

UNITED NATIONS DEVELOPMENT PROGRAMME

Project of the ASEAN Member Governments of  
Brunei Darussalam, Indonesia, Malaysia,  
Philippines and Thailand

PROJECT DOCUMENT

Project Title: ASEAN Tourism Research;  
Development and Marketing  
Phase I - Development of ASEAN  
Tourism Marketing Strategy

Project Number: RAS/86/056/B/01/49

Sector: Industry (05)

Sub-Sector: Tourism and Related Services  
(0530)

Governments' Implementing Agencies: ASEAN Sub-Committee on Tourism  
(SCOT) and National Tourism  
Organizations (NTO) of ASEAN  
countries.


Executing Agency: World Tourism Organization (WTO)

Estimated Starting Date: November 1987

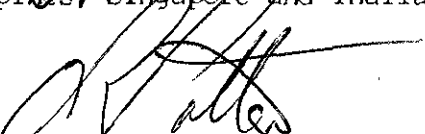
Duration of Project: Eight months

Government Inputs: See text UNDP Inputs \$120,000  
(in kind) (in US dollars)

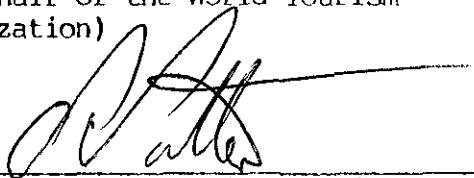
Signed:

  
(on behalf of the Governments of  
Brunei Darussalam, Indonesia, Malaysia,  
Philippines, Singapore and Thailand)

Date: 19 NOV 1987

  
(on behalf of the World Tourism  
Organization)

Date: 17 NOV 1987

  
(on behalf of the United Nations  
Development Programme)

Date: 17 NOV 1987

## PART I - LEGAL CONTEXT

This Project Document shall be the instrument referred to as such in Article, I, paragraph I, of the Assistance Agreement between the United Nations Development Programme (UNDP) and the Governments of those participating countries which have signed such an Agreement.

Alternatively, for those participating countries which have not signed such an Agreement, this Project Document shall be the instrument referred to as a plan of operation envisaged in Article I, paragraph 2, of the Agreement concerning assistance under the Special Fund Sector of UNDP, between UNDP and the Governments of those participating countries which have signed such latter Agreement.

## PART II - THE PROJECT

### A. Development Objective

The development objective of this project is to encourage expansion of tourism in the ASEAN region through systematic, regionally-oriented tourism research, development and marketing, thus promoting and sustaining the economic growth and development of trade and tourism within ASEAN by enhancing cooperation among the six ASEAN countries.

### B. Immediate Objectives

The immediate objective of this paper is to update and expand the 1985 "ASEAN Tourism Marketing Plan" developed by SCOT in order to produce a comprehensive tourism marketing strategy for ASEAN for the five years 1988-1992. Principal elements of the objective are:

1. to define the conceptual basis for regional marketing, which should be complementary to marketing efforts of individual National Tourism Organizations (NTOs).
2. to recommend an overall marketing strategy for the ASEAN region, with a detailed recommended promotional programme for 1988-1992.
3. to recommend a logical framework for securing sufficient and timely funds to implement the recommended marketing programme.
4. to recommend a structure for measuring effectiveness of promotional programmes, and
5. to recommend a structure for keeping the Marketing Strategy document current.

### C. Special Consideration

All work on the project should be carried out by UNDP/WTO in close consultation with the ASEAN Sub-Committee on Tourism (SCOT) and the NTOs of ASEAN countries which shall serve as the regional implementing agencies.

### D. Background and Justification

Each of the ASEAN countries views tourism as an economic activity either presently or potentially important to the national economy. But the countries vary widely on the degree to which tourism is currently developed, the position of tourism in national priorities and, thus, the resources which can be committed to tourism development and promotion.

In 1985, the six ASEAN countries recorded in combination nearly 10.3 million international visitor arrivals (Table 1). About 80% of the total was accounted for by the three countries on the Malay Peninsula. Singapore, Malaysia and Thailand each received 2.5 - 3.0 million visitor arrivals. Numbers of arrivals were much lower for the island nations. The Philippines and Indonesia received, respectively, about 775,000 and 750,000 visits. Brunei Darussalam which does not actively encourage or discourage tourism, received about 600,000 international visitor arrivals.

