Singapore TOURISM BOARD

Indonesia

STB Market Insights

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Executive Summary

Indonesia is Singapore's biggest source market, both in terms of visitor arrivals and tourism receipts, and the numbers are still expected to grow. This is brought about by three factors we identified that played a role in growing Indonesia's outbound travel; the growth of the middle-class and affluent consumers (MACs), the expansion of low cost carriers (LCC), and the abolition of the Exit Tax. Singapore is one of the beneficiaries of these positive developments in Indonesia's outbound travel industry.

While the above-mentioned factors led to a healthy Compound Annual Growth Rate (CAGR) in outbound travel from 2008 to 2011 of 4%, Singapore posted 13% CAGR in visitor arrivals during the same period, maintaining our market leadership among the many destinations visited by Indonesian travellers.

Travelling is anchored on the Indonesian's need for an environment conducive for bonding with loved ones. They look for a respite away from the stresses of their daily routine. When travelling, extracting the most value for their money is of utmost importance and this is defined by the experiences the whole family can enjoy. Value-seeking behaviour is rooted in Indonesian culture that is centred on the family. Indonesians consider the best interests of the family, before their own.

Perceived as a clean, efficient and modern city, Singapore is in a unique position to attract Indonesians as they see Singapore satisfying their needs. Visitors from equally developed markets may perceive these as "hygiene" factors but these appear to be Singapore's edge over its competitors.

Since Singapore is readily accessible to Indonesia, they visit frequently for short getaways. Due to their frequent visits, Singapore can be considered familiar territory for them. Thus, booking a trip to Singapore need not require the assistance of a travel agent. Younger consumers are even open to booking a trip on short notice.

One of the potential challenges Singapore may face is how to remain relevant amidst the growing competitiveness of other nearby destinations. Singapore needs to create more compelling experiences to continue to attract Indonesians to visit Singapore.

Methodology of STB Primary Research Sources

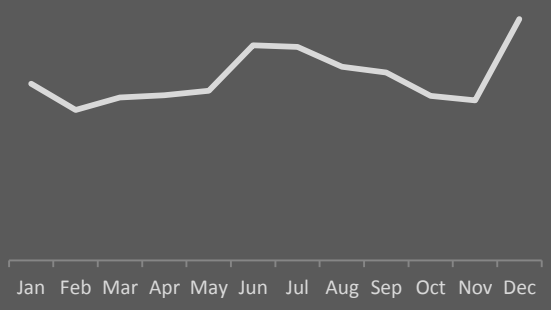
Figures from this report are gathered from STB internal research as well as publicly available sources. The STB's research sources are STB's Overseas Visitors Survey (OVS) and the Leisure Segmentation Study (SEG), as well as various interviews and focus groups done.

Overseas Visitors Survey (OVS) – conducted annually at exit points in Singapore, the OVS covers visitors from every nationality. The sample size is usually around 28,000 per year.

Leisure Segmentation Study (SEG) – conducted in 2011 in 9 key markets, SEG sought to understand the needs of different segments of frequent air travellers within our key markets of Australia, China, India, Indonesia, Japan , Malaysia,

About The Market

Population (million) [1]	251.2 (2013 est.)
Average Family Size [2]	4.3 (2003)
Major Cities - Population [1]	Jakarta: 9.1 million Surabaya: 2.5 million Bandung: 2.4 million Medan: 2.1 million Semarang: 1.3 million
Outbound Travel [3]	2008: 6.2 million 2009: 6.3 million 2010: 6.5 million 2011: 6.8 million 2012: 7.3 million
Top 5 Travel Destinations in 2012 [4]	Singapore: 2.04 million Malaysia: 1.32 million Saudi Arabia: 1.08 million China: 0.87 million Hong Kong: 0.41 million
Type of Outbound Trips in 2012 [3]	Leisure Tourism 83% Business 17%
Travel Seasonality [5]	



The Indonesian Traveller

Despite the global economic downturn in 2008, Indonesia has proven its resilience to external economic pressures by registering a gross domestic product (GDP) average annual growth of 6% from 2008 to 2012. [6]

Indonesia's bustling economy trickles down to the populace as evidenced by the growing middle class. Boston Consulting Group (BCG) asserted that the strong showing of the Indonesian economy results in "a wave of new Middle-class and Affluent Consumers (MACs)[a] that will grow in both size and purchasing power through 2020." [7]

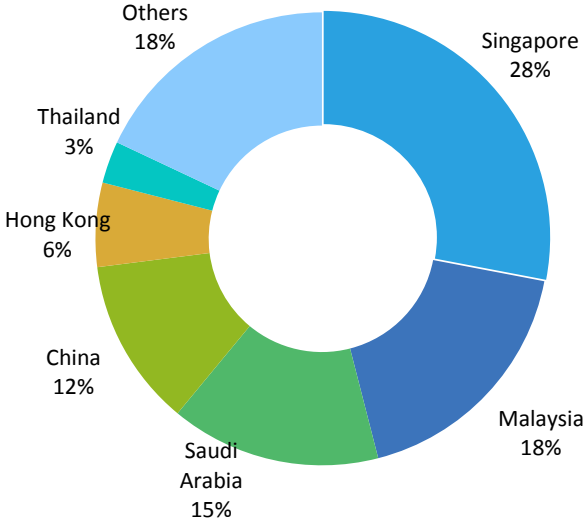
The MAC segment, estimated at 74 million in 2012, is a segment of interest as they are most likely to "trade up on these categories [products with high emotional payoff] as product quality (both functional and emotional) becomes more important and brands become a form of self-expression." [7] A study by McKinsey & Company also yielded similar findings. As Indonesian households become wealthier their spending shifts towards discretionary items e.g. leisure and investment vehicles. [8]

