



ASPAC-Market Update- Q3 2022

Mark Your Calendar-2022/2023 ASPAC Meetings and Events

KEY: TS – Tradeshow | RS – Road Show | CE – Client Event | M – Meeting | TR – Training | V – Virtual Event

Date	Type	Days	Location	Segments
15 Nov 2022	RS	4	Shanghai Beijing Guangzhou	Leisure/Corporate/MICE
8 Feb 2023	CE	2	Hong Kong	Leisure/Corporate/MICE
8 Feb 2023	RS	2	Singapore	Leisure/Corporate/MICE
6 Mar 2023	RS	4	Sydney Melbourne	Leisure/Corporate/MICE
6 Mar 2023	RS	5	Hong Kong Taipei Shanghai Singapore – FHR	Leisure/FHR
13 Mar 2023	RS	4	New Delhi Mumbai	Leisure/Corporate/MICE
13 Mar 2023	RS	5	Brisbane Gold Coast Perth Adelaide	Leisure/Corporate/MICE
15 May 2023	RS	6	Auckland Sydney Melbourne	Leisure/Corporate/MICE
12 Jun 2023	RS	2	Japan	Leisure/Corporate/MICE
14 Jun 2023	RS	2	South Korea	Leisure/Corporate/MICE
20 Jun 2023	TS	3	ILTM Asia Pacific-Singapore	Leisure/MICE
11 Jul 2023	RS	4	Singapore Kuala Lumpur	Leisure/Corporate/MICE
12 Sep 2023	RS	4	New Delhi Mumbai	Leisure/Corporate/MICE
12 Sep 2023	RS/CE	4	Shanghai Beijing Guangzhou Shenzhen	Leisure/Corporate/MICE
18 Sep 2023	RS	5	Brisbane Gold Coast Perth Adelaide	Leisure/Corporate/MICE
25 Sep 2023	RS	4	Sydney Melbourne	Leisure/Corporate/MICE
25 Sep 2023	RS	5	Japan	Leisure/Corporate/MICE
8 Nov 2023	RS	3	Bangkok Manila -FHR	Leisure/FHR

LEISURE TRAVEL

AUSTRALIA

- Q3 was very strong for Europe bookings and now there is a second wave of enquiries for travel in Q4 for all destinations.

- There is pent up demand for Japan and in particular ski. Tokyo and Kyoto hotels will be busy now that the border is fully open with family groups travelling.
- Long haul markets are staying in one place for much longer so hotels should consider loading longer stay rates. We are already noticing that pre and post ski travellers in Tokyo are staying for 4 or 5 days. Prior to Covid they would only stay 1 or 2 nights.
- There are many enquiries for 2023 summer especially for Europe. Hotels should make sure rates are loaded now so as not to miss out.
- The Platinum Partner rates are gaining traction in Australia so hotels should review their participation if they want to attract longer haul luxury leisure market especially if they aren't a part of any other luxury programme.
- Airfares are expensive as airline schedules have still not returned to pre-Covid levels. This means clients are trying some new and non-traditional travel periods as well as some new and secondary destinations.

Contact for this market is Carolyn Holmes based in Sydney, Australia
cholmes@preferredhotels.com

CHINA

- Due to more outbreaks in Hainan, Tibet, Xinjiang and other cities the Chinese government is continuing to do large scale PCR testing and temperature checks plus face masks are still required in many places. Some tourist attractions and entertainment venues are also closed during the peak domestic tourist season.
- China's vaccination rate is now 90% however vaccination rates are lowest among those aged 80+ and below average for those over 60 so campaigns are underway to encourage these age groups to get vaccinated.
- In Q3 China Customs introduced measures to simplify and streamline the international inbound entry process which no longer requires international arrivals to show a pre arrival Covid test result, infection history or vaccination status. However inbound arrivals are still required to have a PCR test 48 hours and 24 hours prior to travel which must be submitted to the local Chinese Embassy to be checked manually in order to issue an electronic "Green code".
- In Q3 foreigners who hold a valid APEC card to conduct business in China and foreign students with a valid residence permit for study purposes can enter China without applying for a new visa.
- China's circuit-breaker policy suspended several international flights as a consequence of having positive cases on board a previous flight on the same route. If 4 – 7 % of passengers test positive then flights on that route / carrier will be suspended for one week and if the number exceeds 8% then the route will be suspended for 2 weeks.
- The number of domestic trips taken over China's 3-day Mid-Autumn Festival holiday decreased by roughly 16% year on year due to Covid outbreaks in many cities.

