

Final Report . August 2021

Baseline Supply and Demand Analysis with Consumer Perspective

A Holistic Framework for Forecasting Future Tourism Demand and The Supply-Side Requirements for Timor-Leste



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Executive Summary

Timor-Leste has a wealth of assets to offer potential tourists. The core of its assets is natural; marine, coastal, mountains, and forests, all offer undiscovered drivers for tourists to appreciate and explore Timor-Leste. Its cultural and heritage assets could further set a compelling story to create a unique offering to tourists.

Geographically, the tourism assets of Timor-Leste can be divided into Dili, Liquica, and Atauro Island (emerging destinations in the north western part of the nation), Maubisse, Hatobuilico, Mount Ramelau, and Balibo (nascent destinations and the central and western parts of the nation), and Baucau, Mount Matebian, Tutuala and Jaco Island (new destinations in the east of the nation).

The Government of Timor-Leste has set itself a number of tourism-related goals to achieve by 2030:

- Revenue from international tourists and visitors to reach US\$150 million and employment in the sector will reach 15,000 people
- Projected to get 200,000 international visits per year by 2030, compared to 55,000 in 2014

Desk research explored the primary source markets of Australia, Singapore, the United Kingdom, New Zealand, Germany, France, the USA, China, Japan, and Indonesia as key nations responsible for the majority of Timor-Leste's existing and potential future demand. The later stages of research focused more specifically on Australia, Singapore, and the United Kingdom.

Among all of these nations, the first and primary barrier to overcome is awareness of Timor-Leste, both as a nation and as a potential tourist destination. While focusing on driving this awareness, it will be important to clearly

communicate the breadth and unique offering Timor-Leste has to potential visitors to reverse some of the negative perceptions of the nation relating to previous conflicts and instability.

The strength of Timor-Leste lies in its “untouched” nature, and this needs to be communicated very strongly and preserved at all costs. Sustainability is increasingly important especially in natural environments. This is particularly evident and an absolute requirement among divers, whale, and dolphin watchers.

Whale watching has the potential to be a major draw for international visitors to Timor-Leste as its offering is so distinct from that of the rest of the world, as Timor-Leste can offer a high chance of spotting whales and dolphins, and this can be experienced in a warm climate with all the added attractions it offers: beaches, snorkeling, diving. Singaporean travelers expressed a great level of appeal to the offering effectively on their doorstep in Southeast Asia, which they were previously unaware of.

For Timor-Leste to achieve its tourism goals, there are various opportunities for Timor-Leste to improve its tourism offering. The areas of opportunity are: addressing coordination failures between public and private sector stakeholders in the tourism industry, improving local and international connectivity and access, improving the overall tourism climate through promotion and creating demand for the private sector to grow and develop, and finally, developing basic tourism facilities to benefit local, domestic, and international travelers.

Methodology

Through initial desk research and analysis of existing tourism data from Timor-Leste inbound and regional and source outbound markets, the team identified three key source markets that hold strong potential for development for Timor-Leste along with six activity-based market segments. These were further vetted and explored through consultations with tourism stakeholders on the ground. The markets included geographic diversity as well to use them as proxies for broader source market estimations. The markets include:

- Australia: Used as a proxy for New Zealand and other source markets closer to Timor-Leste for transportation and accessibility perceptions.
- Singapore: Used as a proxy for other East and Southeast Asian markets and those with a focus on short- break trips
- The United Kingdom: Used as a proxy for other European destinations and long-haul source markets for transportation and accessibility perceptions.
- Market segments include scuba diving, snorkeling/ water tourism, adventure tourism, whale and dolphin watching, rest and relaxation, and sightseeing.

The team explored consumer perceptions and preferences through qualitative research, including focus groups that were spanned by both the source market and market segments. This consumer discovery phase helped to understand the driving factors for destination selection and visitation for Timor-Leste or similar destinations where limited knowledge of the country existed (particularly in the Singapore and the UK markets).

From the qualitative research and desk research, the team identified specific parameters that drive consumer perceptions of a destination and influence the likelihood for them to select and visit a specific destination. The

qualitative research also identified comparator destinations and best-in-class destinations that were later used to assess the upper and lower boundaries of destination satisfaction and the likelihood of visitation.

These parameters were then explored and quantified through consumer market research in each source market. Market segment incidence rates were identified across consumers in each source market as well. The goal of the consumer market research was to determine the overall importance of specific destination parameters and their influence on visitor preferences, satisfaction, and ultimately visitation. It also measured the respondents' satisfaction with different comparator destinations. This was used to create overall visitation likelihood rates (i.e., the propensity for the respondents to actually travel to a destination) for both Timor-Leste and the comparator destinations (see Figure 1 for this information plotted against visitor arrivals per capita – latest data available).

The results were then analyzed using a Bayesian Network model to understand the connections between parameters and how perceptions of each parameter impact and affect perceptions of other parameters (more information on this process is included below). This was used to create a mathematical model that allows users to increase or decrease different parameter perceptions, resulting in an increase or decrease in satisfaction and visitation likelihood rates. The goal is to test how improving certain destination aspects will influence consumers' perceptions of and satisfaction with a destination and therefore their likelihood to travel to that destination. For example, how do destination satisfaction and visitation change with an improved perception of air accessibility (that could be driven by an investment in increasing the number of flights to Timor-Leste).

Introduction

This “Baseline Supply and Demand Analysis” report was commissioned by the GoTL through a request for technical assistance to the World Bank. Terms of Reference for the assignment can be found in Appendix 2.

The report addresses, among others, the following key objectives:

1. Establishment of a strong tourism inventory baseline supply such as key attractions, product offerings, and assessment of support services to the tourism sector (Chapter 1)
2. Demand analysis of the overall tourism market, patterns of existing travels in terms of expenditures, occupancies, and seasonality (Chapter 2)
3. Consumer perspective of international markets (Chapter 3)
4. SWOT analysis and competitiveness assessment (Chapter 4.1)
5. Prioritization of source markets and market segments (Chapter 4.2)
6. Identification of key niche travel segments (Chapter 4.3)
7. Identification of competitive destinations and Competitive Set (preliminary, stakeholder’s lens) (Chapter 4.4)
8. Identification of potential key travel destinations in Timor-Leste (Chapter 4.5)
9. Indicative infrastructure development plans (Chapter 4.6)

This report is based on 8 qualitative in-depth interviews and 12 focus groups, in addition to 19 interviews with various stakeholder groups to gather opinions and insights on how Timor-Leste should focus its efforts on a long-term tourism strategy.

The following stakeholders were consulted during the process:

Government officials	• Civil Aviation
Civil Society Organizations	• Market Development Facility • The Asia Foundation
Industry associations and industry development agencies	• Hotel Owners Association • Atauro Tourism Association • Timor-Leste Tour Operator Association • Timor-Leste Marine Tourism Association
Accommodation service providers	• Atauro Dive Resort (Atauro) • Hilton Hotel (Dili) • Palm Beach Hotel (Dili) • Pousada de Baucau (Baucau) • Pousada de Maubisse (Maubisse)
Transport service providers	• EDS Car Rentals • Mission Aviation Fellowship (MAF)
Travel agents and tour operators (on/offshore)	• Dreamers Dive Academy • Eco Discovery Tours • Timor Adventures • Timor Unearthed • Klook Travel
Other industry expert	• A renowned academic on Timor-Leste’s destination marketing
Consumer Focus Groups	• One group per source market per niche market
Consumer In-Depth Interviews	• Previous tourists and ex-pats to Timor-Leste

01.

SUPPLY ANALYSIS



Gabriel Mikowski/unsplash.com

Tourism Assets in Timor-Leste

Before delving into different tourism segments in Timor-Leste, it is important to identify different types of tourism assets that Timor-Leste can capitalize on.

Assets can be divided into three main types: i) natural assets; ii) cultural heritage assets; and iii) soft assets. Each type covers a range of assets. This section will take stock of tourism assets in Timor-Leste.

Natural assets	Marine (diving sites, marine flora and fauna)
	Coastal (sea, sun, sand)
	Mountain (hiking)
	Forest (bird)
Cultural heritage assets	Tangible
	Intangible
Soft assets	Human resources
	Government & regulatory environment

Natural Assets

Marine Flora & Fauna (Coral Reefs, Reef Fish, Seagrass, and Marine Megafauna)

Timor-Leste is situated in the Coral Triangle zone, which has more species of marine life than anywhere else in the world. It is home to more than 1,200 species of reef fish and 400 reef-building species.¹ High resilience reefs can be found around Nino Santana National Park and Atauro Island.

Seagrasses can be found along the north coast in shallow waters, with 7 genera having been identified around Timor-Leste. These seagrass meadows are nurseries for young reef fish, which in turn are feeding grounds for dugongs. The sloping coastal profiles along the northern coast also provide ideal habitats for other megafauna such as whales and dolphins. It has been confirmed that there are a total of 24 cetacean species living in Timor-Leste's seascape.

While present in lower numbers compared to other marine fauna, whale sharks, rays, and turtles also have records of sightings in the country. Five sea turtle species can be found in the waters of Timor-Leste around the Nino Konis Santana Marine Park, all of which are classified as either endangered or critically endangered.²

¹ Coral Triangle Center. (Unknown). Available at: <https://www.coraltrianglecenter.org/timor-leste/> (Accessed 1 October 2020).

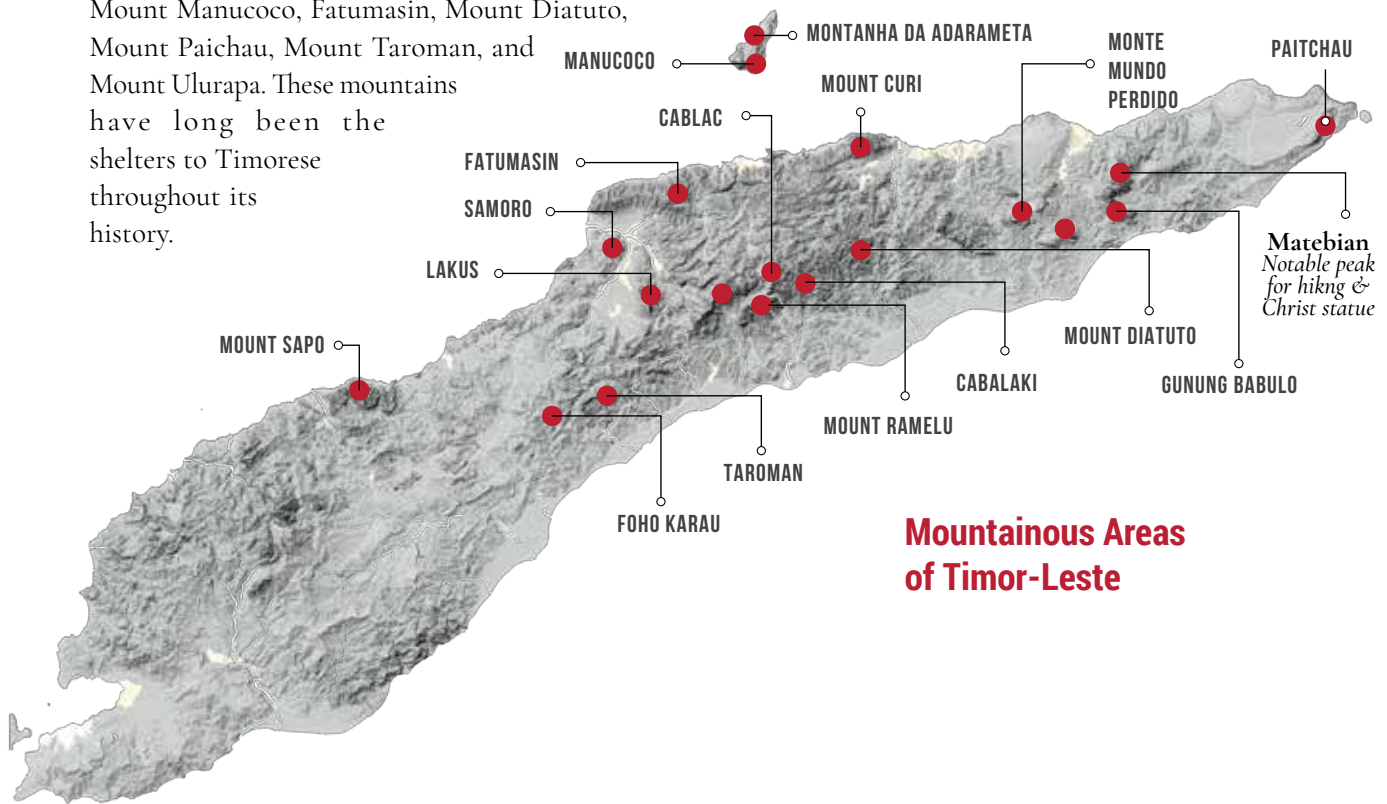
² Edyvane K, (2018). 'Status of Marine Information for Conservation Management in Timor-Leste. USAID.

Coastal Landscape

The tropical sea, sand, and sun holiday has long been popular among holidaymakers around the world. Timor-Leste has a coastline of over 700 kilometers. While its north coast is rocky and steep, there are still areas around Dili-Manatuto nestling numerous white sandy beaches suited to relaxation. However, the presence of saltwater crocodiles in the area can be a challenge in identifying safe spots for tourism. Fringing reef walls can also be seen from the coastline. In some parts, estuarine and mangrove wetlands provide shelter to many marine and land-based fauna. The long coastal roads are also serene and scenic with a backdrop of mountains, suitable for road trips.³

Mountain Landscape

The landscape of Timor-Leste is dominated by the Ramelau mountain range, which has several peaks. There are other prominent mountain ranges dotted around the landscape, including Mount Matebian, Mundo Perdido, Mount Curi, Mount Manucoco, Fatumasin, Mount Diatuto, Mount Paichau, Mount Taroman, and Mount Ulurapa. These mountains have long been the shelters to Timorese throughout its history.



