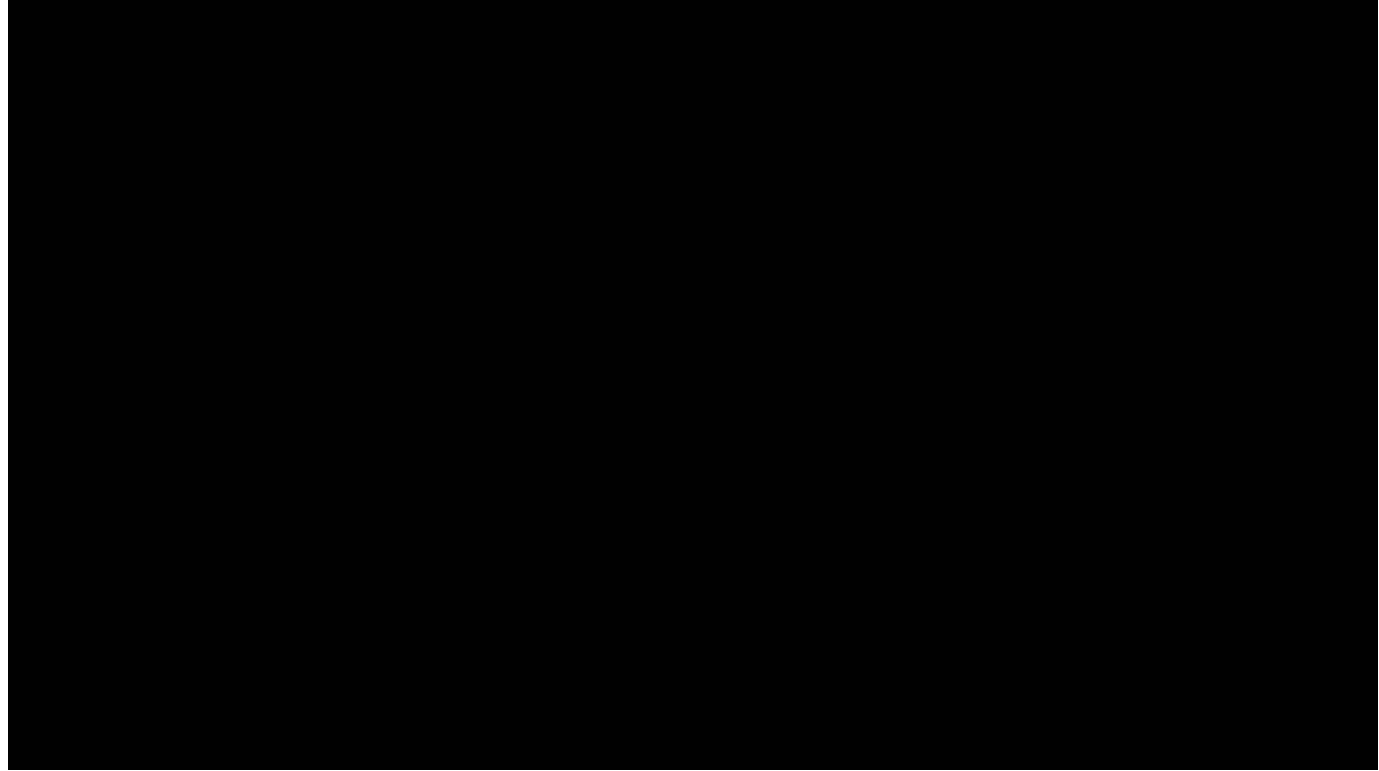
ALLOW MARKET FORCES TO DRIVE
EVOLUTION?

THE CROSSROADS

OR

DEFINE A STRATEGY, FORM BRAND PHUKET
TO MAXIMISE THE MULTIPLE
STAKEHOLDERS' RETURNS AND CREATE A
SUSTAINABLE BRAND AND ENVIRONMENT
FOR THE ISLAND AND ITS PEOPLE

Culture



The future of the island

How much land is still available?

Will a land and building
tax be introduced?

Impact of recent changes to zoning regulations?

Will restrictions on foreign ownership be eased?

The future of the island

Infrastructure?

Air travel?

Municipal authority

Phuket Tourist Association

TAT

The future of the island

Is Phuket still as desirable as it was:

Pre-Tsunami 2004

Coup 2006

Global financial crisis 2007

Suvarnabhumi airport occupation 2009

Riots 2010

Flooding 2011?

Brand Phuket

Bring the people of Phuket into the brand:

Warmth
History
Character
Passion for Phuket



Brand Phuket

Take advantage of all of the natural resources of Phuket:

Maritime
Hills
Rubber plantations
Beach
Sea
Islands and their attractions



Brand Phuket

Define the indigenous culture of the island:

Architecture

Festivals

Village and community life

Natural environment



Brand Phuket

**HARNESS AND FORM THE CULTURE TO
BRING PRIDE TO ALL THE PEOPLE OF
PHUKET.**

Perception vs. reality



Perception vs. reality



Perception vs. reality



Perception vs. reality



Next steps

**WORK WITH A UNIFIED BODY TO DRIVE
CONSOLIDATED ACTION.
DO NOT LET THE MARKET DRIVE
EVOLUTION.**

Thank you