Contact for this market is Cheryl Siow based in Shanghai, China
csiow@preferredhotels.com

HONG KONG

- The government has ended mandatory quarantine for overseas arrivals with a new **"0+3" Arrangement** which means the cancellation of hotel quarantine which will be replaced by 3-day medical surveillance – basically at home or in your hotel of choice. **"Test and Go"** Visitors will take a PCR test at HK airport and wait for result at residing hotel / accommodation, without waiting for the PCR test result at the airport. **Pre-arrival Test** - The requirement of 48-hour PCR test is replaced by 24-hour RAT test.

- The word from Beijing is that they will “support” Hong Kong in implementing a new travel policy which may vary from that in Mainland China in order for Hong Kong to remain economically competitive. According to the on-going rumors a complete plan to re-open the border fully is a must. See here: https://www.scmp.com/news/hong-kong/politics/article/3193111/coronavirus-top-state-official-gives-first-hint-beijings?module=perpetual_scroll_0&pgtype=article&campaign=3193111
- Taiwan announced no more on-arrival PCR testing from 29 September 2022 but a quarantine of 3+4 remains. We expect this to change in the coming weeks. [Taiwan to adjust entry rules for inbound travellers in two phases \(humanresourcesonline.net\)](#)
- PHG foresee travel policies to be changed in both HK & Taiwan in the coming months. Please stay tuned with Sylvia Mak of PHG.

Contact for this market is Sylvia Mak based in Hong Kong
smak@preferredhotels.com

INDIA

- High airfares continue to be a deterrent to long haul travel.
- A back log in visa processing for US, UK & Europe due to a shortage in embassy staff means that travel to these countries is limited and needs to be planned well ahead.
- Top destinations through the GDS continue to be Las Vegas, New York, Atlanta, Boston, London, Singapore, Tokyo, Paris and Rome and Milan.
- Top destinations in non GDS locations are Asia (Thailand, Indonesia, Singapore) Europe (UK, Switzerland, Italy, France), ME (Dubai).
- Top emerging destinations – Asia (Vietnam), Europe (Scandinavian Countries).
- South Asia, Middle East & few European markets like UK, Switzerland, France & Italy are dominated by wholesalers so please check with Jit Bose in India to see which ones the Indian agents like to use to ensure that you are visible and included in the next round of contracting.

Contact for this market is Jit Bose based in New Delhi, India
jbose@preferredhotels.com

JAPAN

- It has been announced that the Japan border will open fully for leisure travellers on October 11.
- In the August Japan Economic Report, it stated that the “Japanese economy is picking up moderately”. However, the slowing down of overseas economies is a risk so full attention should be given to the impact of price increases on households and businesses and supply-side constraints.
- The Japanese Yen is weak making overseas travel expensive plus the cost of flights is at an all-time high. These two factors are encouraging more domestic travel rather than long haul international travel.
- According to Immigration figures the number of Japanese outbound overseas travellers in July was 277,944, an increase of 550% compared to the same time in 2021. In July 2019 there were 1.65 million outbound travellers so there is still some way to go before everything returns to pre-Covid levels.
- Further border restrictions can be found at https://www.mofa.go.jp/ca/fna/page4e_001053.html
- Please contact hseguro@preferredhotels.com if you have any promotional offers so that the Japan office can share with relevant agencies when the timing is right.

Contact for this market is Hideki Seguro based in Tokyo, Japan
hseguro@preferredhotels.com

SOUTH KOREA

- From September 3 there is no longer any pre travel PCR test required for outbound travellers and it is expected that inbound PCR tests will be waived soon. Travel has already increased in Q3, but we expect outbound to travel to increase again in Q4.
- The full-service carrier Air-Premia will start direct flights to Singapore with additional flights to Ho Chi Minh City and Los Angeles from October. They do not have business & first class but do provide meals and in-flight entertainment. There will be additional routes to Europe & US in 2023.

Contact for this market is Alice Choi based in Seoul, South Korea
achoi@preferredhotels.com

SOUTH EAST ASIA

- Singapore school holidays will start in mid-November and won't end until the end of the year so any hotels that have last minute family type offers should please share with the Singapore team.
- Europe and the USA have been getting strong traction with the leisure segment as there are no border restrictions. Thailand remains the top destination within Southeast Asia as well as Singapore.
- There is pent up demand for Japan and Taiwan with travellers waiting for border restrictions to ease prior to booking. Hotels in Japan and Taiwan can share any “welcome back” offers so that the Singapore team can send out to clients in the region to kickstart business when borders reopen.

