Online Hotel Booking Trends in South East Asia
Objectives of the White Paper

This white paper aims to provide insights into the growing trends of online hotel bookings in Southeast Asia and the role that tourism is playing in fuelling Southeast Asia’s economic growth.

The shift in travelers’ preference for booking accommodation online has created equal opportunities for small hotels to compete for rooms with the larger hotels. This has made it necessary for smaller hotels to be equipped with affordable and agile tools to help them expand their market reach in a shorter time.

The white paper addresses the benefits and challenges that online booking has created for small and mid-sized hotels, with an aim to provide practical solutions.
Technology is advancing rapidly and people are turning to be more net savvy. The hospitality industry has been largely affected by this development in technology. Bookings are being made easier by online tools that allow travelers to book their stay and plan their travel in an easy way, hence, saving time and energy.

People are becoming more comfortable with online booking sites. The hospitality industry has seen a great demand of Online Travel Agents (OTAs) that provide a one-stop shop for booking the travelers’ holiday. Prominent hotels have started opting for management software tools that handle their data through a booking widget which helps them increase productivity, improve cost efficiency and manage their operations in an effortless manner.

**Online Hotel Booking Trends**

![Leisure and business travelers prefer](chart1)

![Top Hotel Booking Sites](chart2)

-Source: Travel Agent Central

In terms of world-wide internet users, almost half reside in the Asia Pacific region (APAC). Of this 644 million people, 9.6% are located in Southeast Asia. A pretty impressive figure given that, compared to other Asian neighbors, most SEA nations have been late in hopping on the technology bandwagon. When it comes to actual online activity, compared to the rest of the world those in Southeast Asia dedicate more time to social networking than others. Looking over the various networks present in the region, it’s overwhelmingly evident that Facebook is by far the most popular. However, other sites are growing in popularity including Twitter, LinkedIn and even Tumblr.

-Source: Laurence Bradford
Benefits of Online Booking for Travelers

Online bookings have seen a gradual rise as travelers have started witnessing the convenience it offers over the conventional method of booking through travel agents. A quick comparison from a traveler’s point of view:

### Speed and Convenience

| The dependency level on travel agents with respect to time and quality of information is limited. Moreover, travelers don’t have the option of previewing the hotel’s photos and amenities. | Travelers are able to find a room of their choice and setting, and can book it with no hesitation and no coaxing. If a guest knows what they are looking for, bookings can be completed in a matter of minutes. |

### Option to Compare

| Travelers don’t have the option of viewing different properties side-by-side as they are restricted to only one or few properties suggested by the travel agent. | Travelers are able to look at properties side-by-side to clearly compare the pros and cons of each. |

### Reduce Cost

| Travel agents charge high fee for their services which can be quite expensive. | Travelers can book online without giving any commission fees. Online booking sites also have a lot more aggressive offers and rewards. |

### Better Offers

| Travel agents may not be aware of the online offers as the online market has become so vast and complex that it’s tough to keep a track of the dynamic changes that take place. | Travelers can view all the seasonal discounts offered by the hotel online so nothing is hidden. |

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### Benefits of Online Booking for Travelers

#### Accessibility
| Travelers have limited access to the agents as travel agents aren’t available 24x7. |
| Online booking can be done 24x7. All travelers need is an Internet connection and their credit card information – they can book from the comfort of their own home or in the taxi on the way to the property. |

#### Flexibility
| Travelers don’t have the luxury to customize their travel as travel agents mostly provide fixed dates and packages. |
| Guests can easily customize their stay using online bookings and look at available travel dates to get the best deals. They can even book last-minute and get some good deals. |

#### Better Control
| Travelers are completely dependent on travel agents and they don’t have direct control on their trip. |
| Travelers have complete control on their trip when they book online as they can choose from a wide range of options. |

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Benefits of Online Booking for Hoteliers

**High Visibility**
Where a hotel can only reach a limited audience using traditional methods, online booking channels can multiply a hotel’s reach and attract guests from multiple geographies.

**More Control**
Hotels can update the room rates in real-time with the help of channel manager so they have better control online.

