

1H 2025 TRAVEL AND HOSPITALITY STRATEGY & INVESTMENT OUTLOOK REPORT

January 2025

DISCLAIMER

The presentation herein is published by Velocity Ventures Pte Ltd (“Velocity Ventures”) and is for information only. This presentation is not and does not constitute an offer, recommendation, invitation or solicitation to subscribe or to enter into any transaction as described, nor is it to invite or permit the making of offers to the public to subscribe or to enter into any transaction as described and should not be viewed as such. All offers and sales of interests will be made only in accordance with the terms and conditions of, and information contained in, A private placement memorandum or in private agreement.

The presentation contains information which has been derived from a number of sources. While the information is believed to be reliable, the information herein may be incomplete or condensed and may not include a number of terms and provisions nor does it identify or define all or any of the risk associated to any actual transaction. No representation is made herein as to the accuracy or completeness of such information, and neither Velocity Ventures, nor any of its affiliates, partners, members, or employees, assume any responsibility for the accuracy of such information.

All figures and amounts stated are for illustration purposes and shall not bind Velocity Ventures. Before entering into any transaction, you should take steps to ensure that you understand the transaction and has made an independent assessment of the appropriateness of the transaction in light of your own objective and circumstances. In particular, you should read all relevant documentation pertaining the transaction and may wish to seek advice from A financial or professional advisor or make such independent investigations as you consider necessary or appropriate for such purposes. In this presentation, Velocity Ventures does not act as an advisor and assumes no fiduciary responsibility or liability for any consequences, financial or otherwise, arising from any arrangement or entrance into any transaction in reliance on the information contained herein.



ABOUT VELOCITY VENTURES

Leading Travel and Hospitality tech investor in Southeast Asia

- The Only VC in SEA to focus on **Travel & Hospitality Tech**

- Investing across 5 technology verticals:

- | | |
|--------------------|----------------------------|
| 1. Food & Beverage | 4. Transportation/Mobility |
| 2. Experiences | 5. Travel Services |
| 3. Accommodation | |



30+ years
of combined investing
experience



US\$3.8bn+
of combined transaction &
investment portfolio experience



12 portfolio companies
with more in the pipeline

Aigens **FEAST**  **Tablevibe** **carbonClick**

TripGuru  **ZUZU** **HOSPITALITY** **ZYTLYN** **HYPER**

Joyned  **Tripbtoz** **BYHOURS**



THE VELOCITY VALUE

Velocity Ventures leverages our exceptional breadth of macro and micro research to deliver incisive Travel & Hospitality and cross border thematic insights.

Bennett Lee ^{CFA, CAIA}
Partner
Bennett@VelocityVentures.vc

Joel Koh
Investor Relations Analyst
Joel@VelocityVentures.vc

Glenn Teo
Investment Analyst
Glenn@VelocityVentures.vc

Ethan Wee
Investment Analyst
Ethan@VelocityVentures.vc



This Strategy & Investment Outlook Report was produced in partnership with Pear Anderson.

ABOUT PEAR ANDERSON

Pear Anderson is a tourism and hospitality consultancy firm, specialising in Southeast Asia. Through market intelligence, consultancy and sales representation, they partner across the spectrum of tourism-related organisations to build a lasting foundation in the region.

Since the onset of the pandemic, Pear Anderson have published a weekly report and online dashboard, analysing the impact of COVID-19 on Southeast Asia's tourism and hospitality industry, and its subsequent recovery. Their work has been cited in mainstream media outlets, from BBC World News to Bloomberg, and they regularly speak at travel industry events.

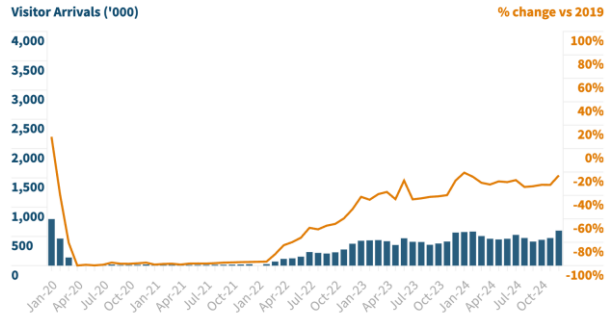
For more information on Pear Anderson and to view the dashboard, visit: www.pearanderson.com



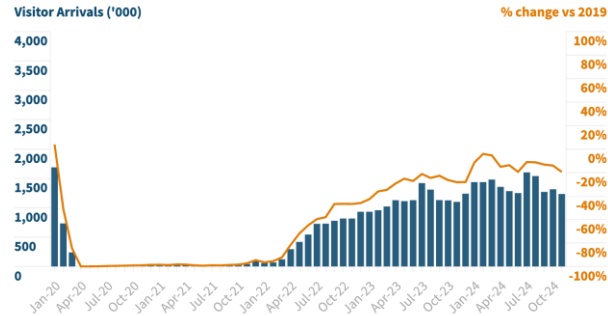
Southeast Asia: Winners and Losers of the Recovery



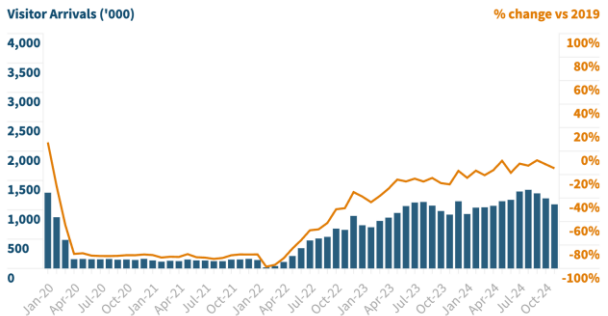
PHILIPPINES



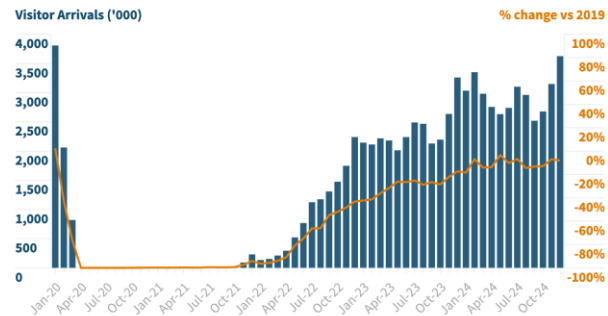
SINGAPORE



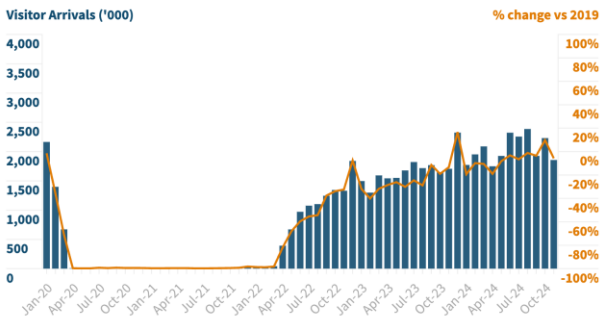
INDONESIA



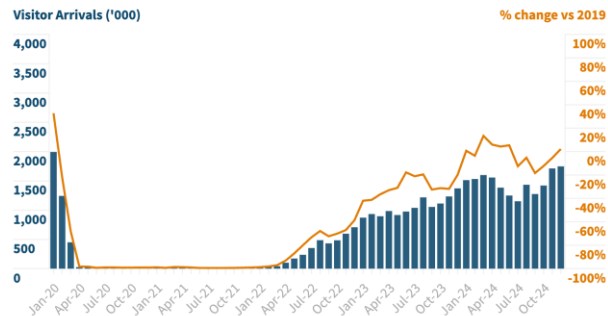
THAILAND



MALAYSIA



VIETNAM

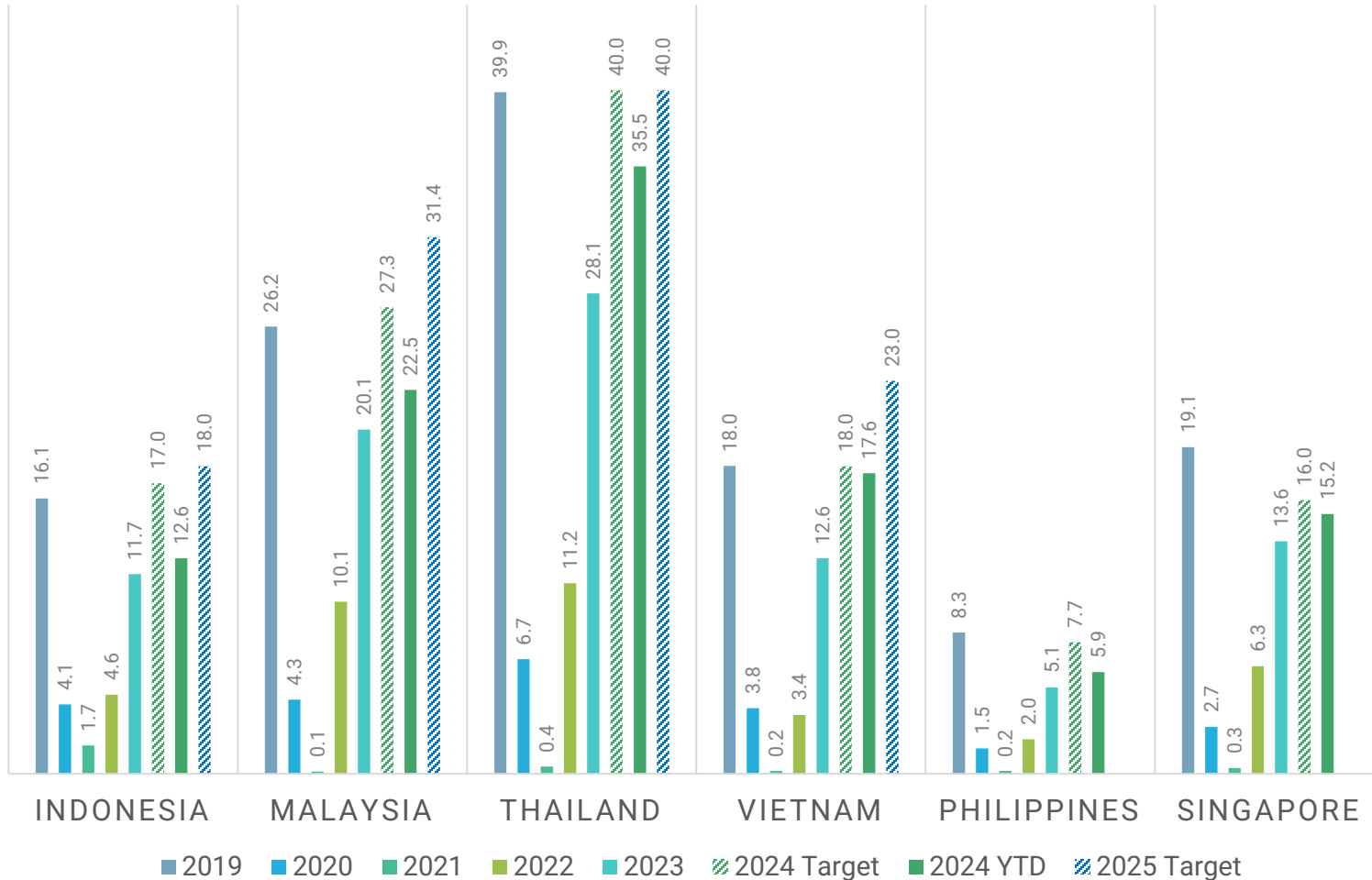


- Nearly five years since the COVID-19 outbreak, the region is still not fully recovered from the effects of the pandemic that halted global tourism. However, the region is steadily recovering, with countries like Indonesia, Malaysia, Singapore, and Thailand recording only less than 15% below 2019 levels of monthly international arrivals in 3Q 2024
- It is important to note that international arrivals for some countries are still driven by border crossings from neighbouring nations. In Malaysia, 52% of all international arrivals YTD entered the country via the land border, mostly from Singapore. Indonesia's fifth largest source market YTD was Timor Leste, with whom it shares a land border
- Thailand remains a leader in terms of absolute international arrivals numbers – consistent in the position since pre-pandemic era. International arrivals have also been strengthened by various measures by the Thai government, particularly the expansion of the visa exemption policy to include 93 countries, and the visa on arrival policy to include 31 countries
- Vietnam's international arrivals surpassed pre-pandemic levels in 1H2024, but dropped back down during 2H2024, likely due to the low season. It hit a particular low of -18% vs 2019 levels in Sep 2024, compared to a high of 13% above 2019 levels in Mar 2024. It has since climbed back up, with Dec figures surpassing 2019 levels by 2%.
- The Philippines recorded the lowest international arrivals recovery, with a particularly slow return of the Chinese market. Chinese arrivals to the Philippines are still a massive -82% behind 2019 levels, heightened by the tightening of visa restrictions for Chinese nationals and the conflict in the South China Sea. The Bank of America predicted that the condition may not improve anytime soon following the President's order to ban Philippine offshore gaming operators, which cater to Chinese tourists
- China is still among the top inbound markets for the rest of the major Southeast Asian markets. South Korea is also a consistent top source market for the Philippines and Vietnam
- The exchange with China goes both ways, as the country is currently one of the key outbound destinations for Southeast Asian tourists, alongside other regional destinations like Japan, and other ASEAN countries

