

TOURISM IN TRANSFORMATION TOURISM INDUSTRY CONFERENCE 2018

**Minister, Chairman,
Industry Partners, Ladies and Gentlemen**

INTRODUCTION

1. Good morning, welcome to Tourism Industry Conference 2018.
2. By now, you are familiar with the record highs for Tourism Receipts and International Visitor Arrivals in 2017. The growth in total revenue of our hotel industry is evidence of a growing pie even as more players enter our market.
3. These results were only possible through our collective efforts. I would like to applaud everyone here for this achievement.
4. Annual results can be useful indicators, but it is often only when we take a 5-year or even longer perspective that we can better discern underlying driving forces and trends. When we are immersed in the day-to-day affair of managing the business or growing tourism, it is easy to miss the larger forces at play that are driving change in our sector.
5. Just consider the disruptions to our sector in recent years. The expansion of the Asian middle class, millennial travel patterns, the sharing economy... the list goes on.
6. Therefore, I have chosen this year's conference theme to be "Tourism in Transformation". My central message today is that our tourism sector is subject to waves of disruption, and we need to continue to adapt in tandem with the rapidly changing environment. This change is taking place at the sectoral level, but also needs to happen at the firm and worker levels.
7. I will discuss five thematic shifts that have marked this transformation journey. These same shifts also contain cues for companies to respond to if they wish to remain competitive.

8. In terms of demand for travel to Singapore, I will discuss three shifts. Firstly, we have had to adjust our strategies with regards to our source markets. Secondly, in order to stay competitive, we are differentiating Singapore through vibrant events and authentic local offerings. Thirdly, we have marketed and told the Singapore story in new and innovative ways.
9. From the supply-side, or from the perspective of industry, I will discuss two shifts. Firstly, in response to manpower constraints and changing consumer trends, we have worked with you to enhance productivity, embrace innovation and transform your businesses. Secondly, we have invested in data and technology initiatives to support the industry's efforts to harness digital opportunities.
10. Let me elaborate on the first shift, which is about new market opportunities.

Shift 1: Seizing market opportunities

Top source markets

11. If we look at our top three source markets of China, Indonesia and India, they contributed 7.5 million visitor arrivals in 2017. Ten years ago, these three markets only contributed 3.8 million visitor arrivals. This doubling of visitors did not magically happen.
12. We had to figure out how to seize the opportunity of their growing middle class populations. We protected our base by investing in their tier 1 cities, but we also deepened our engagement efforts in their secondary cities, and expanded our destination's appeal to new segments in these markets.
13. For example, when we identified Chongqing as a secondary Chinese city with potential, we entered that market in a multi-year collaboration with Changi Airport. Apart from joint promotional efforts and destination branding campaigns, we ensured a sustained cultivation process through a series of product updates and familiarisation trips. As a result of our joint efforts, we grew Chongqing arrivals by more than three-folds from 44,000 in 2015 to 146,000 in 2017.
14. Another source of growth opportunity is India. Cruising has been a significant driver in helping us grow the Indian market. Today, India is our

top cruise market, with Indian cruise passengers in 2017 growing 25% year on year.

15. We have been active in promoting cruises out of Singapore to Indians. For example, STB partnered Cruise Lines International Association (CLIA) to train close to 400 travel agents in Delhi, Mumbai and Ahmedabad. These sessions equipped them with the necessary product knowledge and skill sets to sell Singapore and Southeast Asia cruising, including tips on selling pre- and post-cruise experiences.

SEA and emerging markets

16. Apart from building a pipeline of visitors from our top source markets, we also saw the need to invest in emerging markets. Our experience in Vietnam explains why we need to invest early to reap future benefits.
17. In the early 2000s, we saw the potential of Vietnam as a source market and decided to set up our Vietnam office in 2003. This was aimed at cultivating trade and consumer relationships early, even though visitor arrivals were only at 44,000. Our efforts have paid off. In 2017, visitor arrivals from Vietnam to Singapore has expanded more than 10-fold to reach over half a million.
18. In recent years, we have intensified our cultivation efforts in Myanmar, and will be monitoring the growth potential of this market closely.