Contact for this market is Nicole Foo based in Singapore
nfoo@preferredhotels.com

CORPORATE / BUSINESS TRAVEL

AUSTRALIA

- Domestic corporate travel remains strong and is back to pre-Covid levels though international travel has slowed up slightly. This is mainly because airfares are very expensive so if travel is not necessary then it is being deferred to 2023.
- Online Booking Tools are gaining traction as they drive compliance, which is necessary for health and safety due to post Covid protocols.
- Hotels should complete the 2023 consortia RFPs as soon as possible so that they are ready for business in 2023 as otherwise the major TMCs will opt to support other properties.

Contact for this market is Carolyn Holmes based in Sydney, Australia
cholmes@preferredhotels.com

CHINA

- The ByteDance global RFP (non-Mainland China regions) launched in Q3 through CVent with city volumes of 200 room nights and above in 36 cities. Top 3 destinations are Singapore – 18000 room nights, New York – 4294 room nights and South Jakarta – 4000 room nights from Jan to Aug 2022.
- Siemens Healthineers said it wanted to make more products in China in order to better suit local demand. Its latest local investment includes a 3-billion-yuan (US\$449 million) manufacturing plant in Shanghai for making in-vitro diagnostics equipment and reagents for blood testing. We expect much more corporate travel once borders are fully re-opened.
- The Varian Global Innovation Center will open in Beijing and will be focused on early cancer screening, diagnosis and treatment,. This also marks a big investment in China since Siemens Healthineers completed its acquisition of Varian in April 2021. Once again we expect more travel once borders fully re-open.
- Starbucks expects to have performance growth 2023 versus 2024 as China market recovers from the severe impact of Covid related lockdowns and the number of stores in China is expected to grow by roughly 13% annually to make about one fifth of it total store numbers globally.
- Covestro is investing in the production of more sustainable polycarbonates in the ASPAC region. It announced fin Q3 a plan to build the first dedicated line for mechanical recycling of polycarbonates at its site in Shanghai. This represents an investment of more than 27 million Euros and it will be capable of supplying more than 25,000 tons of high-quality polycarbonates. Once again once borders fully re-open we expect more corporate travel from this account.
- Trip.Biz announced a strategic cooperation with Booking.com. They will review their current production and client base and use it as a guide but in future they will review Japan and South Korea markets as this is where many of the Chinese clients and corporations are already very active. In the future they will expand into locations along the “Belt and Road” project so this will include South East Asia and also Europe.

Contact for this market is Cheryl Siow based in Shanghai, China
csiow@preferredhotels.com

HONG KONG

- The AIA, Bank of America and Morgan Stanley RFPs both launched so hotels should look out for the re-negotiation requests in the coming months.
- Hotels should continue to work on local market penetration as in many cases a room night target of 100 is the key to being invited next time around.
- There is a new procurement manager at Kering in Q3 so hotels should be aware of rate benchmarking with Ctrip.
- Any PR materials or tactical offers are welcome but please ensure the Preferred Hotels and Resorts logo is included as well as Sylvia Mak’s contact details so that she can share the flyer at procurement level.

Contact for this market is Sylvia Mak based in Hong Kong
smak@preferredhotels.com

INDIA

- Business travel bounced back in Q3 for outbound with a reduction in restrictions and the resumption of many more international flights. India is now at 55% of corporate travel compared to pre-pandemic
- The usage of online booking tools has increased in India year on year.

- High airfares continue to be a deterrent for some international corporate travellers and even for some domestic travel since budgets are running low towards the end of the year.
- A shortage of embassy staff and a huge backlog of visa applications for some countries (the same as leisure segment) is creating challenges for those corporate travellers wanting to travel to the US, UK & Europe.
- When RFPs are launched there are fewer solicitations of new hotels since exact volumes are yet to be determined for 2023.
- Companies are not looking at aggressive rate increases and looking for LRA and 6PM cancellation.