Aside from a thriving economy, the abolition of the Exit Tax[b] in 2011 and the burgeoning ranks of low cost carriers (LCC) helped drive demand for outbound travel. [4] [3]

The move opened the doors for more Indonesians to travel overseas resulting in 4% increase in outbound tourists at the onset and 4% CAGR from 2008 to 2012. [4] In 2012, Indonesia's outbound tourism stood at 7.3 million. Analysts project outbound tourism to grow rapidly in the next 5 years, with estimates ranging from 7.4 to 9.0 million by 2017. [3] [9]

However, Indonesian travellers have not yet reached the stage of maturity as travel experience was still limited to neighbouring countries in Asia Pacific. World Tourism Organisation (WTO) data show that Singapore, Malaysia and Thailand, the top 3 ASEAN destinations among Indonesians, comprise half of the outbound travel. The farthest destination popular to Indonesians was Saudi Arabia but most of these trips were religious in nature i.e. Haj pilgrimage and Umrah trips. [4]

Top Outbound Destinations 2012 [4]



[a] Middle class and affluent consumers or MAC is defined by the Business Consulting Group (BCG) as those who belong to households with monthly household spending of IDR 2 million or more on regular items such as food, utilities, household supplies, communication, and transportation. Regular items exclude discretionary items such as entertainment, installments and durable goods. [7]

[b] Estimated at USD 277, collected among passengers departing by air.

Media Consumption Habits

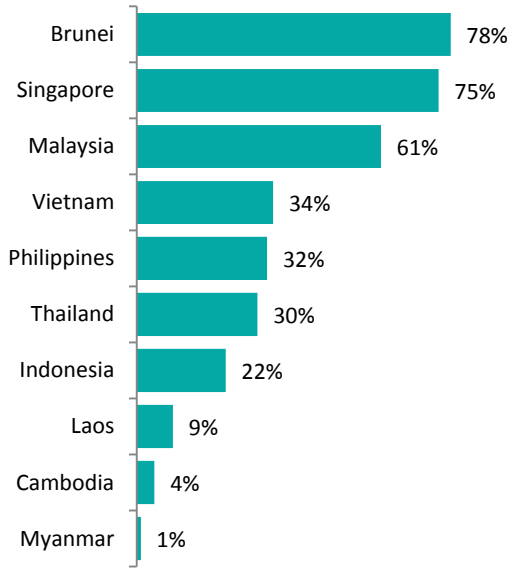
Traditional media such as television and radio are the key channels of mass communication in Indonesia. Almost every household owns a television set, and seventy percent of advertising budget of Indonesia companies goes towards television. [4] [10] Radio is still popular but listenership has declined in recent years alongside the likelihood to listen to radio for news.

This downward trend is attributed to the growing number of internet users [11] and increasing penetration of mobile phones, particularly smartphones, which makes access to the Internet handy, as compared to the less-developed and expensive fixed-line and broadband infrastructure, which saw only 1% penetration in the market. Due to this mobile revolution, in 2011 the number of internet users was growing by 20% annually and is projected to reach 100 million users by 2016, and 81% of households have a mobile phone and about half of Indonesians aged 15 and older claim to obtain news through their mobile phones at least once a week. Furthermore, 20% of Indonesians also read news from the Internet. [10] However, McKinsey estimates that only 5% of internet users engage in e-commerce.

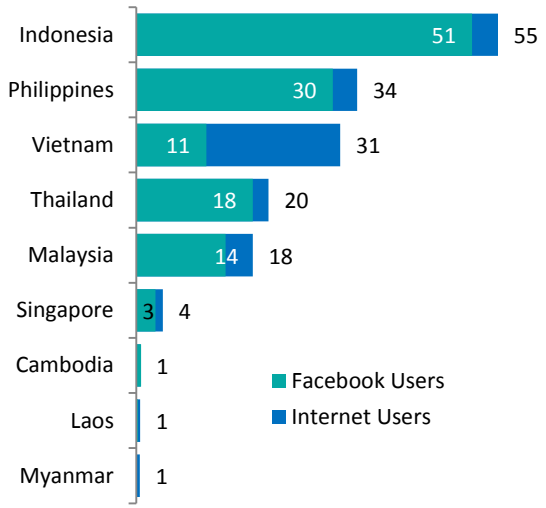
Apart from reading news (72%), accessing social media sites (96%) dominate Indonesians' online activities. Indonesians rely heavily on recommendations from their friends and family, and the social media is but a method to amplify the reach of the community. This fact is important when looking at the Indonesian consumer, as McKinsey has found little evidence of Indonesian consumers using websites to inform their purchase decisions. [11] Other online activities include reading blogs (38%), commenting on blogs (28%) and accessing online videos (32%) and audio (29%). [11]

Whilst Indonesia has one of the lowest Internet penetrations in SEA (22%), Indonesians are the most active on social media in the region. Among an estimated 55 million Indonesians with Internet access, 51 million of them (93%) have Facebook account. [11] Indonesia was also recognised as the 5th largest market in terms of the number of Twitter accounts. [12]

Internet Penetration 2011 [18]