Southeast Asia: 2024 Int'l Arrivals and 2025 Outlook



International Visitor Arrivals (millions)



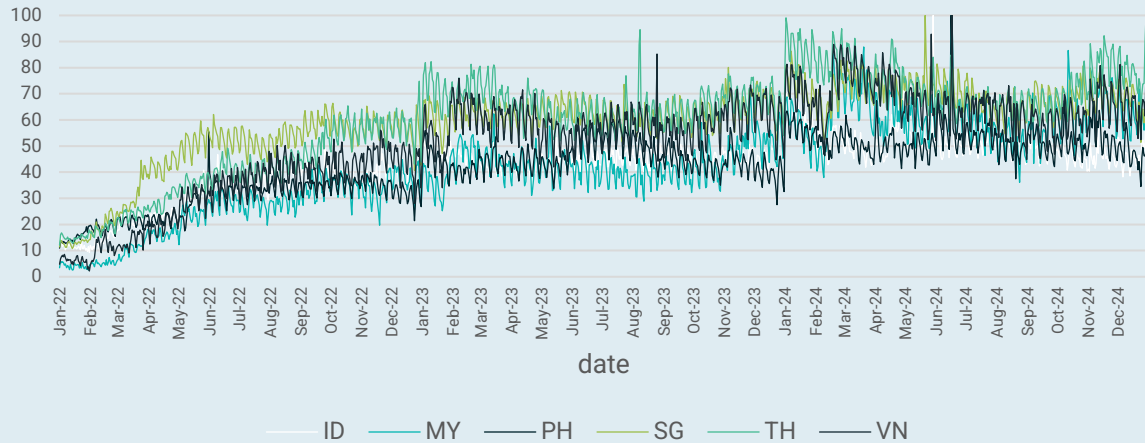
2024 international arrival targets were too ambitious, with some countries struggling to achieve numbers by year-end

- The Philippines only welcomed 5.9 mil international arrivals in 2024, 1.8 mil behind its full-year target of 7.7 mil
- Thailand welcomed 35.5 mil international arrivals in 2024, surpassing the low range of its target of 35 mil, but was still unable to reach the desired 40 mil arrivals. The country has set the same target of 40 mil for 2025, which they aim to achieve through their “Amazing Thailand Grand Tourism Year” campaign – this could be achievable, but only if Chinese arrivals continues to accelerate
- Vietnam was short on their target, welcoming 17.6 mil international arrivals vs. their 18 mil target in 2024. The country is aiming big for 2025, setting a 23 mil target, which could be a tall order
- Indonesia and Malaysia’s arrivals reached 74% and 82% of their targets, respectively, as of end-Nov, making them unlikely to meet their targets even with the added boost of the year-end peak travel period in Dec
- Malaysia is aiming for 31.4 million tourists in 2025, gearing up for Visit Malaysia Year 2026, which aims to attract 35.6 million tourists. This seems a highly ambitious target, and would be higher than any international arrivals recorded to the country before
- Whilst other countries were ambitious, Singapore stayed realistic with its arrivals target in 2024 – or maybe not ambitious enough. With 95% of its target already achieved as of end-Nov, the country is set to comfortably hit the goal based on its track record of over 1 million arrivals each month YTD, especially with Dec usually seeing a surge of travellers for the holidays

Travel Services



Outbound Travel Searches on Google to Worldwide Destinations



Source: Google Destination Insights. Y axis' 100 signifies highest interest levels in period Jan-22 to Dec-24

SEA Online Travel Gross Merchandise Value (bil USD)



Source: e-Conomy SEA 2024 Report (Google, Temasek, Bain & Company)

Travel appetite remains strong, with growth seen by OTAs

- Tiket.com reported that 1H 2024 transactions in the transportation segment rose by 60%, hotel segment by 41-44%, and tourism activities, attractions and others by around 27%
- Traveloka EPIC Sale 2024 saw a record 127% increase in transactions, driven by its main markets Indonesia and Malaysia
- However, not all OTAs are thriving. AirAsia MOVE reported a 25% YoY drop in revenue in 3Q24, mainly due to a decrease in sales of AirAsia flight tickets
- The 2024 Outbox Travel Tech survey found that Vietnamese strongly prefer foreign OTAs such as Traveloka, Booking.com, and Agoda, rather than local OTAs. The survey showed 82% of Vietnamese respondents are familiar with Traveloka and 61% used it in the past 12 months

KOL marketing is the new trending strategy for Thailand

- TAT launched its new influencer marketing platform TAT Connex, which aims to facilitate connection and partnership opportunities between KOLs, influencers, bloggers, media, and celebrities with tourism-related businesses
- TAT and TikTok Thailand launched the "Amazing Thailand Passion Ambassador" campaign, aiming to promote domestic tourism by "harnessing on the power of internet influencers"
- TAT and Thai AirAsia hosted the "Your Stories Never End Networking Dinner" for over 100 Key Opinion Leaders (KOLs) from China and Singapore

Foreign players make moves to penetrate and strengthen presence in the Southeast Asian market

- Indian OTA HappyEasyGo formed a strategic alliance with global payments infrastructure provider Primer to boost its expansion strategy in Southeast Asia. It will initially target the markets in Singapore and Malaysia, with future plans to enter Thailand and Indonesia
- TikTok has launched its "TikTok Local Services" in Indonesia and Thailand, allowing users to obtain vouchers for restaurants, flights and hotels via links on their feeds
- Japanese OTA Adventure acquired Singapore-based travel management company Silkway Travel Asia

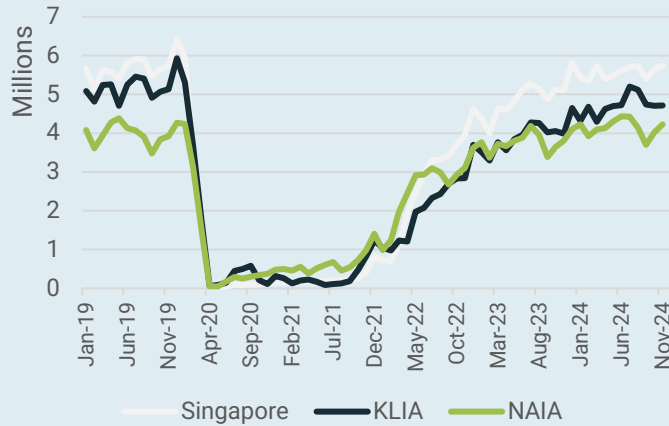
Sustainability remains a key focus for OTAs

- Agoda, GSTC, and USAID partnered to provide sustainability training for hoteliers across Asia, including in Singapore, Thailand, Indonesia, and the Philippines
- Tiket.com has launched its "Tiket Green" feature, allowing users to filter accommodations that support sustainable practices

Transportation

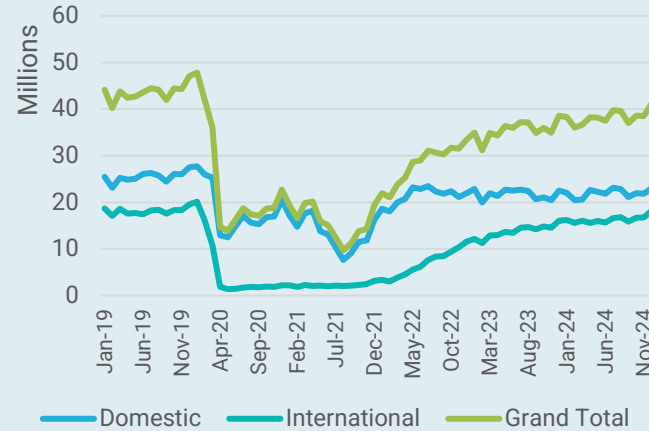


Total Air Passengers



Source: Angkasa Pura I, SingStat, Malaysia Airports Berhad
*Angkasa Pura I airports only (includes Denpasar, Surabaya)

Total Air Capacity Southeast Asia



Source: OAG

Air capacity in Southeast Asia ended still below 2019 levels

- Total capacity across Southeast Asia in Dec 2024 is 41 mil seats, +7% YoY, but -13% vs 2019
- International capacity is seeing a faster growth rate YoY in Dec 2024 than domestic, 13% vs 2%

Oct 2024 air passengers in NAIA recover to 2019 levels, Changi closing to 2019 levels

- KLIA recorded -8% of 2019 levels as of Nov 2024, while NAIA was +4% of 2019 levels of recovery
- Changi was -1% of 2019 levels as of Nov 2024
- Singapore Transport Minister is confident Changi will make a full recovery in passenger traffic to 2019 levels in 2025

Crowdstrike outage exposes vulnerabilities in aviation systems

- Global outage involving Microsoft on 17 July 2024 affected major airlines and airports, caused flight and check-in delays, and cancellations

Supply chain issues are affecting airlines, causing operational disruptions and hindering capacity growth - yet airlines are increasing fleet sizes, confident of forecasted demand

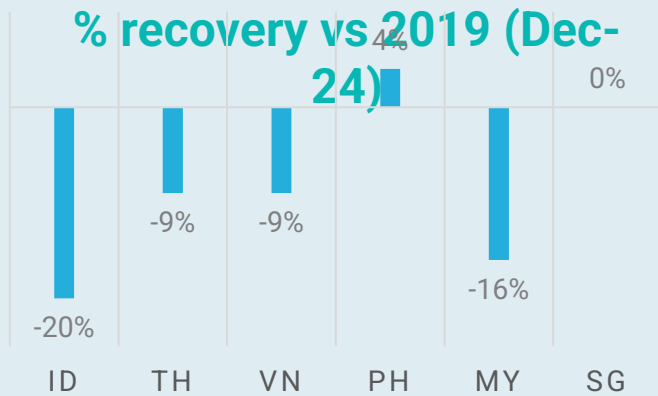
- Malaysia Aviation Group (MAG) reduced its flights by 20% until Dec 2024, citing a shortage of aircraft parts which affected the delivery of new aircraft orders, impacting MAG's fleet plan. CAAM cut MAG's license to 1 year from 3 years due to its technical issues
- Singapore Airlines reduced its A380 usage on flights to Tokyo & Sydney due to maintenance issues
- The number of aircraft in Indonesia dropped to ~40% of 2019 levels as of Oct 2024, from 800 to 450-500 operational aircraft
- Cebu Pacific signed an MoU to purchase 152 A321neo aircraft worth \$24 bil USD, the largest aviation deal in Philippines' aviation history

Governments take action vs higher domestic airfares that are seen to be limiting domestic tourism growth