**Better Customer Experience**
There is absolute transparency through online booking as your customers can view your hotel and the amenities you offer before booking. Instant confirmations from your hotel provide better customer experience.

**Competing with Larger Hotels**
Earlier, small and mid-sized hoteliers could not think of competing for bookings with larger hotel chains. With online bookings, the playing field has been leveled.

**Credibility**
Your guests have an option of reading your hotel reviews through third party sites like Kayak and TripAdvisor so you can establish credibility and repute.

**Brand Building**
Hoteliers can focus on brand building as online booking will reduce cost, manpower and manual errors.

**Less Manpower**
With online travel agencies doing the work and directly syncing with property management systems, there is less need for employees to manually input booking information at the front desk. This way hotels can liberate staff time for guests.
One of the most popular tourist destinations, Southeast Asia attracts a lot of travelers every year because of its tropical climate, rich culture, beautiful beaches, exotic food and most importantly, for the economical prices. While its history and modern-day politics are complex, the country is quite safe for travelers and easy to travel around.

The number of hotels in Asia is steadily rising and many global brands are making an entry into the Asian countries. Online hotel booking trend is expecting to grow significantly in the coming years with the hospitality industry having a wide presence in Southeast Asia. A few years ago, business and leisure travelers used to rely on traditional travel agencies to book their tickets but nowadays everyone is going online. People are using internet as a medium to book hotel rooms online and plan other travel related activities. Online booking is time saving and gives travelers the freedom to choose the hotel and price. The benefits of online booking are the driving force behind increased tourism.

Southeast Asia has turned out to be a major generator of tourism - in Cambodia, Myanmar, Philippines and Singapore. Thailand, however, noticed a slower growth due to floods.

Asia is regarded as a major generator and receiver of tourism as Asians are joining European and American counterparts on business, leisure and adventure trips.
The factors contributing to the rapid growth of tourism in Asia are:

1. **Travel restrictions lifted**
   - A number of Southeast Asian countries have lifted the travel restrictions hence providing ease of travel to domestic and international travelers.

2. **Technology**
   - Southeast Asia has witnessed a rapid growth in technology over the last few years which has contributed to the economic growth of the country. Due to the increase in MNCs and business travel, Southeast Asia has made a strong mark in the hospitality industry.

3. **Marketing**
   - New marketing strategies have been adopted by Southeast Asia giving masses a broad perspective.

4. **Low Air Fares**
   - Due to the low fare airlines, Asia has attracted a lot of travelers from Europe and America which in turn has led to increased currency value.

5. **Economic growth**
   - Asia saw a lot of corporate travelers due to the increase of companies in Indochina, Myanmar and China. This provided ample marketing opportunities for travel-related business which in turn led to an economic growth.

6. **Political stability**
   - Asia has become politically stable than before, especially Philippines, where tourism was majorly affected by terrorism, civil rival and natural disasters. The opening of borders to both inbound and outbound travel will provide tourists opportunities to pursue their leisure interests.

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Tourism’s contribution to GDP is another important indicator of T&T development since it relates to overall travel and tourism spending by domestic and foreign tourists, as well as spending by governments on travel and tourism related services like national parks and museums. Of all the major tourism monitoring organizations, WTCC provides the most comprehensive data on GDP from tourism, quantifying both its direct GDP effects as well as “total” impacts in order to provide a detailed picture of how T&T activity impacts the broader economy.

According to the 2014 annual research, the most commonly cited indicators of tourism growth in Southeast Asia were:

**Contribution of Travel & Tourism to GDP in South East Asia**

<table>
<thead>
<tr>
<th></th>
<th>Direct Contribution</th>
<th>Total Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>USD 102.6bn (4.4%)</td>
<td>USD 255.9bn (11.1%)</td>
</tr>
<tr>
<td>Forecasted</td>
<td>USD 193.9bn (5.9%)</td>
<td>USD 479.7bn (5.8%)</td>
</tr>
</tbody>
</table>

Source: World Travel and Tourism Council (WTTC).
Strong Factors Driving Tourism in South East Asia