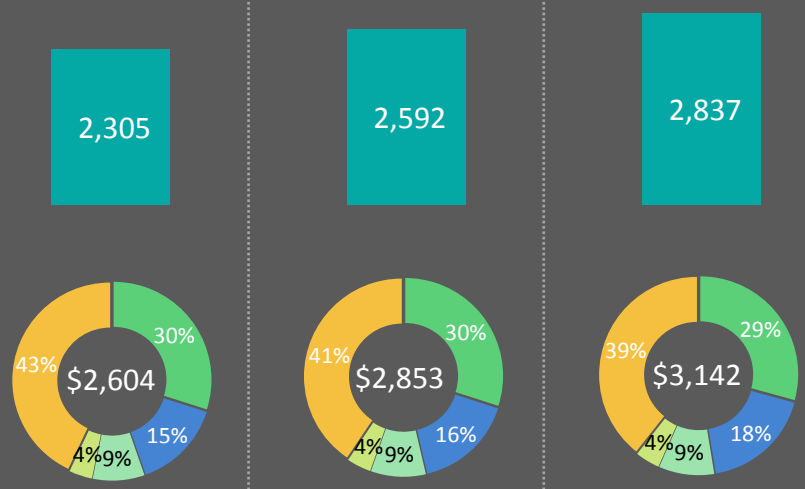


Population with Internet Access and Facebook Accounts in 2011 (millions) [18]



Indonesian Travellers to Singapore

	2010	2011	2012
Visitor Arrivals [13] ('000)	2,305	2,592	2,837
Tourism Receipts [5] ($mil/%)	$2,604	$2,853	$3,142
Tourism Receipts - per capita excl. SEG [5] ($)	1,130	1,101	1,107
Purpose of Visits [5]	27% / 19% / 17% / 36%	25% / 18% / 16% / 40%	36% / 19% / 16% / 29%
Weekly Flight Statistics (Flight Freq. / Seat Capacity) [19]	363 / 74,779	399 / 82,781	442 / 89,778
Top 5 Cities of Origin [5] (Air Arrivals)	Jakarta	Jakarta	Jakarta
	Surabaya	Surabaya	Surabaya
	Medan	Medan	Medan
	Bandung	Bandung	Bandung
	Denpasar	Denpasar	Denpasar



Others
Transport
F&B
Accom.
Shopping

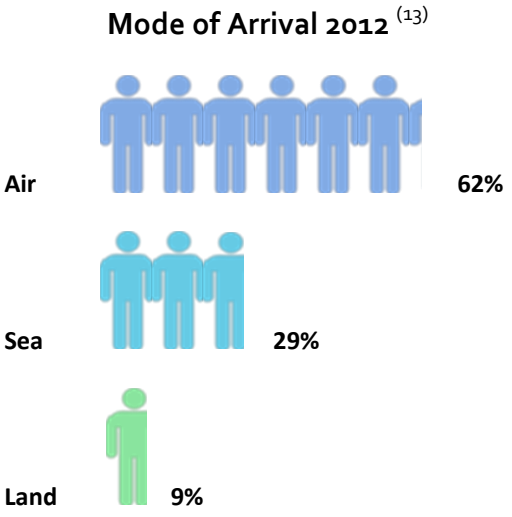
Others
VFR
BT/MICE
Holiday

1 2 3 4 5

* Sightseeing, entertainment and gaming expenditure has been excluded from tourism receipts in the country breakdown due to commercial sensitivity of information.
* Other TR components include expenditure on airfares, port taxes, local transportation, business, medical, education and transit visitors.

The Indonesian Visitor to Singapore

In recent years, the number of Indonesians visiting Singapore had been steadily increasing. Visitor Arrivals (VA) posted 13% increase in CAGR from 2008 to 2012, faster than Singapore's average VA CAGR of 9%.



In 2010, a year after the onset of the global economic crisis, Indonesian VA grew by 32% on the account of the opening of Integrated Resorts and the recovery of Indonesian economy. Visitor arrivals further increased by 12% and 9% in 2011 and 2012 respectively. (13)

Increase in VA led to higher tourism receipts (TR) which reached SGD 3.1 billion in 2012, the highest ever recorded. However, per capita expenditure (TR PCE) contracted during the same period due to shorter average length of stay (ALOS) in Singapore. ALOS in Singapore declined from 3.6 to 3.0 nights from 2008 to 2012. (13)

As of 2012, 6 out of 10 visitors arrived in Singapore via air. Air arrivals had been steadily growing at a rate of 24% CAGR from 2008 to 2012. Sea arrivals posted a contraction of 2% CAGR for the past 4 years leading to a declined share of 29% in 2012 from 44% in 2008. (13)

STB's in-market team observed that before the abolition of the Exit Tax, Indonesians visiting Singapore went to Batam and took a ferry from there. After the Exit Tax was abolished, we noted an increase in desire in taking a direct flight to Singapore.