Long-haul markets

19. Long-haul markets also present opportunities, fuelled by expanding connectivity and new gateways to Singapore. Non-stop services to US cities by SIA and United Airlines give us a chance to tap more on this mature and affluent market. We can also take advantage of additional direct connections between Singapore and Europe.
20. And with the return of Qantas' Sydney-London services via Singapore, we have inked an STB-CAG-Qantas partnership to drive arrivals to and through Singapore from key markets in Australia, the UK and Southeast Asia.
21. To get a clearer understanding of where our opportunities lie and who we are attracting, do join the market breakout sessions, which will delve deeper into some of these markets.

22. The takeaway from this first Shift is that growth opportunities are dynamic across and within markets, and so we have to keep our pulse firmly on our current and future markets. STB will continue to invest in our ground game through our network of regional offices, so that we can support the growth of your tourism business.

Shift 2: Differentiating the Singapore experience

23. The second Shift we have had to navigate is to differentiate the Singapore experience from the competition to appeal to quality tourists.
24. While global outbound growth has been good, the competition for tourists is strong and intensifying. We are also witnessing a trend of tourists who are looking to travel as a form of personal transformation and growth.
25. Thus, we must differentiate the Singapore experience by continuously developing compelling content propositions. This will distinguish us from other destinations. Last year, I mentioned that as a mature tourism city, we need to rely more on events and lifestyle offerings, even as we continue to invest strategically in new hardware and infrastructure.

Curating a vibrant events calendar

26. STB has been aggressively curating a vibrant events calendar. We have supported over 900 events in the last five years. Today, our events calendar is packed with diverse experiences that surprise and delight even our repeat visitors.
27. One such event is the Anime Festival Asia, which we first supported in 2008. It has grown to become the signature Southeast Asia event for Japanese pop culture today. This year, AFA celebrates its 10th year anniversary. Let's hear from Shawn Chin, who is the founder of the event company behind AFA. <video>
28. A newer home-grown event that has also grown nicely is the Singapore Cocktail Festival. It will be held in conjunction with the inaugural Asia's 50 Best Bars awards ceremony next month, complementing and supporting the fast-maturing Singapore cocktail bar scene.

29. Last year, I announced our three-year partnership with Disney that allows us to tap on their Star Wars, Marvel and Pixar IPs to create special events in Singapore. Just last evening, stars of Marvel Studios' Avengers: Infinity War – such as Robert Downey Jr and Benedict Cumberbatch – were at the Infinity War Red Carpet fan event.
30. In this second year of our partnership with Disney, we are bringing some exciting Marvel-themed events to Singapore, including the upcoming Marvel Studios: Ten Years of Heroes Exhibition at the ArtScience Museum, where you can experience the world of Marvel Super Heroes.

Everybody needs an event strategy

31. STB has been driving an event strategy for Destination Singapore, but you must do your part too. Our view is that everyone, whether you are an attraction, a hotel, a mall, or a precinct, should have an events strategy.
32. Events augment your value proposition to drive visitation to your property or precinct. Events have the advantage of being easily refreshed to respond to consumer trends. They can be a worthwhile investment to generate stronger returns from your fixed assets. Let me share some examples.

Attractions

33. Resorts World Sentosa has been strengthening their lifestyle offerings to drive visitation to their property. They organised new events blending food and entertainment, such as The Great Food Festival and RWS Street Eats. For Universal Studios Singapore, their Halloween Horror Nights has become a much-anticipated annual event for horror fans.
34. Let's hear from two other stakeholders who have used programming to their advantage. <video>

Dialling up local and authentic home-grown experiences

35. Beyond seeking experiential travel, tourists are also increasingly looking for authenticity. Last year, we announced that STB, together with Enterprise Singapore and JTC, will be developing Design Orchard to support Singapore's design talent and profile their products in the heart of Orchard Road.

36. Opening by the end of this year, Design Orchard will house a retail showcase operated by home-grown company Naiise, and incubator spaces to support local designers in capability development and internationalisation.
37. An open call for designers' participation in Design Orchard was held between November last year and February this year, and more than 100 brands have indicated their interest.
38. Singaporeans have also taken the initiative to create unique experiences, such as At-Sunrice GlobalChef Academy graduate Gan Ming Kiat who started a weekend popup called Mustard Seed and self-taught chef Shen Tan who recently opened her home to launch a supper club series called Ownself Make Chef.

