

# ***SWOT Analysis of the Tourism Industry in Singapore***

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**Abstract:** Singapore as a small city-country was ranked 36th in the world's GDP with a GDP of USD396.99 billion, therefore, Studying the tourism development of Singapore is of great reference significance for its future development. This essay uses literature research methodology to analyze the SWOT of Singapore's tourist industry and to evaluate its status quo for future development. The tourism industry in Singapore has a decisive role in generating profit for economic growth. Research on Singapore's tourism industry can assist future development planning. Based on SWOT analysis, Singapore's tourism industry benefits from the improvement of tourism infrastructure and political stability, besides that, there is a new chance for the mitigation of the global public health security affair. However, the development of the tourism industry is also limited by its low tourism carrying capacity. Additionally, Singapore's tourism industry also faces the threat from the surrounding same type of tourism cities. Therefore, Singapore can promote the tourism industry by adhering to sustainable development, building a convention tourism city and developing cultural tourism these three aspects.

**Keywords:** tourism industry, Singapore, sustainability, tourism marketing

## **1. Introduction**

The tourism industry has become an important part of the economic development of an area, this industry has considered the largest and fast-growing industry in the world and plays a significant role in the development of the world economy when it comes to the aspect of production and export, international tourism ranked fourth after fuel, chemicals and automotive products[1]. The development of tourism can strengthen the competitiveness of a region in the global market, contributing to global economic growth [2].

In the year 2019, the outbreak of the novel coronavirus (COVID-19) brought threat and unpredict to the tourism industry. This global public healthy security event has affected the global industry chains, especially the tourism industry, which has been taken shocked as many countries or regions have imposed quarantine measures i.e. travel restrictions, and lockdowns. These measures affected national economies and the tourism sectors [3]. However, when these measures were relaxed, the tourism industry rebounded rapidly. The tourism sector contributed 6.1% to the global GDP, and the global job increase of 6.7% year-on-year, which shows the tourism sector has become an increasingly important industry worldwide [4].

Singapore is a tropical island country located in Southeast Asia, Tourism is also growing very fast in Singapore. Singapore represents an important barometer of corporate activity, in particular hospitality and tourism industry development and strategy in the Asia region[5]. Singapore has nearly the number of 415 k hotels in 2021, and the hotel occupancy rate is as high as 56%[6]. The tourism boom has driven the development of Singapore's service industry, meanwhile, the total inbound expenditure in Singapore is as high as 3808 million USD in 2021[6]. Affected by the COVID-19, tourists entering Singapore for a short-term journey are also prohibited from March 23, 2020, to October 19, 2021, which results in Singapore's visitor statistics dropped dramatically by 85.7% from 2019 and tourism revenue dropped by 82.6% [7, 8]. However, the influence of the epidemic is temporary, as the number of tourists reached 6.2 million in 2022 and is expected to bounce back to pre-epidemic numbers in 2024 [9].

As a tourist city, Singapore faces both opportunities and threats. This essay tries to find out the advantages and disadvantages of Singapore and what opportunities and threats Singapore's tourism industry faced, then, according to the status quo of Singapore, the essay will give the future developed strategies.

This essay uses the literature search, which is a classic method for providing references to finding the research gap and formulating the research question [10]. This essay will focus on the tourism industry in Singapore and collect related literature from the 2019s to the 2022s from about 15 articles.

## **2. SWOT Analysis of Singapore**

### **2.1. Strength**

#### **2.1.1. Well-developed Infrastructure**

In nearly four decades of development, Singapore has established a regional infrastructure hub and has a sound tourism infrastructure, for instance, Singapore is an important aviation hub in the Asia-Pacific region, which means tourists from all over the world can come to Singapore with the convenient and efficient model of transportation, shortening the transport time. And the road network is well-developed, and more than 15% of Singapore's land is used for the construction of roads and railways, which shows that most of Singapore's attractions are highly accessible and bring convenience to tourists. The high-quality infrastructure can shape an excellent image of the destination and increase the competitiveness of the tourist city in the global market.

From the whole tourism industry perspective, the tourism industry includes a number of sectors, and the infrastructure is not a core element to attract tourists, but it can be considered as a necessary part to satisfy the tourists' needs upon arrival [11]. As tourists seek a way that they can get to their destination and particular attractions more effectively and efficiently. Therefore, the advanced tourism infrastructure of Singapore can help the country to improve the tourists' goodwill and attract more tourists' volumes.

#### **2.1.2. Political Stability**

Singapore is a country of immigrants, and cultural and national factors influence its stability, which means Singapore needs to maintain the centrality of the core culture while safeguarding the culture and interest of the minority [12]. Singapore's government spread common values through the process of education and proclaimed the constitution to protect the benefit of the minority. To a great extent, these measures satisfy the demands of stakeholders and create a stable condition for future development.

