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**U.S. economic woes boost Asia travel**

 by Fred Gebhart  
 03/03/2008

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**Demand for travel to Asian destinations, like Cambodia, is increasing.**

She reported a 20 percent increase in bookings for Asia in December and January compared to the same period in 2006-2007. Despite gloomy economic forecasts, Sheremeta reported no slowing in the pace of inquiries or future bookings for Asia. Even as Asia-bound travel is growing, Sheremeta's bookings for Europe have declined by 30 to 40 percent.

Peter Brunner, CEO of Los Angeles-based STIReservations.com, said room nights in Thailand had increased between 30 percent and 50 percent over the past year across all price categories.

The outlook is just as strong on the tour operator side. Diana Upton, operations manager for Cox & Kings U.S.A, said leisure travel to Southeast Asia has shifted from seasonal winter traffic to a strong year-round product.

"We are seeing more and more people who take their vacation in the summer headed for Southeast Asia," she said. "The high season is stretching longer on both sides of the traditional winter months, and there really isn't a low season any more. People want the exotic and they want the value, no matter what the price level, and Asia gives them both."

Wholesalers are just as optimistic. Paul Tomasch, founder of Indochina Services and managing director, the Americas, said 2007 was the company's best year ever and January 2008 was the best single month ever.

"Europe is getting very expensive," he said. "From the traveler's perspective, the value proposition is less and less attractive in Europe. Value plays a significant role in travel choices today no matter what the price level."

Exotissimo U.S.A. president Lee Marona was just as upbeat.

"We are not seeing, even from the middle-income market, anything but increases," he said. "This is our third year in the U.S. market and business is still growing phenomenally. Most of our work is FIT, and I'm not seeing any lack of interest or advance bookings."

**Dollar Values**

Traveler interest in Asia varies widely. China is hot, Upton said, largely because of the Olympic Games opening in Beijing this summer. Indonesia is bouncing back from several down years with renewed interest in Bali. Memories of two bombings and the 2004 tsunami are finally fading.

"We are definitely seeing Bali coming back strongly," she said. "It has been depressing to talk with Bali suppliers at ATF the last few years because business has been hit so hard. This year, everybody is optimistic. All of the numbers have been up."

Indonesia offers a significant advantage for U.S. travelers: Hotel, tour and most other prices are set in U.S. dollars. That keeps prices down, especially compared to European prices that are inflated by the soaring euro.

Marona noted that dollar pricing also helps boost demand for Cambodia, Laos, Vietnam and Myanmar. Because these economies are based largely on the U.S. dollar, prices are not creeping upward as the dollar sags against other currencies.

Dollar pricing is even more important in countries like Vietnam, where booming demand has fueled dramatic increases in hotel rates.

"With dollar pricing, Vietnam is still a good value compared to anywhere in Europe," Marona noted. "The Metropole in Hanoi could raise rates exponentially and still be a good value compared to anything in Europe."

**Service Values**

But travel to countries like Thailand, where prices are creeping higher as the dollar falls, continues to grow. Low prices help cushion what has been a steady 10 percent annual price increase over the past two to three years.

"People quail when they hear that rates are up 10 percent," Tomasch said. "But when they realize that the hotel has gone from \$100 to \$110, it's not so much of a problem. You can get an absolutely perfect room here for \$150. Thailand remains extremely cheap compared to Europe and very affordable compared to much of Asia."

Price isn't the only factor at work. Service is even more important than cost when it comes to creating the perception of value for the travel dollar.

"The top-end spas in Southeast Asia are the same price as comparable spas in the U.S.," Sheremeta said. "But the physical settings, the facilities and the service level you get here are light years beyond anything you can find in the U.S. or Europe at any price."

"It doesn't matter if you're paying \$100 a day or \$1,000 for your trip, the service and the personal

attention you get here makes Asia the kind of value travelers want today."

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Travel agents and wholesalers roaming the aisles at the annual ASEAN Tourism Forum in Bangkok confirmed that there is an upside to growing concerns about the U.S. economy. As the U.S. economy slips, leisure travel to Asia is booming.

"My clients are switching from Europe to Asia in droves," said Kim-Fong Sheremeta, president of Kim's World Travel in Denver, Colo. "They are seeing that Asia is a much better value compared to going to Europe and spending twice as much. Even with the dollar down, Asia is a tremendous value."


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