Major market areas also vary. The ASEAN countries themselves generate over three-quarters of visits to Brunei Darussalam and Malaysia; about one-third of visits to Singapore, Thailand and Indonesia; but less than 10% of visits to the Philippines.

TABLE 1

#### INTERNATIONAL TOURISM TO ASEAN COUNTRIES, 1985

##### International Arrivals (000)

<u>Country</u>	<u>Total</u>	<u>% Change 1984-85</u>	<u>% ASEAN</u>	<u>% ASEAN</u>	<u>Other</u>	<u>Hotel Rooms</u>
Brunei	586	+6.7	512	87.3	74	521
Indonesia	749	6.9	162	21.6	586	90,259
Malaysia	2,933	+5.6	2,310	78.8	623	37,901
Philippines	773	-5.3	50	6.5	723	16,484
Singapore	3,031	+1.3	1,008	33.3	2,023	20,547
Thailand	2,438	+3.9	813	33.4	1,625	110,003

Sources: National Tourism Organization of countries cited, and World Tourism Organization

Economically, tourism is especially important to Singapore and Thailand (Table 2). For Singapore, tourism generated \$1.7 billion in receipts in 1985, which represented 9% of GNP and 6% of exports. For Thailand, tourism has been the leading export since 1982. In 1985, tourism receipts of nearly \$1.2 billion represented only 3.1% of GNP, but 16.5% of exports. Tourism is also an important export for the Philippines; 1985 receipts of \$500 million accounted for 11% of exports.

TABLE 2

IMPORTANCE OF TOURISM TO NATIONAL ECONOMIES OF ASEAN COUNTRIES, 1985

(US\$ million)

	Tourism Receipts	GNP	Exports	Receipts as % of GNP	Exports
Brunei Darussalam (1983)	73*	4,470	3,386	1.6	2.2
Indonesia (1984)	456	85,400	21,888	0.5	2.1
Malaysia	566	29,111	15,331	1.9	3.6
Philippines	507	31,983	4,544	1.6	11.2
Singapore	1,660	18,146	29,652	9.1	5.6
Thailand	1,171	37,246	7,119	3.1	16.5

\*Consultant's estimate, pending corrected data from Brunei Darussalam

Sources: National Tourism Organization of countries cited, and World Tourism Organization

Historically, natural resources have been the mainstay of the economies of Malaysia, Indonesia and Brunei Darussalam. Recent market conditions of oversupply and falling prices for oil, rubber and other commodities have caused these countries to seek out opportunities to diversify. Tourism has been considered an extremely important candidate (a) because the region has enjoyed a high rate of growth in visitor arrivals over recent years, and (b) because further expansion seems feasible and achievable in terms of regional resources and worldwide tourism trends.

The framework of regional cooperation in tourism has been set. Institutionally, the regional framework of the Association of Southeast Asian nations (ASEAN) was formed in 1967 for the purpose of promotion and stimulating regional cooperation for social well-being and economic progress among its five member nations: Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei Darussalam joined ASEAN in 1984.

A Sub-Committee on Tourism (SCOT) was established under the ASEAN Committee on Trade and Tourism in 1977. The National Tourism Organizations of member countries comprise SCOT's membership. To assist in processing and evaluating cooperative ventures, SCOT has formed two Working Groups: a Working Group on Marketing and a Working Group on Research and Development.

SCOT has also established six ASEAN Promotional Chapters in Hong Kong, Tokyo, Sydney, London, Frankfurt and Los Angeles. These chapters are charged with responsibility for implementation of promotional and marketing activities in the respective market areas.

Private sector participation is coordinated through the ASEAN Tourism Association (ASEANTA), formed in 1971, which draws its membership from the national tourism trade associations (primarily hotels, tour operators and travel agents) and the national air carriers of member countries.