- Airports Council International and Flare Aviation Consulting reported that domestic airfares in 1H 2024 increased +36% in Malaysia, +26% in Thailand vs pre-pandemic
- Indonesia reduced airfares by 10% for domestic routes, achieved through aviation-related tax cuts
- Vietnam announced policies to offer discounts on cost of operations for airlines for 36 months from Jan 2025. Airlines will get discounts from 1.5%-5% for both domestic and international routes

Southeast Asia Air Seat Capacity

% recovery vs 2019 (Dec-24)



Source: OAG

Boeing: Southeast Asia Air Traffic Forecast 2043

25%

Fleet share of Southeast Asia-based airlines in APAC, from current 17%

20%

of all aircraft deliveries for long-haul routes to be widebody

234k

Number of new pilots, maintenance technicians and cabin crew needed, 3X current personnel

Source: Boeing

More upgrades to airports & new HSR projects ahead



New Bali Int'l Airport

- ID
- 50 tn IDR
- 50 mil pax
- Construction: 2027

Jakarta Soekarno-Hatta Upgrade

- ID
- ~1 tn IDR
- 80-100 mil pax

Changi Airport Upgrade

- SG
- \$3 bil SGD
- Infrastructure upgrades for 6 years

Thailand Airport HSR

- Plan to connect main airports in on hold

New Kuching Airport

- MY
- 15 mil pax
- Proposal stage

Bali I Gusti Ngurah Rai Upgrade

- ID
- From 20 mil pax to 32 mil pax

Changi Airport Logistic Park upgrade

- SG
- 5.4 mil tonnes
- Start ops by 2030

Pattaya Monorail

- 11km plan approved
- 12 stations
- Construction starts in 2027

New Kota Kinabalu Airport

- MY
- Feasibility submitted, waiting for approval

Penang Airport Upgrades

- MY
- 12 mil pax
- Completes in 2028

Bali Metro

- ID
- Groundbreaking in Sep 2024, completion in 2028

Vietnam HSR

- Hanoi-HCMC
- \$67 bil USD
- Construction starts in 2027

New Dumaguete Airport

- PH
- 2 mil pax
- Planning - signed loan agreement with Kexim

Kota Kinabalu Airport Upgrades

- MY
- RM442 mil
- 12.5 mil pax

Hanoi Urban Line 2

- VN
- Connecting city centre with Noi Bai Airport

HCMC Metro

- Approved in 2007; operation started on 22 Dec 2024
- 19.7 km, 14 Stations

Changi T5 expansion

- SG
- 50 mil pax
- Start ops: mid-2030s

Ca Mau Airport Upgrade

- VN
- 1 mil pax by 2030
- 3 mil pax by 2050

Singapore-Kuala Lumpur HSR

- MY, SG
- No progress - MY focusing local infra

Indonesia

- Bali Maritime Tourism Hub
- Starts ops in 2H 2025

New airports, expansion of air terminals

- Sabah and Sarawak have proposed new airports emulating Dubai as a hub
- New Indonesian President is pushing construction of 2nd Bali airport as key policy, funded by China Construction First Group, strengthening China's influence for regional airport infrastructure projects
- Indonesia cancels 4th terminal in Jakarta Airport; will focus on upgrading its 3 terminals instead

High-speed rail projects

- Vietnam approves HSR plan to connect Hanoi-HCMC, Chinese companies are strong bidder
- No progress in MY-SG HSR as Malaysia focusing on upgrade works for its local train infrastructure

Dedicated Terminals for Umrah

- Malaysia plans to construct a dedicated Haj and Umrah Terminal with a 5 mppa capacity for pilgrims in KLIA
- Indonesia announced the restructuring of Jakarta Airport's T2F for Umrah flights after scrapping T4 plans which initially planned to serve Umrah flights

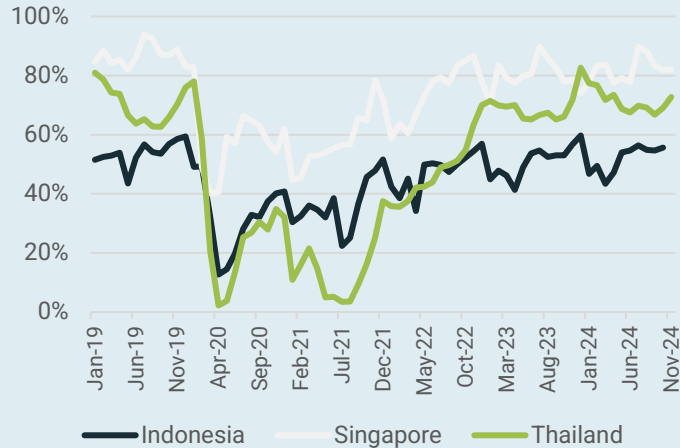
Cruise ships targeted regionally

- Malaysia is to attract cruise ships, proposing to develop cruise terminal in Kuantan Port, Pahang to attract cruise ships travelling between Thailand, Vietnam, and Singapore in the east coast region.
- Plans to upgrade Port Klang Cruise Terminal to accommodate more cruises

Accommodation

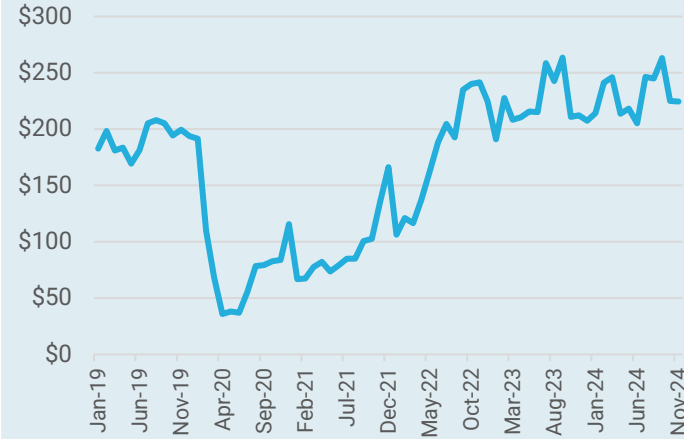


Hotel Occupancy (%)



Source: STAN, MOTS, BPS

Singapore RevPAR (SGD)



Source: STB

Hotel occupancy is still climbing back to pre-pandemic levels

- Hotel occupancy in Bangkok briefly overtook Phuket in mid-2024
- Hotel occupancy in Bali remains ahead of Jakarta, with over 1 mil tourists expected to visit Bali in Dec in conjunction with the Christmas and New Year holidays

The average Room Rate for Singapore surpassed 2019 levels supported by events, Chinese arrivals

- STB said Singapore hotel rates dropped in Oct 2024 by 12.7% MoM, RevPAR by 12.7% MoM, following the high performance in Sep attributed to F1 race
- Meanwhile, hotel prices increased 400% in Mandalika, Lombok, ahead of MotoGP event

Philippines needs 26% more hotels and rooms to meet future demand

- Philippines needs 456k hotel rooms to meet a projected 10-12 mil international arrivals by 2028. Currently, the Philippines has 336k rooms

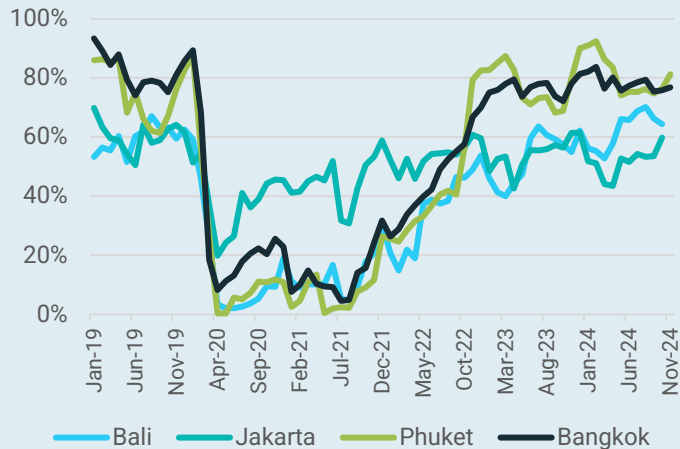
More regulations on the horizon for accommodation providers

- Malaysia will draft guidelines to govern Short-Term Residential Accommodations (STRA) to address issues affecting residents, with STRA operators potentially needing to get licenses from local councils
- Hostel Thailand Association is calling for dedicated regulation for them, as existing laws are not feasible for small businesses

While new hotel projects have been announced around Indonesia, Bali wants to impose ban on new hotel projects

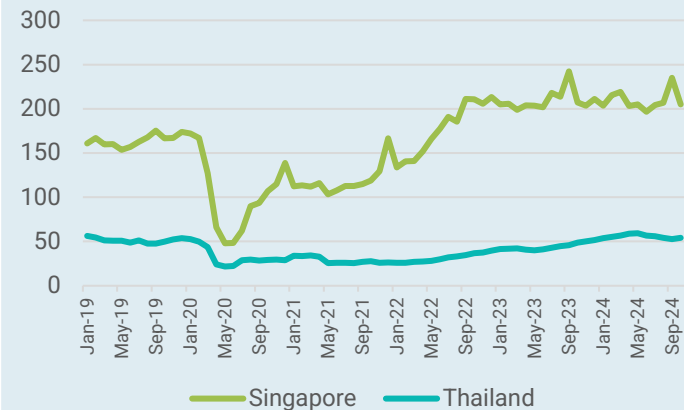
- IHG Hotels & Resorts is launching 8 properties in 4 cities across Indonesia in 2024
- RedDoorz aims to have 270 property partners by end of 2024 in their portfolio for Bali and Nusa Tenggara, increasing to 400 properties by the end of 2025
- Bali is touting legislation to ban development of new hotels, resorts, and entertainment venues for up to 2 years
- But, it's a different case for Vietnam where IHG wants to increase its properties from 16 hotels to 40, an increase of 60% rooms

Regional Hotel Occupancy (%)



Source: MOTS, BPS

Average Room Rates Thailand & Singapore (USD)

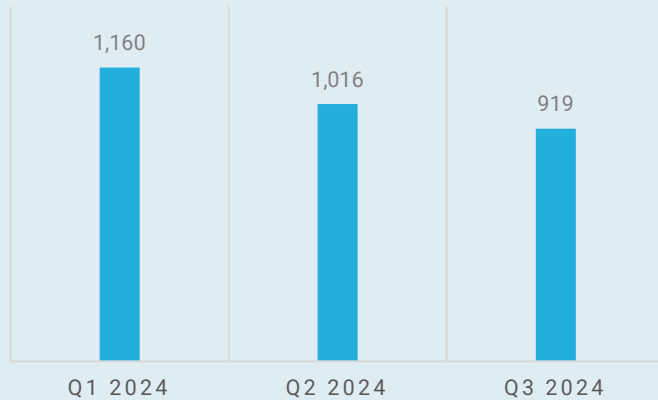


Source: STB, MOTS

Experiences

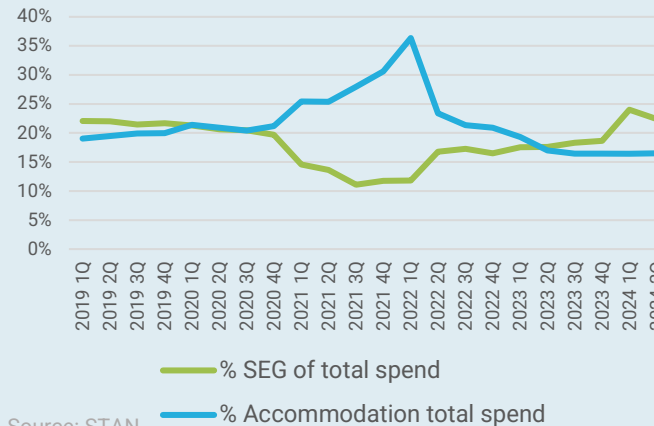


Marina Bay Sands Net Revenue 2024 (million USD)