Contribution of Travel & Tourism to Employment in South East Asia

**Direct Contribution**

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Jobs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>9,714,000</td>
<td>3.4%</td>
</tr>
<tr>
<td>2013-2023</td>
<td>13,824,000</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

**Total Contribution**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Jobs</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2013</td>
<td>25,494,500</td>
<td>8.8%</td>
</tr>
<tr>
<td>2013-2023</td>
<td>34,655,000</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

**Visitor Exports**

<table>
<thead>
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<th>Visitor Exports</th>
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<tr>
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</tbody>
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**Investment**

<table>
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<th>Investment</th>
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</tr>
<tr>
<td>2013-2023</td>
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</table>

Source: World Travel and Tourism Council (WTTC).

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Another commonly cited component of tourism apart from the GDP impacts is the international tourist arrivals.

Travel and Tourism (T&T) has been a major driver of economic development in Southeast Asia for decades. Most industry observers expect growth to continue in the coming years, but forecasts about the pace and scale of that growth varies considerably between sources.

Many organizations track data on the T&T market and some of these include the United Nations World Tourism Organization (UNWTO), the World Travel and Tourism Council (WTTC) and the Pacific Asia Travel Association (PATA). The Association of Southeast Asian Nations (ASEAN), which is a regional organization that promotes the interests of its member’s states, also publishes some data on tourism in the region. Each of these organizations has a different approach to measuring tourism trends, so their numbers differ.

Apart from the commonly cited factors of T&T industry growth, other indicators such as T&T industry employment and airline seat capacity can also contribute to the future growth of industry. The data acquired from the World Tourism and Travel Council (WTTC) suggests:

### Travel spending (inbound & domestic)

- **Leisure**: 73.1%
- **Business**: 26.7%
- **Domestic**: 48.2%

### Expected to be in 2023

- **Leisure**: USD 246.6bn
- **Business**: USD 101.6bn
- **Domestic**: USD 156.6bn
- **Visitor**: USD 191.6bn

Source: World Travel and Tourism Council (WTTC).
Hotel Industry in South East Asia

It is surprising to notice a rise in Southeast Asia’s economic growth and hotel performance despite the difficult times in the recent past. While the world is managing to come to terms with the economic crisis, Asia has managed to build economic fundamentals in its major cities by 5% in GDP. Thailand, however, is still recovering from tsunami.

The main factor behind the recent advancement is that Southeast Asia is strategically located between Europe, Middle East, China and Australia thus making it an attractive country for travelers. The region remains very attractive for travelers for either business or adventurous retreats. The endless source of travelers emerging from China, India and countries in the Middle East has allowed the region to sustain its tremendous growth rates. The economic trend for hotels in Southeast Asia will definitely do better as the future of the hotel industry lies in Thailand and Indonesia.

A run-through of the major countries of Southeast Asia that have had an increase in travel:

**Thailand**

Most hoteliers have been struggling between the political protests and global economic crisis due to the Tsunami that occurred in 2004. While hotels in Thailand were battling to recover from the natural disaster, Asia saw yet another setback recently due to the floods in Bangkok which resulted in a major setback for the hotel industry.

According to STR Global/ Economywatch.com, “Thailand saw a growth rate of 4% since 2009. However, the current occupancy level has remained below 65% since 2008. The good news is that average daily rate in local currency grew by 1.3% in 2011 or 4.6% in U.S. dollars to $97.”

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Singapore

Singapore has held its economic position strongly because of the F1 Grand Prix which attracted global tourists to the small city-state of Singapore. GDP in Singapore rose by 14.5% in 2010 and 5.1% in 2011.

One of the main reasons for this growth can be contributed to the limited supply between 2006 and 2008 before the economic slump which did not severely affect rates and occupancy in Singapore. Singapore had to wait until 2010 when two major projects came into pipeline and added 5000 daily rooms to the city’s inventory. This resulted in a net increase of new supply in the last two years of 14.6%.