The Indonesian Leisure Traveller

Top 5 Travel Needs 2011 (14)

To relax and wipe away the pressure and stress of daily routine

Recharging batteries & coming back to daily routine full of energy

Doing things together regardless of destination

The feeling of achievement when I go to places I have always wanted to visit

Flexibility and going with the flow

Needs of the Indonesian Leisure Traveller

The Leisure Segmentation Study revealed that the need to escape from stress and pressure of daily routine as well as the need to recharge their batteries emerged as the top travel needs of the Indonesian tourist. (14)

This insight is further confirmed by subsequent focus group discussions (FGD) in Jakarta, whereby it could be deduced that Jakartans travel, be it domestically or overseas, to look for respite outside of but still close to Jakarta, especially relating to weekend getaways. (15)

Furthermore, the family is at the heart of Indonesian culture and values. The culture puts great emphasis on family orientation and familial relationships. Decisions usually consider the best interests of the family. Almost a third of Indonesian consumers said they never spent on themselves until the needs of the family had been met. [8] [14]

This value is also observed in the Indonesian's travel behaviours. The Leisure Segmentation Study revealed that there is an inherent need to bond with loved ones. Almost half of active travellers appreciated the feeling of togetherness when travelling whilst the destination and the things they did at the destination were secondary. [7] [14]

Aside from being triggered by the need to bond and to escape, travelling is also triggered by the need to keep abreast with the latest developments and to keep up and visit the places others rave about. [14]

Considerations for Travel Destination

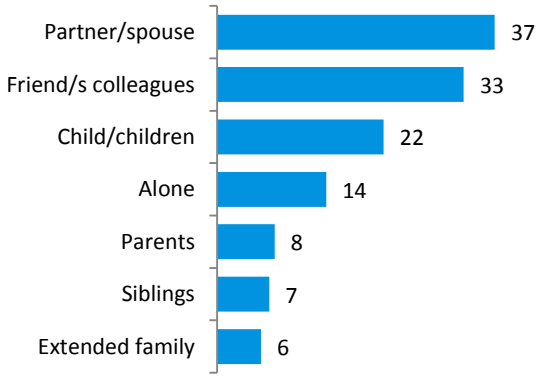
Indonesian consumers can be considered value seekers. About 6 out of 10 enjoy seeking deals and promotions. [7] The Leisure Segmentation Study also revealed that 9 in every 10 consumers actively looked for travel-related promotions. [14]

Value-seeking behaviour is also observed across the income spectrum. BCG noted that looking for value is prevalent even in family dynamics. In the Indonesian culture, the father is expected to provide for the needs of the whole family while the mother is the household's fiscal manager. As fiscal manager, the mother tries to stretch their resources so she can save for indulgences after providing for the essentials. [7]

This is also corroborated by qualitative research among higher and middle income earners. Consumers from these income segments revealed that their frequency of trips relied on the availability of air tickets on promotions. [15]

From these, it could be surmised that getting a good deal is important to Indonesians, hence budget and value are key considerations when deciding to travel.

Travel Companions (2011) [14]

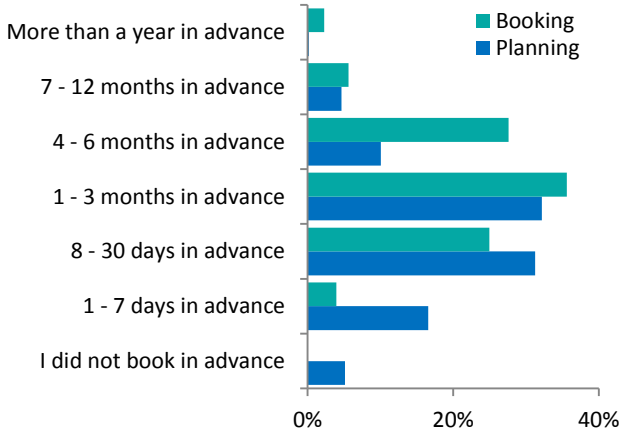


Planning and Booking Trends

Planning and Booking Trends

Most Indonesian travellers need 3 months or less to plan their overseas trips. Impulse trips are not yet a common practice among Indonesians. Of the many trips they had from 2010 to 2011, 88% were planned trips. [14]

Time Required for Planning / Booking Trips 2011 [14]



There are two main kind of trips Indonesians undertake, which require planning of different sorts. The first is the destination-driven trip. These trips require some time to research for information especially if it is their first time to the destination. The second is triggered by time-limited events such as concerts, sporting events, fashion show, sales etc. These trips are sometimes done on impulse and require shorter time to plan. [15]

However, visiting Singapore is unique as Indonesians would sometimes visit Singapore on short notice. This behaviour is more apparent among the younger segment, aged 20 to 35 years old. [15] This presents an opportunity to create triggers that require urgent action to book a trip to Singapore.

When it comes to booking long-haul trips and trips to unfamiliar destinations, traditional travel agencies are still relevant as half of travellers purchase their holidays from traditional trade channels. [4] [14]

Online travel agents (OTAs) have also penetrated the market but are not yet fully utilised by consumers. At the moment, 64% of the population with Internet access are the young ones, aged 15-19, with very little money to spend on travelling. Furthermore, incidence of credit card ownership is still low; only 4.5% of the population possesses a credit card. Factor this in with the estimate that only 5% of Indonesian internet users engage in e-commerce and it is clear that the Internet, if utilised at all in any stage of the Indonedian traveller's consumer cycle, is more a source of information than an avenue for bookings.

However, OTAs are optimistic that usage of their services in Indonesia is improving. According to BNI, OTAs are adapting to the challenge of dealing with non-internet savvy consumers by exploring alternative payment options e.g. offline payment. [4]

Information Sources before and during Travel

The market is still heavily reliant on word-of-mouth when planning a trip, especially from trusted sources e.g. friends and relatives (72%), followed by those they consider domain experts such as travel agents (59%).

Online sources, mostly through search engines, come in third with about 4 out of 10 consumers saying they use this medium.