Mountainous Areas of Timor-Leste

Some of them hold cultural and spiritual significance. The rugged mountainous terrains provide grounds for various recreational activities and offer diverse panoramic views for those who ascend to the peaks. In places like Marobo in Bobonaro, the landscape also features hot springs and some cave systems.

Terrestrial Flora & Fauna

The dense primary forest can be found on the south coast or in mountainous areas but is declining due to human exploitation and unsustainable land management. Most of the flora population is in secondary forests, savannahs, and grasslands. From a tourism perspective, birds are important tourism assets. Timor-Leste has a high diversity of bird populations. There are records of approximately 240 present or migratory species, 23 of which are endemic to Timor-Leste. Some, such as the yellow-crested cockatoo and the Timor sparrow, are facing extinction.⁴

- 3 National Biodiversity Working Group. (2011). 'Timor-Leste's Fourth National Report to the UN Convention on Biological Diversity'. the Ministry of Economy and Development with support from the United Nations Development Programme and the Global Environment Facility.
- 4 BirdLife International. (2020). 'Country profile: Timor-Leste'. Available from <http://www.birdlife.org/datazone/country/timor-leste>. (Accessed 1 October 2020).

Nino Konis Santana National Park

In 2007, the Government of Timor-Leste declared its first national park, Nino Konis Santana National Park. This national park includes the entire eastern tip of Timor-Leste and the waters offshore. Offering 123,600 ha of forested mountain ranges to a marine area with magnificent coral reefs, the park also includes Lake Ira Lalaro and Jaco Island. The adjoining reef system is part of the globally significant 'Coral Triangle' which has an extremely high diversity of reef fish and coral species. The dense forest within the park includes both tropical lowland vine forest, thick with orchids and ferns, as well as monsoon forest with banyan, rosewood, and fig trees. Rusa deer, cuscus, monkeys, over 200 species of birds, and five species of sea turtles are resident wildlife. Furthermore, this national park's designation is of enormous cultural significance, with many sacred sites located within the boundary. Limestone caves, some with ancient rock art, are good examples.

While the Nino Konis Santana National Park is still in the process of being established in terms of facilities and enforced protection, its designation is an important step in the ongoing conservation of this beautiful and environmentally important area.⁵

Cultural Heritage Assets

Tangible Cultural Assets

Timor-Leste is rich with history, dating from its first inhabitants to the Portuguese colonization and Catholicism, World War II, the Indonesian occupation, and now to its independence. These historical events have left Timor-Leste with a significant number of cultural and historical assets that are valuable for the tourism industry:

- Sites of traditional or Indigenous significance, and any artifacts contained within (e.g., ancestral altar posts, mani me, shrines, sacred sites (lulics), rock art paintings, traditional graves);
- Sites of religious significance (e.g., churches, shrines, graveyards);
- Sites of architectural significance (e.g., traditional houses, Portuguese forts, Portuguese colonial offices, manors, houses, towns/cities);
- Sites of political significance and resistance history (e.g., World War II sites, Indonesian military posts, resistance graffiti, former prisons, Fretilin outposts or safe houses, and sites of massacres); and
- Museums and cultural centers.⁶

In addition to physical, cultural, heritage, and historic sites, Timor-Leste also possesses a range of cultural and creative industries, including Tais (cloth made by traditional weaving), wood carving products, and other traditional crafts such as weaved baskets and pottery.

Intangible Cultural Assets

Timor-Leste's demographics consist of many distinct ethnic groups (e.g., Mambai, Tetum, Fataluku, Makasae). Each has its own unique values and traditions. These cultural endowments can be important tourism assets in and of themselves, similar to the ethnic tourism promoted in other destinations such as the Karen Hill Tribe in Thailand. The following are some aspects of cultural values and traditions that can be leveraged by the tourism industry:⁷

- Oral traditions and expressions (e.g., traditional poems and songs sung during rice husking);
- Performing arts (e.g., performance of bamboo flutes, traditional dancing);
- Social practices, rituals, and customary events (e.g., traditional wedding, collective rice husking, rituals to inaugurate traditional houses);

5 Timor-Leste. (2021). 'National Park' Available from <https://www.timorleste.tl/destinations/national-park>. (Accessed 27 May 2021).

6 Edyvane K, McWilliam A, Quintas J, Turner A, Penny S, Teixeira I, Pereira C, Tibirica Y, Birtles A. (2012). Coastal and Marine Ecotourism Values, Issues, and Opportunities on the North Coast of Timor-Leste – Final Report. Project 2 of the Timor-Leste Coastal-Marine Habitat Mapping, Tourism, and Fisheries Development Project. Ministry of Agriculture & Fisheries, National Directorate of Tourism, Government of Timor-Leste.

7 Dunphy, K. et. Al. (2017). 'Safeguarding the critically endangered cultural heritage of the Fataluku people: an e-inventory of intangible cultural elements' (Review 1. Art. 4). Memoriamedia.

- Traditional crafts such as Tais, weaving etc. (tangible manifestation of intangible cultural heritage/ knowledge systems);
- Tradition knowledge and wisdom (e.g., agricultural system); and
- Ancestral myths.

There are also more general cultural assets that can be used in promoting tourism. These include:

- The openness and friendliness of the Timorese;
- Celebrations of culturally-significant people; and
- Other rural ways of life.

Soft Assets

Timor-Leste's investments in human capital are directly linked to Timor-Leste's growth potential, productivity, and competitiveness. Timor-Leste substantially lags behind the region's Human Capital Index, standing at 0.45 compared to 0.59. A more developed and skilled workforce is necessary to better meet the people demands of the tourism sector.

Human Resources

Human resources complexities are a key challenge for the tourism sector in Timor-Leste. Operators in Timor-Leste struggle with the local workforce having undeveloped tourism and hospitality skills. This current lack of skilled tourism resourcing causes private sector tourism operators to increase operating costs, reduce the efficiency, and reduce the quality of their tourism products. Additionally, there are some cultural challenges in engaging with the local workforce, with gaps identified in initiative, behavior, responsibility, rigor, punctuality, and motivation. This shortage of a practically skilled Timorese workforce leads Timor-Leste employers to rely instead on foreign workers, particularly in technical positions. Employers cite inadequate skills and poor work

attitudes among young Timorese as the main reasons for using foreign skilled or semi-skilled workers.⁸

Of approximately 50,000 students enrolled in secondary schools as of 2014, only 11% attended technical schools (60% male and 40% female). This low enrollment is related to inadequate coverage of practical skills programs and a lack of relevant curriculum, sufficiently qualified teachers, training facilities, and equipment.⁹

There are several disconnects between the government, employers, workers, and the potential workforce in Timor-Leste. These disconnects result in an unresponsive, under-performing education and training system in which employers, workers, and education and training providers are acting in isolation. Given these disconnects, education and training providers might be offering programs and producing graduates with skills that do not fully reflect the needs of employers (of the tourism sector). Workers and employers may not demand the types of training programs that are needed in Timor-Leste.⁹

Political and Regulatory Environment

Tourism offerings by private sector entrepreneurs are further restricted by incredibly high utility rates; and overall lackadaisical attitude by the government towards the private sector; and poor information sharing and awareness building around government-led initiatives such as the new tourism website, policy, and brand.¹⁰

The National Tourism Policy provides a framework by which Timor-Leste private sector entrepreneurs are further restricted by incredibly high utility rates; and overall lackadaisical attitude by the Government of Timor-Leste which is focusing its strategic tourism vision on placing tourism at the core of national socio-economic expansion and calls on all stakeholders to coordinate, collaborate, and partner to earn foreign exchange, create jobs, and alleviate poverty.¹¹

The National Tourism Policy consists of five primary

8 Government of Timor-Leste, Secretariat of State for Professional Training and Employment Policy. 2014. Enterprise and Skills Survey 2013. Dili.

9 Asian Development Bank. (2015). 'Democratic Republic of Timor-Leste: Policy and Planning for Skills Development in Secondary Education'. Technical Assistance Report.

10 The Asia Foundation. (2018). 'Timor-Leste: Tourism Barometer 2018' (p. 19). The Asia Foundation.

11 Government of Timor-Leste. (2017) 'Timor-Leste National Tourism Policy. Growing Tourism to 2030 | Enhancing a National Identity'.

themes by which partners should view tourism and focus their development in order to grow a prosperous and sustainable tourism sector in Timor-Leste.

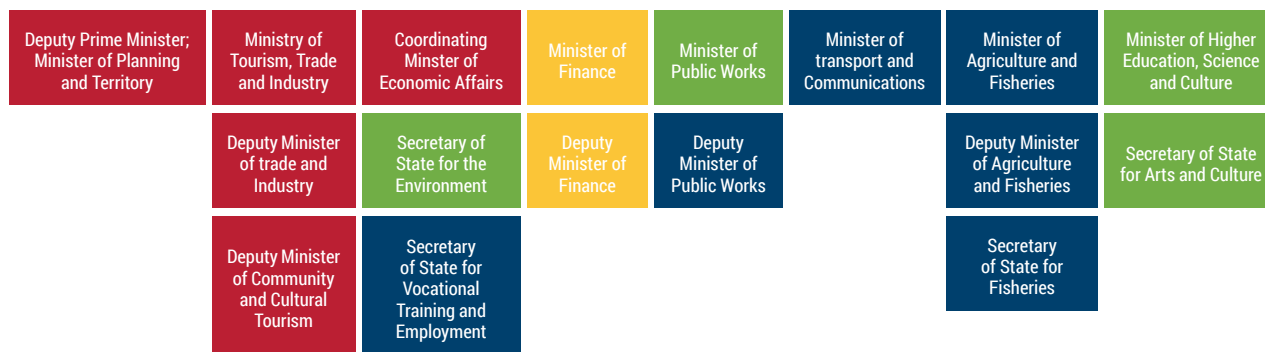
1. The tourism sector is viewed as a priority pillar of economic development that is embraced by the government, the private sector, and civil society.
2. The tourism sector produces prosperity through linkages with local industries, the delivery of employment opportunities, and the creation of profitable ventures.
3. The tourism sector supports the protection of the natural environment and unique cultural heritage of the country, ensures sustainable development, and guarantees the duty of care of international visitors.
4. The tourism sector is characterized by a range of public and private partnership arrangements that stimulate, develop, and grow a diverse portfolio of tourism products and services.
5. The tourism sector is serviced by people that are trained and educated to internationally recognised standards to ensure a quality visitor experience.

The tourism sector suffers from fragmentation within the tourism industry and a disconnect between public and private sector stakeholders. The Timor-Leste National Tourism Policy highlights partnership as a key element to support the implementation and achievement of its 2030 milestones. Partnerships between the public and private sector stakeholder groups will be essential to drive collaboration to reach the lofty 2030 milestones.

The Government of Timor-Leste will need to lead destination development and marketing efforts, supported by the private sector as key partners. Once Timor-Leste's tourism industry has further matured, so too will the capacity of the private sector to increase its role in marketing and delivering quality tourism products and services. A key in supporting public sector and private sector partnership in the tourism industry is the Public-Private Partnership (PPP) Unit under the Ministry of Finance.¹²

This Unit is responsible for implementing PPP contracts, in collaboration with relevant public entities. Potential PPPs in the tourism sector include management and development of the airport terminal; cruise ship infrastructure; tourism and hospitality training school; investments in resorts on public lands; and the start-up and operation of a national airline and the management of key tourism sites and assets. Thus far, however, there has been limited success in establishing partnership structures that are inclusive and responsive to all tourism sector stakeholders. The Inter-Ministerial Commission for Tourism Development has been established to coordinate tourism development priorities. However, this has been met with limited success and appeal among private sector tourism operators in navigating the various stakeholders of the commission.¹²

INTER-MINISTERIAL COMMISSION FOR TOURISM DEVELOPMENT



Ministry of Tourism.

¹² The Asia Foundation. (2018). 'Timor-Leste: Tourism Barometer 2018' (p. 19). The Asia Foundation.

Tourism Segments, Products and Sites

Generally, tourism potential in Timor-Leste falls into three main categories: marine and coastal tourism, mountain tourism (and other land-based eco-tourism), and cultural tourism. Each category contains other special niche segments. However, there can be some crossovers, depending on the segmentation approach. The section below lays out the different niche segments that can be considered for future destination development and marketing, accompanied by lists of related products, assets, and key attractions. These lists have been informed by a past study¹ and supplemented with additional inputs from other sources and stakeholder inputs.

Marine and coastal tourism	Marine Wildlife Observation (Diving and Snorkeling; Cetacean Tourism) Other Water-based Adventure Tourism (Sea kayaking; Sports fishing; Surfing; Sailing and boat racing)
Mountain and eco-tourism	Hiking, Trekking & Walking Bird Watching Other Land-based Adventure Tourism
Cultural tourism	Historic sites and traditional cultural heritage Religious Tourism Coffee Tourism
Other Niche Segments	Cruise Tourism Volunteer Tourism

Marine & Coastal Tourism

Marine Wildlife Observation

Based on stakeholder interviews, key niche tourism markets that best align with Timor-Leste's current assets are diving and snorkeling, and cetacean observation.

Diving and Snorkeling

Diving, according to stakeholders, is unequivocally the most advanced tourism segment in Timor-Leste. It has been observed that a significant proportion of travelers visit Timor-Leste to participate in diving and snorkeling activities; some visited specifically for that. Popular diving sites are in Dili and its surroundings (Manututo/Liquiça) and Atauro Island. This segment has been identified by all interviewed stakeholders as one of Timor-Leste's top 3 key travel niche segments to develop further. The core asset is its diverse and unpolluted coral reefs, and in certain cases, the cetacean population (i.e., swimming with whales and dolphins).