The average value of the political stability index for Singapore is 1.49 points in 2021, at the same time, the index of the world average in 2021 is -0.07 points based on 194 countries[13]. Thus,

Singapore's political environment is more stable and secure than other countries in the world. The stable political condition will encourage domestic and overseas investment in Hospitality and Tourism industry, these investments will promote economic growth and create a comfortable and positive tourist experience. And according to the Travel Career Needs, tourists at a young age need a destination to have fun and get some new experiences, but the destination should be safe and not too boring. The stable condition of Singapore can satisfy tourists' requirements for stimulation.

### 2.1.3. Excellent Marketing Strategy

Although Singapore has an excellent condition for developing tourism, marketing still plays an important role in attracting tourists to visit this destination. Marketing can trigger a push for better efficiency and effectiveness [14]. Singapore Tourism Board promotes a series of useful marketing strategies: 1) Expressing good stories of Singapore, 2) Targeting the right markets, and 3) Delivering these stories to the right markets effectively.

For the first strategy, Singapore Tourism Board based on Singapore's diverse culture built a good tourism brand with two systematic approaches. One is the hero-hub-hygiene (HHH) framework, which provides guidelines about types of the content and goals. Another is the create/co-create/curate approach, which controls the origin of the content.[15] These two approaches can help Singapore to create good stories and promote them.

With regard to the second strategy, STB defines target markets by demographic and geographic factors. There are four distinct market segments: working millennials, families with young children aged below 12, active silvers and business travellers. These target markets are defined can help STB to promote the tourism brand more efficiently.

As for the third strategy, STB builds a database management and analytics hub to respond to a highly-personalised trend through multiple data points. And STB also uses the latest technology to expand the channel and encourage the domestic market and the residents to show their stories on these channels and platforms. Online marketing can be considered as the faster and more effective tool which provides a wider coverage area to a wider audience[14]. These measures work together and shape a robust marketing system.

## 2.2. Weakness

Singapore is the smallest city in South Asia, with low tourism carrying capacity. The tourism carrying capacity is a link between this topic and sustainability and resilience in tourism [16]. With the development of tourism in Singapore, The relationship between people and land in tourist destinations has attracted more and more attention and research. Tourism carrying capacity affects three aspects: tourists' psychological perception capacity, tourism ecological capacity and tourism resource capacity. These factors determine the number of tourists within the destination can accept on the condition that the tourist experience is positive, tourist resources are of high quality and the ecosystem is not degraded.

The tourism industry is the major contributor to Singapore's economic development, before COVID-19, the number of tourists is almost four times the country's population of 5.6 million [17]. However, the development of the tourism industry will cause some negative impacts, such as water waste, emission of carbon dioxide and further consumption of non-renewable energy, which will cause an irreversible impact on the environment.

## 2.3. Opportunity

Relaxation of epidemic restriction brings the opportunity for the recovery of the tourism industry in Singapore. According to Maslow's need hierarchy, when people's basic needs are satisfied, they tend

to find further demands such as respect, social, and self-actualization. Therefore, when the crisis of the pandemic is mitigated gradually, people seem to trust the higher demand.

In 2022, Singapore relaxed its immigration policy, opening the doors of tourism to foreign tourists. In 2023, China relaxed its immigration restrictions, which is Singapore's largest source market, bringing Singapore the number of inbound tourists.

The impact of the epidemic is gradually decreasing. According to Maslow's needs theory model, after basic security needs are satisfied, people will tend to look for higher-level needs, such as The easing of the world's public health and safety crisis is an opportunity for Singapore's tourism industry as it helps people to understand and discover their inner self, which will lead to an increase in the number of tourists.

## **2.4. Threat**

The most significant threat to the tourism industry in Singapore is the competition of homogeneous tourist cities. Competitors of the same type will seize emerging tourism markets such as sustainable tourism or MICE tourism, these two types of tourism are also Singapore commits itself to development. At the same time, due to similar geographical locations and tourism resources, Singapore and these competitors have similar target customers. Therefore, Singapore faces the risk of being robbed of part of its customer base by competitors. Due to the limitation of the environmental capacity and tourism resources, Singapore tries to find a new economic growth point for tourism.

The Singapore Tourism Board has turned its attention to MICE tourism and sustainable tourism, unfortunately, there are many same types of tourism cities such as Hong Kong, Kuala Lumpur or Macau, that are looking to attract business and leisure travellers and compete for the market share [18]. There is no doubt that it is also a threat to the growth of Singapore's tourism industry.

