



HOSPITALITY CONSULTING

Phuket

MICE Tourism Market Update

August 2017

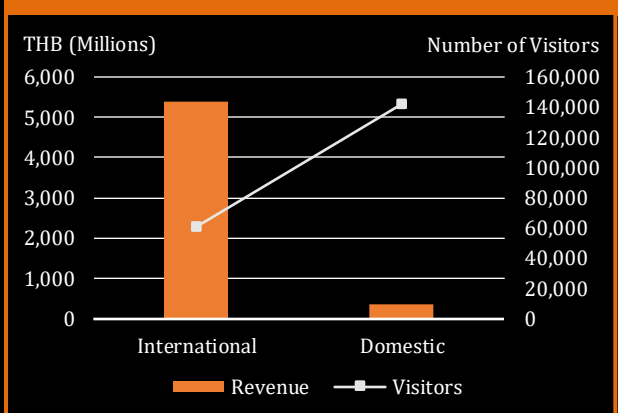
Sporting events key catalyst for Phuket's MICE demand, with industry valued at THB 5.74 billion

International market accounts for estimated 94% of total revenue

"With Thailand being ranked as the top MICE destination among ASEAN countries in 2016, Phuket is one of the major contributors with a total of 202,555 visitors. Last year, the domestic sector was the key feeder of MICE travelers, which accounted for 70% of total demand on the island. However, overseas source markets were the main revenue generator for the industry, as they had higher average daily spending compared to the domestic market.

Currently, there is an emerging trend towards sporting events and competitions, which include Phuket King's Cup Regatta, Laguna Phuket Marathon, and Phuket International Boat Show. These events have imparted a domino effect on hotel operators, whereby increasing business trading during the low season to reflect better year-round yields. Weddings are also on the rise with business coming from overseas source markets.

Phuket International vs. Domestic MICE



Source: Thailand Convention & Exhibition Bureau and C9 Hotelworks Market Research

Additionally, existing supply of meeting venues and hotel room nights indicate that the island has sufficient infrastructure to support larger MICE demand. However, the Province currently needs to diverge from being considered as a resort leisure destination to a multi faceted tourism hub."

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Exhibition had the highest share last year, accounting for 48% of total visitors, followed by convention, meeting, and incentive groups.
- Demand for meeting venues has changed to a more non-traditional setting, as properties with recreational facilities and excursion programs are preferred.
- MICE planners are becoming more popular amongst corporate clients, as they help reduce planning and booking time, while also potentially cut overall cost by 10 to 20%.

Forward Outlook

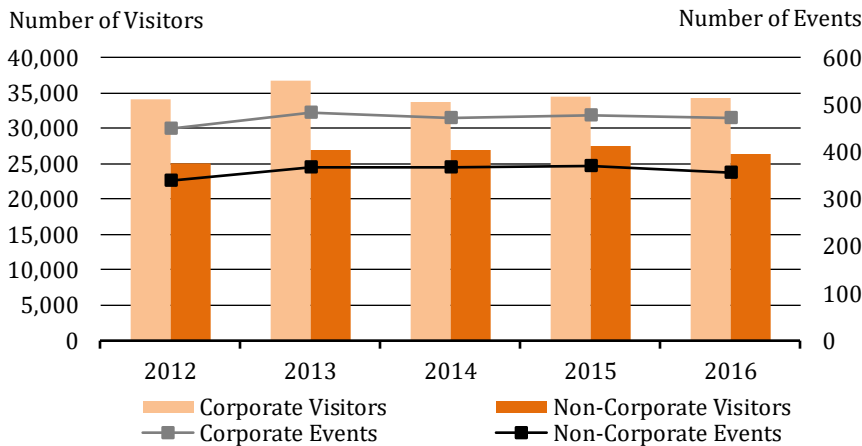
- Government is focusing on boosting the domestic market, with Phuket recently hosting Thailand Domestic MICE Mart earlier this year.
- A planned convention and exhibition center at Central Festival (Phase 2) will enable Phuket to hold larger scale events, which are currently concentrated in Bangkok and Pattaya.
- Development of new underpasses and expressway, as well as the pending approval of light rail project will substantially increase accessibility and convenience for MICE visitors.

DEMAND INDICATORS

Overview of Demand

- While the international sector constitutes most of Phuket's MICE revenue, the domestic market has a substantially higher number of visitors. This is because overseas demand only accounts for meeting (Corporate) and convention (Non-Corporate) segments, as there is no specified data on foreign incentive travelers to Phuket. As for the exhibition segment, all trade shows and fairs held on the island are currently classified under the domestic sector.
- Overseas MICE source markets to the island have remained relatively consistent for the past five years, with a CAGR of 0.7% from 2012 to 2016. This is mainly due to a country-wide decrease in visitors from Europe and North America, while Asia is reportedly the only region with a positive growth of 7% last year. The domestic segment is also seeing challenging conditions in demand, as businesses are experiencing tighter financial conditions which is impacting growth.