Snorkeling is also another popular activity for non-divers. Similar to divers, snorkelers share the same interest in marine life, but differ in physical efforts. Stakeholders believe these two activities can go together from a tourism promotion point of view. Popular snorkeling spots are in the proximity of Atauro Island and Jaco Island, Dili, and along the northern coast.

There are 4 key areas for scuba diving: Dili; The northern coast (to the east and west of Dili); Atauro Island; and Jaco Island.

¹ Unknown. (Unknown). 'Tourism Development Strategies for Timor-Leste'. Available at: <http://www.solemedia.com/etreport.pdf> (Accessed 1 October 2020).

Municipality	Popular Site	Assets or Attractions
Dili	Between Dili and Atauro Island <ul style="list-style-type: none"> • Pertamina Jetty • Tasi Tolu • Dili Rock 	Corals, underwater rock formation, mucks and critters, turtles, manta rays, lionfish
Dili-Manatuto- Liquiça	Numerous shore dive sites along the coast <ul style="list-style-type: none"> • Secret Garden (East of Dili) • K41 (East of Dili) • Marble Rock (East of Dili) • Bob's Rock (East of Dili) • One Tree (East of Dili) • Dirt Track (East of Dili) • Bubble Beach (West of Dili) • The Church (West of Dili) • The Fort (West of Dili) 	Sponge garden, purple anthias, silvery glass fish, manatees. K41 is considered one the best dive sites in Timor-Leste
Dili (Atauro Island)	<ul style="list-style-type: none"> • Atauro Island • 4x Eastern sites • 3x Western sites 	Reef walls, world's highest average reef fish diversity, dolphins, whales
Lautem	<ul style="list-style-type: none"> • Jaco Island / Valu beach • Com area (for snorkeling) 	Corals, fish, endangered turtles. Potential for liveaboard.

A full inventory of dive sites can be consulted in appendix II.

Currently, the industry has been built around the following value propositions:

- A part of the Coral Triangle region, a biological hotspot with extraordinary marine biodiversity;
- Uncrowded dive sites;
- Clear waters; and
- Habitats for cetaceans.

Approximately 10 tour operators and dive resorts advertise products in this segment. They offer on-demand shore dives (USD 50-170) and boat dives (USD 90-260). There are also some night dives offered at around USD 60-80. In addition, dive resorts also offer PADI-certified³ and TDI-certified⁴ courses, ranging from USD 100-700 depending on the course type. Equipment hire is available with costs ranging from USD 5-30.

Snorkeling packages are also popular. Similar to dive packages, visitors can choose from either shore day trips or boat day trips. The snorkeling package can be as low as USD 5 (for a local trip) or as high as USD 160 (for a boat day trip). Hiring snorkeling gear is fairly affordable (USD 3-5).

There are two key specialized dive resorts in Dili and three on Atauro Island. These resorts also offer combined packages (accommodation, food, and dives), starting at USD 500.

Key Dive Resorts in Dili	Key Dive Resorts on Atauro Island
Aquatica Dive Resort	Atauro Dive Resort
Dive Timor Larosce	Beloi Beach Hotel Dive Resort
	Compass Dive Resort

² Scuba Diver Life – Best Scuba Diving in Timor Leste. Available at: <https://scubadiverlife.com/best-scuba-diving-timor-leste/> (Accessed 12 April 2021).

³ PADI = Professional Association of Diving Instructors.

⁴ TDI = Technical Diving International.

Cetacean Tourism

Timor-Leste is a global hotspot⁵ for cetacean tourism, as its deep water is on the migratory route for marine mammals. There are almost 100 distinct species of cetacean spotted off the coasts of Timor-Leste, including melon-headed whales, pygmy blue whales, humpback whales, and spinner dolphins. The channel between Dili and Atauro Island is a migration path for Blue Whales from September to December; however, many species can be spotted all year round. Based on stakeholder interviews with local and external travel agencies and bodies, the whale watching industry has the potential to be further promoted to yield strong tourism revenue. It can be a strong complementary segment to the diving & snorkeling segments and help reinforce Timor-Leste's position in marine tourism.

One of the unique points about cetacean observation activity in Timor-Leste is the proximity to land, which enables visitors to watch passing sea mammals from the shore. The following are key popular areas for cetacean observation:

- Channel between Dili and Atauro Island;
- Along the northern coastal road between Dili and Manatuto;
- Carambola (Liquiça);
- Oecussi;
- Com; and
- Jaco Island;

While cetaceans can be spotted from onshore, there are also vessel-based whale watching packages offered. A half-day package costs approximately USD 100 per person, while a day package costs USD 220 per person.



Other Water-based Adventure Tourism

While dive & snorkeling tourism and cetacean tourism present immediate opportunities to boost tourism activities over the short- to medium-term, there is a possibility to investigate future opportunities to develop peripheral activities such as water sports alongside. These could include:

- Sea kayaking;
- Sports fishing;
- Surfing;
- Sailing and boat racing.

These water-based activities are thus far undeveloped for Timor-Leste's tourism offering.

Currently, it appears that some dive resorts already offer sportfishing packages. A few stakeholders commented that adequate attention has not been brought to the private sector to develop products in this area. Initially, the water sports activity can complement the dive and snorkeling tourism by providing channels for entertainment for divers when they are not diving or for non-diving friends and family members.

⁵ Mammal Watching – Places – Timor Leste. Available at: <https://www.mammalwatching.com/places/timor-leste/> (Accessed 31 March 2021).



Mountain Tourism

Based on stakeholder interviews, key niche markets that best align with Timor-Leste's current assets are trekking/hiking, wildlife observation, and land-based adventure tourism.

Hiking, Trekking & Walking

With its mountain topography, Timor-Leste has the opportunity to attract nature lovers for challenging yet rewarding adventures. While boasting a scenic landscape, some mountain ranges also hold cultural and spiritual significance, contributing to a more immersive experience for visitors. According to stakeholders, hiking and trekking is a segment that offers immense tourism potential; and it aligns well with Timor-Leste's natural assets. It can also be a precursor to special interest segments such as cave tourism and bird watching. Depending on the level of difficulty, there are numerous hiking and trekking trails to choose from. Key sites include:

The successful 2012 Com Fishing Festival⁶ is an example of the potential of the sportfishing industry of Timor-Leste. Timor-Leste's marine fauna of dogtooth tuna, giant trevally, trout, mahi-mahi, wahoo, Spanish mackerel, and barracuda are the main drawcard sportfishing species for Timor-Leste.

Municipality	Site	Trek Length	Assets/Attractions
Ainaro / Emera	Mount Ramelau from Hato-Builico Mount Ramelau from Letefoho (Can also be completed as a circuit)	2 hours - 3 days (longer circuit includes one night in a bush camp and one night in Ainaro)	Sunrise view, statue of Virgin Mary, pilgrimage festival in October, traditional Mambai houses and some hilltop churches and Portuguese architecture (from Ermera)
Baucau	Mount Matebian	8 hours. 20km (Can be done as a one-to-three-day walk)	Pilgrimage festival in August/October, cultural significance
Viqueque	Venilale to Ossu, Mundo Perdido Range	1.5 hours. 6km	Hot springs, rice paddies
	Viqueque to Ossu, Mundo Perdido Range	8 hours	Large rainforest, birds sacred springs, fortress
Dili	The Horta Loop – a circuit from Areia Branca Beach)	2-3 hours. 15km	Coastal view from Cristo Rei at Cape Fatucama
	Atauro Island: Mount Manucoco	3-5 hours. 10-18km	Mountain villages producing handicrafts
Bobonaro	Mount Loilaco, near Maliana	6 hours. 12km	Maliana hot springs, Resistance 'post-box', thatched houses
Liquiça	Basertete to Asumano	2 hours	Vanilla and coffee plantations
Manufahi	Mount Cablaque, near Same	2 hours	Mountain villages with traditional dwellings
Oecusse	Mount Manoleu and Mount Sapo	N/A	Caves

⁶ Club Marine (2012). 'The Com Communion' <https://www.clubmarine.com.au/exploreboating/articles/27-6-The-Com-Communion>

According to stakeholders, hiking tour packages are the most popular products, and Mt. Ramelau and Mt. Matebian show the most promising prospects for tourism. The key value proposition is the mix of raw, rugged adventure, with a touch of cultural exposure. Travelers can choose to hire a vehicle (with or without drivers) or opt for an organized mountain tour package offered by tour operators. If traveling independently, it is recommended to hire a tour guide. While quality tour guides can be scarce, accommodation providers can use their connections to organize a tour guide for their guests. An Mt. Ramelau trek can cost as little as USD 10–15. Examples of hiking and trekking packages are shown below:

- 2-day trekking tour to Mt. Ramelau, price starting at USD 190 per person (Timor Sparrow Tours)
- 4-day trekking tour to Mt. Matebian, price starting at USD 540 per person (Timor Sparrow Tours)
- 3-day trekking tour to Mt. Mundo Perdido, price starting at USD 400 per person (Timor Sparrow Tours)
- 3-day tour to Marobo Hot Springs, price starting at USD 385 per person (Timor Sparrow Tours)

These packages are also sometimes resold by offshore tour agencies (e.g., Singapore). For example, the price tag for a 4-day trekking to Mt. Ramelau package tour starts at USD 1,100 from Singapore (including airfares, accommodation, transportation, tours, and guides).

For a more casual activity, Timor-Leste offers some walking routes, that can be done at no cost. Typically, the recommended walking trails will integrate nature and cultural appreciation elements (e.g., traditional houses, historical sites, birds, caves). Upon investigation of key tour operators' offerings, the advertisement of walking tour packages is not prominent. One example that offers a more comprehensive casual walking/hiking tour is Balibo Trails. Key walking trails in Timor-Leste are shown below: These walks are typically unguided and range from 1 to 18 km.

Municipality	Site	Assets/Attractions
Lautem	Muro to Com	Palm forest, cuscus, macaques, varieties of birds, banyan alley, 'Sacred Boat' stones
	Mehara to Lake Ila Lalaro	Crocodiles, varieties of birds
	Valu Beach/Tutuala to Lena Hara or O Hi Cave Sites	Orchids, fern canopy trees, caves, and rock arts
Viqueque/Baucau	Venilale area, Mundo Perdido Range	Hot springs, caves used during World War II, Portuguese villages, rice paddies, traditional shrines
Manatuto	Soibada and Laclubar area	Hills, 19th century school, plantations
Dili	Dare to Her	Hindu temples, coffee plantations, coconut groves, eucalyptus forests, mangroves
Ainaro	Maubisse to Hatobuilico	Mambai houses and farms
Emera	Letefoho area	Mambai houses, Portuguese architecture, hilltop churches, sacred sites, fruit trees, Conis Santana's house
Liquiça	Basartete area	Vanilla and coffee plantations, forests of hibiscus and poinsettia

Community Based EcoTourism

Community-Based EcoTourism (CBET) is part of an alternative form of tourism that is important for Small Island Developing States (SIDS) like Timor-Leste, as it not only contributes to the well-being of local people economically but also helps host communities protect and preserve their natural and cultural resources”.⁷

The term ‘community-based ecotourism’ refers to a form of ecotourism where the local community has substantial control over, and involvement in, its development and management, and a major proportion of the benefits remain within the community.

According to the Ministry of Tourism, Arts and Culture of Timor-Leste, CBET is a type of alternative tourism that can economically, socio-culturally, and environmentally benefit its local people; any type of tourism enterprise associated with tourism should be driven by local people.



Yuichi Ishida

Bird Watching

While admiring flora and fauna can also be a peripheral activity to the hiking, trekking, & walking travel segment, some sub-niche segments can be further developed and cater to special interests such as bird watching. Timor-Leste is home to at least 240 bird species. There are 23 species exclusive to Timor-Leste, including the Timor green pigeon, Timor imperial pigeon, yellow-crested cockatoo, black cuckoo dove, and the Timor sparrow. Birdlife International has assigned 16 key sites in Timor-Leste as Important Bird Areas (IBA), including:

IBA sites in Timor-Leste⁸

Areia Branca no Dolok Oan	Monte Diatuto
Atauro Island	Monte Mak Fahik - Sarim
Be Malae	Monte Tatamailau (Mount Ramelau)
Fatumasin	Mount Paitchau and Lake Iralalalo
Irabere - Iliomar	Sobaun
Jaco Island	Sungai Klere
Lore	Tasitolu
Maubara	Tilomar

Timor-Leste’s strong bird population is heavily due to the broader landscape of Timor-Leste, which promotes and forms a habitat for a wide range of native birds. Timor-Leste’s forests and landscapes are mountainous, with little flat land. The country contains rivers that are short and broad, and flow towards the north or south coasts, rapidly but for short distances. A narrow plain (3–10 km wide) covers much of the southern coast and is characterised by forests, swamps, and grasslands. In the 1860s, Wallace (1869) noted that “there is one important exception in the island of Timor ..., in which there is absolutely no forest such as exists in the other islands”.⁹

⁷ Quintas, J. (2016). Sustainable tourism and alternative livelihood development on Atauro Island, Timor-Leste, through pro-poor, community-based ecotourism.

⁸ Bird Life International. Available at: <http://www.birdlife.org/>

⁹ Trainor, Dr Colin & Santana, F & Pinto, P & Xavier, A & Safford, R & Grimmett, R. (2008). Birds, birding, and conservation in Timor-Leste. *BirdingASIA*. 9. 16-45.

