



HOSPITALITY CONSULTING

# Myanmar's Mergui Archipelago

## Tourism Market Review

September 2016

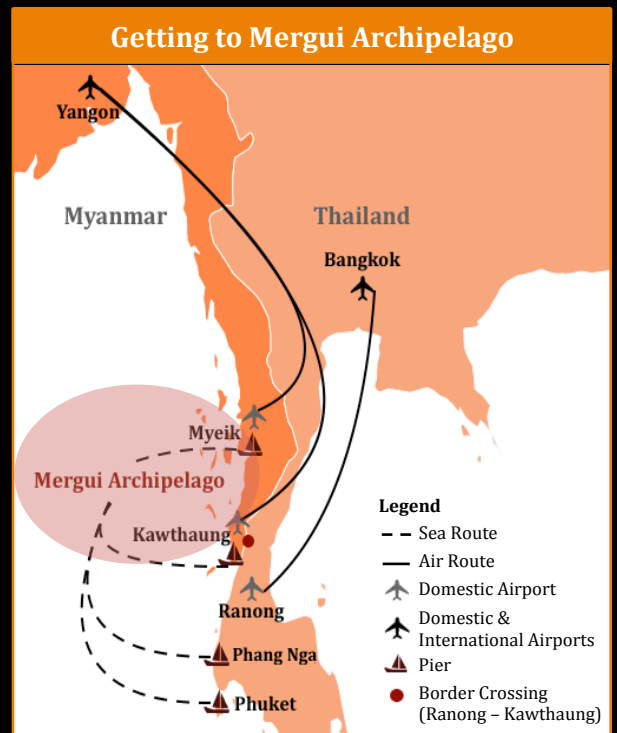
## Emerging marine tourism destination gaining a luxury profile in the international marketplace

### Phuket is a major gateway for Southern Myanmar tourism

"It was not until 1997 that the Archipelago became accessible to foreigners, which at the time mainly catered to tourists from the diving and sport fishing industry. Today, Mergui has expanded its appeal to cover a growing market of affluent travelers seeking a new and exclusive nature-oriented holiday destination. In 2015, the average daily tourist spend per person was USD478 for scheduled itineraries, and USD564 for chartered trips, compared to the country's average of USD171.

With surging demand from the upscale market segment, 12 approved projects are now under development with more applications pending review. We forecast that the Mergui is poised to come onto a broader tourism landscape in the next 24 months."

Bill Barnet, Managing Director, C9 Hotelworks



Source: C9 Hotelworks Market Research

## Trends

- The age range of travelers to the Archipelago is slanted on the upper end of the scale, largely concentrated on the 40 to 60 year-old group.
- Booking lead time for scheduled and non-scheduled trips range from 6 months to 1 year, with over 50% of all reservations made directly with the operators.
- Scheduled trips to Mergui run at an average pace of one trip per month during the season, with the peak being one trip per week.

## Forward Outlook

- Burma Boating is expanding its fleet in Mergui and offering a 7 day itinerary at USD 5,000 per person, which will operate twice a month.
- From September 2016, tourists can obtain an eVisa to enter Myanmar via the Kawthaung border checkpoint, which will ease access to Mergui and push up tourist arrivals.
- The Myanmar Andaman Resort has recently undergone an extensive renovation, and is expected to open in November of this year.

# TOURISM INDICATORS

## Access

The Mergui Archipelago can only be accessed via marine transport. As of 2015, there are 21 licensed yacht operators in Myanmar for overnight trips, 20 of which are situated in Thailand. Of the 20, Phuket hosts 13, Ranong has 5, and there is 1 each in Phang Nga and Bangkok. Based on the market offerings, tourists can begin their itinerary from either Thailand and Myanmar, with options of Tab Lamu Pier, Rassada Pier or Chalong Pier in Thailand, and Kawthaung Pier in Myanmar. As for day trip visitors, there are speedboats and fishing boats from Myeik and Kawthaung, which offer tours to either the north or south portions of Mergui.

Additionally, entries to Mergui require a permit which ranges between USD120 and USD170, depending the length of stay and coverage area. Presently, the permit application needs a licensed tour operator, therefore no independent travelers are allowed. However, this is expected to change in the future with increased hotel development, which would require simplified access for guests in terms of permits and transportation.