Source: Marina Bay Sands

Sightseeing, Entertainment & Gaming Share of Total Spend: Singapore (%)



Source: STAN

Singapore's gaming industry faces setbacks

- Since 2Q 2024, share of Sightseeing, Entertainment and Gaming (SEG) in total spending was overtaking the share of spending in accommodation. However, there was a dip in SEG share of total spending in 2Q 2024, which could indicate a slowdown in Singapore's gaming industry
- The Gambling Regulatory Authority (GRA) only renewed the casino licence of Resorts World Sentosa (RWS) for 2 years instead of the usual 3 years due to its "unsatisfactory" tourism performance
- Marina Bay Sands is allegedly seeking \$12 bil SGD loans to fund casino resort expansion, according to anonymous sources. If true, this would be the largest loan financing from Singapore. Las Vegas Sands expects the expansion will now cost \$8 bil SGD, compared to \$3.4 bil SGD estimated in 2019

Casino industry competition heats up with potential entry of Thailand

- Thailand has finalised a draft of its Entertainment Complex Act, pending approval, which would lift the ban on casinos in Thailand. PATA Cambodia Chairman said that the new law may give potential competition for Cambodian casino industry that could cause revenue decline
- JP Morgan projected that the legalisation of casinos in Thailand could bring in \$1.5-5 billion USD in annual gaming revenue, accounting for 0.3%-1% of the GDP

New multi-purpose event venues in development across the region

- A new 10,000-pax-capacity convention centre will be built next to the Borneo Convention Centre Kuching by 2028
- Agung Sedayu Group and Salim Group are constructing the US\$2.6 mil Nusantara International Convention Exhibition (NICE) in Jakarta
- Bintan Resort Cakrawala is developing land to construct a 10,000-pax-capacity multipurpose venue, to be completed by 2027
- Thailand plans to redevelop the National Stadium into a "multi-function venue" to host concerts and sporting events

Visa exemption as a tool to boost MICE tourism

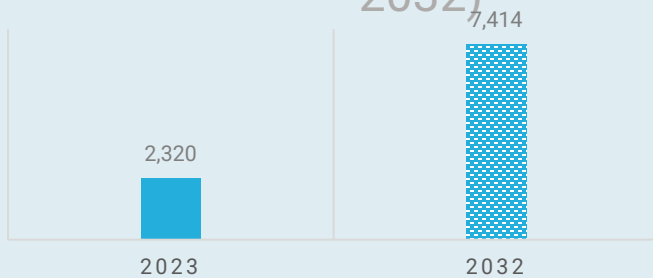
- Thailand Convention and Exhibition Bureau announced the "Thailand MICE One Stop Service" initiative, which includes the MICE Visa: a 60-day stay visa for MICE visitors and a 90-day stay visa for MICE organisers
- Phu Quoc's special 30-day visa exemption policy makes it an attractive destination for MICE tourism, supported by an availability of resorts equipped with large-scale event venues

Indonesia turns to digitalisation, whilst the Philippines takes a people-first approach

- The Tourism Ministry, in collaboration with the Indonesian Hotel and Restaurant Association and GoVirtual, launched "MICE.id" to digitise its MICE database and inventory. The platform also has a Pre Schedule-Appointment feature for B2B trade events
- Philippines launched new MICE campaign focusing on the warmth and dedication of Filipino hospitality in the business events sector

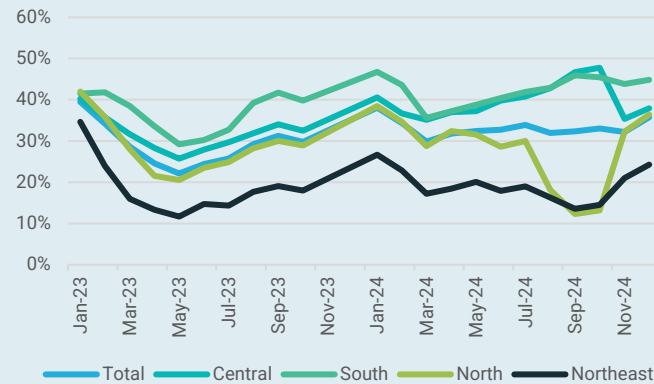
Indonesia MICE Market Value (million USD)

13.8% CAGR (2024-2032)



Source: Astute Analytica

Share of revenue from conference/seminar package to total tourism revenue by Thai region (%)

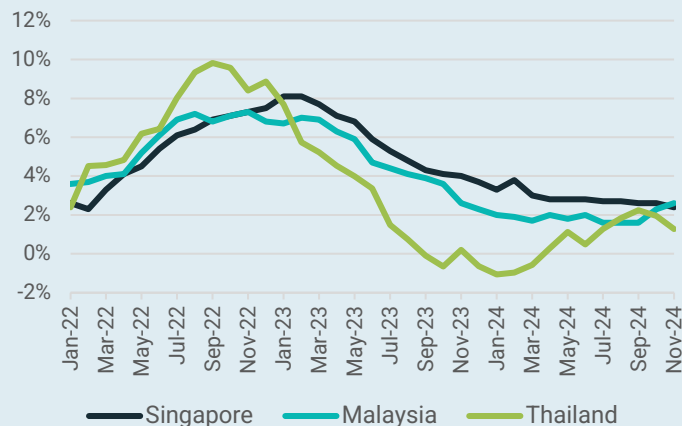


Source: Bank of Thailand *Central includes Bangkok

Food & Beverage

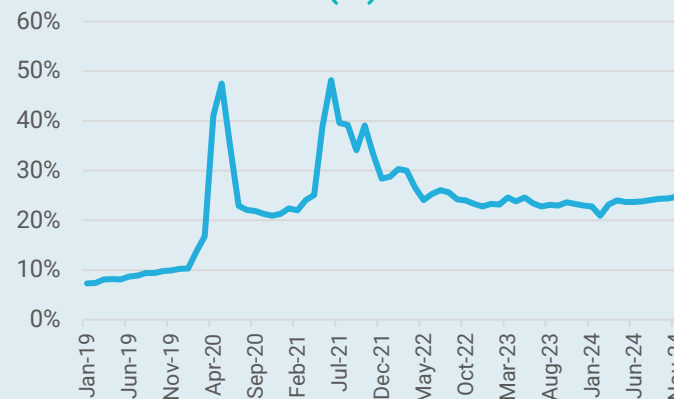


Food Inflation (%)



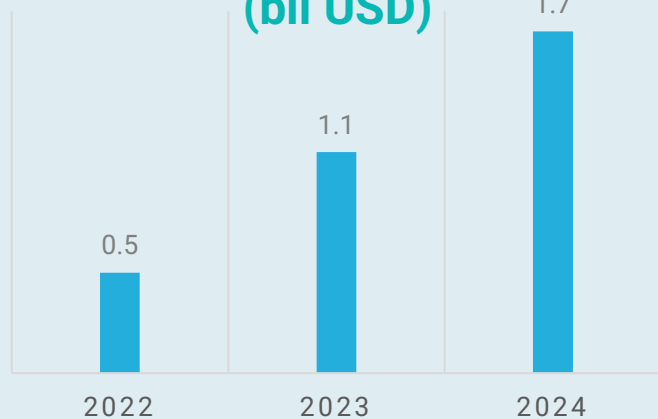
Source: DOSM, Singstat, Bureau of Trade and Economic Indices Thailand

Online Share of F&B Sales: Singapore (%)



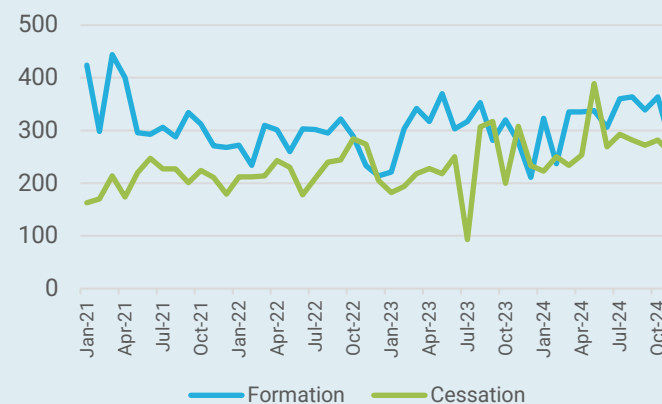
Source: SingStat

SEA Food Delivery Revenue (bil USD)



Source: e-Economy SEA 2024 Report (Google, Temasek, Bain & Company)

Formation and Cessation of Business Entities in the F&B Services Industry: Singapore



Source: SingStat

Food inflation steady for Malaysia and Singapore, on the rise for Thailand

- Thailand's food inflation has been on the rise since the beginning of the year, which may be alarming if it continues into 2025
- Food inflation for Singapore and Malaysia remained steady throughout the year, but a slight uptick was seen in Oct

Online share of F&B sales in Singapore has grown stagnant

- After peaking during the height of the pandemic, the share of online F&B sales has dropped and stabilised since 2022, with the share still far above 2019 levels

Rising costs and intense competition forced many restaurants to close their doors

- 2,465 F&B businesses ceased operations in Singapore from Jan-Sep 2024, with an average of 274 closures per month, +20% YoY
- Over 600k F&B establishments in Thailand have ceased operations in the past three years. Over 100k new restaurants opened in the past year, +14% YoY. However, about 50% of new restaurants have reportedly closed within the first six months

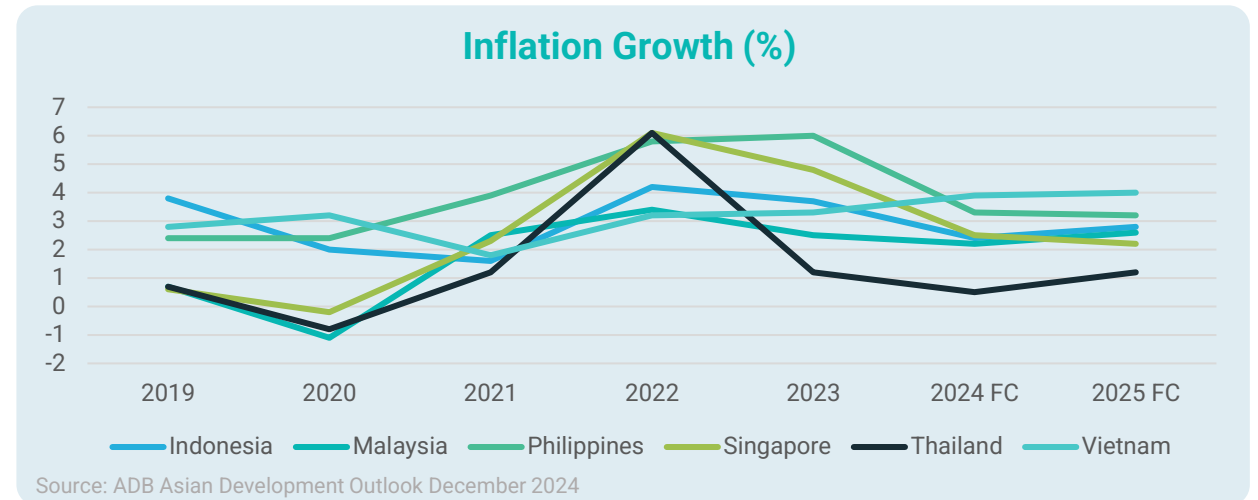
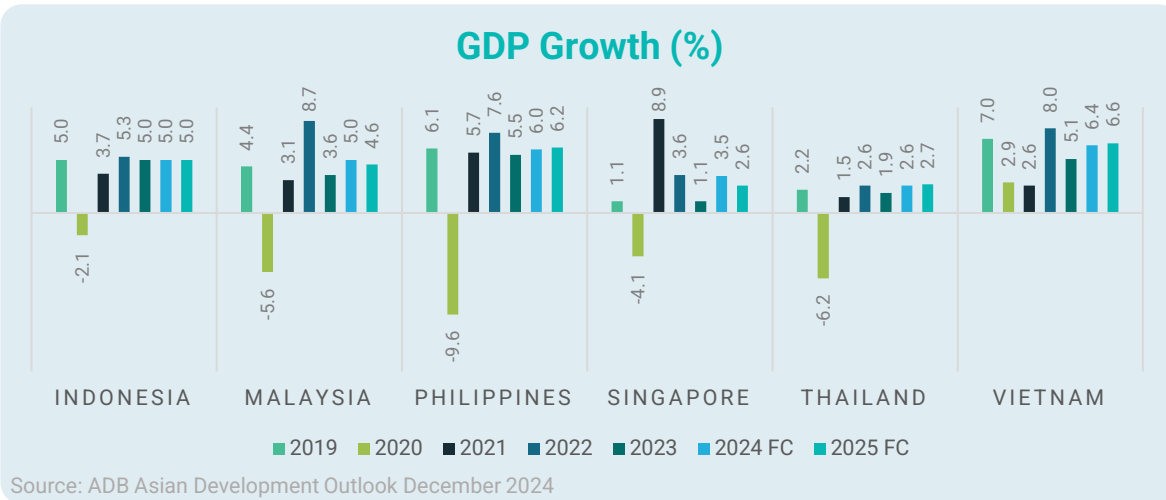
Cloud kitchens under pressure in the post-pandemic era

