

PATA BLASTS SHADY FOREIGN TOUR AGENTS

THE NATION

Unscrupulous overseas tour operators and excessive hotel development were blamed for keeping the Thai hotel industry from full recovery, at a meeting last week of the Pacific Asia Travel Association (PATA).

Luzi Matzig, chief executive of Bangkok-based Asian Trails, told an audience of 70 travel industry professionals gathered at a debate hosted by PATA's Thailand chapter called "Rates Versus Value: Are We Going Off the Deep End?" that it was common practice for some overseas operators to use strong-arm tactics to negotiate a 50-per-cent discount in rates. They then pocketed 20 per cent and passed on only a 30-per-cent benefit to the paying customer.

"As soon as a crisis hits, some overseas tour operators behave like vultures, trying to make money out of it," Matzig said.

Chanin Donavanik, CEO of Dusit International, said hotel operators were suffering from an over-supply of new rooms. He said too many business families in Thailand see hotel development as prestigious. They build properties and then incur huge losses as rampant room over-supply cripples yield. He said that 7,000 hotel rooms would be added to Bangkok in 2011, not including serviced apartments.

"Lower rates are here to stay for a while. There are hotel owners who do not have a long-term life left," he said.

Wayne Buckingham, vice president and area managing director (Thailand) for Starwood, said his company would open six hotels in the next six months in Thailand.

Forecasts of predicted returns have to be revised all the time, usually down. Business plans for hotels today are less lucrative than plans put into effect 10 or 20 years ago when there was much less supply, Buckingham said.

While urging a room-rate increase, he admitted that Thailand's hotels were under a lot of pressure to comply with price cuts. He is ready for flexible rates "but not without commitment from you [overseas tour operators] to do something in return, such as help with the allotment of rooms, for example, as in Singapore".