## Seasonality

Typically travel to Mergui is seasonal from October to May, given adverse weather conditions and high waves. Most tour providers don't operate between June through September due to the monsoon condition, making it dangerous for any type of water transportation. Thus, the hotels in the Archipelago and tourist sites, such as the Lampi Marine National Park, are closed during these months. The seasonal condition not only limits the number of tourist arrivals to the Archipelago, but also slows down new developments in the area due to shortened construction periods. Nevertheless, the limited accessibility to the islands have created an exclusive image for travelers and a premium pricing for products.

## Tourist Arrivals

In 2012, Mergui had 1,158 total visitors, whom arrived via licensed marine vessels. However, after the opening of the Ranong-Kawthaung border between Thailand and Myanmar in August 2013, the number of arrivals increased substantially. Between January to June of this year, the Archipelago had a total of 146,736 overnight and day trip visitors.

Tourists are able to enter the Archipelago using a border-pass, a tourist visa, or aboard a licensed yacht. In the first half of 2016, border-pass entries represent 97% of total arrivals. A border pass is clearly the most popular permit type, especially for daytime and one night excursions, as it can easily be obtained at the immigration checkpoint between Ranong and Kawthaung. On the other hand, licensed yachts are preferred for extended stay tourists because they provide both transportation and accommodation, which is extremely limited in the Archipelago.

## Average Length of Stay

The length of stay for overnight visitors ranges between 4 nights to 13 nights, with an average of 6 nights. The length of stay for Mergui is relatively long as a single destination trip because of a high initial permit fee and fairly long traveling time from area to another. However, with new developments providing a more comprehensive travel itinerary in a single location, the average length of stay is expected to decrease in the coming years.

# MARKET CHARACTERISTICS

## Key Geographic Markets

Viewing the source market composition on a country basis for Myanmar from 2011 to 2015, the trend has seen a notable 6% increase in visitors from Asia, and a 5% slide in travelers from Western Europe. This shift towards Asian tourists is also reflective in the key source markets for the Mergui Archipelago, where our research with operators reported an increasing number of Mainland Chinese and South Korean visitors. However, the Asian market for the Archipelago as of this time is concentrated on shorter stays and the lower-tier segment or day trip excursions.

With respect to Mergui extended stay trips, the United Kingdom remains the leading source of visitors to the islands. This is followed by the United States and Western Europe. Within the latter category, France, Germany, Switzerland and Italy are the most prominent. Most operators also rank expatriates from Hong Kong, Singapore, and Shanghai within the top 5 locations that visitors originate from.

## Hotel Supply

- There are two hotels operating in the Mergui Archipelago, namely the Grand Andaman Resort on Tha Htay Kyun Island and Myanmar Andaman Resort on Macleod Island, totaling 227 keys. Kawthaung and Myeik also offer alternative accommodations for tourists on day trips to Mergui, with a total of 18 licensed establishments of 647 keys.
- As of mid-year 2016, incoming pipeline developments amounting to USD59 million in investment value have been approved by the government, but no confirmed hotel numbers have been announced as the islands' leasehold tenure has only been recently granted.
- Projects currently pending for approval with the Myanmar Investment Commission (MIC) include the development of a casino, golf course, and marine recreation center.

Developer	Investment Type	Plot Size (Acres)	Location	Investment Origin
Amata International Co., Ltd.	Dive Resort & Recreation Center	200	Phoni Island Balar Island	Myanmar
Benchmark Asia (Myanmar) Limited	Eco Hotel	100	Wa Ale Kyun Island	Foreign
Cocoon Hotel Co., Ltd.	Hotel	17	No. 115 Island	Myanmar
Domel Island Development	Hotel	50	Domel Island	Foreign
K Future Co., Ltd.	International Standard Hotel*	700	Bo Net Kyaw Island	Myanmar
KMOT Co., Ltd.	Hotel	158	Hlaing Gu Island	Foreign
Mokan International Co., Ltd.	Eco Hotel	510	Kyun Phi La Island Boywae Island Shark Island	Foreign
TZK Co., Ltd.	Hotel*	31	Nyaung Oo Phee Island	Myanmar
United Hotels and Resorts Co., Ltd.	Hotel*	20	Nga Khin Nyo Gyi Island	Myanmar

\*BOT: Build, Operate, Transfer (Government Initiated)

Source: Myanmar Directorate of Investment and Company Administration (DICA)

# About C9 Hotelworks



**Bill Barnett**  
Managing Director

**C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:**

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



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