- The number of cloud kitchen spaces in Singapore has dropped to 11, from 18 at the height of the pandemic in 2021. Food delivery platforms Grab and Deliveroo were among those who had shut down their cloud kitchens
- Philippine-owned cloud kitchen CloudEats has withdrawn its operations in the Vietnam market, which it first entered in 2022

Traditional cuisine as a soft power, with a focus on local ingredients

- The Thai Trade Centre in New York launched the "Love Thai Food, Eat Thai Rice" social media contest for a chance to win a trip to Thailand
- The Vietnam National Administration of Tourism and Nestle Vietnam launched the "Exploring golden ingredients: elevating Vietnamese cuisine to new heights" campaign, with a focus on lesser-known local ingredients
- Philippine's Department of Tourism partnered with fast food chain Man Inasal for the "Love the Flavors, Love the Philippines" campaign, aiming to improve Filipino cuisine as part of the national identity
- The Malaysian Agricultural Research and Development Institute (MARDI) aims to cultivate 219 varieties of durian at MARDI Durio AgroPark in Perak. Tourism Malaysia expects durian tourism sales in 2024 to surpass 2023's performance of RM1.7 mil

2025 Economic Outlook Relatively Robust



New people in seats of power yet to offer certainties over government policies

- Prabowo Subianto has been sworn in as Indonesia's next President from 2024-2029, with Gibran Rakabuming Raka as the Vice President. The administration's first 100-day work plan will focus on energy self-sufficiency, food self-sufficiency, job creation, increased investment, and reducing the Gini ratio and poverty rate
- In Aug 2024, the Thai Constitutional Court voted to dismiss PM Srettha Thavisin from office, the fourth Thai PM in 16 years to be removed. Paetongtarn Shinawatra was appointed as his replacement. She said that many policies will be carried over from the Srettha government, with policy proposals from coalition parties also discussed for inclusion in the new government policy statement

ASEAN nations eager to join BRICS as partner countries

- Malaysia, Vietnam and Thailand have become partner countries of BRICS, whilst Indonesia joined as a full member. The four countries are likely seeking to strengthen trade opportunities through the organisation, as well as to forge diverse international relations amid geopolitical uncertainties
- Malaysia's Foreign Affairs Minister noted that the country's decision to join BRICS "represents its effort to uphold policies and identity as an independent and neutral country", whilst Indonesia's Foreign Ministry also emphasised that "Indonesia will convey the pivotal message of peace and the importance of developing countries and the Global South to unite, enhance solidarity, and play their important role in creating a more inclusive, just, and equal world order"
- Trump recently issued a warning to BRICS, threatening to impose 100% tariffs if they try to "move away from the Dollar" and create their own currencies or back any other currency to replace the USD. This may cause possible economic woes for Southeast Asian nations affiliated with the organisation

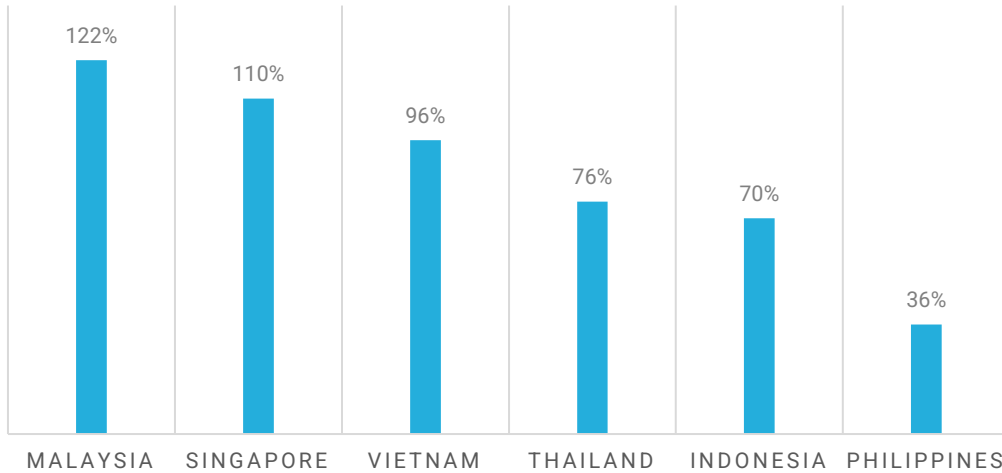
Trump's re-election as US president may also incur other side-effects for Southeast Asia's economy

- The Singapore dollar and Thai baht dropped to a three-month and two-month low, respectively, after Donald Trump was projected to win the US presidential elections. MUFG (Mitsubishi UFJ Financial Group) analysts forecasted that Trump's win would hit the South Korean won, Singapore dollar, Thai baht and Malaysian ringgit the most among Asian currencies due to their export orientation and sensitivity to possible Chinese economic slowdown
- Trump has declared intentions to impose tariffs as high as 60% on Chinese imports, and 10%-20% on imports from other countries. As one of the largest trading partners of the US, ASEAN would certainly be impacted by the policy, with the tariff hike making ASEAN goods more expensive for US producers and consumers. The Thai baht fell by around 0.7%, the Singaporean dollar and Malaysian ringgit by around 0.5% each, on the back of Trump's tariff threats against BRICS

China

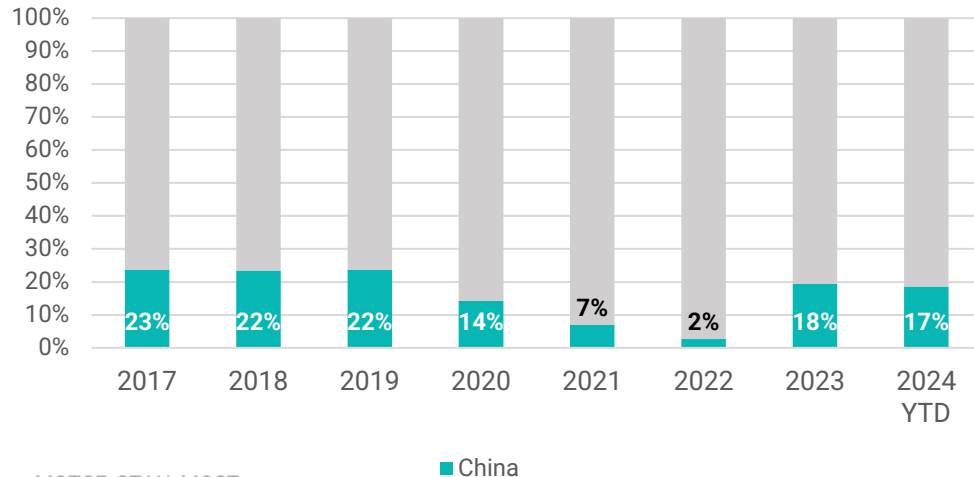


Recovery of Air Capacity to China in Dec-24 vs Dec-19 (%)



Source: OAG

China's share of total int'l visitors for Indonesia, Singapore and Thailand (%)



Source: MOTCE, STAN, MOST

Chinese tourists preferred Southeast Asia for Golden Week

- DidaTravel's booking trends show China's outbound travel is rapidly recovering, with hotel bookings seeing strong growth. Southeast Asia was among the top destinations for the Chinese market during the 1-7 Oct Golden Week break, including Thailand in 2nd, followed by Malaysia (3rd), Indonesia (5th), and Singapore (6th). Bangkok was the most booked destination, followed by Singapore (3rd), Kuala Lumpur (5th), and Kota Kinabalu (9th)
- Alipay reported that Chinese users' overseas transactions increased by +60% during the first 4 days of the Golden Week holiday, with Malaysia as one of the top destinations
- China was the top source market to Thailand during the Golden Week holiday with over 160,000 arrivals, +34% WoW, bringing an estimated revenue of nearly 5 billion THB

Eased visa policies bring tourism boon, whilst tightened restrictions in the Philippines draws Chinese tourists away

- Malaysia has greatly benefited from the mutual visa exemption policy, with Chinese arrivals surging 194% in Jan-May 2024 compared to last year, totalling 1.2 mil visitors
- The policy has led to a surge in Chinese arrivals, with Thailand welcoming 5.7 mil Chinese visitors YTD as of Oct, a 105% jump compared to 2023
- Chinese arrivals to the Philippines had been slowly recovering from the pandemic, reaching a peak during the Chinese New Year period in Feb 2024. However, recovery plunged after the tightening of visa restrictions, in addition to tensions surrounding the South China Sea

Singapore, Malaysia surpasses pre-pandemic air capacity to/from China, with Vietnam close to full recovery

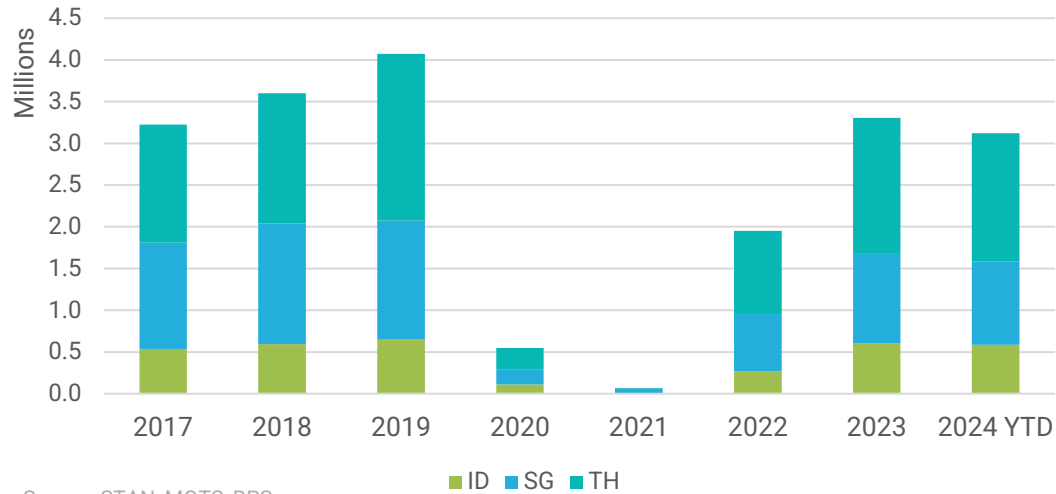
- Malaysia has overtaken Singapore to show the highest growth in air capacity to/from China if compared to 2019 levels
- Thailand and Indonesia are seeing moderate recovery, whilst the Philippines is falling way behind its regional peers. Unless the Philippines makes a drastic move, it is hard to see how they could see a full recovery of Chinese arrivals in 2025, particularly as airlines have cut routes between the two countries in 2H 2024