Souvenirs – Bringing a piece of Singapore home with you

39. There is also healthy demand for brands with a distinct local flavour. Through our surveys, we've seen a growth of more than 26% in visitor spending in souvenirs, gifts and confectionery items last year.
40. A very popular food item with locals and visitors, and which I'm told is often sold out, is the Irvins Salted Egg Chips. I am sure you have either seen the extremely long queues, or the empty sold-out counters.
41. STB is supporting players who want to create souvenirs and confectionery that are well-packaged and representative of Singapore through the Experience Step-up Fund (ESF).
42. For example, The Farm Store developed a series of pillows that features five different iconic skylines of Singapore, including Esplanade and Gardens by the Bay, to add to their range of locally-inspired products.
43. Through the support of such efforts, we hope to delight our visitors with an even greater array of quality souvenirs and products from local brands, so that they can bring a piece of Singapore home with them.
44. This second aspect of Transformation in Tourism is a reminder that we have to constantly re-evaluate our value proposition and competitive positioning in relation to consumer trends.

Shift 3: Telling a great Singapore story

45. Beyond the memories and souvenirs that visitors can bring home, we need to tell the Singapore story better to engage prospective and repeat visitors. This brings us to the third Shift I would like to discuss, which is about how marketing and branding for Singapore tourism has had to evolve.

New (type of) brand

46. A great Singapore story starts with a great brand. Hence, last year, we introduced a new brand for Singapore. Not just a new brand, but a new type of destination branding. While many others describe their destinations with adjectives, we decided to use Passion Made Possible to capture the spirit, attitude and story of Singapore.
47. We launched Passion Made Possible last August with EDB and MCI. Together with some of you, STB spent the next few months bringing the new destination brand closer to our overseas visitors across 15 markets globally. Let's take a look at some of these efforts. <video>
48. As you can see, Passion Made Possible was well received by tourism stakeholders, media and consumers, who found the new brand refreshing and inspiring -- making Singapore better stand out from other destinations. We've also continued to strengthen the new brand through various partnerships and achieved an accumulated reach of almost half a billion.

Working with local talents to tell the Singapore story

49. You will notice that we are featuring more Singaporean faces in our visuals and telling more of their individual stories. We worked with more than 100 Singaporean talents in our new brand campaign and proudly featured quite a few of them in some of our in-market activations, such as the Singapore Weekender in Mumbai.
50. It was held in Sassoon Docks, one of the largest fish markets in Southern Mumbai, and it was transformed into an extensive and exciting festival site with art, music and dance components featuring seven Singaporean artists, which included DJ KoFlow, who performed for us earlier today.

51. We have also worked with Sentosa Island stakeholders to feature their staff and personalities, such as Chef Sam Leong and his son Joe Leong, flowboarder Melissa Kamil and Sentosa's 'tree doctor', senior arborist Daniel Seah. We will tell the stories of these Sentosa ambassadors in Thailand, Vietnam, Philippines and Indonesia, and invite visitors to experience their passions on the island.

Building an ecosystem to market Singapore

52. Everyone has a part to play in marketing Destination Singapore. Last year, we worked with Singapore Airlines to creatively market Destination Singapore. If you have taken an SQ flight recently, you would have watched the inflight safety video featuring picturesque shots of our destination, with more than 5.7 million video views online.
53. In dialling up this aspect, SIA has further entrenched their brand in the minds of their customers, while concurrently promoting Singapore's appeal. With all your great Singapore products and marketing ideas, we want to encourage you to also market and feature Singapore as part of your consumer outreach plan.

Equipping you for success: Marketing Innovation Programme

54. Therefore, we will continue with the Marketing Innovation Programme this year. The pilot of the programme was launched last year to strong response, and we selected three marketing campaigns from AccorHotels, Millennium Hotels and Resorts, and Wildlife Reserves Singapore for support.
55. We assessed that they were deserving of additional international marketing resources, because they were also promoting Singapore inasmuch they were promoting their own brands. I invite you to take a look at the Marketing Showcase outside and attend the breakout session after lunch to find out more about how your brand can be part of this programme.