During travel, 6 out of 10 Indonesian visitors consult a guidebook whilst about half look through a brochure they picked up at the destination. A third of them go to tourism visitor centres to seek for information. [14]

Advocacy after Trip

After the trip, 8 out of 10 Indonesians would talk about their trip with family and friends. About 7 out of 10 would even go to the extent of showing photos or videos to their family or friends face-to-face.

Surprisingly, less than half of them said they would post these things on social media. [14] The behaviour of posting photographs and status messages related to a trip was more evident amongst female consumers whilst males were quite averse to this behaviour. The reason for this male aversion to posting was the risk of being swamped by requests for '*oleh-oleh*' (the gift or souvenir items one brings home for friends and loved ones). [15]

FUN FACTS

Did you know that Jakarta and Bandung are two of the 20 busiest cities on Twitter worldwide?

In fact, Jakarta tops the list released by Semiocast along with Tokyo, London, Sao Paulo and New York. Bandung is on the 6th spot.

There are about 19 million Twitter users in Indonesia and they post about 200 million tweets every day. Most of these tweets come from these 2 cities, Jakarta and Bandung.

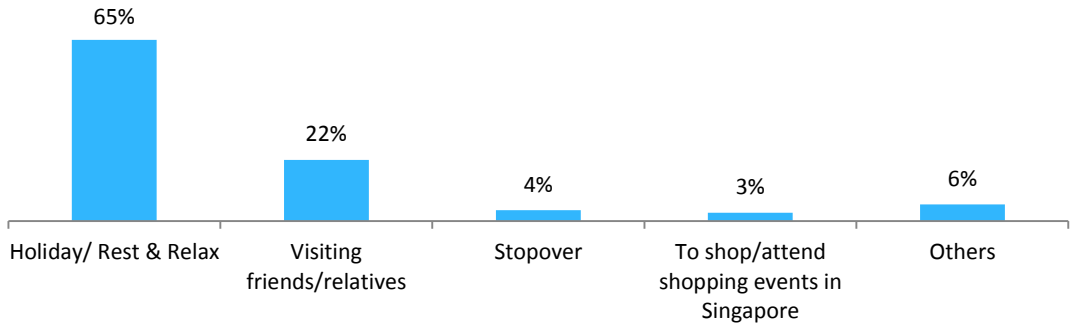
These tweets may not necessarily be organic or original content. Twitter users also love to retweet anything that are of interest to them. In fact, more than half of the tweets analysed by Semiocast were retweets. [12]

Leisure Traveller in Singapore

Reasons for Visiting Singapore

Whilse the Indonesian traveller's primary need is to bond with friends and loved ones, there is also a strong need to escape and find respite outside of but close to home, at a place conducive for bonding. Due to Singapore's proximity, Indonesians see Singapore as a destination that addresses their need for a respite and is clean, safe, efficient and well-maintained. To them, Singapore offers modern infrastructure just a stone's throw away. Most Indonesians visit Singapore to spend their holiday i.e. to rest and to relax, while about a quarter visit friends and relatives. [5] It is also affordable to visit Singapore; for someone residing in Jakarta, it is even cheaper to fly to Singapore than to Bali, and therefore they make repeated visits to Singapore. [17]

Purpose of Visit Details 2012 [5]



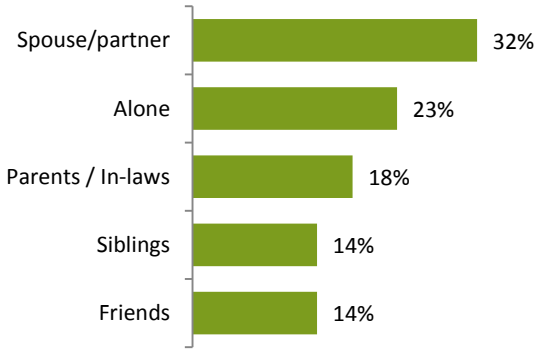
Activities in Singapore

While shopping is not the main purpose of visit to Singapore, it is the most common activity among Indonesians when they visit Singapore. About 9 in every 10 Indonesian visitor shopped while in Singapore [14]; usually in Orchard Road, Changi Airport or Bugis. [5] Popular items Indonesians buy in Singapore are souvenirs and gifts (48%), confectionery and food items (37%) and luxury brands of fashions and accessories (32%). [14]

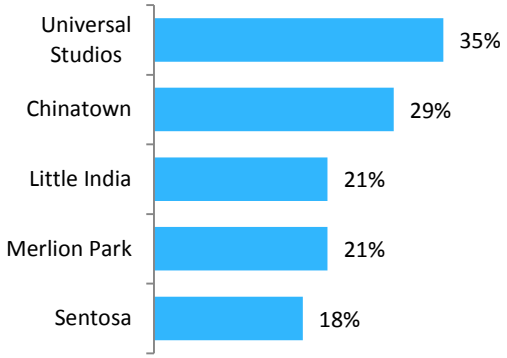
Indonesians are also fond of exploring the various tourist attractions in Singapore. Most popular are those where they can spend time with loved ones such as Universal Studios (35%), Chinatown (29%), Little India (21%) and Merlion Park (21%). However, their experiences are currently limited to the iconic ones. [5] This offers an opportunity for Singapore to highlight other places which still meet their needs to bond, to escape and to keep up with others. Attractions in Singapore also have the opportunity to constantly refresh their offerings or highlight new products to encourage repeat visitation.