Chinese plane producer COMAC makes strategic steps in the region

- COMAC inaugurated its Asia-Pacific Office in Singapore, making it a regional base for sales and technical support.
- The firm aims to introduce their ARJ21 and C919 aircraft to Southeast Asian airlines, with some carriers already expressing interest
- Vietnam Airlines is planning to issue RFPs to purchase 50 narrowbody jets in 2025, open to all manufacturers including Boeing, Airbus, and potentially COMAC
- The Deputy General of COMAC met with the Vietnamese PM in Nov to discuss introducing their aircraft to the Vietnamese market. He said COMAC has conducted trial flights on routes from HCMC to Con Dao, aiming for official flights in Vietnam by end-2024
- The Lao Minister of Finance has said that COMAC is likely the most suitable investment partner for the restructuring of Lao Airlines
- Indonesia's TransNusa Airlines is currently the only carrier in Southeast Asia already operating aircraft. The airline operates ARJ21s on direct Manado-Guangzhou route, the longest commercial route flown by the model

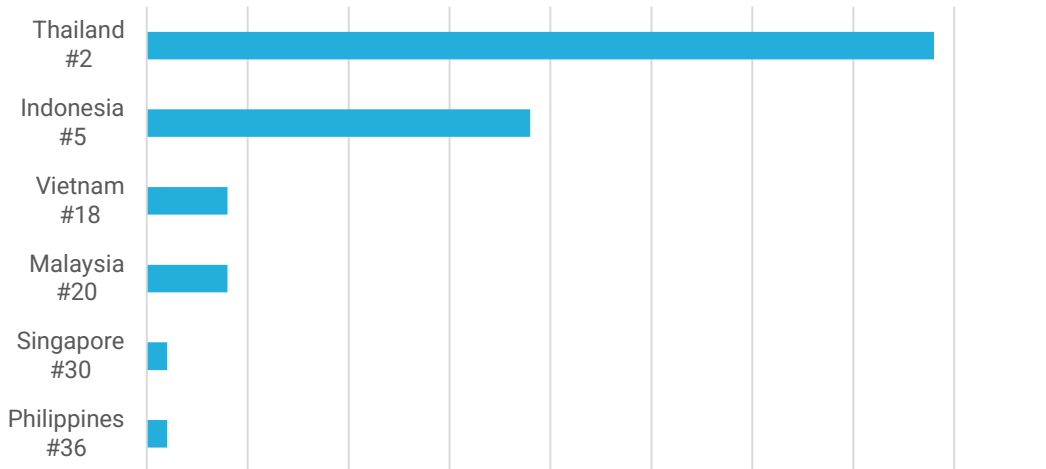


Indian arrivals to Southeast Asia



Source: STAN, MOTS, BPS

Outbound travel interest from India to Southeast Asia



Source: Google Destinations Insight

Air connectivity between India and the region is growing

- Thailand's visa exemption for Indian nationals prompted airlines to add more flight capacity between the two countries. Cirium data showed that there will be up to 110 more weekly flights YoY between India and Thailand by Jan 2025, amounting to nearly 19,848 additional weekly seats in both directions
- AirAsia launched 10 new routes from India to Malaysia and Thailand in 2024 alone, from cities such as Jaipur, Bhubaneswar, and Kozhikode
- Malaysia Airlines and IndiGo have launched a new codeshare agreement, granting MAS passengers access to 7 new destinations in India, and IndiGo passengers access to key destinations like Penang, Langkawi, and Kota Kinabalu
- Singapore Airlines and Air India have also expanded their codeshare agreement, increasing their total weekly codeshare services from 14 to 56, and the destinations by over 3X to a total of 51 cities

Easing of visa policies drives Indian arrivals to the region

- TAT announced that Thailand has welcomed 2 million Indian visitors as of 16 Dec 2024, successfully reaching the full-year target. The number of Indian arrivals has exceeded 2019 levels since the visa exemption was implemented
- Thailand has also announced that an e-Visa will be available for Indian passport holders starting 1 Jan 2025, offering a 60-day stay
- Malaysia recorded over 1 mil Indian visitors for the first time in 2024, driven by the visa exemption policy
- The Philippines is also looking toward India to offset the downfall of the Chinese market. The Philippines fully implemented its new e-Visa system for Indian nationals from Dec 2024

Tropical paradises as honeymoon and wedding destinations for Indians

- Skyscanner's survey showed that over 80% of Indians have either had or are planning a destination wedding, with Bali and Bangkok emerging among the preferred locations
- Visa services platform Atlys' survey showed that Vietnam was the most preferred overseas honeymoon destination for Indian couples in 2024, with Bali in 3rd place and Singapore in 8th

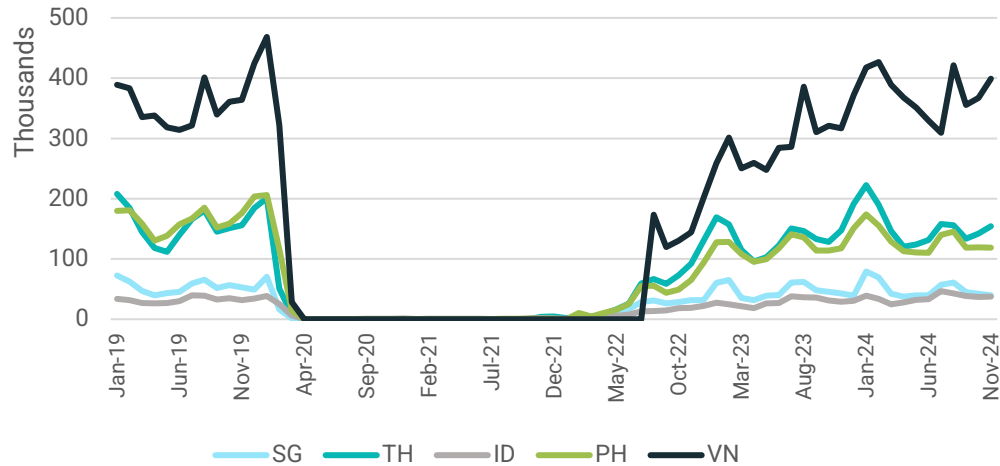
Indians are returning for more

- Agoda's "Return Visitor Ranking" survey showed that 67% of Indian travellers are drawn back to their favourite destinations
- Thailand, Vietnam, Indonesia, and Singapore were the top 4 international destinations that Indian travellers want to revisit
- Indian tourists say adventure (42%) is their main reason for returning to a destination, followed by culinary experience (22%), of which Southeast Asian destinations excel at

South Korea

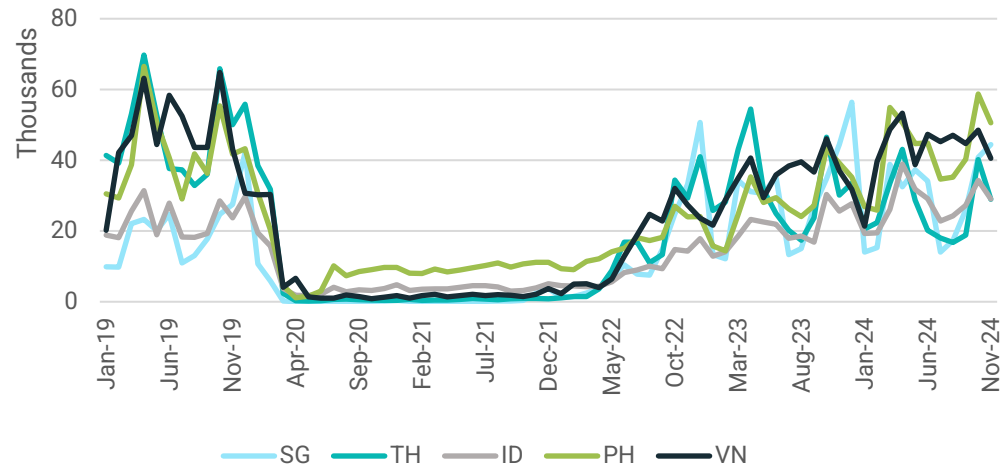


South Korean arrivals to Southeast Asia



Source: STAN, MOTS, BPS, DOT, GSO

Southeast Asian arrivals to South Korea



Source: Korea Tourism Organization

Southeast Asia and South Korea's tourism exchange and bilateral ties remain strong

- Vietnam and South Korea have become each other's top source market for international arrivals. Vietnam welcomed 4.1 mil Korean arrivals YTD as of Nov 2024, +128% YoY. Over 435k Vietnamese have also visited South Korea YTD as of mid-Oct, becoming the leading source market, up from 5th in 2023
- South Korean President attended the closing of the 25th ASEAN-South Korean Summit in Laos in Oct, finishing his Southeast Asian tour where he also visited Singapore and the Philippines

Partnerships between South Korean and Southeast Asian stakeholders continue, in effort to boost tourism

- Korea Tourism Organisation (KTO) partnered with four Philippine banks to ease visa applications for Filipinos. Applicants under said banks will not be required to submit bank certificates, bank statements, or Income Tax Returns when applying for a South Korean visa
- Traveloka partnered with Lotte Hotels & Resorts to offer exclusive experiences and to boost the South Korean hotel group's visibility in Southeast Asia

Tourism minimally affected by South Korea's sudden and brief martial law imposition, but operators are keeping a watchful eye on the situation

- Sabah Tourism Board CEO said they are bracing for some impact on Korean tourist arrivals following uncertainty in Seoul due to the brief imposition of martial law. South Korea is the second-largest foreign tourist market to Sabah. Several local tour operators said they did not receive any cancellations from South Korean tourists
- Singaporeans travelling in South Korea said they were minimally affected by the martial law order. Travel agencies said they are moving ahead with their tour packages to Korea, but are keeping an eye on this situation

Strict Korean immigration sparked boycott from Thai tourists, leading to a significant decline in tourism arrivals

- Anecdotes of Thai tourists being turned away and denied entry due to alleged "overly strict" immigration at South Korea's airports led to a social-media-centred boycott campaign against travelling to South Korea
- KTO reported that Thai visitors to South Korea declined for seven consecutive months as of Jun 2024. The total number of visitors from Thailand stood at 168k in 1H 2024, a fall of 19% YoY
- On the contrary, South Koreans arrivals to Thailand are projected to reach a record-high of 2 mil in 2024. Thailand is now eyeing South Korea as a key market to make up for the slower-than-expected recovery of top markets like Japan and China
- The sentiment may worsen following recent Jeju Air crash at Muan Airport, of which the flight departed from Bangkok. The incident killed two Thai nationals

Our analysis is based on the situation as of late Dec 2024. The current situation is changing daily and will likely bring significant impacts to the travel and hospitality sector.

