

Thailand

Market Summary

Consumer confidence remains relatively weak with initial signs of recovery noted in recent market research polls. Arrivals numbers for the months of May and June remained weak as consumers held back travel plans, including to Australia. However, although leisure travel remains weak, corporate incentive travel remains positive.

The trade expects pent up demand for the later part of 2009 but has no indications on whether consumer interest in outbound travel will resume in the immediate future.

1. Market News

- **H1N1 influenza update**

The Ministry of Public Health confirmed on 15 August that 14 more people have died from the H1N1 virus, bringing the country's flu death toll on August 15 to 111. "The situation is stable in Bangkok and the surrounding provinces but the virus is on the rise upcountry and we expect the outbreak to continue for the next two months until the cool season begins," a government statement said.

- **Economy at crossroads**

The economy in the US has been picking up, short-term interest rates have been cut to historic lows and the Thai government has used 50 billion baht of the central budget, however the Thai government is not sure whether these factors are sufficient to steer the economy into recovery. It hopes that the implementation of the investment budget over the next three years will help sustain the improving economic signs, which nudged up from a slump in the second quarter, said Finance Minister Korn Chatikavanij. Thai exports and manufacturing activity plummeted during the global recession but manufacturing and private consumption activities in the second quarter have since posted a modest rebound from the previous quarter, suggesting the economy may have hit bottom. The economy shrank by 4 per cent in the fourth quarter of last year and 7 per cent

year-on-year in the first quarter. The government has distributed half of the 115-billion-baht supplementary budget since March to prop up short-term consumption.

- **Thai AirAsia see losses fall by 80 per cent**

The no-frills carrier Thai AirAsia saw losses narrow by 82 per cent in the second quarter to 81 million baht from 446 million in the same period last year. The airline, part of Asia's largest low-cost carrier, attributed the second-quarter loss to the impact of Bangkok's April riots and the H1N1 outbreak which sharply reduced air travel demand. Without those negative factors, Thai AirAsia would have turned a profit in the April-June period, the airline's chief executive Tassapon Bijleveld told the Bangkok Post on 19 August 2009.

Source: Bangkok Post

2. Consumer Insights

Despite concerns over the political uncertainty, global financial crisis and H1N1 cases, Nielsen's Global Consumer Confidence Survey released in August 2009 show that consumer confidence in Thailand appears to be on the rebound, climbing five index points from 81 in March to 86 in June. Further improvement in consumer confidence would help boost the resumption of travels.

According to the Nielsen survey, confidence is also on the increase globally - spurred by renewed consumer optimism and stock market gains in BRIC markets (Brazil, Russia, India & China) and key Asian countries such as Thailand.

"In the previous Nielsen Global Consumer Confidence survey conducted in March 2009, we were seeing the first signs that as far as the world's consumers were concerned, the recession had bottomed out. Three months later, they're starting to embrace the idea of recovery – which is a major turning point," said Aaron Cross, Managing Director, The Nielsen Company, Thailand. "Thai consumers also share this sentiment, with 84 percent thinking their economy was in recession – a positive reduction of seven points from a high of 91 percent when the survey ran in March 2009. 28 per cent of Thai consumers now think the recession will be over within a year, up from 24 per cent who thought so three months ago."

Source: The Nielsen Company, 3 August 2009

For the latest in visitor arrivals, please visit 'Research & Statistics' at www.tourism.australia.com

3. Trade Update

- Trade partners expect pent up demand later this year, which will spur business for 2010. This is reflected in the take up of 80 per cent of booths, as of 18 August 2009 for the Thai Travel Agents Association consumer show in February 2010.
- Incentive agents reported that incentive travel remains resilient as the trips have already been budgeted for.
- As at August there were 251 Aussie Specialist agents from 88 agencies, of which 64 per cent were fully qualified.

4. Airline News

- Demand is encouraging on Thai International Airways new route, Oslo to Norway, as the return airfare is THB12,000. The airline expected interest from up to 5 incentive groups but ended up with 20 group enquiries instead.
- Kingfisher Airlines operates Kolkata-Bangkok daily flights effective 14 August 2009. The airline competes with two other airlines, Thai Airways International and Jet Airways on the route.
- Thai International Airways have planned five direct flights a week to Brisbane for their winter schedule, tentatively to commence on 26 October. This is subject to approval from the relevant airport and government authorities.

5. Competitor News

- For incentive groups of 200 persons and above who choose Korea as their incentive destination, the Korea National Tourist Office is offering free nights as per individual stay, and a hosted gala dinner.

6. Key Campaigns and Activities in Market

Current Campaigns and Activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
12 October	16 October	Dreamtime	Incentive Agencies namely First World, Heng Chiang and Reliance	