Based on stakeholder interviews, primarily with local operators, the bird watching niche segment has started to gain some attention from the private sector and could potentially evolve as part of community-based Eco-tourism. As of date, there are no pre-existing organized products or bird-watching facilities. As an example, tourists can contact Asosiasaun Turizmu Koleku Mahanak Atauro (ATKOMA) directly on-site and the organization will source a local tour guide for them only upon request.

Other Land-based Adventure Tourism

Motorcycle tours and 4WD tours are the key adventure activities currently available from tour operators. The products mainly focus on scenic routes (e.g., coastlines

and mountain ranges). Timor Adventures offers a range of guided motorcycle tours (e.g., day tours, overnight tours from 3-8 days, expeditions), catering for up to 6 riders on a trip. For example, a day tour can cover Dili-Gleno-Maubara. An overnight tour will take the coastal road and into the mountains. Expeditions can either be an Eastern loop (Baucau-Jaco-Com-Ossu-Same-Dili) or a Western loop (Maliana-Ainaro-Dili). There are also some other small companies catering specifically to this activity, such as Timor Motorbike Rentals & Tours. Due to a lack of medical facilities, riders are advised to pre-arrange their travel insurance.

Alternatively, travelers can rent a motorcycle or 4WD and travel at their own pace. Estimated costs are USD 100-150 per day for a 4WD and USD 35 per day for a motorcycle rental. These costs exclude insurance.



Ananda Raihan/unsplash.com

Cultural Tourism

Cultural tourism is defined by the UNWTO as:

“a type of tourism activity in which the visitor’s essential motivation is to learn, discover, experience, and consume the tangible and intangible cultural attractions/products in a tourism destination. These attractions/products related to a set of distinctive material, intellectual, spiritual, and emotional features of a society that encompasses the arts and architecture, historical and cultural heritage, literature, music, creative industries, and the living cultures with their lifestyles, value systems, beliefs, and traditions”

Before delving into details, it is important to note that the majority of stakeholders expressed their views that cultural tourism should be one of the key pillars of the Timor-Leste tourism agenda. From their perspectives, the political past of Timor-Leste, indigenous cultures, and the current way of life should be explored as a whole. Some stakeholders commented that there has not been enough effort to create a single unified story expressing the identity or narrative, to sum up, Timor-Leste’s culture, history, and current lifestyle. This narrative can be valuable in differentiating destination marketing. Another key issue is the lack of knowledge about tourism among the local communities who own the history and culture; therefore, the assets are not fully capitalized on in the form of tourism products.

Historic sites and traditional cultural heritage

Within the cultural tourism segment, two main themes are evident: (i) cultural heritage sites relating to historical events and periods; and (ii) cultural heritage (tangible and intangible) relating to ‘traditional’ cultural practices.

“We don’t have particular famous sites like in other countries, and I suppose that’s where our challenge is. There are no particular reasons or attractions, it’s just Timor and this is our mountain. We don’t have any famous waterfalls or anything that’s been established. It’s about exploring a new country, coming up to the mountain, and meeting the people.”

Stakeholder Interview

“Most of Timor is so underdeveloped, what image do you want people to have in their minds? There are no flagships or catchphrases that people identify with. The statue [Cristo Rei] is quite a good image and so iconic to Timor. That’s the kind of significance we’re looking for. I think developing those sorts of things would be a good start.”

Stakeholder Interview

The potential for historical heritage tourism in Timor-Leste consists of three key themes: (i) the early and indigenous period, (ii) the Portuguese colonial period, (iii)

World War II; and (iv) the Resistance and Independence. The following table highlights key attractions based on key themes:

Municipality	Site	Assets/Attractions
Early and Indigenous Period Sites		
Lautem	Tutuala	Rock arts sites (Lene Cece, Lene Hara, Lil Kere Kere, and Moa Mimi Rak)
	Lospalos	Luliik (sacred houses)
Portuguese Architecture Sites		
Bobonaro	Aliana area	Batugade fortress, Portuguese houses and architecture, Balibo Flag House,
Lautem	Muro	19th century townhouses
Baucau	Baucau city	Traditional markets, colonial-era buildings, historic hotels.
Dili	City center	Colonial-era buildings/urban heritage areas of the city center.
Ainaro	Ainaro	Portuguese military base in Monte in Cassa
	Hatadu	Portuguese military base
Lautem	Tutuala	Portuguese beach bar in Tutuala (historical building)
	Lliomar	Portuguese forts
World War II Sites		
Dili	Dili	Australian War Memorial, Dare
Baucau	Venilale	Hideout caves during the war
Bobonaro	Balibo	World War II caves in Balibo and on the road to Leo Hitu
	Maliana	The Aitutu mountains and caves with the World War II history),
Ainaro	Maubisse	Clan war site during the World War II in Fleixa
Lautem	Tutuala	Sites of battle during the World War II
	Lospalos	Ant mines with the World War II significance
The Resistance Sites		
Dili	Dili	Santa Cruz Cemetery, the commemoration of the death of a Resistance fighter
		The Archive & Museum of East Timorese Resistance
		Xanana Gusmão Reading Room
	Dili	Chega Museum and Archive
	Dili	Max Stahl Audiovisual Centre
Lautem	Mehara	Hideout place for Xanana Gusmão, a Resistance leader and former President of East Timor.
Aileu	Aileu	Training camp and headquarters of the Resistance forces
Ermara	Ermara village area	Home of Nino Konis Santana
Bobonaro	Mount Loilaco	Cave used as a post-box for the Resistance fighters
	Atabae	Rairobo (former Indonesian military base), massacre site close to Cailaco.
	Cailaco	Mlido Suco (Resistance history), Portuguese forts, Cave where Nino Konis Santana hid during the resistance period
	Bobonaro	Gunun Maja mountain (with Resistance history)
Ainaro	Hatobuilico	The Resistance site and Indonesian military base on top of Mt. Bolete, Lau cave (hideout place for the Australian military)
	Ainaro	Jakarta II massacre site, Fatuk kuak Ber mau (hideout cave in Mt. Soro Lau, Nou Ulu cave (hideout cave for Xanana)
Lautem	Lautem and Com	Indonesian military fort, massacre site, hideout caves in Mehera during Indonesian times
	Tutuala	Falintil hide outs across the Nino Konis Santana National Park



Yuichi Ishida

On the traditional culture front, traditional sites include sites of Indigenous value and significance (e.g., traditional houses, sacred houses (lulilk), and sites of traditional rituals and practices) and are of importance to this travel segment. In addition, the discovery of rock art sites in Tutuala (Lene Cece, Lene Hara, Lil Kere Kere, and Moa Mimi Raka) and others scattered across other districts is also of archaeological importance relating to early human history. Travelers can stop to explore these sites along their travel routes. The cultural industries (such as the production of Tais cloth) are an important part of traditional culture, and have the potential for development in the tourism market, which in turn, contribute to the development of small and medium-sized enterprises in the country.

Non-tangible assets (such as traditional dance, rituals, ceremonies, and festivals) should also be integrated to enrich the tourism experience. Based on consultation

with stakeholders, Timor-Leste has diverse cultures and these can differ from location to location. The key challenges are the lack of coordination to identify and commercialize these assets. Travelers are often unaware of when and where traditional celebrations take place due to the lack of official event calendars organized at the local level.¹⁰

While Dili houses key historical sites, many of the unique cultural assets are in rural areas. This requires travelers to venture out to rural areas which can be a difficult decision for travelers due to a lack of public transportation and poor road conditions (which lengthen the duration of trips). Based on a study conducted by the International Labor Organization (ILO) in 2013,¹¹ Bobonaro, Ainaro, and Lautem districts were surveyed to identify different cultural heritage (historic sites and traditional cultural heritage) that can be of value to the tourism industry. A summary can be found below:

¹⁰ The official website, timorlest.tl does have an event calendar section. However, the feedback from stakeholders is that there is a lack of information dissemination (e.g. brochures, or in-field promotions) that helps encourage visitors to participate.

¹¹ The International Labour Organization (ILO). (2013). 'The potential for cultural tourism: Bobonaro, Ainaro, & Lautem Districts'. ILO.

Municipality	Site	Assets/Attractions
Bobonaro	Atabae	Bee Malae (Harvest ceremony), Fatu bee kari (war site against the Portuguese), Mau Mori (site of large annual Portuguese celebration)
	Balibo	Leo Hitu (home of the Bakai clan), The fort, Balibo Cristo Rei
	Maliana	Bird-catching celebration of the Bunaq people, Tapo (areas of different clans), Mot Foho (site of a guerrilla war for 6 years), women's resistance site in Tapo, caves in Saburai with peculiar rocks, arts in formations), rock arts in The Aitutu Mountain, unique local crops (traditional corn and black and pink rice, traditional funeral)
	Cailaco	Many traditional rituals (e.g., dance for the water, the sacred house ceremony, the bride price ceremony)
	Bobonaro	Cultural significance of Mount Odo Mau, military base, memorial in town square, Tais weaving
	Marobo	Bee Manis and Bee Bor Uli (sites of traditional water ceremony), Ilat Luan (home to Kemak uma luliks), Dom Cailleto memorial site
Ainaro	Maubisse	Harvest ceremony, spring water ceremony (or Du Era), traditional rope-pulling game, traditional cock fighting
	Hatobuilico	Harvest ceremony
	Ainaro	Don Alexio King of Ainaro monument, Catholic cathedral, ancient battle sites and forts, Kot Nugupu (a hideout place during the clan war), Lugata (sacred stone), Fatuk bei-lelo Koslim (ancient finger prints in the stone), Be matan a,uul (spring water)
	Hatudu	Foho Nam Tulau (mountain where kings lived), Be tua dare-Hatu Builico (Spring water with sacred tuna), Tais weaving
Lautem	Lautem and Com	Uma Luliks in the mountains, ancestral stones and story (Lai Nain clan), Tasi Laran (sacred spring), traditional fisherman's lores, welcome ceremony, harvest festival
	Tutuala	Ili Kere Kere (caves rock arts with potential world heritage significance), hideout caves, Tais weaving
	Lospalos	Uma Luliks of the Fuiloro, Fuiloro fort, Los Palos Vila, other traditional performing arts, memorial to Fretilin, traditional farming techniques.
	Lliomar	Tais weaving, many significant caves and rocks,

In terms of future potential, Dili has been identified by stakeholders as a gateway to cultural and historical experiences. Currently, there are walking tour packages focusing on the exploration of important sites and observing local life. Examples include:

- Dili half-day Tour, including key historical sites, local crafts, and coffee;
- Full-day Tour, including a trip to either Liquica/ Maubara or Baucau or Aileu/Maubisse.

These packages start at USD 150 for 4 people.

Other targeted products available include:

- Women's Tour: A 10-day tour to different parts of Timor-Leste to meet the women of Timor-Leste and learn about women's work in local cooperatives. The tour features several activities, such as visiting historical sites, outdoor activities, and general sightseeing in the local villages. It can be customized to suit travelers' needs.

Religious Tourism

As a predominantly Catholic country, Timor-Leste has a unique opportunity to develop Christian tourism, which is a subcategory of cultural tourism. It is an entire industry catering to Christian travel, tourism, and hospitality, and includes people embarking on individual or missionary travel, as well as religion-based cruises, fellowship vacations, crusades, rallies, retreats, and visiting Christian tourist attractions. Key activities involve visitation to key religious buildings, monuments, and religious celebrations and festivals. It is estimated that as much as 7% of the world's Christian population – some 160 million people – travel as pilgrims each year.

In 2018/2019, the government of Timor-Leste collaborated with churches and launched a campaign (funded by the US Agency for International Development) to promote spiritual pilgrimage, with the hope of acquiring a portion of the USD 18 billion religious tourism market globally.¹² Under this initiative, the government of Timor-Leste also expands its tourism portfolio to include other religions such as Confucianism, Islam, Buddhism, and Hinduism. At its early stage, it appears that Timor-Leste aims to attract Indonesian devotees. There are 7 million Catholics in neighboring Indonesia, many of whom could be interested in experiencing a Catholic-majority country at their doorstep.

There could be a subset in Indonesia, the Christian subset that may want to come to Timor-Leste for religious reasons. Honestly, I think that number is very, very small. And I think it's a hard sell."

Stakeholder Interview

In Timor-Leste, there are two key annual pilgrimage festivals occurring in October at Mount Ramelau and Mount Matebian. Based on the USAID report on Mount Ramelau Tourism conducted in 2018,¹³ the festival at Mount Ramelau (the Annunciation of the Virgin Mary) drew a large crowd of over 20,000 pilgrims and domestic travelers to the location. While the statistics of foreign tourist numbers were not collected, the main private tour guide was reported to have received 250 foreign visitors in a year.

Due to its early stage, the inventory of religious sites is not clear or well-documented (and presumably is an ongoing process). Some identified sites include:

Municipality	Site	Assets/Attractions
Catholicism		
Dili	Dili	Dili Cathedral Motael Church Cristo Rei
Ainaro	Mount Ramelau	The Statue of the Virgin Mary, The pilgrimage Festival
Manatuto	Soibada	The Chapel of Our Lady of Aitara
Oecusse	-	Senhor Morto devotion (Festival on Good Friday)
Manufahi	Fatuberliu	St. Anthony's Fingers
Baucau	Mount Matebian	Pilgrimage festival, Statue of Crist
Comaliva	-	Historic churches and the site where three priests were murdered during 1999 war

¹² USAID. (2019). 'USAID's Tourism For All Project Hosts Faith-based Tourism Conference'. Available at: <https://www.usaid.gov/timor-leste/press-releases/sep-20-2018-usaid-tourism-all-project-hosts-faith-based-tourism> (Accessed 1 October 2020).