Sustainability in the Spotlight



From typhoons to volcanic eruptions, Southeast Asia faced various natural disasters and challenges throughout the second half of 2024

Typhoons ravaged the region, bringing casualties and displacing hundreds of thousands

- Super Typhoon Man-Yi became the sixth typhoon to hit the Philippines in a month. The death toll from the six typhoons was 175. This series of storms has impacted over 10 mil people and caused an estimated 470 mil PHP in damage to homes, agriculture, and infrastructure
- World Bank downgraded its Philippines GDP growth forecast to 5.9% for 2024, from 6.0% in earlier forecasts, following the series of typhoons and bad weather in Q3
- Floodings in Southern Thailand killed 9 and impacted 534k households as of 29 Nov
- Floodings in Malaysia killed 3 and impacted 139k people across 9 states as of 29 Nov

Volcano eruptions disrupted aviation and tourism activities

- At least 10k people were affected and 10 died due to the eruption of Mount Lewotobi Laki Laki on Flores Island, Indonesia. Around 30 flights to/from Lombok, and 80 flights to/from Bali were impacted
- The eruption of the Kanlaon Volcano in the Philippines in Sep caused 300 residents to evacuate their homes. Some tourist sites in the region were temporarily closed due to the volcanic activities

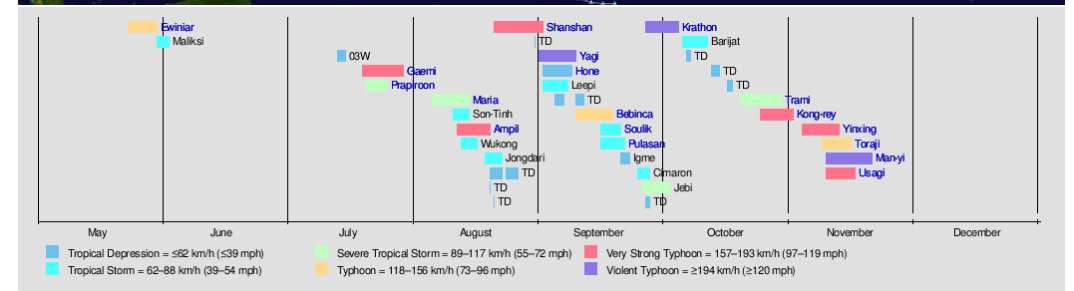
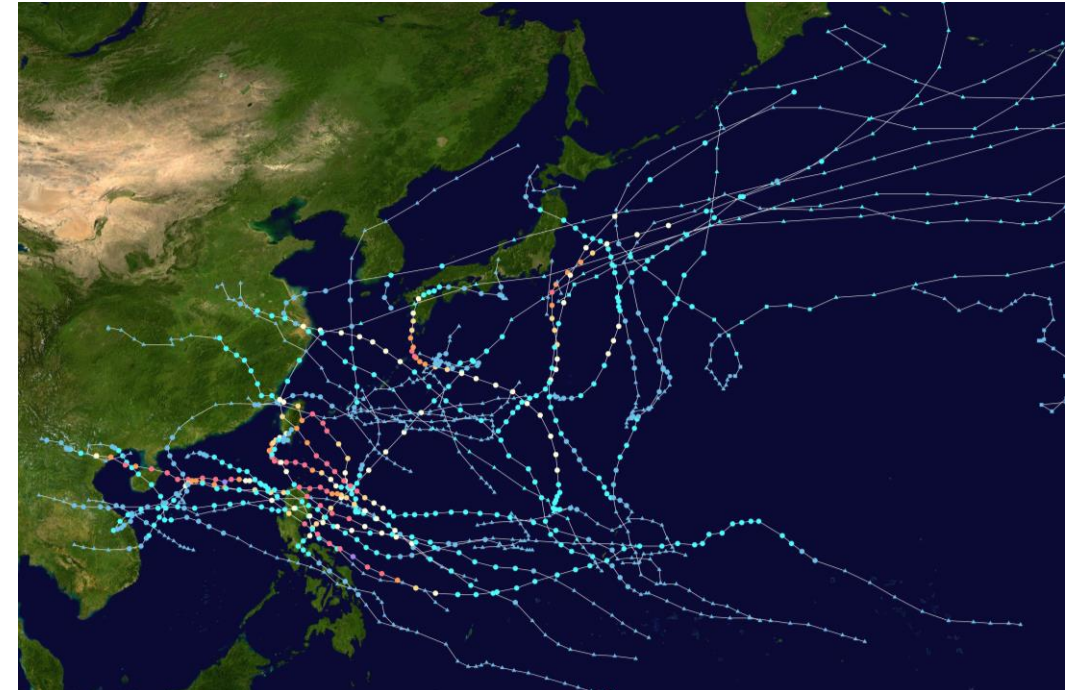
Oil spills threatened marine ecosystems across the region

- Thick clusters of black oil were found along the Bang Saray Beach in Thailand following an oil spill about 1km offshore on 22 Aug
- Oily black lumps washed up on beaches in central Khanh Hoa Province, Vietnam on 1 and 2 Sep, spanning about 3 km

Battle on haze pollution rages on, with a focus on regional collaboration

- Thailand, Laos, and Myanmar are collaborating for the Clear Sky Strategy 2024-2030, a comprehensive action plan to battle haze pollution. The acronym "CLEAR" stands for Continued Commitment, Leveraging Mechanisms, Experience Sharing, Air Quality Networks, and Response
- Singapore will house a Regional Specialised Meteorological Centre for Vegetation Fire and Smoke Pollution Forecasts to forecast transboundary haze in Southeast Asia, under an initiative by the World Meteorological Organisation (WMO)

The 2024 Pacific Typhoon Season



Source: WikiProject Tropical cyclones/Tracks (tracking data from the Joint Typhoon Warning)

Sustainability in the Spotlight



SAF development is booming in the region, with green energy also in demand for land-based public transport

US\$16.6 mil

generated from the Bali Tourism Tax as of end-Oct

40%

of foreigners still failed to pay the Bali Tourism Tax in Feb-Oct

Key stakeholders are making moves to develop SAF throughout the region

- Changi Airport Group and Airports of Thailand are discussing a “green airport” development plan, with the two parties aiming to jointly produce sustainable aviation fuel
- Malaysia plans to produce SAF in 2027. EcoCeres Renewable Fuels Sdn Bhd and Petronas are constructing a SAF refinery and production plant, respectively in partnership with Enilive and Euglena
- PTT Oil and Retail Business (OR) and Thai VietJet Air launched their first SAF-powered flight on the Bangkok-Da Nang route. Thai VietJet Air aims to use 1% SAF by 2026 and 5% by 2030, with expectations to reduce CO2 emissions by 153,000 tonnes between 2025-2030
- Philippine Airlines said they are on track to launch SAF-powered flights to Singapore by 2026. PAL CEO said the company is working to acquire the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) certification for this
- Indonesia launched an action plan for the development of Sustainable Aviation Fuel at the 2024 Bali International Airshow (BIAS)
- AirAsia's Tony Fernandes expressed a different view on SAF, dismissing it as “stupid” and making “absolutely no sense”. He recommends banking on new-technology aircraft and engines to reach sustainability goals instead, as well as paying carbon credits to fund projects that will “soak up carbon”
- Vietnam Airlines began using SAF for all flights departing from Europe starting from 1 Jan 2025, with an initial minimum rate of 2%, gradually increasing to 6% by 2030, 20% by 2035, and 70% by 2050

Carbon fees – should customers pay the price of sustainability?

- AirAsia initially planned to impose a mandatory carbon fee on all passengers starting from 1 Jan 2025, but no further actions have been taken. In Oct, AirAsia Chief Sustainability Officer said they are applying to impose a sustainable fee in 20 countries and have gained approval from 80% of the countries
- The Thai government has announced plans to implement a carbon tax by 2025, starting with oil products, set at 200 THB per metric ton

Bali gets serious in tackling environmental issues from tourism

- Bali Provincial Government has made a proposal to the Ministry for Maritime Affairs and Investment to implement a moratorium on the construction of new hotels, villas, discos, and beach clubs in the Sarbagita (Denpasar, Badung, Gianyar, and Tabanan) area for an initial 1-2 years
- The Ministry of Environment is exploring new regulations to prevent landfill sites across Bali from receiving waste from hotels, restaurants, and cafes. This policy will force businesses to take responsibility for the waste they produce
- The Tourism Ministry plans to expedite the launch of its Clean Tourism Movement 2025 in Bali, after activists reported “the worst” annual wave of plastic waste washing up on the island’s beaches during the ongoing monsoon season

Green energy sought for public transport in major destinations

- The first 2 units of the Autonomous Rapid Transit hydrogen vehicle for the Kuching Urban Transportation System project will be delivered by end-2024
- Bali will launch the electric bus rapid transit system (eBRT) in 2025, operating two routes
- Phuket Smart Bus launched a new electric bus service connecting Phuket Town and Patong, aiming to reduce traffic congestion and pollution levels in the area
- HCMC Department of Transport proposed a plan to transition the city’s public bus fleet to electric and clean energy by 2030, with the total investment projected at 3.521 trillion VND. HCMC plans to increase the number of electric buses to 3,317 by 2030

Artificial Intelligence (AI) and Automation



AI-powered travel planners in OTAs

+15%

more trips bookmarked on average for customers using AI-powered travel planners

3X

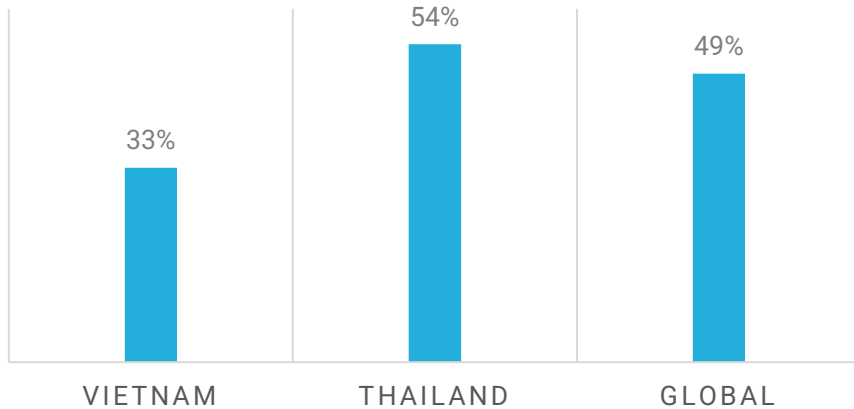
Gross Travel Bookings (GTB) from customers using smart trip planners vs average

>80%

of customers are satisfied with AI-powered travel planners

Source: e-Conomy SEA 2024 Report (Google, Temasek, Bain & Company)

Share of those expressing interest in using AI for trip planning (%)



Source: Booking.com's 2025 Travel Predictions

The tide is shifting to hyper-personalisation – travel services optimise AI to craft tailored itineraries to suit each users' preferences

- TAT and Line Co Ltd have launched the "Amazing Thailand 365 Days" project, which uses gen AI to help tourists plan itineraries
- TAGTHAI has partnered with Google Cloud to create the AI-driven "Design My Trip" feature, which will be able to offer personalised travel itineraries for each user
- Booking.com announced its AI Trip Planner (Beta) for Singaporean tourists, first in the Southeast Asia market, following its launch in Australia, New Zealand, the US, and the UK

AI as a tool to support sustainability and innovation in tourism

- The Philippines is utilising AI for sustainable tourism through its National Artificial Intelligence Strategy and Roadmap 2.0, which led to the establishment of a Center for AI Research. The centre focuses on disaster resilience, sustainable agriculture, and urban planning. The private sector also uses the Department of Tourism's AI integration like smart hotel systems and AI-driven waste management
- Thailand's Central Food Group started trials of an AI-powered system developed by Smartway in its supermarkets to address food waste issues. The system uses AI to identify products nearing expiration dates, apply discounts, and enhance ordering processes to minimise waste

Job market is expected to undergo changes due to AI, with more training needed for workers to adapt

- TalentCorp launched a study of the Malaysian workforce, which highlighted that 620k jobs, or 18% of employees in 10 key sectors, are expected to face changes in 3-5 years. The study identified 60 emerging roles with 70% related to AI and digital technologies - 20% are linked to sustainability and green initiatives
- The International Monetary Fund (IMF) said AI-powered Chatbots and virtual assistants might replace 14% of jobs in the Philippines. IMF also said 35% of jobs are "highly exposed" to AI, whilst over 50% of jobs are "highly complementary"

Biometrics identification and autogates are being rolled out at immigration across the region – but one technical glitch can cause chaos

- Singapore has fully implemented passport-less clearance across all four terminals in Changi Airport, with foreign visitors able to use the service when departing Singapore. Full operation of the system cuts average clearance time per traveller by 60%
- Thailand introduced a new automated biometric identification system at six major international airports, allowing registered passengers to bypass passport/boarding pass checks at baggage drop, security checks, and boarding
- Bali has finished the installation of 90 new autogates in its international terminal in Oct 2024. The number of travellers using autogates has sharply increased from just 17% of international travellers when the first batch of autogates was installed in Feb 2024, to 67% in Sep 2024
- Tens of thousands of people were stuck at Malaysia's Immigration complex on the Malaysia-Singapore border for several hours in Dec 2024 due to a technical glitch that knocked out all the immigration autogates, forcing immigration to redeploy manpower for manual processing
- Malaysia launched a QR-code immigration clearance system for passportless entry for Malaysian nationals at KLIA

