

Business Opportunities In Tourism In Cebu

Gregory L. Domingo

SM Investments Corporation

R.P. Tourism Stats

Foreign Visitors in the Philippines 2006 (by rank)

Rank	Country	Jan-Dec 2006	% Share	Jan-Dec 2005	Growth Rate (%)
1	Korea	572,133	20.1	489,465	16.9
2	USA	567,355	20.0	528,493	7.4
3	Japan	421,808	14.8	415,456	1.5
4	China	133,585	4.7	107,456	24.3
5	Taiwan	114,955	4.0	122,946	-6.5
6	Australia	101,313	3.6	96,465	5.0
7	Hong Kong	96,296	3.4	107,195	-10.2
8	Singapore	81,114	2.9	69,435	16.8
9	Canada	80,507	2.8	72,853	10.5
10	United Kingdom	68,490	2.4	63,002	8.7
11	Malaysia	53,279	1.9	43,059	23.7
12	Germany	51,402	1.8	50,411	2.0

Source: Department of Tourism

Tourism Forecast

- Target 3.2 million international tourists in 2007 from 2.6 million in 2006
- Tourist arrivals, both foreign and domestic, expected to reach 30 million by year 2010
- Of the total arrivals, 5 million will be foreign travelers and 25 million will be domestic travelers
- Tourism revenue generated in 2010 estimated at US\$ 5.4 billion
- Direct and indirect jobs created by foreign tourism to reach 7 million in 2010

Cebu Tourism Stats

Percentage Share of Total Tourist Arrivals - Per Region

Rank	Region	Jan – Dec 2006	% Share
1	IV	6,294,411	38.7
2	VII	1,631,445	10.6
3	VI	1,610,677	9.9
4	CAR	992,920	6.1
5	X	893,082	5.5
6	XI	761,183	5.0
7	V	637,127	4.2
8	II	635,168	3.9
9	XII	627,126	3.9
10	IX	507,359	3.3
11	III	408,236	2.7
12	XIII	362,836	2.2
13	NCR	359,453	2.2
14	I	336,161	2.2
15	VIII	203,569	1.3
	TOTAL	16,260,753	100.00

Visitor Arrivals in Region VII – By Province

Province	Foreign Travelers	Overseas Filipinos	Domestic Travelers	Total 2006	Total 2005	Growth Rate (%)
Cebu	472,242	2,460	772,767	1,247,469	1,118,077	11.6
Bohol	46,438	3,815	169,058	219,311	187,991	16.7
Negros Oriental	19,232	1,044	133,250	153,526	143,261	7.2
Siquijor	4,247	64	6,828	11,139	11,446	-2.7
TOTAL	542,159	7,383	1,081,903	1,631,445	1,466,775	11.7

Note: Foreign travelers +20% YOY
Local Travelers +8% YOY

Source: Department of Tourism

Foreign Visitors in Cebu (2006) – By Area Of Origin

Country of Residence	Total 2006	% Share of Total	Total 2005	Growth Rate (%)
Asean	10,914	0.87	9,515	14.7
East Asia	318,527	25.53	287,245	10.9
South Asia	2,481	0.20	1,453	70.8
North America	58,551	4.69	45,306	29.2
Oceania	11,057	0.89	8,513	29.9
Europe	39,877	3.20	31,660	26.0
Middle East	2,570	0.21	1,454	76.8
Others & Unspecified Residence	28,265	2.27	18,180	55.5
<i>Total Foreign Travelers</i>	472,242	37.86	403,326	17.1
<i>Overseas Filipino</i>	2,460	0.20	1,813	35.7
<i>Total Domestic Travelers</i>	772,767	61.95	712,938	8.4
<i>TOTAL</i>	1,247,469	100	1,118,077	11.6

Source: Department of Tourism

Foreign Visitors in Cebu 2006 – By Nationality

Rank	Country	Jan – Dec 2006	% Share	Jan – Dec 2005	Growth Rate (%)
1	Korea	165,309	13.25	146,289	13.0
2	Japan	117,361	9.41	112,921	3.9
3	USA	53,374	4.28	41,223	29.4
4	Taiwan	16,199	1.30	11,084	46.2
5	Hong Kong	11,674	0.94	11,396	3.9
6	Australia	10,272	0.82	7,867	30.6
7	United Kingdom	9,686	0.78	7,959	21.7
8	Germany	9,210	0.74	7,718	19.3
9	China	7,984	0.64	5,555	43.7
10	Canada	5,177	0.42	4,083	26.8