¹³ USAID. (2018). 'Assessment of the Mount Ramelau and Hatobuilico Tourism with Recommendations for Medium to Long Term Planning' (p.4). USAID.

Nevertheless, the stakeholders interviewed exhibited less positive views on this niche segment. Only 5 stakeholders out of 20 lightly touched on the topic of religious tourism. While there has been some acknowledgement of the opportunity, none of them rated religious tourism in the top 3 travel segments (top-of-mind approach).

There are a few interesting opinions regarding the potential of this segment:

- On a grand scale, a stakeholder with expertise in global tourism trends pointed out that Timor-Leste is not seen as a 'holy' ground for the world's religious history;
- Currently, religious tours appear to come from school groups from Australia and Singapore. The demand is being created by a very small number of offshore private operators leveraging their own business connections. It is being speculated by stakeholders that the market size, while potentially growing, maybe too niche to generate a sustainable tourist base; and
- While it has been observed that some Indonesians indeed visited Timor-Leste for sightseeing (such as historical sites and churches), it cannot be verified at this stage whether their visits were primarily driven by religious motives.

“... and you would never... if you were interested in coffee, you would never travel to Timor-Leste to just drink that coffee. If you were interested in coffee... let's say you were in Australia and you wanted to do a coffee tour, you would come, you would hike, you would go to a mountain, a plantation, you would incorporate other elements of niche tourism into an overall experience.”

Stakeholder Interview

As mentioned previously, the current form of official religious tourism products is tied to school groups or volunteer missionary groups organized by overseas institutions. Religious groups generally visit Timor-Leste for up to a week, participating in various activities including sightseeing, visiting sites of religious significance, local cultural workshops, and contributing activities to local communities.

Coffee Tourism

Timor-Leste has coffee that is of international standards. Visitors to Timor-Leste, both short-term tourists and long-term foreign residents, have limited knowledge of, and access to Timorese cuisine and coffee. For example, only a handful of restaurants in the country serve traditional Timorese cuisine. In general, coffee plantations are also not on major tourist trails or well-promoted. However, there is an opportunity to capitalize on the 30-35% of a tourist's daily budget that is spent on food and beverages.

Currently, it is envisaged that coffee tourism packages can entice travelers with knowledge of coffee-growing processes and techniques, as well as coffee tasting. This segment can attract anyone who comes to Timor-Leste. Potential tourism products can either be half-day or full-day immersive experiences in regional areas such as Ermará, Liquica, and Ainaro (where the proportion of the country's coffee plantation area is significant). While dedicated coffee tours are still in the development stage, they have already been incorporated into some tour itineraries. For example, a pitstop during the Dili-Maubisse or Mt. Ramelau tours or a part of a motorcycle tour expedition.

Based on consultation with stakeholders, there has been some work done to promote Timor-Leste's coffee in other markets, especially since COVID-19 hit. This is a means of promoting exports and helping partly to build a tourism brand in Timor-Leste. For example, Timor-Leste coffee information posters are present in some cafés in Australia. However, at this stage, it is unlikely to be the key driver for tourism on its own. It was suggested that, instead, Timor-Leste should incorporate coffee tourism with other niche markets to further enrich the travel experience.

Other Niche Segments

During the consultation with stakeholders, there are two other niche segments that have been brought to the attention of the tourism industry: cruise tourism and volunteer tourism. However, the level of depth obtained from stakeholders is limited as none identified these segments within the top 3 high-potential segments.

Cruise Tourism

The first cruise ship arrived at Dili shore in 2015, with more cruise ship arrivals to Dili port since that time. During September 2016 and August 2017, there were 5 cruise ship arrivals, bringing in over 4,500 passengers who collectively spent USD 292,000 while in Timor-Leste. The action to develop this market started in 2016, led by the Market Development Facility (MDF). The Dili Explorer tour package was developed for the Pacific Dawn arrival in February 2017. It offered a hop-on, hop-off bus to bring travelers to many significant sites in Dili. The results were satisfactory. Twenty percent of the 1,721 passengers purchased the Dili Explore package, 20% purchased guided tours, while 60% traveled independently. The total revenue from this visit was estimated at USD 107,000. Cultural and historical attractions such as Cristo Rei, Tais market, and the Resistance museum were of high interest. Ninety-one percent of the respondents surveyed also said they would recommend Timor-Leste as a destination to family and friends.

Despite a good start, only a few stakeholders saw potential in cruise tourism, and the rest disregarded the topic. Of those who shared opinions about cruise tourism, none placed it in the top 3 segments to prioritize. While the statistics show impressive revenue generated (with an average spending per person of USD 60-80 a day¹⁴), it needs to be considered if this is simply a quick fix for the tourism industry in Timor-Leste. Stakeholders pointed out that the numbers of arrivals are difficult to control (as they depend heavily on cruise operators); hence, the market may not be able to grow organically or may be able to provide a good tourist base for long-term development.

I think it's still quite low. In 2019, voluntourism only made-up 9%...actually, probably less than that. Traveling for leisure was around 38,000. Of that, only 30% which is about 10,000 people traveled for the primary reason of holidays. And then, of that 10,000, only 9% were engaged in volunteerism. So, you are talking about very, very small numbers here

Stakeholder Interview

Volunteer Tourism

Volunteer tourism fits well with the aspiration of Timor-Leste to be a sustainable destination. Currently, there are groups of tourists brought in by a few offshore tour operators, such as in Australia, New Zealand, and Singapore. These tour groups focus on the “education” aspect, with the aim of encouraging spending in the local areas and socially contributing to local communities (e.g., teaching English).

The product in this segment is basically an integration of products in other segments. Activities in an itinerary can include diving, shore cleaning, cultural workshops, short hikes through villages, and cultural tours. Opinions have been voiced that, as some tour operators are continuing this business out of passion, the growth prospect of the segment can be questionable.

Australian volunteers, as an example, have supported a wide range of partner organizations in Timor-Leste to achieve their development goals since 1995, working across education, government, human rights, health, and agricultural industries. An example of this is that the Australian Volunteers Program has partnered with organizations in Timor-Leste working towards gender equality, empowering women, and reducing gender-based violence. This work was in partnership with the local Timor-Leste Alola Foundation, advocating for the rights of women and children and nurturing future female leaders.¹⁵

¹⁴ The Asia Foundation. (2018). ‘Timor-Leste: Tourism Barometer 2018’ (p. 32). The Asia Foundation.

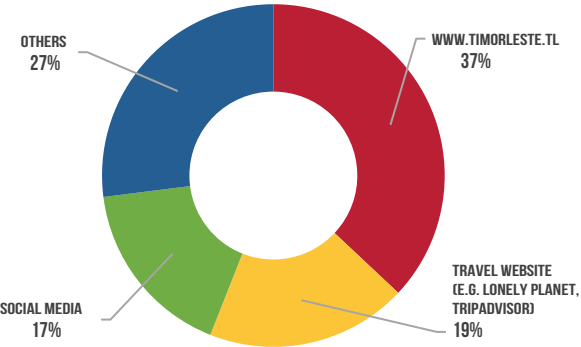
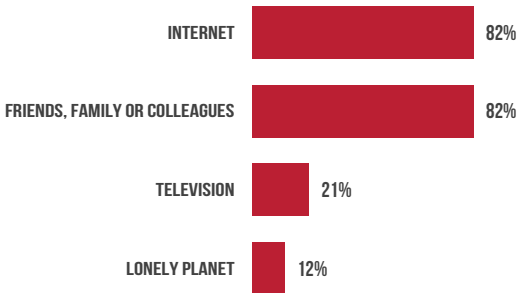
¹⁵ Australian Volunteers. (2021). ‘Timor-Leste: Australian volunteers help improve women's rights’. Australian Aid.

Information Access

Based on the Traveler Survey to Timor-Leste conducted by the Asia Foundation in 2017, the majority of travelers found information about Timor-Leste through the internet, friends, family, or colleagues. The top online source was the official Timor-Leste tourism website. When investigating other travel websites and blogs, some key websites provide detailed personal travel experiences in Timor-Leste. These articles are usually positive and center around the admiration of its natural beauty, culture, sense of adventure, and friendliness of its local people. However, they also stated some ‘warning messages’ around road conditions and the high cost of travel.

The official tourism website of Timor-Leste (www.timorleste.tl) was established in 2016 to provide information to travelers.¹ The World Bank undertook an analysis similar to that done by the Asia Foundation for comparison, using metrics provided by Nibbler.²

INFORMATION SOURCES ABOUT TIMOR-LESTE, 2017



Source: The Asia Foundation 2017 Survey

¹ The Asia Foundation. (2018). ‘Timor-Leste: Tourism Barometer 2018’ (p. 23). The Asia Foundation.
² <https://nibbler.silktide.com/>

	Worldwide popularity ³		Domain links		Facebook Page Likes		Facebook Followers
	June 30 2018	August 30 2020	June 30 2018	August 30 2020	June 30 2018	August 30 2020	August 30 2020
www.timorleste.tl	1,365,841	3,784,486	106	343	4,868	6,233	6,487
www.visiteasttimor.com	2,563,153	5,787,011	171	297	20,298	20,188	20,238
www.ataurotourism.org	12,255,003	N/A	28	N/A	1,298	9,335	9,366
www.cbet-timorleste.com	8,334,122	N/A	9	17	810	796	801
www.papuanewguinea.travel	314,358	801,437	650	1,019	10,130	16,968	18,305
www.srilanka.travel	232,546	421,186	1,925	2,894	21,417	189,763	197,317
www.indonesia.travel	176,496	142,303	8,207	11,978	445,014	452,926	453,019
www.tourismthailand.org	81,050	104,961	9,387	10,824	2,172,143	295,697	224,664

The data shows that the popularity of Timor-Leste and other regionally relevant websites has increased in popularity and interest during the same period that the worldwide popularity of most tourism websites has gone down. This is presumably due to the COVID-19 pandemic, which has halted the international tourism industry. However, there has been an increase (619%) in likes and subscribers on the Atauro Tourism page; whereas, the official tourism website, timorleste.tl, saw an increase of 28% in Facebook likes. The figures revealed that similar issues stated in the Asia Foundation report still persist: the low level of domain links and association with social media such as Facebook and Twitter. While there has been no official YouTube channel yet, a simple search resulted in many user-created contents about traveling to Timor-Leste. The numbers of views usually sit around 30,000-60,000 views (Lonely Planet Guide to Timor-Leste has 52,000 views; however, there is one user-created content about daily life in Dili that has collected 212,000 views).

Stakeholders flagged that the real challenge is the amount of information available to travelers who have already arrived in Timor-Leste. Travelers who stay at hotels in Dili may find some brochures and pamphlets about different tour options. However, the information should not be limited to tour-related activities, but should also be expanded to help ease the confusion and anxiety of

travelers arriving in a new country. This includes more information at the airport, how to take a taxi, and how to pay for services.

I think access to information is hard. If you arrived in Dili, and you knew absolutely no one... and you were told you needed to get to the middle of the country... and you needed to rent a car, I think it would be very, very hard because you would need to figure out how to get a SIM card, you need to connect to the internet, and overcome language barriers. So, I think that would be very hard."

Stakeholder Interview

³ Website popularity is a ranking based on Alexa's proprietary methodology that combines a site's estimated traffic and visitor engagement over the past three months. Traffic and engagement are estimated from the browsing behavior of people in their global panel, which is a sample of all Internet users.

Destination Positioning

As a young nation, it is not surprising that stakeholders believe that Timor-Leste is not known to many tourists. In some cases, the name still carries negative perceptions such as an ongoing war zone, unstable politics, lack of infrastructure, and poverty. It is widely believed that inadequate destination marketing has resulted in such a lack of awareness and perceptions, which also acts as a tourism growth deterrent. However, it has been pointed out by local agents that those who have decided to visit Timor-Leste generally have low expectations for comfort and quality of infrastructure when visiting Timor-Leste.

Based on observations by stakeholders, tourists are mostly motivated by “natural assets” and “unique experiences” when deciding to visit Timor-Leste:

Natural assets

- To appreciate pristine nature and beautiful sceneries
- To appreciate biodiversity, especially in marine life

Unique experience

- To discover the undiscovered and unknown
 - To find new adventures, excitement, and “raw” and “rugged” experience
 - To experience something more authentic (i.e., non-commercial experience compared to other popular destinations such as Indonesia and Thailand)
 - To learn and appreciate new culture
-

It's more about incorporating different elements into an overall experience. And a lot of the work that we are doing and others in Timor-Leste is a niche destination with niche tourism products... and it's the connection of those niches into an experience is what we can sell. That is what is going to make Timor-Leste unique, not just diving, because there are many other places you could argue are just as competitive for diving as Timor-Leste”

Stakeholder Interview

In recent years, the government has been marketing Timor-Leste under the “Explore the Undiscovered” tagline. Stakeholders believe that this direction is appropriate for what Timor-Leste can currently offer to tourists without creating false impressions. However, it is still debatable whether much follow-up effort has been made to establish a strong identity for Timor-Leste. For example, there appears to be inadequate positioning and marketing effort to attract specific tourism segments (e.g., diving, culture). While it is agreeable that Timor-Leste is a destination made up of several niche markets, many stakeholders feel that a lot of effort has been disjointed to create the ‘whole’ Timor-Leste experience.



While natural assets form the core attribute of Timor-Leste's strengths, some stakeholders suggest that its culture and history can be the elements that make the destination unique. Timor-Leste is rich with Indigenous cultural heritage and traditions, as well as war history. This can potentially set a compelling story and emotional connections with its target markets. To cite the article by Sara Currie, "There's always a specific story behind any mountain, any lake, any beach in Timor-Leste. We tried to explore that if a lake has special meaning to society, we try to grow the tourism value around that".¹

It is also interesting to note that few stakeholders share the same view that Timor-Leste still lacks "middle ground" and "flexibility" in its tourism products. For example, tourists who visit Timor-Leste for diving purposes may find themselves short of activities after their main dive or between dives. Families are also often set aback by a lack of entertainment activities in the evening. This reflects the struggle to diversify tourism products that Timor-Leste is facing.