Equipping you for success: Capability building: Marketing College

56. It is important for us to work jointly with you to market Singapore as a team. Some of you attended the STB-organised Marketing Conference in January for the first time. The Conference is part of a larger initiative called STB Marketing College, which is a learning and development investment in STB as well as our industry partners.

57. I am glad to announce that the STB Marketing College will now be available to Singapore-registered tourism stakeholders from the second half of this year, where you can access online courses on-the-go. You can also look forward to the Marketing Conference annually for tourism marketing best practices and innovations.
58. Together, we can successfully navigate the ongoing transformation in tourism marketing.

Shift 4: Transforming businesses

59. I would now like to move to the supply-side perspective in the context of today's theme - Tourism in Transformation. Tourism businesses in Singapore have had to make significant adaptations in response to market opportunities and policy shifts.

Hotel Industry Transformation

60. After some years of working with the owners and managers of our hotels to invest in productivity solutions and skills upgrading for their staff, we have started to see more traction and a growing momentum for change.
61. More than 50% of hotels which opened in 2017 adopted RFID to manage their linens, uniform or assets. At the same time, STB supported more than 10 hotels to adopt robotics for front- and back-of-house usage.
62. The hotel industry manning ratio, which is determined by the number of staff against the number of hotel rooms, has also fallen from 0.67 in 2014 to 0.58. If you apply this ratio to our stock of 67,000 rooms, that is a net saving of 6,000 workers across the hotel industry. Over the last three years, the hotel industry's nominal productivity has also grown by about 3% per year, which is a creditable result.

Transforming business models

63. Companies that continually revisit their business model and invest in new capabilities will have the best chance of navigating disruptions in the external environment.
64. Starting from its roots as a booth construction and design company, Kingsmen Creatives has evolved their business to leverage new trends and

opportunities. They recently announced that they are partnering with Hasbro, the largest toy maker in the world, to open the NERF brand of family entertainment centres in the Asia Pacific, with the first location due to open in Singapore by 2019. Let's hear from CEO Andrew Cheng about the Kingsmen story. <video>

65. Another player who is prepared to adapt and innovate amidst the rise of global online players and changing consumer preferences is Anywhr, a travel agent that specialises in surprise trips, where customers will only know of their travel destination at the airport. This is a proposition that is apparently gaining traction.
66. With support from STB such as the Business Transformation Through Train Programme, where travel agents can consult one-to-one with subject matter experts for the generation and refinement of ideas, we hope that more travel agents will go beyond mere ticketing to be designers of travel experiences.

Tours

67. What about tours? When I was a student in London in the 90s, I noticed that London offered a fantastic range of walking tours catering to all kinds of niche interests. I did wonder then – Why did we not have as vibrant and creative a range of tours in Singapore?
68. What's heartening to know is that there are now more niche tours in Singapore such as the Next Gen Hawker Tour. This culinary tour brings participants closer to third generation hawkers and hawkerpreneurs, where they can get to hear stories about keeping the hawker tradition alive through the preservation or reinvention of local dishes.
69. With the amended Travel Agent Act in effect since 1 January this year, I am hopeful that we will see more new and innovative walking tours that will showcase interesting aspects of Singapore to our visitors.

Innovation as business-as-usual

70. Innovation is becoming a habit for more of our industry players. STB launched the inaugural Innovation Challenges for Hotels and Travel Agents last year, bringing together for the first time our stakeholders with technology players to co-create solutions. This helped our industry

stakeholders to frame their business challenges and crowd source new solutions from a pool of technology solutions providers.

71. We have selected and provided support for 23 projects to begin test bedding. Let's hear more about the change journeys from three participants. <video>
72. We will be introducing Innovation Challenges to the MICE industry too.
73. STB is committed to support your transformation journey, so that tourism growth results in sustainable business growth and the creation of good jobs for Singaporeans.

Shift 5: Leveraging technology & data to transform

74. The last shift is about leveraging technology and data to transform.

Tourism Information and Services Hub (TIH)

75. Last year, I shared with you that STB is building the Tourism Information and Services Hub (or TIH). TIH is an integrated B2B2C platform to help businesses connect, collaborate and syndicate tourism information & services in real-time. I am glad to announce that the TIH is now live.
76. TIH addresses an industry need to have more up-to-date information about our tourism offerings, and to have a one-stop source to find out what's happening in Singapore, opening hours of places, walking trails, the latest deals, etc.
77. TIH fulfils this need by aggregating tourism content and travel-related services, and makes this available to any local or international stakeholder through application programming interfaces (or APIs). These APIs allow any industry player to power their own apps or websites with the latest content and smart services from TIH. This gives the industry a competitive edge to quickly build compelling and deep experiences of Singapore.
78. This ability for a stakeholder to create a piece of content, upload to TIH and instantly have it syndicated to millions of visitors to Singapore is the first of its kind in the world.