Source: Department of Tourism

2007 Tourist Arrivals in Cebu

- Tourist arrivals in Cebu increased by 24% in the first five months of the year (January to May 2007) compared to that of the same period in 2006
- From a total of 508,028 in January to May 2006, visitors arrivals registered in Cebu rose to 629,541 in the same period of the current year; 262,539 (42% of total - from 38% in 2006) were foreign visitors while domestic travelers reached 367,002
- Top three market visitors continue to be the Koreans (98,822), followed by the Japanese (57,201) and the Americans (29,285)
- Number of flights to Mactan-Cebu International Airport has increased by six percent (6%) after local companies increased operations due to higher number of people traffic in the region

Cebu Tourism Outlook

- **Very strong growth in the medium term. Projections of 1.4 million tourists by 2010 from the current figure of 1.2 million is very conservative**
- **Cebu on verge of major tourism takeoff**
- **Launch of new facilities such as Microtel with 150 rooms, Abaca with 9 deluxe rooms and Imperial Palace Waterpark Resort and Spa with 616 guestroom all of which are in Mactan and SM Cebu Hotel with 400 rooms in Cebu City will add fuel to fire**
- **Time to invest in tourism facilities and services is now**

Business Opportunities

- **Hotels and other accommodations**
 - Need a mix of mega complexes and boutique hotels, very luxurious to very cheap
 - For budget accommodations, clean bathrooms must be emphasized
 - Feeling of security is prerequisite
- **Restaurants**
 - Must be clean
 - Good value for money
 - A wide variety of cuisine choices
- **Tour Services**
 - Tourists will want a wide variety of choices in terms of destinations and activities
 - Must offer single and multiple day tour packages
 - The more unique, the better
- **Shopping Areas**
- **Spa Services**
 - More of tourist spend made in spa services

Tourism Investments

- **Might require change in mindset**
- **Competition is good**
 - **Businessmen and public servants must allow competition to prosper as it will result in more business for everybody**
 - **Competition is bad only if market is already overserved**
 - **Competition will improve quality**
- **Instead of aspiring to lower cost aspire to attain the highest quality**
 - **Emphasize quality of service and facilities**
- **Look outward, not inward**
 - **Focus on what tourist actually want, rather than what you want**
- **Plan to be jumping point for other tourist sites in Visayas. What is good for Visayas is good for Cebu**
- **Aspire to provide stress free vacations to your visitors**

SM's Core Businesses

- **Retail**
- **Malls**
- **Property**
 - **Residential**
 - **Commercial Property**
 - **Resorts**
- **Financial Services**

SM's Existing Businesses In Cebu

- **SM City Cebu (5% of SM Malls)**
- **SM Department Store + Other In-Mall Retail**
- **Save More Supermarket – 2 branches**
- **SM Appliance – 1 branch outside mall**
- **BDO Branches**

SM's Possible Future Projects

- **Another mall or two**
- **Additional retail outlets**
- **Additional BDO branches**
- **Launch of 400 room 5-star hotel**

In Conclusion

- **Cebu and Tourism: Perfect Match**
 - **Convenient infrastructure**
 - **Hospitable people**
 - **Nice beaches**
 - **World class resorts**
 - **Secure location**
- **Mc Kinsey Tourism Study identified Cebu/Bohol as #1 choice for tourism development**
- **Take advantage of opportunity: sky is the limit**

Thank You

Regional Distribution of Travelers in the Philippines

- Top three regions tourist destinations
 1. Region IV (6,294,411 travelers)
 - Batangas, Cavite, Laguna, Marinduque, Occidental Mindoro, Oriental Mindoro, Palawan, Quezon, Rizal and Romblon
 2. Region VII (1,631,445 travelers)
 - Bohol, **Cebu**, Negros Oriental and Siquijor
 3. Region VI (1,610,677 travelers)
 - Aklan, Antique, Capiz Province, Guimaras, Iloilo Province and Negros Occidental

CEBU

- As tourist traffic increased in 2006, total hotel average occupancy rate relatively went down from 73.45% last year to 71.48% due to opening of two new hotels – Marco Polo Hotel and Parklane Hotel – in 2006