Regarding tourist types, stakeholders suggested that Timor-Leste should aim to attract "intrepid travelers", at least in its early stage of tourism development. This type of tourist is generally in the younger demographic and more adventurous. Without much prejudice, they can also be test subjects for new tourism products. There is also a potential to target travelers aged 50+, who tend to show a stronger interest in culture and history.

Timor-Leste is not a place where people look, and they are like... oh... I can also do that"

Stakeholder Interview

¹ Currie, Sara. (2018). Beyond a 3s Approach to Marketing Island Nations? Destination Marketing and Experiences from Timor-Leste. In *The Contemporary Pacific* (Volume 30, Number 2, p. 445). University of Hawai'i Press.

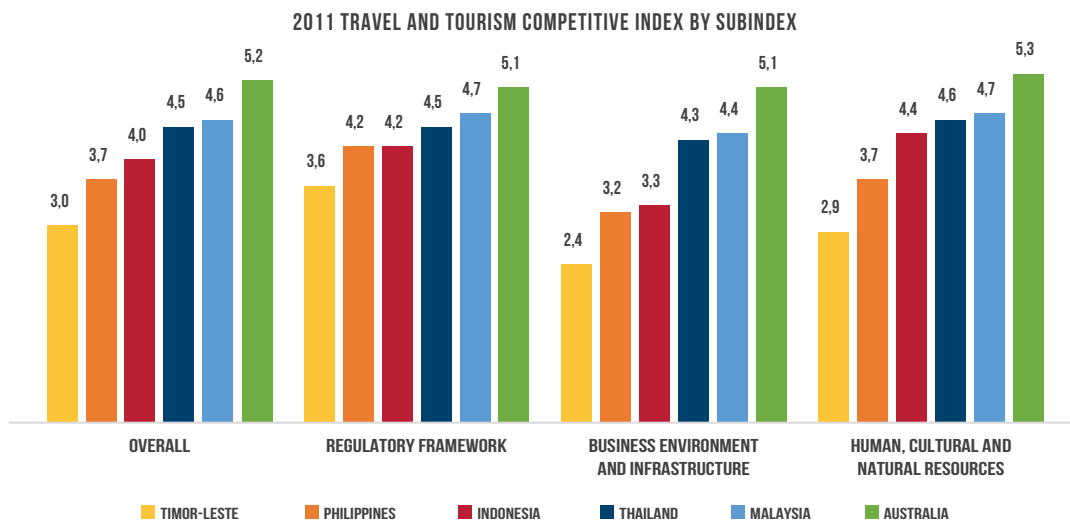
Tourism Competitiveness

“Timor-Leste can’t say we are extremely unique from some parts of Indonesia. We share the same water, so we share the same [marine] species with a lot of Indonesia. If you compare it with the global average, I think Timor-Leste’s underwater is better than the average. The most unique thing I’ve heard from divers is the coral”

Despite the substantial assets of Timor-Leste, many destinations have comparable tourism offerings in various factors. Regardless of travel segments, most stakeholders perceive that Indonesia is closely comparable to Timor-Leste. This is due to geographical proximity, and similarities in natural assets. Australia has been identified as a secondary competitor, and to a lesser extent, other close-by Southeast Asian countries (such as Malaysia, Thailand, and the Philippines).

it is noteworthy that South Pacific Islands (such as Fiji, Tonga) are also identified as one of the top competitors, mainly in the area of marine-based tourism, given the perception of comparable tourism assets in a (relatively) geographically similar location.

The level of competitiveness can also be analyzed using data from the Travel & Tourism Competitiveness Report published by the World Economic Forum biennially. The 2011 report is used for a robust comparison, as Timor-Leste was last included in the 2011 report. The country was removed from the assessments done in 2013, 2015, 2017, and 2019 due to data reliability issues. To no one’s surprise, Timor-Leste lagged behind Australia by a large margin in all subindex categories. When compared against its top competitor, Indonesia, it performed reasonably well in the area of Regulatory Framework. The performance in the areas of human, cultural, and natural resources, was the biggest letdown when compared against that of Indonesia. For comparability with more recent results for alternate destinations, Timor-Leste’s 2011 results have been low compared to the 2019 results.



Source: World Economic Forum, The travel & Competitiveness Report 2011

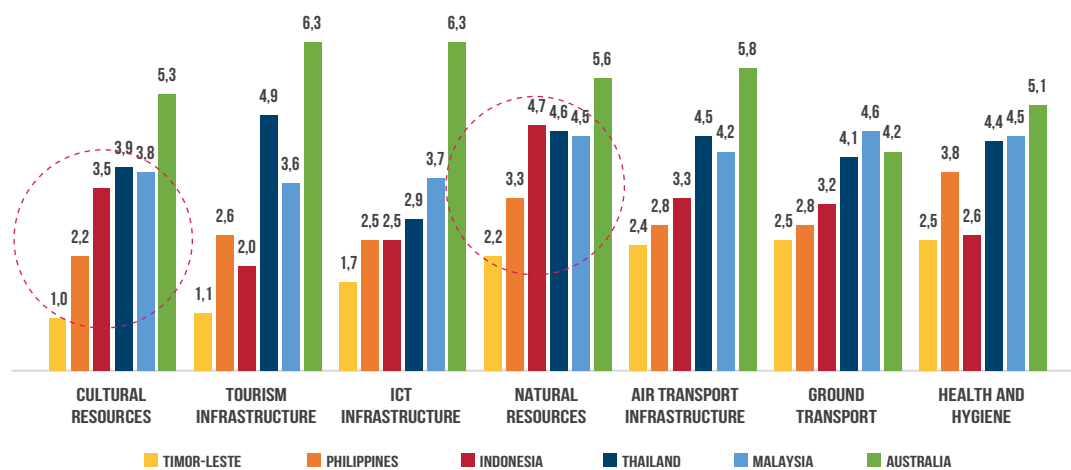
When looking at low performance by pillars (score <3.0 from 7.0), cultural resources (under human, cultural, and natural resources subindex), and tourism infrastructure (under business environment and infrastructure sub-index) received very low scores. In fact, when compared against Indonesia, the largest discrepancies are in the cultural resources and natural resources pillars (both are under the human, cultural, and natural resources subindex). This can be rather upsetting, considering cultural and natural resources are Timor-Leste's best assets.

Under cultural resources, Indonesia performed better due to the greater number of world heritage cultural sites,

the number of international fairs and exhibitions, and a more vibrant creative industry. Indonesia performed better than expected in natural resources, mostly due to greater numbers of known species. However, Timor-Leste's quality of the natural environment was scored slightly higher than that of Indonesia and the Philippines, and on par with that of Thailand.

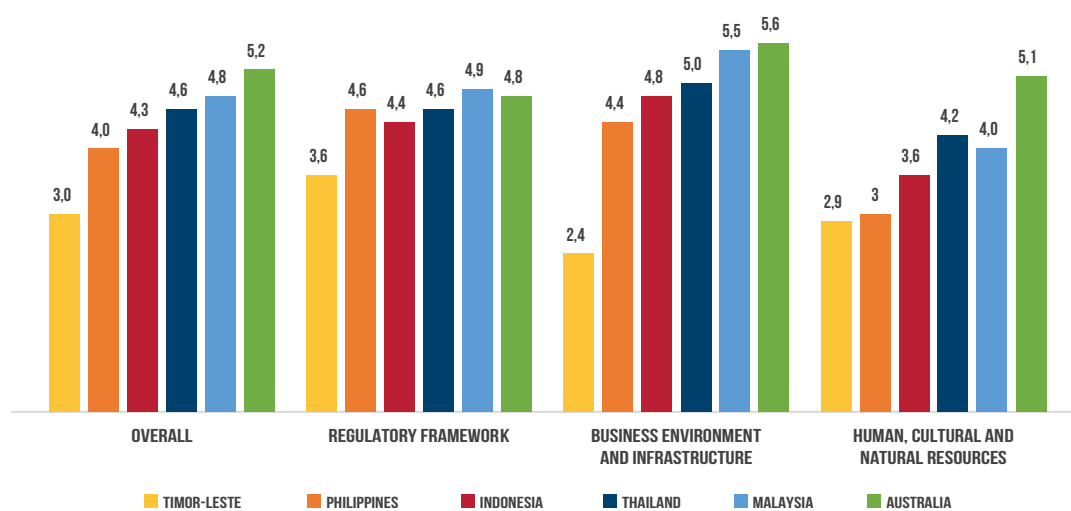
For comparability to more recent results for alternate destinations, Timor-Leste's 2011 results (when they were last included in the TPCI) have been low compared to the 2019 results for other markets.

TIMOR-LESTE'S WORST-PERFORMED PILLARS (SCORE <3 OUT OF 7) AGAINST KEY COMPETITORS, 2011



Source: World Economic Forum, The Travel & Competitiveness Report 2011

2019 TRAVEL AND TOURISM COMPETITIVE INDEX BY SUBINDEX



It has become apparent that to increase competitiveness against its biggest competitor like Indonesia, Timor-Leste will have to leverage its natural sites and endowments by improving the quality of tourism infrastructure, such as basic facilities, while promoting through its destination marketing strategy.

The findings from analyzing the competitiveness score also resonate with the stakeholders' perspectives to some degree. The big picture is that, while natural and cultural assets are abundant in Timor-Leste, they have not yet been developed into tourism products. Solely promoting

its key strengths in natural assets (such as rich marine life, pristine beaches, and mountain ranges) can be too generic and may be inadequate to differentiate Timor-Leste from key competitors. In addition, most of Timor-Leste's key competitors either already offer or have the capability to develop a similar and more affordable experience.

Overall, Timor-Leste is still facing many challenges to becoming more competitive than its core competitors. The following table highlights the top factors that stakeholders perceive as key disadvantages:

Stakeholder Perceptions of Factors Limiting Timor-Leste's Tourism Competitiveness

Key Competitive Factors	Rationales	Perceived Level of Negative Impact on Competitiveness ¹
Destination Awareness	Timor-Leste is competing with well-established destinations such as Indonesia, Thailand, and the Philippines. These destinations are strong in destination marketing with clear positioning and competitive advantages. Timor-Leste's destination marketing is comparably weaker and fails to send out strong and targeted marketing messages to potential target tourists.	High
Destination accessibility	Flight connections into Timor-Leste are very limited, and associated airfares are considerably expensive. Most stakeholders in the private sector perceive this as one of the most inhibiting factors to Timor-Leste's tourism growth.	High
Travel costs	Due to the adoption of the US dollar, traveling in Timor-Leste is not cost-competitive. This is exacerbated by the lack of economies of scale, which subsequently drives up the cost of service. Therefore, tourists with large disposable incomes are seen as an immediate target.	Medium-High
Infrastructure	Most notably, the poor condition of basic infrastructure (such as road access and conditions, water, electricity, and the internet) has set Timor-Leste back from a competitiveness perspective. While most tourists traveling to Timor-Leste generally have low expectations and some disregard this inconvenience, it still poses a profound impact on the private sector's ability to develop its businesses and to deliver high-quality services.	Medium-High

¹ Assessed qualitatively based on stakeholder's inputs.

After decades of conflict, Timor-Leste has only held its current status as a new sovereign state since May 2002. Since its inception as a sovereign state, Timor-Leste has been faced with the task of (re)building and (re)developing public infrastructure, including roads, ports, airports, and services such as waste, water, and electricity. Since its independence, Timor-Leste has made some substantial progress on public infrastructure.

From an economic standpoint, the lion's share of Timor-Leste's GDP relies on its natural reserves of petroleum assets, driving a heavy reliance on the industry, despite this proportion being on a downward trend. This reliance on the petroleum export industry, while providing substantial national revenue, does not generate secondary impacts for the local economy, nor does it drive growth for private operators. Most private operations are small in scale, undeveloped, and rely heavily on government spending.

While there is substantial investment and development in infrastructure supporting the petroleum industry, the rest of the nation's infrastructure is relatively underdeveloped.

Recent investment and improvements have started to, but not fully reached full infrastructure development. This is seen in examples such as electricity, the internet, and roads. For example, approximately 20 percent of the population does not have access to electricity and more of the country, even in some key tourist destinations, only has electricity sporadically to certain times throughout the day.

Another notable more recent improvement has been in the development and construction of roads, which aid locals and tourists in traveling, in addition to the direct employment in the infrastructure building sector.