Top 5 Activities in Singapore 2011 (14)	
Went shopping	86%
Visit well-known landmark or tourist icon	59%
Visit nature or animal-related attraction	40%
Visit theme park or adventure attraction	38%
Visit museum or gallery	36%

Travel Companions in Singapore 2012 [5]



Top 5 Attractions Visited in Singapore 2012 [5]



Expenditure while in Singapore

In 2012, Indonesian leisure visitors spent more than the average visitor (4%, TR PCE excluding SEG). This was driven by higher expenditure on shopping and healthcare.

Shopping comprised 49% of Indonesian leisure visitor's total expenditure compared to 42% for an average tourist in Singapore.

Indonesian visitors' spending on healthcare or medicines was higher than an average visitor. [5] Based on anecdotal feedback from the ground, they would buy over-the-counter medicines not available in Indonesia.

Visitor expenditure on other components was below the global average, and this is especially the case for accommodation. Indonesian visitors' expenditure on accommodation was half of the global average as a sizeable number of Indonesian visitors did not require accommodation. They are those who were either day-trippers or were staying with friends or relatives. [5]

Key Components (% Share) of Total Visitor Expenditure in Singapore 2012 – Leisure [5]

	Indonesia	Global	Difference
Accommodation	25%	29%	-4% pts
Shopping	49%	42%	+7% pts
Transportation	5%	6%	-1% pt
Food & Beverage	15%	17%	-2% pts
Healthcare	2%	-	+2% pts

Barriers to Visiting Singapore

Amongst Indonesian active travellers, there was a sizeable proportion who had not been to Singapore. This segment is estimated at about 27%; however, there is a significantly higher number of Indonesians who have never been to Singapore in Medan (48%) than in Jakarta (15%) and Surabaya (18%). Consumer preference for other destinations and their limited knowledge of Singapore's offerings are the key deterrents to come to Singapore. [14]

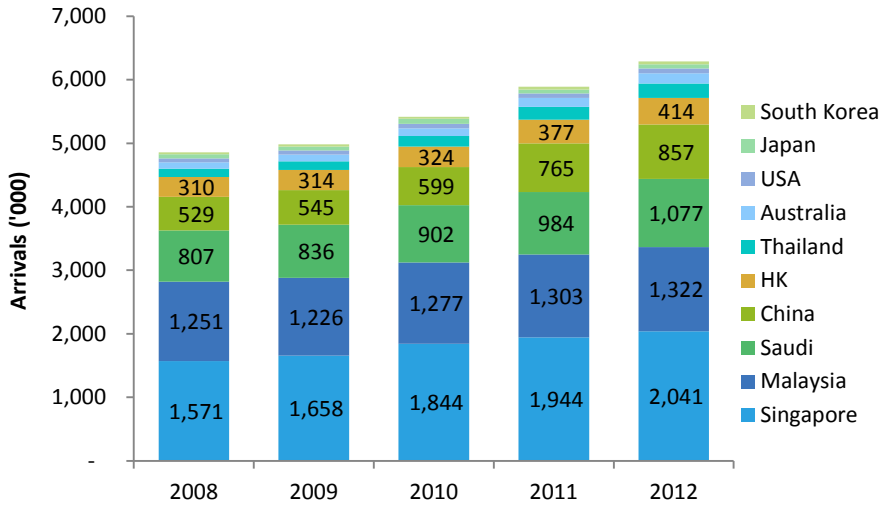
The growing attractiveness of other leisure travel destinations might also affect Singapore's competitiveness in the tourism sector. During focus group discussions, we observed that there was growing interest for Japan and South Korea among consumers due to the proliferation of Korean and Japanese pop culture in the Indonesian market. [15]

South Korea registered double-digit VA growth from Indonesia (11% CAGR from 2008 to 2012) while Japan seems to be on its way to recovery after visitor arrivals decreased due to the tsunami and the radiation scare in 2011. Japan National Tourism Organization and Euromonitor reported that Indonesian visitor arrivals increased by 64% a year after the disaster. [3] [16]

Thailand and China are the other destinations enjoying a growth in interest from Indonesians, posting VA increases of 15% and 13% CAGR from 2008 to 2012 respectively. Thailand is popular for shopping and for places with cultural and historical significance [14], while China's rise to power is spurring interest in exploring the regional superpower. [3]

Meanwhile, Singapore's proximity to Indonesia has become a double-edged sword. With the rise of low cost carriers (LCCs), Singapore has become so accessible hence, to a certain extent, losing its veneer of "exclusivity". [15]

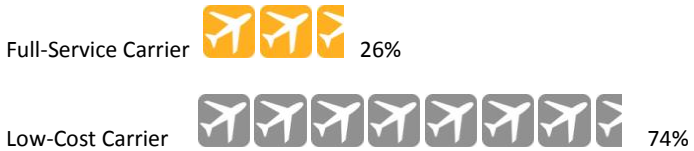
Top 10 Outbound Destinations 2012 [4]



	4-Yr CAGR
South Korea	11%
Japan	-1%
USA	5%
Australia	13%
Thailand	15%
HK	8%
China	13%
Saudi	8%
Malaysia	1%
Singapore	7%

Getting to Singapore

Type of Carrier 2012 [5]



In the past 4 years, VA via air grew 24% CAGR from 2008 to 2012. In 2012, 62% of visitors took a flight to Singapore compared to 43% in 2008. This is attributed to the development of LCCs in the market. [13]

Among those who took a flight to Singapore, we noted a 60% increase in passengers taking LCCs year-on-year, helping LCCs gain momentum and expand market share from 26% in 2008 to 74% in 2012.