The aviation industry is embracing AI and automation, on the ground and in the sky

- Philippine Airlines has become the first Asian airline to adopt OpenAirlines' SkyBreathe OnBoard technology, which uses advanced algorithms to provide real-time assistance on fuel-saving initiatives for pilots in the cockpit
- Changi Airport has started trials of the Automated Prohibited Item Detection System (APIDS), designed to improve security screening processes through AI technology. The system is currently suited to only assist human screeners in identifying prohibited items, with a high rate of false alarms still a major issue for the technology

Travel & Hospitality Pain Points

Exposing legacy issues and industry challenges



Brands and airlines want to reduce over-dependence on expensive **OTAs and GDSs**



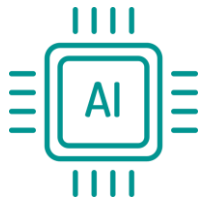
Ever increasing need for **duty of care** towards corporate travellers



Understanding **consumer preferences and personalising** offerings



Streamlining travellers' booking journey to improve satisfaction and loyalty



Incorporating **Generative AI** into business processes and driving better customer experience



Integrating of technology options with existing systems while **replacing outdated technologies** can enhance financial performance by providing new cost-saving solutions



Introducing **decarbonisation** initiatives and meeting customer and regulatory **sustainability** expectations



Responding to the emergence of **new distribution models** - influencers, emerging social media platforms and super apps – **everyone sells travel**



Adapting to growing traveller categories by evolving products to meet demands



Tackling the challenge of **overtourism** and mitigating its associated pressures



Managing labour shortages, turnover, onboarding, training, and **changing employee expectations**



Facilitating the **digital transformation of traditional travel agents** to enhance their online presence and capabilities

Corporate Challenges



Navigating New Travel Distribution Models

Pain Points	Industry Observations	Overview of Travel Distribution
Need for targeted, efficient marketing	<p>As travel growth slows, there will be a greater need for more targeted marketing and for travel providers to build new strategies ...The coming year will bring about rethinking of advertising and marketing strategies, with continued growth of adopting analytics and AI to optimize marketing spend.</p> <p>- Deloitte Travel Industry Outlook</p>	
Adapting to uncertainties in travel	<p>Understanding potential changes in market conditions, anticipating trends, and strategizing to gain a competitive edge are crucial for success</p> <p>- Dyninno Group</p>	
Loyalty Program Effectiveness	<p>“There is an interesting opportunity for brands to find ways to make sure that their loyalty program really increases loyalty, rather than just becoming another element of comparison.”</p> <p>-Damien Pfirsch, Agoda (CCO)</p>	
Profitability Challenges in Payment Costs	<p>Travel companies have traditionally operated as intermediaries, focused on booking flights, hotels, and transportation... With margins tight and competition fierce, managing payment costs has become a critical lever for profitability.</p> <p>-Web In Travel</p>	

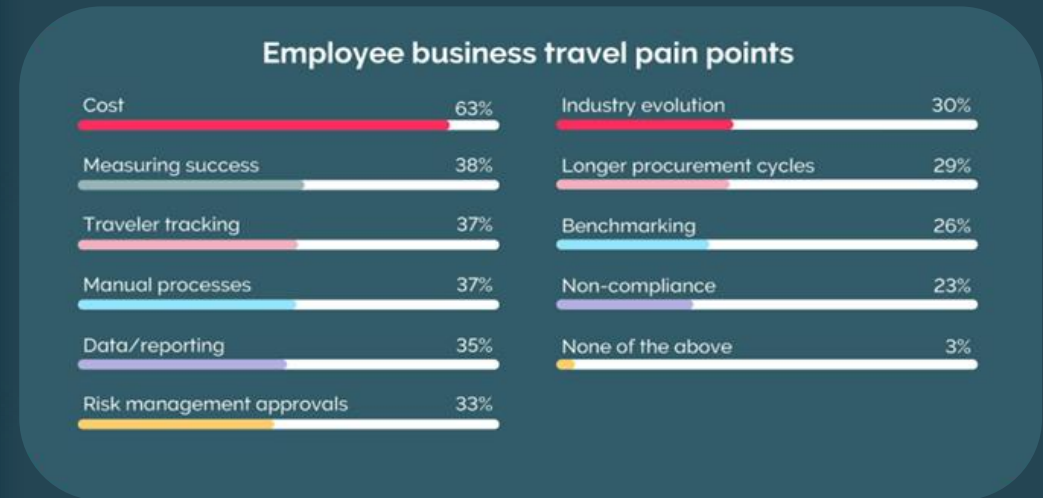
Corporate Challenges



Growing Importance of Duty of Care for Corporate Travelers

Pain Points	Industry Observations
Increased Geopolitical Tensions	<p>It is observed that the tension between China and Taiwan; the ongoing conflict involving Israel, Gaza, Lebanon, and Iran are likely to contribute to increased civil unrest and terrorist attack worldwide, emphasizing that a rise in terrorism would significantly affect global travel.</p> <p>-TRIP Group</p>
Cost Savings	<p>One of the fundamental pain points for CFOs in business travel is dealing with rising travel expenses. As the cost of airfare, accommodations, and ground transportation increases, it puts significant pressure on budget.</p> <p>-itilite</p>
Heightened Focus on Health and Well-Being	<p>Many companies use booking data to send travelers alerts about their destination, to locate them in an emergency, to brief first-time or infrequent travelers about assistance resources available and to flag high-risk trips to ensure proper vetting. Missing or incomplete data can greatly hinder a travel manager from meeting their duty of care responsibilities.</p> <p>-GBTA</p>
Legal Compliance	<p>Having a robust programme in place will help protect your business from potential exposure to legal action and liability, as companies are legally responsible for their employees. Failure to meet duty of care obligations can result in legal consequences.</p> <p>-AMEX GBT</p>

Challenges of Corporate Travel Managers



With the growing emphasis on employees' well-being, duty of care has become a fundamental aspect of a company's culture. For corporate travel managers, challenges such as managing costs and ensuring effective traveler tracking highlight the critical need for a robust duty of care framework.



Unlocking Consumer Preferences to Deliver Personalized Experiences

Pain Points	Industry Observations	Catalyst for better business performance																				
<p>Failing to identify and prioritize CX opportunities</p>	<p>Improving customer experience is challenging when business leaders are focused on daily operations. Identifying root causes and understanding customer needs requires time and effort, and even after pinpointing issues, leaders must prioritize actions and allocate resources to drive improvement. -Oracle</p>	<p>HOW PERSONALIZATION IMPACTS BUSINESS KPIs</p> <table border="1"> <caption>Expected Percent Increase, Compared to No Personalization</caption> <thead> <tr> <th>Personalization Level</th> <th>Average Order Value</th> <th>Revenue per Visitor</th> <th>Conversion</th> </tr> </thead> <tbody> <tr> <td>Hyper-personalization</td> <td>~75%</td> <td>~62%</td> <td>~50%</td> </tr> <tr> <td>Microsegmentation</td> <td>~65%</td> <td>~50%</td> <td>~38%</td> </tr> <tr> <td>Segment-based personalization</td> <td>~22%</td> <td>~18%</td> <td>~15%</td> </tr> <tr> <td>Basic personalization</td> <td>~10%</td> <td>~8%</td> <td>~5%</td> </tr> </tbody> </table> <p>altexsoft</p>	Personalization Level	Average Order Value	Revenue per Visitor	Conversion	Hyper-personalization	~75%	~62%	~50%	Microsegmentation	~65%	~50%	~38%	Segment-based personalization	~22%	~18%	~15%	Basic personalization	~10%	~8%	~5%
Personalization Level	Average Order Value		Revenue per Visitor	Conversion																		
Hyper-personalization	~75%		~62%	~50%																		
Microsegmentation	~65%		~50%	~38%																		
Segment-based personalization	~22%	~18%	~15%																			
Basic personalization	~10%	~8%	~5%																			
<p>Changing consumer behaviour</p>	<p>As the post-pandemic world rapidly evolves, consumer behaviour continues to change constantly at a faster rate. Behaviours that were once normal for most people, such as grocery shopping, were replaced with delivery services overnight, and have since bounced back to the 'new normal' with many people adopting a more hybrid approach. -Near</p>																					
<p>Leveraging technology to enhance CX</p>	<p>Understanding that skincare is a vitally important part of a person's well being. L'Oreal Skin Genius mobile application combines personalized assistance with a course-changing digital experience, leveraging an AI-powered assessment of the customer's unique skin care needs using a privacy-protected picture of your face. -L'Oreal</p>																					
<p>Data and organizational silos</p>	<p>Organizational silos can result in inconsistent or competing objectives among your teams, as well as inconsistent brand experiences for the customer. Data silos, where relevant information isn't properly unified, can leave your organization with an incomplete picture of the end-to-end customer experience. - Oracle</p>	<p>Personalization is a key driver of revenue growth, with its effectiveness directly linked to the depth of personalization implemented. Hyper-personalization, which leverages advanced data insights to deliver highly tailored experiences, has proven to drive the highest levels of growth. This trend underscores the increasing consumer preference for more customized interactions and the competitive advantage it offers to businesses.</p>																				

1H 2025: Technology Investment Opportunities



Food & Beverage	Accommodation	Experiences	Travel Services	Transportation
Restaurant Reservation Systems	Payments Reconciliation	Trip Itinerary Builders	Data Visibility & Automation	New Meta-Search Platforms
	Robotics and Automation	Next-Gen Sustainable Tourism	AI-Driven Travel Discovery Tools	Streamlining/Packaging Booking Platforms
Food Waste Management & Sustainability	Eco-Immersive Accommodations	AR/VR Gamified Experiences	Baggage Tracking	Carbon-Neutral Travel Innovations
	Revenue and Operations Optimisation	Hyper-Personalized Luxury Tourism	Reselling Distressed Inventory	Synchronization and Real Time Data Sharing
Ordering for Quick Service Restaurants	Intelligent Cost Optimization	Distribution and Channel Management Tools	AI-Specialized Agencies	Bus and rail platform aggregators







Start-Up Opportunities



Trip Packaging and Planning

Investment Thesis	Startup Opportunities
Booking Assistance Solutions	 
Traveler Matchmaking	 
Travel Expert Itinerary Builders	 
Discovery and Booking	 

Hotel & Accommodation Innovations

Investment Thesis	Startup Opportunities
Hotel Distribution Platforms	 
Guest Experiences	 
Intelligent Content Creation	 
Property Management Solutions	 



Key Catalysts

- Normalisation of the online travel industry returning to high-single-digit/low-double-digit percentage growth, with greater focus on capital returns, attracting more investors into Travel.
- Generative AI reshaping the online travel funnel and how companies approach customer acquisition & conversion, leading to lower CAC for the Travel space.
- The stabilization and potential reduction of interest rates are poised to invigorate the VC and PE landscape by lowering capital costs and enhancing investment opportunities.
- Evolving guest preferences offer opportunities for business transformation

Key Risks

- Global political tensions might worsen, which will negatively affect T&H sector.
- Consumer awareness of global issues has heightened, leading to a greater emphasis on sustainability in the travel industry. Travel needs to adapt to incorporate sustainability into their operations, even at the expense of rising costs.
- Popular tourist hotspots like Bali and Phuket are experiencing infrastructure strain due to over-tourism. Poorly managed infrastructure upgrades may lead to overcrowding, decreased tourist satisfaction, and environmental degradation.
- Complex macroeconomic environment challenges new investment. The increased costs of capital and years of low interest has led to historically low deal activity



CONTACT US

ReachUs@VelocityVentures.vc

www.VelocityVentures.vc

Follow us:  