## **3. Strategies**

### **3.1. Building Singapore as a Sustainable Tourism City**

Sustainability has become a vital field for the developed strategies in the tourism industry, according to the definition by UNWTO, sustainability has 17 aspects, to enhance Singapore's attractiveness as a tourist destination, the Singapore Tourism Board (STB) should promote sustainable tourism practices in line with the requirements of UNWTO. Firstly, STB should play a role in helping to build a positive relationship between the local community and tourists to reduce culture shock. Therefore, these measures can increase the engagement of the tourists, which allows tourists to learn more about the local community and Singapore's culture, helping to enhance the travel experience. In the global tourism market, tourists pay more attention to sustainable tourism products, and the Singapore government should adapt to the trend of the tourism market and tourists' behaviours, worked out marketing practices and launched sustainable tourism products [19]. Therefore, the engagement between the locals and tourists can enhance the social carrying capacity to reach the goal of a sustainable society. Second, the government can promote partnerships among several industry stakeholders, such as hotels, airlines, and travel agencies. Forming partnerships with these stakeholders will provide a platform to develop tourism talent, while at the same time increasing jobs in Singapore, creating more employment opportunities and achieving the goal of economic sustainability. Last but not least, reliance on traditional fuels is unlikely to decline soon, but recycling technology could be extended to Singapore's tourism industry, especially for hotels and restaurants, to increase water efficiency and reduce waste where possible.

### **3.2. Using the Diverse Cultural Resources as a Unique Selling Point**

Singapore's core culture consists of East Asian, Malay, South Asian and Eurasian cultural influences, which have contributed to Singapore's diverse cultural system, the sparks from the collision of different cultures add to the richness of Singapore, and as Singapore lacks a natural landscape, its unique culture can be a selling point for Singapore's tourism industry, developing cultural tourism and providing a platform for tourists to experience the charm of the collision of different cultures.

### **3.3. Developing the MICE Tourism**

MICE means Meeting, Incentive, Convention/Conference and Exhibition, which encompasses the various types of business group travel behaviours [20]. MICE tourism is an important tourism industry in the world, contributing to economic growth. Developing MICE tourism can bring a lot of benefits, such as an increase in the number of international high-consumption level tourists, an improved image of the destination and resulted in social, economic and cultural side effects [21].

The development of MICE tourism requires attractive attractions, and receptive and communicative factors [22]. With regard to attractive attractions, Singapore has a variety of places for tourists to visit, such as Universal Studio, Gardens by the Bay and Singapore Botanical Garden. When it comes to the receptive factor, which concerns the accommodation offered in Singapore, there are a number of hotels and resort brands in Singapore, which can offer comfortable and high-level accommodation for tourists, such as Hilton, Maritt, Mandarin Oriental etc. As for communicative traffic, Singapore has the world's best-served airport---Changi Airport. More than 100 airlines operate in Changi Airport to more than 400 cities around the world, which transform the business group effectively. In a word, Singapore has the excellent condition to develop the MICE tourism

### **3.4. Creating an Online Tourism Brand**

In the internet era, social media have essentially changed the consumer decision-making process [23]. The tourists' experience is also impacted by user-generated content (UGC). Therefore, it is important for STB to create a positive Singapore tourism brand on the internet.

One approach for STB is to utilize social media, which is a good platform for tourists to build an emotional connection with the Singapore tourism brand. For instance, the government can use Facebook or Instagram to enhance communication among the target audience, which can facilitate brand communities. Brand communities are considered as a community based on the social relationship among the brand admire and regardless of geographical factors [24]. The construction of a brand community can enhance brand loyalty, which can provide a sound and stable market for the Singapore tourism industry.

Another approach is to build a feedback management system based on the database. After-purchasing provides a new touch point between the tourists and the tourism brand. There are many review websites such as TripAdvisor.com or C.trip, and tourists will put their opinion or view of the destination on these platforms, these reviews are the ways to form Word-Of-Mouth. Therefore, it is important to manage the feedback and shape a good brand image on the internet.

## **4. Conclusion**

This essay uses SWOT analysis and literature research to find out the status quo of the tourism industry in Singapore. In general, the tourism industry in Singapore shows a positive development trend. Political stability provides the basic condition for developing the tourism industry in Singapore, and well-developed infrastructure enhances the accessibility of the attractions. Additionally, Singapore Tourism Board promotes a series of marketing strategies to improve the tourist experience.



As for the external opportunity, the waning impact of COVID-19 provides a new chance for Singapore, tourists' basic demands are satisfied, therefore, they are willing to travel outside and get relax. However, it admits that the limitation of space is the weakness of Singapore, the former challenges the sustainable development of Singapore's tourism industry and the latter may reduce the attraction of the destination. Furthermore, the development of homogeneous tourist cities intensifies market competition, which may occupy the market share.

Therefore, based on the previous analysis, the essay regards the further developed strategies can from four perspectives: developing sustainable tourism and cultural tourism, building MICE tourism and using the latest technology to manage the database and create the feedback system, which can shape the good image and help the government to conduct the further improvement.

This essay analyzes the advantages and disadvantages of the Singapore tourism industry and illustrates some of the opportunities and threats that Singapore tourism faced. This content could provide basic information about the tourism industry. However, this essay lacks first-hand data, which may not present the detail and more persuasive explanation for the audience to read. Meanwhile, the development of tourism in Singapore will change over time, therefore, there are also many internal or external factors that will affect the changes in the tourism industry, which are also important for people to research.

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