As of 2012, 4 of the top 5 carriers taken by Indonesian visitors to Singapore were LCCs, namely: AirAsia, LionAir, Valuair and TigerAir. [5]

BTMICE Traveller in Singapore

Indonesian BTMICE Arrivals and Tourism Receipts

Indonesia is one of Singapore's biggest source markets for inbound BTMICE travellers. Indonesia ranks second both in terms of BTMICE visitor arrivals and tourism receipts.

City of Residence (BTMICE Air Arrivals) [5]

Rank	2008	2009	2010	2011	2012
1	Jakarta	Jakarta	Jakarta	Jakarta	Jakarta
2	Surabaya	Surabaya	Bali	Bali	Surabaya
3	Bali	Yogyakarta	Surabaya	Yogyakarta	Bali
4	Palembang	Pekanbaru	Yogyakarta	Bandung	Bandung
5	Bandung	Bandung	Medan	Surabaya	Medan

Estimated at around 400,000 as of 2012 and predominantly residing in Jakarta, BTMICE travellers from Indonesia grew 5% CAGR in the past 4 years. [13] This rate was faster than global average growth as well as the rate of outbound BTMICE travellers from Indonesia. [4] This implies that Singapore was gaining market share of BTMICE travellers from Indonesia.

Similarly, tourism receipts from Indonesian BTMICE travellers grew faster than global average growth but growth rate was at a slower pace than visitor arrivals. This suggested that BTMICE travellers were spending less on average.

Indonesian BTMICE travellers in Singapore stayed for less nights in Singapore compared to an average BTMICE visitor. The Indonesian BTMICE visitors spent 3.2 nights compared to 3.6 nights of an average BTMICE visitor. [5] Nonetheless, BTMICE travellers from this market were the most frequent visitors to Singapore based on a Business Travellers Study conducted among residents of 11 key source markets, visiting Singapore an average of five times a year. About 9 in 10 of them came to Singapore for business while the rest attended a MICE event. [17]

Expenditure and Activities in Singapore

As of 2012, an average Indonesian BTMICE visitor spent around SGD $1,301 (TR PCE) in Singapore, 13% lower as opposed to an average BTMICE visitor. Spending was on a downward trend since 2008, declining at an average rate of 3% CAGR in the past 4 years.

Accommodation comprised the largest portion of Indonesian BTMICE visitor's spending at 44%; however it is still lower than the average BTMICE visitor to Singapore who spent 53% on accommodation.

Shopping comprised a substantial 33% of Indonesian BTMICE visitor's expenditure which is +11% higher than that of a typical BTMICE visitor. Among Indonesian BTMICE visitors in Singapore, 54% would not let the opportunity to shop pass. [17] Changi Airport (76%), Orchard Road (56%) and Bugis (13%) were the most popular shopping places for these visitors. [5]

BTMICE visitors also consumed leisure activities while in Singapore. These activities revolved around shopping and family experiences as a number of Indonesian BTMICE visitors travelled with family. Popular places they visited include Little India, Sentosa, Chinatown and the Integrated Resorts. However, we are seeing an increase in incidence of lone travellers, the numbers of which grew 25% CAGR from 2008 to 2011. [5]

Key Components (% Share) of Total Visitor Expenditure in Singapore 2012 – BTMICE Air Arrivals [5]

	Indonesia	Global	Difference
Accommodation	44%	53%	-9% pts
Shopping	33%	22%	+11% pts
Transportation	8%	6%	+2% pts
Food & Beverage	16%	18%	-2% pts
Healthcare	1%	-	+1% pts

The Indonesian Healthcare Visitor [e]

From 2008 to 2012, demand for healthcare service among foreign visitors grew at an average CAGR of 9%. The number of visitors who visited Singapore either for personal need or to accompany someone with healthcare needs surpassed the 350,000 mark in 2012.

City of Residence (Healthcare) [5]

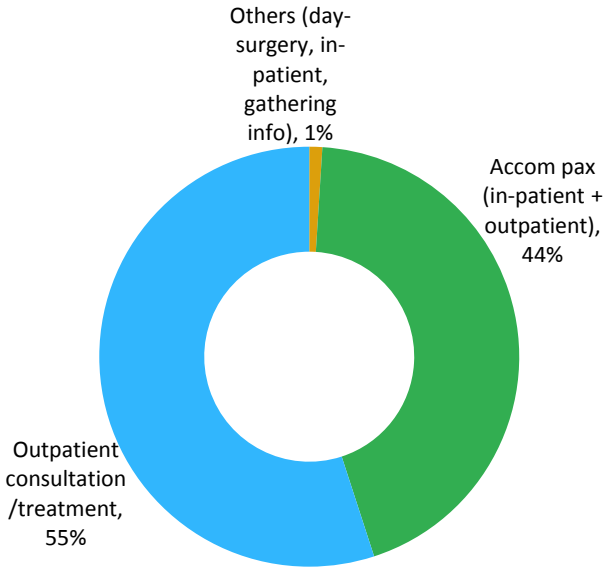
Rank	2008	2009	2010	2011	2012
1	Jakarta	Jakarta	Jakarta	Jakarta	Jakarta
2	Surabaya	Batam	Batam	Batam	Surabaya
3	Batam	Surabaya	Surabaya	Bandung	Medan
4	Palembang	Pekanbaru	Tanj. Pinang	Medan	Batam
5	Bandung	Medan	Solo	Surabaya	Yogyakarta

In terms of spending, an average Indonesian healthcare visitor, including those who accompanied someone for healthcare reasons, spent about SGD $2,207 per trip (TEV [f] PCE); this is 17% lower than an average healthcare visitor to Singapore. Healthcare visitor's spending also declined 10% CAGR in

[e] Healthcare visitors include those who accompany other people for healthcare service such as outpatient consultation, in-patient treatment, day-surgery etc.