Although, Singapore is a small city-state, it has attracted a large number of international tourists and due to this strong economic growth, the government is planning on making Singapore the regional tourism hub and business center.
Malaysia

Despite the global economic crisis, hotels in Malaysia and in particular Kuala Lumpur are seemingly immune to any possible downturn. Occupancy has remained close to 70% in Kuala Lumpur where Average Daily Rates (ADRs) have increased by 4.8% to $113. The role of Kuala Lumpur as an intra-regional trade center might explain its economic resilience, strongly supported by its exports in rubber and palm oil. Between 2009 and 2010, Malaysia’s GDP increased by a more-than-comfortable 14.5%.

Indonesia

The capital of Jakarta, the Southeast region of Indonesia saw its highest occupancy level since 2005, reaching 71.7% during 2011. Hotel performance was fueled by a steady, tiger-like economy, in which GDP growth climbed 6.1% and 6.2% in 2010 and 2011, respectively. In addition, Indonesia’s proximity with Australia has allowed it to enjoy positive economic growth during the economic downturn, most notably in the leisure and tourism industry. Jakarta is a hub for visitors both internationally and domestically, as well as a booming center of commerce. Occupancy levels in the city increased from 56.7% in 2005 to 71.7% in 2011, while ADR increased by 13.7% in local currency (+17.5% in U.S. dollars, to $90).
The inevitable growth in international and domestic tourists has brought about a corresponding increase in demands and accommodation. Hotels, resorts and other kinds of accommodations are on a rise in order to address these growing lodging requirements.

According to the data acquired by the Department of Tourism, “Philippines tourism arrivals increased to 4,272,811 visitors making a 9.07% increase from the 3,917,454 tourists who came in 2011. It was the first time that the country passed the 4 millionth arrivals”

The real estate industry is also booming in Philippines and many investment opportunities are coming along with it.

With the ever growing number of tourist arrivals in Southeast Asia, hoteliers are getting more opportunities to grow along with it. It is important that the government continues to guide the industry to sustain tourism and improve infrastructure throughout the country. Such improvements will continue to attract investment from international hotel companies, opening up new markets and destinations.
Importance of Technology for Hotels

Development driven by technology is practically becoming the hallmark of every modern industry in our world. Although hotel industry is greatly dependent on skills and service, technology plays a big role in the operations of all successful hotel establishments as well.

The number of internet users making online bookings is rapidly increasing all over the world today. The internet revolution in the past two decades and its effects reaching the hospitality industry in the form of various online hotel reservation systems has not only proven to be a great boon for the modern day traveler, but also for the hospitality industry as a whole.

Making your business’ presence felt in the online world is crucial as people sitting at the other end of planet are accessible just by the click of mouse. Furthermore, considering the constraints of time, businesses are nowadays opting for smarter solutions to accomplish tasks in a jiffy. Since most of the world class hotels are indulging in cut-throat competition both online and offline, it goes without saying that your business needs to make its presence felt in the internet arena.

Many big hotels are making the most optimum use of technology by investing in hotel management software that ensures that your hospitality business remains at par with the competitors in terms of technological advancements in the hotel software industry.

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Conclusion

Despite the natural calamities that affected many regions in Southeast Asia, the country has managed to build a good economic base and has welcomed travelers to its scenic and attractive locales. The hotel industry in Southeast Asia is strong and is forecasted to grow more in the coming years, giving hoteliers a bright chance to grow along with the changing trends.

Hotelogix aims to be a part of this growth and contribute to the success by providing end-to-end hotel management software on cloud to the small and medium sized hotels.

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Hotelogix is a cloud based property management and global distribution system that empowers small and mid-sized hotels. Established in 2008, our services are being used in over 75+ countries.

Hotelogix is built to seamlessly manage hotels, resorts, serviced apartments or multi-location hotel chains, by providing a single window to manage all hotel operations and bookings (online and offline). Hotelogix also integrates with travel agent networks and external booking sites, and other central reservation systems. Hotelogix is used by both new hotels, hotels previously unable to afford such 360 degree technology, and hotels looking to replace legacy systems with a web-based SaaS solution, which gives greater functionality and a higher level of integrations for distribution of inventory. Hotelogix offers 24x7 live support and transparent pricing plans to its customers, and is hosted on highly reliable and secured cloud services.

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