Accommodation Supply

The accommodation sector in Timor-Leste is still at a very nascent stage. It is estimated by stakeholders that there are 186 accommodation establishments, offering a 2,471-room capacity. There are various types of accommodation available to travelers, as demonstrated below:

Type of Accommodation	Details
Hotels	Modern hotels are mainly available in the capital city, Dili, and some are foreign-owned. These hotels are mostly occupied by business travelers. They offer modern amenities such as conference rooms (with a typical capacity of 30-50), pools and WIFI. However, most hotels are poorly maintained. With an average price of USD 80-100 per night for a standard room in a 3-star hotel, this may not be the best 'value for money' for most travelers.
Resorts	Resorts in Timor-Leste are slim in number and are not as grand as those found in other competing destinations, such as Bali. Stakeholders believe that the supply of this type of accommodation is sufficient, given the very low volume of high-end travelers in Timor-Leste. However, resort operators can argue otherwise.
Eco-lodges	Eco-lodges are usually located on Atauro Island and some in mountainous areas such as Maubisse. They attract both ex-pats and nature lovers and often receive high rating reviews.
Guesthouses	Guesthouses are quite popular among domestic travelers (e.g., expatriates), and package tour customers. They are run by local families. It is considered a worthwhile experience for those seeking cultural or local experiences. It is also an important revenue source and job creator for the community.
Homestays	Homestays are popular among budget-conscious holidaymakers, as well as those who seek an immersive local experience. Tour operators, especially those operating in volunteer tourism, usually feature homestay options in their packages. Another important clientele group is school groups, usually from either Australia or Singapore.
Pousadas	Pousadas are historic traditional buildings (in the range of 50-60 years old) that have been converted into hotel accommodation. Some pousadas are regarded as beautiful and are the best options to provide an exquisite experience. For example, some pousadas (such as Pousada de Maubisse) are situated on the hilltop with panoramic views. However, they usually offer limited numbers of rooms (approximately 10 or 20 rooms) and can be pricey (average cost of USD 110-140 per night). Occasionally, there have been records of guest complaints about the state of rooms.
Backpacker hostels	There are several backpacker places, which usually add to the adventure aspect. The number of backpacker travelers is estimated to be low due to the high cost of travel.
There are also small numbers of other types of accommodation, such as camping sites (e.g. on Valu beach).	

Supply by region

Dili is the hub of accommodation facilities, given its capital city status. Key tourism areas such as Ainaro, Atauro, Baucau, and Lautem have roughly 11-16 accommodation establishments each. While Stakeholders believe that the current supply is sufficient, the supply conditions could easily be put under stress once tourism picks up, both in and out of Dili.

Area	Numbers of establishments	Room capacity
Aileu	6	27
Ainaro	16	78
Dili (excluding Atauro)	92	1,783
Atauro	11	71
Baucau	11	86
Bobonaro	9	82
Covalima	4	73
Ermara	1	15
Lautem	15	130
Liquica	2	15
Manatuto	0	0
Munafahi	7	47
Oecusse-Amberno	9	32
Viqueque	3	32
Total	186	2471

In Timor-Leste, there are approximately 2500 available hotel rooms, with the overwhelming majority of these being located centrally in Dili. There are 4 high-end accommodation establishments, which have a capacity of approximately 70 rooms each. Meanwhile, the smaller hotels (specific hotels) have a capacity of roughly 30-40 per establishment. Specifically, for hotel-type accommodation, an expert believes that the current state of supply is sufficient due to the limited tourism demand. However, it could easily come under stress should the number of business travelers (especially from Indonesia) increase. Based on stakeholders' inputs, the average occupancy rate for hotels sits at around 45% annually and can increase to 60% during the high season around May to September. There is only one new development of a large hotel, the Hilton Hotel, which is now under construction and is

expected to open to travelers in early 2022. It houses 150 rooms and 8 meeting rooms, although it comes with a hefty price tag of USD 160-250 per night.

On Atauro island, there is one hotel, one ecolodge, 6 guesthouses, and some homestays. Barry's Place is perhaps one of the most well-known places to stay on Atauro Island and proven popular among Australian student tour groups. Atauro achieves an average occupancy rate of 75% during the high season and 30% during the low season.

Occupancy Rate

Based on stakeholder interviews in other regions like Baucau and Maubisse, the current perception is that the supply is not under stress due to the low volume of travelers. For example, most stays in Pousada de Maubisse (offering 10 rooms and one of the iconic stays in Maubisse) are from weekend trips by ex-pats or large groups from the public sector. On average, the occupancy rate is 40-50%. Over the weekend, the occupancy rate sits at around 50-60%.

Marketing and Performance

Most stakeholders from the accommodation sector indicated that they do have a website to provide basic information for travelers. Customers sometimes send inquiries through email. However, formal booking is done by phone, as most do not have an integrated online payment platform. However, there are roughly 20 accommodation establishments in Dili listed on online aggregated websites such as Booking.com and TripAdvisor.

In terms of performance, most of the major places in Timor-Leste received high ratings despite the lack of modern facilities. This reflects well with the stakeholder's perceptions that travelers usually have lower expectations when they come to Timor-Leste. The major positive reviews for most places are usually about the environment (e.g., location, views) and staff friendliness (which could vary).

There is no consistent negative theme. However, when it comes to Pousadas, guests usually complain about hot water, piped water, and overpriced food. Some examples of reviews of top accommodations are shown below:

	Municipality	Booking.com (x/10)	TripAdvisor (x/5)	Google (x/5)	Positive	Negative
Dili Palm Beach Hotel	Dili	9.2 (9 reviews)	4.0 (16 reviews)	3.6 (7 reviews)	Friendly staff Spacious rooms Safe & comfortable	Internet speed
Atauro Dive Resort	Dili, Atauro	8.9 (84 reviews)	5.0 (57 reviews)	4.5 (31 reviews)	Location and view Friendly staff Clean & comfortable	Mosquitoes
Barry's Ecolodge	Dili, Atauro	N/A	5.0 (142 reviews)	4.8 (50 reviews)	Charming setup Service Cleanliness	-
Beloi Beach Resort	Dili, Atauro	N/A	4.0 (57 reviews)	4.4 (22 reviews)	Location and view Friendly staff	House-keeping
Pousada de Maubisse	Ainaro	N/A	4.5 (9 reviews)	4.1 (31 reviews)	Beautiful exterior Beautiful view	Poorly maintained Overpriced food Piped water supply
Balibo Fort Hotel	Bobonaro	N/A	4.5 (59 reviews)	4.4 (28 reviews)	Beautiful location Friendly staff	Expensive rate Basic room

Key Issues

The tourism sector in the region is more developed when compared to that of Timor-Leste. Overall, Timor-Leste's tourism facilities require development, particularly regionally. Within Dili specifically, the infrastructure, accommodation, and hygiene facilities are reasonably developed. However, the more regional destinations outside Dili require improvement on basic factors such as hygiene and service standards. Below is a list of key development areas raised by stakeholders and ex-pats:

Key Industry Issues	Explanations
Hygiene facilities	Leaking toilets, and the availability of clean water and hot water are common issues raised by stakeholders.
Service standards	Stakeholders believe that the quality of training provided is still sub-par, compared to that of other big tourism markets. Most smaller accommodation owners (e.g., homestays) have no exposure to international standards for basic housekeeping. Stakeholders expressed the need for close collaboration between the government and the private sector to establish policies and industry frameworks such as industry standards and guidelines to improve the quality of service.
Food supply	New hotel operators can face food supply issues due to inefficient supply chains.
Education & training	The current level of investment in training, especially for family-run businesses, is inadequate to cope with tourism growth (if it happens as per the government's target)

Tour Operators

There are currently 12-20 active tour operators in Timor-Leste. Most are small-to-medium-sized, and some are foreign-owned (mainly Australian). They are mainly concentrated in Dili. Some are also operating offshore from other locations, such as Darwin and Sydney. Eco Discovery, Timor Adventures, Timor Motorbike Rentals are some examples of popular businesses among travelers. Generally, the industry focuses on guided activities packaged up in their products. There are two types of tour operators:

- Specialized tour operators are popular within the marine tourism sector, where products are usually confined to related activities such as diving, snorkeling, and whale watching. However, a few are focusing on adventure tourism (such as motorcycle tours and 4WD tours) and educational/volunteer programs (usually operating offshore).
- General tour operators usually offer a wider range of packages, which can include city tours, adventure trips, and historical and cultural tours.

Based on discussion with tour industry experts, currently, the key driver to success is developing foreign connections for tourism demand generation. It is perceived that the industry is now being led and developed by foreign-owned tour operators (typically Australians and Singaporeans, and some may have offshore offices). These operators often market their products in their home countries, and some also have connections with other businesses and organizations (e.g. Air Timor, Palms Australia). By doing so, they have developed their brands better with the target groups – the capability that some smaller local operators cannot compete on. However, in practice, all their employees are Timorese, which means the tourist spending is being circulated back into the community.

While having an online presence, tour operators mainly take bookings through telephone inquiries. Most online websites do not feature any online booking and payment (except for some online inquiry forms). Partially, this is due to unreliable internet infrastructure and a low level of capital to invest in technologies. The practice of reselling packages to offshore operators is also very minimal, mainly due to a lack of marketing knowledge and business contacts. This lack of effective distribution in both a business-to-business and business-to-consumer setting is a key limitation to future sector growth.



Key Issues

Stakeholders mentioned that the industry is still facing several issues to lift the quality of its services. These include:

Key Industry Issues	Explanations
Destination accessibility and lack of destination marketing	The industry's growth and development are impeded by the low volume of tourists, which is believed to stem from an absence of demand-creating effort by the government.
Quality of tourism graduates and skill gaps	Some skill gaps can be improved through education and training, including English skills, public speaking skills, people skills, and general customer service practices.
Price competitiveness	Timor-Leste is an expensive place to travel around, including by renting a car or motorbike. This has squeezed the margins for businesses or resulted in the uncompetitive pricing of tour packages.
Lack of quality tourism infrastructure & facilities	Most notably, the poor conditions of basic infrastructure (such as road access and conditions, water, electricity, and the internet) have created unfavorable conditions for quality businesses. While most travelers generally have low expectations and some disregard this inconvenience, it still has a profound impact on the private sector's ability to deliver high-quality services. For example, the poor supply chain infrastructure has an impact on food operations; the lack of hyperbaric units has an impact on divers' safety confidence; the lack of medical facilities also impacts how tourism products are packaged (e.g., one tour operator avoids the Lautem route as it is prone to road accidents).
Disconnection between the government and the private sector	Stakeholders expressed the need for close collaboration between the government and the private sector to establish policies and industry frameworks such as industry standards as guidelines to improve the quality of service.

To move the industry forward, stakeholders suggested prioritizing destination marketing to create the mass that the business needs to survive, as well as investment in education and training to ensure a quality experience.

Air Transportation

International Flight Connections

Accessibility to Timor-Leste by aviation is essential to the effective development of the country's inbound tourism and to achieve regional connectivity. Currently, there are substantial challenges for Timor-Leste's aviation industry (given its relative remoteness, there is a need for substantial effort to stimulate the growth of the aviation industry, with only small volumes of air traffic currently able to access Timor-Leste. At present, Timor-Leste faces numerous barriers to the growth of civil aviation, and by extension, its tourism industry.²

Almost all stakeholders mentioned that the air connections need the utmost attention and development. Before COVID-19, Timor-Leste was connected to 4 airports in 3 countries: Darwin (Australia), Denpasar (Indonesia), Kupang (Indonesia), and Singapore.

Connections	Frequency	Aircraft type	Airline Operators	Estimated Cost (one-way)
Singapore - Dili	2 per week	A319	Druk Air	USD 500
Denpasar - Dili	2-3 per day	A320 Boeing 737	Citilink Sriwijaya NAMAir	USD 300
Kupang-Dili	3 per week	ATR 72-600	Transnusa	USD 150 ³
Darwin - Dili	3 per week	E170/175	Air North	USD 300 ⁴

Singapore to Dili: Air connection with Singapore is perhaps the most important link, as it connects Timor-Leste to the world. Previously, Silk Air operated scheduled services to/from Singapore on a weekly basis. In March 2019, Singapore Airlines decided to cease its operation on this route. Air Timor then partnered with Druk Air, Bhutan's national carrier, in June 2019 to resume the Dili-Singapore route. Druk Air employs an A319 fleet with a capacity of 114 seats.

Denpasar to Dili: There are 3 flight operators servicing the Denpasar-Dili route: Citilink, Sriwijaya Air, and NAMAir. Currently, all are subsidiaries of Garuda, which now monopolize all flights from Indonesia to Dili. It was reported that since the monopolization in 2017, the airfare to Dili has tripled from USD 100-130 to USD 300.⁵

Kupang to Dili: TransNusa launched new flights from Dili to Kupang in 2019. It utilizes ATR 72-600 aircraft with a capacity of 78 seats.

Darwin to Dili: The Australian airline, Air North, runs periodic charter flights to/from Darwin. Previously, Air North operated 10 flights per week to Dili. Flight frequencies have now been cut to 1-3 per week.

The government has recognized the issue of limited flight connectivity. There has been an effort to establish bilateral agreements with other countries to increase connectivity. It is also hoped that competition will also drag down airfares, which will benefit the tourism industry. To date, air services have been agreed with Malaysia and the Philippines. However, the implementation has

² Sakai, Tatsuo. (2017). 'Taking Flight: Analysis of Timor-Leste Civil Aviation and Recommendations). The Asia Foundation

³ Nusa Trip, (2021) https://www.nusatrip.com/en/flights/from/dili_DIL/to/kupang_KOE

⁴ <https://www.flightconnections.com/flights-to-dili-dil>

⁵ Sakai, Tatsuo. (2017). 'Taking Flight: Analysis of Timor-Leste Civil Aviation and Recommendations). The Asia Foundation

been put on hold due to the pandemic. While this is not confirmed, it was reported that the government is either in a negotiation or looking to initiate a negotiation with the following countries to open up more flight connections:

- China (Beijing and Macau);
- New Zealand;
- Japan;
- Brunei;
- United Arab Emirates; and
- Qatar.

Aviation experts interviewed believed that the Low-Cost Carrier (LCC) model is suitable at this stage due to the currently low demand on Dili routes. This will also help to reduce the cost of airfare by operating more flexibly and efficiently. The Asia Foundation’s Taking Flight report⁶ elaborated on the advantages of the LCC model further.

LCCs enter the market with simpler services and cheaper prices, enabling efficiency and flexibility through a point-to-point route system. With lower prices, they have the capability to reach a wider clientele through competitive pricing, more destinations, and simpler cost structures. It includes strategies of “single aircraft fleet”, which require very specific certifications, hence a lower cost of training and maintenance. This approach allows LCCs and regional airlines to change routes frequently in response to changing demand. This will be ideal for the context of tourism in Timor-Leste until at least 2030.