[f] TEV stands for Total Expenditure of Visitor. TEV includes all payments and prepayments for goods and services made by visitors for goods and services consumed within the legal jurisdiction of Singapore; it excludes international airfare.

Type of Healthcare Services Sought 2012 [5]



the past 4 years on the account of contraction in medical (15%) and shopping expenses (5%). although there is an increase in spending on accommodation (19%), this was not enough to offset overall decline in TEV PCE.

As of 2012, 8 in 10 healthcare visitors were from Jakarta with the rest mainly from Surabaya, Medan, Batam and Yogyakarta.

In terms of the kind of healthcare service or attention the visitors sought, more than half visited Singapore for outpatient consultation or treatment while 45% accompanied someone for outpatient consultation. [5]

Findings and Implications

Indonesia is particularly interesting because opportunities in this market are abundant and the prospects are rosy; even staying buoyant despite a global economic slowdown. As we expect continued growth in our largest neighbour, it is imperative that Singapore's travel and tourism-related industries seize these opportunities as well.

To this end, we have identified 4 key findings for the travel and tourism sector:

Family orientation is important among the Indonesians.

To most Indonesians, the family comes first. The family can even be a strong justification for purchase of big-ticket items such as holidays, vehicles and even housing. What matters most is that the whole family partakes of and shares in the joy of consumption.

When it comes to travelling, Indonesians usually travel with their spouse and/or with children, hence the experiences they consume are those that could be enjoyed by everyone. It is the act of creating shared memories and spending time with loved ones that makes for memorable travels. The destination is secondary.

For Singapore's tourism industry, this means that family experiences should be dialled up in communications to the market; but to standout, Singapore should highlight differentiated family experiences that cannot be found anywhere else.

Singapore is an extension of lifestyle.

Due to Singapore's proximity and the availability of flights, Indonesians visit Singapore frequently; more than 7 in 10 visitors to Singapore have visited Singapore before. [5] For some Indonesians, Singapore is their weekend getaway, especially on long weekends or if they just feel the need for a break from routine.

While visits to Singapore are mainly driven by the desire to relax and have a holiday they also take the opportunity do the things they do at home like shopping, dining and watching performances, aside from going to iconic and latest attractions in Singapore. Hence, Singapore offers Indonesians an extension of their lifestyle, a second home.

However, proximity in itself is a double-edged sword. Some Indonesians feel that Singapore has lost its veneer of "exclusivity" because visiting Singapore has become too easy. Hence, they are also exploring other destinations, such as Japan and South Korea.

To remain relevant, Singapore has to continue communicating the experiences that Indonesians are familiar with, as this is essential in growing the base of Indonesians visiting Singapore. Furthermore, highlighting these familiar experiences may encourage repeat visits and even customer loyalty.

Singapore has to create reasons that are both appealing and compelling to remain competitive. Continually highlighting what is new and interesting in Singapore would give Indonesians reasons to see Singapore as their destination of choice.

Hygiene factors are Singapore's competitive edge; Singapore needs to work on the "heartware".

Escaping the hustle and bustle, especially in Jakarta, is one of the dominant needs among Indonesians. They feel the need to relax and wipe away the pressure and stress of daily routine and to recharge their batteries. They also have a need to keep up with others by experiencing the things other people rave about.

To Indonesians, Singapore is a nearby destination good for short trips away from the pressures and stresses of daily routine. Indonesians see Singapore in a positive light – clean, safe, efficient and well-maintained. This impression helps create the image of a worry-free destination for travel. Indeed, Singapore's strength lies in the hygiene factors, or the "hardware".

However, Singapore has to strengthen its "heartware". For the tourism industry, "heartware" should go beyond the functional needs and provide an experience that would connect emotionally, creating memorable moments for the Indonesian visitor. Areas that might benefit from an infusion of "heartware" could include providing quality service, creating opportunities for family experiences, or even involvement of local communities in tourism activities. Indonesians already like to come to Singapore; the challenge is to make them come more often.

Although online is gaining importance, traditional media still reign supreme.

When reaching out to consumers in this market, traditional media of communications such as television and radio are still popular but the use of new media is also growing in popularity. Indonesians are well-connected socially through Twitter, Facebook etc. This is a media that has not yet been fully leveraged by the industry.

Whilst traditional forms of media are still the most effective way of building reach and awareness, the sheer size of Indonesians who are active on social media renders this medium impossible to ignore. Social media can be used for creating interest and consideration as well post-trip advocacy.

Indonesians still rely on "trusted" persons or "experts" when it comes to recommendations. They could be anyone who has been to the destination and not just celebrities or public figures.

To leverage this opportunity, marketers need to create content that these consumers can talk about. This should be centred on experiences that are differentiated and has *talk-ability* value especially on social media. Singapore may optimise Indonesian's presence in online platform through Key Opinion Leaders (KOLs) who can start conversations with consumers. This can be potentially effective at creating buzz as Indonesians are fond of retweeting messages from trusted sources and popular celebrities.

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