Contact for this market is Jit Bose based in New Delhi, India
jbose@preferredhotels.com

JAPAN

- Business travel is increasing as border restrictions ease which is good news. Travel is still only at 20-40% VS 2019 for international flights as for many accounts there are additional processes for long haul travel approvals.
- Most major Japanese corporate accounts are yet to establish a global hotel program launched out of a head office within Japan. Hotels should note that most corporate hotel bookings from Japan are still made through local offices even when negotiated corporate rates are loaded on the GDS. This is one of the reasons why a local corporate relationship is imperative regardless of whether the hotel is in the program or not. Hotels should advise Preferred Hotels and Resorts Japan office (hseguro@preferredhotels.com) about any local contracts they hold for Japanese companies so that it can be followed up locally.
- Astellas Pharma is changing their appointed TMC to BCD Travel from Adtrav. The transition has been completed in the USA and Japan is targeting October 1st for the change. The rest of the world will follow in early 2023 and their RFP will launch in November.
- NTT is planning to launch their RFP in November or December as they are planning to change the RFP tool from TripBam to something else. (TBA)
- Fair rates with flexible conditions will be important for most RFPs. Hotels should please do their research of what other hotels in their location are doing and try to avoid large rate increases if other properties are not doing the same

Contact for this market is Hideki Seguro based in Tokyo, Japan
hseguro@preferredhotels.com

SOUTH KOREA

- The RFPs for LG and Naver will be late for their RFP that covers the 2023 year.
- Groups and meetings and events segment prefer to travel to destinations with commission or rewards from those countries tourism boards. i.e. the Singapore Tourism Board is offering a rewards program to travel agents and corporate accounts. For Australia if over 1000 people travel then corporates will be offered rewards.
- In corporate travel flexible booking policy and cancellation terms are becoming more important especially at the executive level since there are usually last-minute cancellations.
- SK On & the motor company Ford will have a joint venture to manufacture electronic battery's and they are building a factory in Blue Oval city in Tennessee shortly with an opening date of 2025. We expect much more travel then to the USA.

Contact for this market is Alice Choi based in Seoul, South Korea
achoi@preferredhotels.com

SOUTH EAST ASIA

- As the 2023 RFP season commences corporate clients are aware that hotel rates have been increasing due to high demand from the leisure segment. However clients are cautioning hotels to plan their rate strategy carefully as if there are rate increases properties should also share their justification so they can also be reviewed. Hotels should also ensure that any rate increase is aligned with the market for that city and keep in mind specific account relationships when submitting offers rather than imposing a standard rate increase across all accounts.
- If hotels are targeting new accounts then please understand the exact account requirements so that a strong business case can be made. As corporate travel is just restarting within the region clients are not expecting travel volumes to be as strong as before thus they will only review new hotels if there are very strong supporting reasons to add a new hotel into the program. Clients have shared that key factors are still location and pricing and even though sustainability is also being reviewed it remains very hard to measure at this time.
- Standard Chartered Bank is reviewing their RFP strategy for 2023 and plan to proceed with the 2023 RFP launch shortly. They may increase the number of hotels in the program to offer more competitive rates for their travellers.
- Johnson & Johnson was targeting to launch their 2023 RFP in Q3 but it has been delayed. Key strategies will be: to minimize rate increases / total accepted hotels should be 800-900 / continuous sourcing throughout 2023 (strategic swaps: non-performing preferred vs. performing non-preferred) / minimize back & forth negotiation so please provide best possible response / improve chainwide/dynamic discounts if possible / maintain a balanced tier of hotels types (minimize luxury). They will also evaluate their existing relationships – number of engagements, flexibility in doing business and will refer to any feedback from local offices/travellers. Even though in the last 2 years their travel had pivoted towards secondary / tertiary cities moving forward their travel is expected to be a blend of key cities plus secondary cities (40%/60% split).

Contact for this market is Nicole Foo based in Singapore
nfoo@preferredhotels.com

MEETINGS AND EVENTS

ASPAC

- Apart from Hong Kong, China, Japan and Taiwan the Asia Pacific region is now open and there is free travel without restriction, so group lead generation is on the increase.
- Japan is set to reopen very shortly with an exact date to be confirmed so there is pent up demand so we suggest hotels get any group offers prepared prior.
- Hong Kong has now reduced quarantine days to 3 but it is still not enough to attract conference groups back at this time.

- Group leads out of Southeast Asia are still primarily going to Europe especially for incentive groups from Insurance and multi-level marketing companies.
- The lead time for groups from the ASPAC region is between 6 months to a year.
- Out of Australia, leads are still wanting to travel to the US and Europe. Not so much for Asia.
- Domestic groups for both Australia and Singapore are also consistent.

Contact of this market is Andrew Kuek based in Sydney
AKuek@preferredhotels.com