Since 1980, SCOT has undertaken a variety of projects, several with UNDP/WTO technical and financial assistance, designed to provide the background for regional cooperation in tourism. These include studies of foreign markets in the ASEAN countries themselves and in Japan, Hong Kong and Australia. A study of markets in France, Scandinavia and Italy was begun in December 1986. In 1985, SCOT completed an "ASEAN Tourism Marketing Plan", which is the base document to be updated and expanded under this contract. All studies, and a recently completed review of their contents, will be made available to bidding contractors, on request. The proposed marketing strategy study is a logical continuation of prior assistance to ASEAN on the regional approach to tourism.

#### E. Outputs

The project will produce a new marketing strategy document for the ASEAN region which addresses, at minimum, the subject areas outlined below:

1. An inventory and evaluation of the tourism resources of the ASEAN region, by type (e.g. beaches, historic/cultural areas, etc) as well as by country. The resource analysis should cover principal attractions and events; transportation access and cost from major market areas; hotels and other ground facilities, including their costs; and human resources. It should also identify any operational weak points in the resource base which marketing efforts might aim to ameliorate (e.g. any indications of hotel oversupply, lack of trained personnel, seasonality, etc).

The majority of the basic information and data required for this analysis is either already gathered and presented in the existing Marketing Plan or is readily available. The primary needs are for (a) a regional perspective and (b) critical evaluation.

2. A regional-level market analysis. This analysis should produce an evaluation of principal markets for the ASEAN region, by residence and by market segment, including estimated volume potential and principal market

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characteristics. The analysis should encompass three elements: (a) worldwide tourism trends, (b) historic visitor arrival statistics from each ASEAN member country (data in the current ASEAN Tourism Marketing Plan must be updated from 1983 and expanded to include Brunei Darussalam), and (c) a review and integration of market surveys which have been completed for the ASEAN region.

3. A competitive analysis. Principal competitive destinations should be identified for the ASEAN region, taking into account its most important resources (Item #1 above) and market segments (Item #2). The strengths and weaknesses of the ASEAN region against its principal competitors should then be systematically evaluated. The competitive analysis should in so far as possible include also the marketing strategies and expenditures of competing destinations.
4. A recommended marketing strategy. Strategy recommendations should encompass:
  - (a) The concept for a regional marketing strategy, and how this concept will relate to marketing strategies of ASEAN member countries.
  - (b) Specific and measurable targets that the marketing strategy will seek to accomplish by 1992 (for example, target visitor volume from each major market area, or targets concerning international visitor room-nights, or visitor length of stay and average visitor expenditure).
  - (c) Identifications of alternative means of achieving targets and evaluation of alternatives to produce a recommended strategy, with specific project recommendations. Each project should be described in terms of expected results and estimated costs, and priorities should be set among project recommendations.
5. A recommended means of implementation and follow-up. These recommendations should include:
  - (a) A realistic and achievable framework for financing implementation,
  - (b) A recommended structure for monitoring progress, and
  - (c) A recommended structure for updating and re-evaluating the Marketing Strategy on a continuing basis.
6. A recommended draft project document for Phase II: Implementation of ASEAN Tourism Marketing Strategy. This should include outlines of priority projects developed in response to the needs identified by Phase I.

## F. Activities

In order to achieve the outputs listed above, the following activities will be carried out by project personnel in both research and marketing among whom one should be designated as the Project Director:

1. Briefing at WTO Madrid headquarters.
2. Meetings with representatives of SCOT, NTOs, and other relevant national and regional tourism-related agencies and organizations, both private and public.
3. Field survey of leading regional tourist sites chosen in consultation with SCOT and NTOs on the basis of their importance to regional marketing.
4. Review of all relevant regional tourism studies, marketing plans and promotional materials produced by or for ASEAN SCOT, ASEAN member countries and other public and private organizations in leading ASEAN destinations.
5. Any other activities necessary to produce the outputs specified.
6. Production of the ASEAN Tourism Marketing Strategy outlined in Section E.
7. Conduct of two Workshops in the ASEAN region with the ASEAN Sub-Committee on Tourism and WTO officials. The first Workshop (three days) will be conducted at the outset of the project to finalize the consultants' proposed work plan, itinerary and schedule of meetings. The second Workshop (four days) will convene to consider the consultants' draft final report and to review and endorse the findings of the Marketing Strategy Report. In addition, the Workshop will review and endorse the Phase II draft project document.