79. Home-grown business Hungrygowhere is already on-board TIH and is amongst our highest contributors of content with more than 500 points of interest. They understand that TIH is an essential channel that will increase awareness and reach of their content, to drive conversions for their business.
80. On the other end, Buffalo Tours is already drawing content from TIH. Based in Vietnam and operating in 11 Asian destinations including Singapore, they have shared that, without TIH, the collation of information they require about Singapore would be done manually, which was time-consuming and labour-intensive. With TIH, they can find what they need and discover new content in one place, and be confident that it is up-to-date.
81. Now, how much will TIH cost you? Other than your own efforts, nothing. It's free to access and use. If you are a company and you want to develop a website or mobile app that is rich in content and services, you could potentially be spending \$50,000 a year to do so.
82. TIH allows for *free*, direct access to a wealth of the latest tourism content. Services such as navigation functions, can also be directly drawn from TIH to your website or app with no additional cost.

Stan

83. We have also been working on the Singapore Tourism Analytics Network (or Stan). Stan stores and analyses all the tourism data we have; from visitor arrivals to modes of travel to spending and movement patterns to website traffic to hotel industry info and much, much more.
84. It empowers our staff to conduct customised business analysis and ultimately, make data-driven decisions. Some of the insights using geo-analytics can also be seen at the showcase.
85. Stan has been rolled out within STB, and will be made available to you in future phases. To pave the way, STB has entered into data partnerships with industry members like Gardens by the Bay, Sentosa, Wildlife Reserves Singapore and Expedia.
86. Recognising the importance of data privacy and to encourage more data sharing between us, we have published our Data Trust Charter to

underline our commitment to responsible data sharing and usage between STB and stakeholders.

New opportunities to transform further

87. As our understanding of technology matures, we will discover new ways that it can help us do our work better or deliver a more enhanced customer experience.
88. For example, we are all familiar with how GPS and navigation apps have transformed travel and transportation, both at home and abroad. A new generation of indoor positioning technology now promises to help us find our way in enclosed areas too. Suntec has started mapping their premises for indoor positioning. With Suntec mapped, any visitor or business delegate could accurately locate themselves within Suntec, and find their way around. It also enables others to build interesting apps and services on top of this capability.
89. There is so much more that STB wants to share than I can possibly cover in this presentation. I encourage you to visit the Technology Showcase to see how you can tap on the capabilities of TIH and Stan.
90. Also attend our breakout sessions on Data and Technology, MICE, and Marketing for a more in-depth look at these topics.

Conclusion

91. Let me wrap up.
92. In case you have not noticed, tourism has been undergoing some serious transformation in recent times. My bet is that the future holds even more changes and disruptions, and they will come at us at a faster rate. The upshot of this is that we have to be continuously adapting and changing too, lest we find ourselves out of step or left behind.
93. I have sketched out five shifts at the sectoral level, and these themes are equally applicable at the enterprise and individual levels. You could ask of yourself, for example:
 - a. Where is the demand for your services coming from?

- b. Are you constantly upgrading your value proposition?
 - c. Do you have an engaging enterprise story or personal brand?
 - d. Are you being as productive, innovative and efficient as you can be?
 - e. Are you investing to take advantage of new technology and data analytics?
94. We've made good progress over the past few years, but the transformation of the tourism sector is a continuous journey that we have to undertake together, be it at the sectoral, enterprise or individual levels.
95. As the sector champion, STB is committed to drive the changes necessary for quality tourism growth. We are also here to support you in your respective transformation journeys.
96. Singapore is well-placed to take advantage of the growth in travel and tourism in this part of the world. We are competing from a position of strength. Let us work together to ensure that Passion Made Possible is as much a descriptor of our future as it is our history.
97. Thank you.