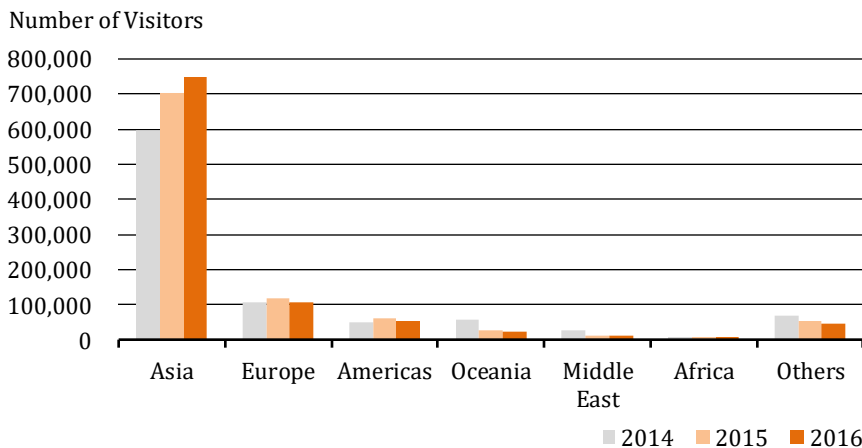
Phuket's International MICE Visitors & Events



Source: Thailand Convention & Exhibition Bureau and C9 Hotelworks Market Research

Phuket held an estimated total of 471 corporate and 357 non-corporate events in 2016

International MICE Geographic Source Markets – Thailand



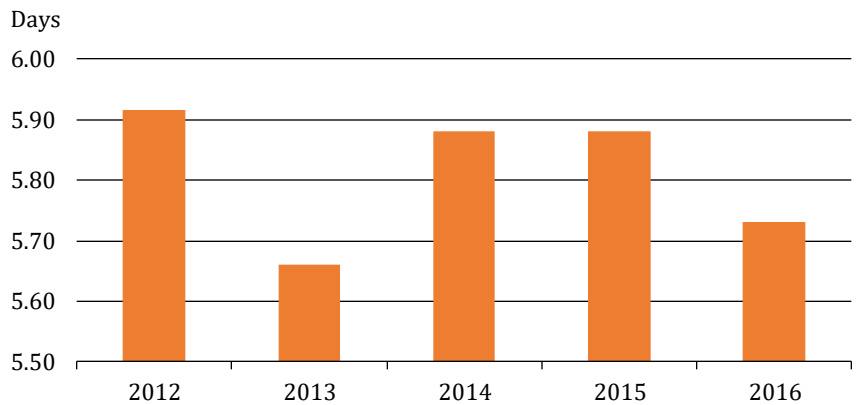
Source: Thailand Convention & Exhibition Bureau and C9 Hotelworks Market Research

Last year, market share of Asian MICE visitors grew from 71% to 75% of total overseas demand

MARKET CHARACTERISTICS & SUPPLY

Average Length of Stay – Phuket International MICE Market

ALOS for foreign visitors to Phuket was 5.73 days in 2016, while the domestic sector was 1.42 days



Source: Thailand Convention & Exhibition Bureau and C9 Hotelworks Market Research

- MICE visitors are highly sensitive to the level of political stability in Thailand, with the ALOS (average length of stay) experiencing a major drop in 2013 and 2016 due to domestic issues. However, the overall trend is also inclining towards shorter stays, as Asian travelers continue to grow in market share.

MICE Venues

- In addition to hotel venues, Phuket also has large convention and exhibition halls located at Royal Phuket Marina, Latitude at Laguna Phuket, Phuket Rajabhat University, and Prince of Songkhla University. These venues range in size from 2,500 to 4,000 square meters.

Key Hotel Meeting & Event Venues by Size

Hotel Name	Location	Meeting/Event Venues	Total Space (Sq.m.)
JW Marriott Phuket Resort & Spa	Mai Khao	10	2,390
Duangjitt Resort & Spa	Patong	9	2,375
Movenpick Resort & Spa Karon Beach Phuket	Karon	12	2,170
Hilton Phuket Arcadia Resort & Spa	Karon	11	1,862
Phuket Graceland Resort & Spa	Patong	5	1,516
Angsana Laguna Phuket	Bangtao	4	1,458
Le Meridien Phuket Beach Resort	Karon	8	1,358
Phuket Merlin Hotel	Phuket City	5	1,210
The Metropole Hotel, Phuket	Phuket City	6	1,205
The Slate Phuket	Nai Yang	7	1,105
Outrigger Laguna Phuket Beach Resort	Bangtao	4	1,028
Grand West Sands Resort & Villas Phuket	Mai Khao	5	962
Crowne Plaza Phuket Panwa Beach Resort	Panwa	3	850
The Naka Island, A Luxury Collection Resort & Spa	Naka Yai	5	715

Source: C9 Hotelworks Market Research

Phuket

Wedding Market Trends

Key Facts:



Booking Lead Time: 6 months



Seasonality: Typical tourist peak period



Cost: THB500,000 per wedding (medium scale)



Average Number of Guests: 60 pax per wedding (medium scale)



Average Length of Stay: 3 nights

Demand Drivers

BEACH



Beach access with sunset view

PRICE



Reasonable for quality offering

ATMOSPHERE



Tropical vibe and unique settings

FACILITIES



Varieties of venues as F&B options

LOCATION

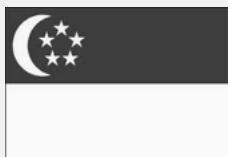


Convenient and safe

Top 5 Wedding Source Markets



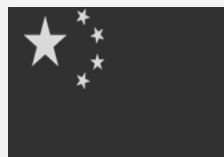
Hong Kong



Singapore



Australia



Mainland China



United Kingdom

Source: C9 Hotelworks Market Research



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