## G. Inputs

1. Inputs of ASEAN Countries  
Each of the ASEAN countries will provide the following services for the consultant(s) during their field visits:
  - (a) Local transportation, including airport transfers and any internal transportation required to visit leading attractions.
  - (b) Temporary office space and equipment.



- (c) Services of a liaison officer and, if required, counterpart staff to assist in identifying and supplying data needs, as well as secretarial and reproduction services.

## 2. UNDP Inputs

UNDP will cover the following costs, estimated to total \$120,000 for Phase I:

- (a) Fees and expenses of a consultant firm and its subcontractors, if applicable. Estimated cost, including consultants' attendance at workshops, \$97,000.
- (b) Daily subsistence allowance and transportations costs for two representatives from each ASEAN country to attend two workshops. The first 3-day workshop will be conducted at the beginning of the study to consider and finalize the proposed Work Plan. The second 4-day workshop will convene to consider and finalize the consultants' draft final report and endorse the Phase II draft project document. Estimated cost - \$20,000.
- (c) Miscellaneous expenditure on production of final report etc. Estimated cost - \$3,000.

## 3. Inputs of Executing Agency

WTO will suggest three to four qualified consulting firms for undertaking this study and will submit their names to ASEAN COTT for onward transmittal to ASEAN SCOT for final clearance. The cleared firms will be invited to submit proposals which will be first evaluated by WTO and then sent to ASEAN COTT/SCOT with WTO evaluation for final selection of the firm that would undertake the study.

## 4. Inputs of the consultancy firm.

The consultancy firm must provide one or more senior tourism consultants including a Project Director with wide experience in international tourism research and marketing, including market analysis, market strategy development and promotional programming. The consultant(s) should be experienced in developing regional marketing strategies, and be able to establish a clear understanding of the necessary complementary relationship between regional and national strategies. The consultant(s) should also be experienced in managing large-scale projects and, if applicable, sub-contracting organizations.

#### H. Preparation of Work Plan.

A detailed work plan for the implementation of the project will be prepared by the Project Director in consultation with WTO and SCOT. This will be developed at the start of this Project.

#### I. Future UNDP Assistance

Phase I - Development of ASEAN Tourism Marketing Strategy as outlined in this Project Document will be followed by Phase II - Implementation of ASEAN Tourism Marketing Strategy.

### PART III - SCHEDULES OF MONITORING, EVALUATION AND REPORTS

#### A. Tripartite Reviews, Technical Reviews

The project will be subject to periodic reviews in accordance with policies and procedures established for this purpose by UNDP for monitoring project and programme implementation.

#### B. Evaluation

The project will be subject to evaluation in accordance with the policies and procedures established for this purpose by UNDP. The organization, terms of reference and timing of the evaluation will be decided by consultation between the ASEAN SCOT, UNDP and WTO.

#### C. Progress and Terminal Reports

A Project Progress Report will be prepared regularly summarizing progress on work which is underway at that time by the Project Director in accordance with UNDP policies and procedures. The Project Terminal Reports, described under Part II E Outputs, will be prepared by the Project Director in accordance with UNDP policies and procedures.

### PART IV - BUDGET

A total of US\$400,000 has been earmarked by UNDP for 1987-1991 for funding projects designed to improve tourism research, development and marketing/promotion for ASEAN at the regional level. The estimated costs of Phase I is US\$120,000 and for Phase II is US\$280,000. For this Project Document only Phase I estimates are included.

PROJECT BUDGET COVERING UNDP CONTRIBUTION  
(in US Dollars)

Countries: ASEAN countries (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand)

Project Title: ASEAN Tourism Research, Development and Marketing  
Phase I - Development of ASEAN Tourism Marketing Strategy

Project Number: RAS/86/056/B/01/49

	<u>Total</u>		<u>1987</u>	
	m/m	\$	m/m	\$
20. <u>SUBCONTRACT</u>				
29. Component Total		97,000		97,000
30. <u>TRAINING</u>				
32. Workshops		20,000		20,000
39. Component Total		20,000		20,000
50. <u>MISCELLANEOUS</u>				
52. Final Report		1,500		1,500
53. Sundry		1,500		1,500
59. Component Total		3,000		3,000
99. <u>GRAND TOTAL</u>		120,000		120,000