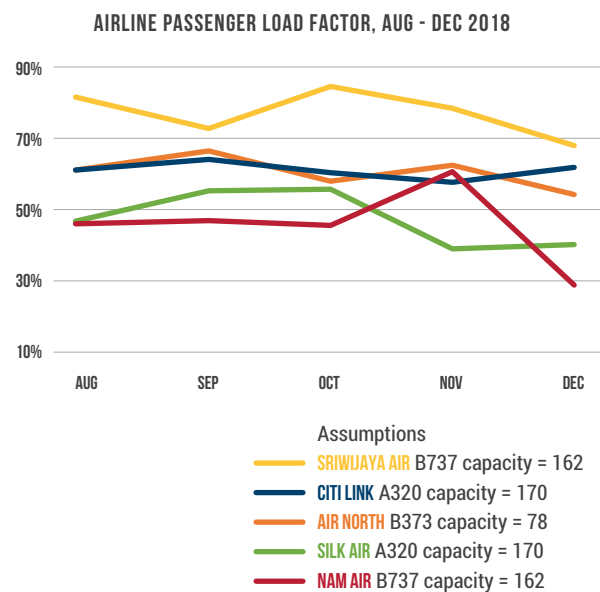
On the positive side, LCCs are able to offer lower-priced services and therefore reach a wider clientele through competitive pricing, more destinations, and simpler cost structures. LCCs employ these common strategies to enable cheaper pricing and reduce costs, including the “single aircraft fleet.” Under this strategy, LCCs minimize the types of aircraft, thereby reducing the costs of aircraft-specific licenses, operation, and maintenance. This strategy enables LCCs to reduce the cost of training pilots and maintenance staff, and can also simplify facilities for handling and maintenance.

Timor-Leste is well placed to cater to LCCs as they are currently supported by the open-sky policy of the “ASEAN Single Aviation Market.” This allows Timor-Leste the opportunity to have its LCCs use flexible flight settings and gain new entry into the market, thereby being able to scale flight offerings to meet demand.

International Airline Passenger Loads

Based on airline passenger data at Dili airport during August – December 2018, most airlines had an occupancy rate of 50-60% per flight. Sriwijaya Air recorded the highest occupancy rate of 70-80%.

This indicates that there is still some capacity with the current airlines and fleets to accommodate some tourism growth. Currently, Timor-Leste tourism growth grew at an annualized rate of 5.0% from 2015-2019.



⁶ Sakai, Tatsuo. (2017). “Taking Flight: Analysis of Timor-Leste Civil Aviation and Recommendations). The Asia Foundation.

Operators	Fleets	Seating Capacity	Route	Purpose
MAF Mission Aviation Fellowship (Australian-registered operator)	2 Cessna 208 Aircrafts	7 Passengers each	Dili and other domestic airports	Medical Facility
MHS Aviation (Offered by the Ministry of Health is registered by Malaysian law)	3 Super Puma Helicopters	20 Passengers each	Dili-Suai	For Oil Company
Kenn Borik (Canadian-registered operator) The aircraft is owned and leased by Zonas Especiais de Economia Social de Mercado de Timor-Leste (ZEESM)	DHC6 plane (twin otter)	19 Passengers each	Dili-Oecusse Dili-Suai	To expand the use of the aircraft for increased scheduled service between Dili and Oecusse, Suai, Same, and Atauro islands.

Source: Sakai, Tatsuo. (2017). 'Taking Flight: Analysis of Timor-Leste Civil Aviation and Recommendations). The Asia Foundation.

Domestic Flight Connections

Most domestic air services are chartered operations due to low demand. All service providers are foreign-registered operators. Mission Aviation Fellowship (MAF) is an Australian-registered operator and non-governmental organization that provides chartered flight services between Dili and other domestic airports using two Cessna 208 aircraft (8 passengers in the normal seat layout). Approximately half of their services are medical emergency flights contracted under the Ministry of Health. Another chartered flight operator, MHS Aviation, is registered by Malaysian law and provides chartered services specifically for the oil & gas industry off the coast of Suai, using three Super Puma helicopters (approximately 20 passengers each).

The World Bank conducted an interview with one operator for domestic service to gain an understanding of the current state and future potential. Currently, there are some non-scheduled domestic flights:

- Ken Borik, offering affordable airfares to anyone who wants to fly to Oecusse, with a cost of approximately USD 70;
- MAF, offering a Dili-Atauro Island service, costing approximately USD 450.

Looking into the future, it was noted that there is much to be done to make domestic aviation more established. The main key issues are regulations and legislation (e.g.,

developing the Aeronautical Information Package), and improving the state of runways (grading, sealing, and fencing). Identified potential domestic flight routes are:

- Dili-Atauro (Friday afternoon and Sunday afternoon);
- Dili-Baucau-Viqueque-Same; and
- Dili-Maliana-Suai;

It was further speculated that the viable capacity for the Dili-Atauro Island route is 13 seats, and 30-50 seats for the Baucau and Maliana routes.

Airport Capacity and Infrastructure

There are 8 airports in Timor-Leste: Atauro Island, Baucau, Dili, Fuiliro, Maliana, Pante Macassar (Oecusse), Suai, and Viqueque. Of which, 4 airports have international status: Dili, Baucau, Pante Macassar (Oecusse), and Suai. However, Baucau airport is currently unattended.

Pante Macassar (Oecusse) is a new airport capable of serving large airplanes and connecting with Indonesia's East Nusa Tenggara. With a runway of 2000m long and 45m wide Pante Macassar has been designed to handle the unrestricted operation of Airbus A320s and Boeing B737-800s.⁷

Suai Airport is located in Suai and has recently been upgraded to include a 1500m runway, a terminal, a control tower, and a meteorological station.⁸

⁷ Oé-Cusse International Airport "Rota Do Sândalo" (Sândalo Route) Has Been Inaugurated". www.zeesm.tl. (Accessed 11 April 2021)

⁸ "Inauguration of Suai Airport « Government of Timor-Leste". timor-leste.gov.tl (Accessed 18 April 2021)

Dili Airport is currently the only international airport that is receiving regular international arrivals. It has a single 1,850-meter x 30-meter paved asphalt runway and basic facilities, including terminal buildings, a control tower, an air navigation system, a tarmac apron, a standby generator, and a rescue team. In 2018, it had some 45 weekly flights arriving from three destinations. According to the Asia Foundation’s Taking Flight report⁹, the infrastructure is capable of handling 766,500 passengers per year. This is well above the level of international visits of 200,000 international tourists per year by 2030 as envisaged by the government. Whereas, the Asian Development Bank (ADB) estimated that future demand for passengers at Dili airport might reach 400,000 by 2030. Noting these goals were prior to the COVID-19 pandemic. However, the long-standing issue with Dili airport is its short runways, which cannot accommodate long-range aircraft (i.e., larger than the current services of Airbus A319 and Boeing 737-400). The terminal capacity is another current limitation for expansion given that the original airport design was as a smaller-scale domestic airport.

Looking beyond Dili Airport, there has been a discussion about promoting Baucau airport to be the main international gateway due to its long 2,500-meter runway capable of servicing larger aircraft, although it has been unused for civilian traffic since 1975. However, stakeholders believe that the Baucau airport is suitable as a hub for military, cargo (excluding cargo carried on passenger flights), and maintenance services in addition to the capacity carried out at PNLIA. As for other domestic airstrips, they are generally in poor condition and lack air traffic control and maintenance capacity.

Key Issues

The Asia Foundation’s Taking Flight report identified the following areas of improvement for the aviation sector. It is important to note that some of the recommendations (such as infrastructural improvement and increased capacity and frequency of flights) also align with stakeholders’ perspectives.

Key Issues	Explanations
Infrastructural improvement	<p>There is huge potential to improve the conditions of the airports. In particular, at DIL, the runway needs to be maintained and requires fencing, sealing, and grading for safety measures.</p> <p>The runway needs to be wider to provide a further safety margin for landing aircraft, given how windy Timor-Leste is. Additional lighting for landing is required as currently, DIL can only operate during daylight hours. The air traffic control system is also basic, thus aircraft can only operate under VFR (Visual Flight Rules). This could potentially be resolved if the Oecusse airport could expand its use as the main hub to more international destinations, particularly given its more recent development, control tower, and runway capabilities.</p> <p>A taxiway at DIL would decrease delays on the runway.</p>
Immigration processes	The process of immigration needs to be improved for faster processing.
Increase capacity and frequency of flights	The lack of capacity is also a serious bottleneck for the domestic aviation market as international air transport to and from the country is wholly dependent on privately-owned foreign airlines. This limits flexibility, making existing small-scale and charter flight services in the domestic aviation market too expensive for most Timorese.
Make informed decisions	During the stakeholder interview, it was mentioned that some development (especially involving the design of the runways) needs to be consulted with the air operators to ensure usability and return on investment. For example, the recent upgrade of a runway at Suai Airport was done without consultation with the main operators. It was extended in a direction where it cannot be used efficiently by pilots during landing.

9 Sakai, Tatsuo. (2017). “Taking Flight: Analysis of Timor-Leste Civil Aviation and Recommendations). The Asia Foundation.

Land Transportation



As of 2018, 70% of the national and district roads were in poor condition.¹⁰ However, since 2015, there have been several road construction, upgrade, and rehabilitation projects funded by the Asian Development Bank (ADB), Japan International Cooperation Agency, and the World Bank to accommodate more vehicles and transport loads. Some of these routes also help improve accessibility to major tourist destinations. The key tourism routes are as follows:

- Route 1, 2 5: Dili – Balibo [Completed 39 km]
- Route 4: Baucau – Ossa
- Route 5: Baucau – Lautem [Completed 81 km]
- Route 6: Dili – Baucau [Complete 56 km, Ongoing 49km]
- Route 8: Dili – Maubisse – Ainaro [Completed 87 km] [Ongoing 23 km]



¹⁰ The Asian Development Bank. (2018). 'Timor-Leste Transport Operations'. The Asian Development Bank.



More recently, in 2019, the Timor-Leste Branch Roads Project (TLBRP) was commissioned to further improve some additional routes through the Gleno–Maubisse corridor.

While stakeholders have observed the improvement in road conditions in the past few years, there are still some issues remaining. Examples raised by stakeholders include the presence of road depressions along the road from Dili to Maubisse and from Baucau to Lautem. It was also stated that roadwork should be extended to certain sections of the main national roads to increase site accessibility (e.g., Maubisse-Hatobuilico).

Poor road conditions are one of the main deterrents to regional tourism dispersal. For example, a drive to Jaco

island can take up to 8 hours for a 180-kilometer distance. This has prevented some travelers from taking a road trip in that direction due to the time consumed. It also affects travelers' confidence in their safety, especially during the rainy season. For those who venture out, they may end up paying a high travel cost as rental companies usually advise travelers to rent a 4WD with a driver to avoid liabilities.

Improved road services will not only help disperse travelers to regional areas, it is also of great importance to access services to the whole supply chain for an efficient economy. There is also a requirement to develop proper rest areas on long routes for travelers to rest and refresh, which can potentially generate more income in some rural areas.

Private Transportation Vehicles

Taxis

Taxis are available in abundance and are in high demand. City fares vary between USD 2-5, depending on the distance. The yellow taxis are known to be expensive. Fares need to be negotiated prior to travel; and travelers may often end up being ripped off. In contrast, the blue taxis provide a more consistent quality of service with English-speaking drivers. They are metered and equipped with air-conditioners. However, taxi fares in Dili can be quite expensive for a day's hire. One day's rental usually costs 2.5 times as much compared to a similar taxi service in Bali.

Rental Cars

There are approximately 5 rental car companies, and most offer a rental-with-a-driver option. Only a few companies, such as RentLo offer an option for customers to drive themselves. Based on an interview with a rental car company, it was estimated that 35% of rental bookings are made by tourists annually. Rental cars are charged daily and could cost around USD 90-150 per person per day to go outside Dili. Travelers will also have to pay an extra USD 25 for insurance. When traveling to Mt. Ramelau, renting a car is a popular option for travelers.

Motor Bikes

Motorbike rentals are available for both short or long-term adventure trips. Bike hire costs approximately USD 15-20, more expensive than other destinations like Bali (USD 5).¹¹

Public Transportation

The public transport sector is mostly owned by private organizations but is regulated by the government. The standards at present have not yet met the international quality or safety standards. The timetable is often unreliable, with no information boards or ticketing offices. Therefore, it is often easier for travelers to take taxis as the main mode of transportation.

The following summarizes available land transportation options:¹²

Buses

Buses run mainly inter-district from Dili. However, buses in Timor-Leste are more like minivans. In theory, there are 3 bus terminals: Taibessi Bus Terminal (to Maubisse, Same and Suai), Becora Bus Terminal (eastward direction including Baucau and Lospalos), Tasi Tolu Bus Terminal (westward direction including Ermera and Maliana). However, these "bus stations" are simply meeting points without proper facilities (e.g., ticketing offices, information boards, waiting areas). The key challenge for travelers is the lack of fixed timetables. Buses can choose to leave when full or take different routes. Fares are paid directly to the driver.

Microlets (small mini-busses)

Microlets or mini-busses have fixed routes and can be an affordable option (USD 0.25) to travel a short distance around town. However, they are not as popular as the main transportation mode for travelers.

¹¹ "10 Rules for Scooter Rental in Bali" – Scooter Rental Guide <https://www.baliholidaysecrets.com/renting-scooter-bali/> (Accessed 22 April 2021)

¹² JICA, The Project for Study on Dili Urban Master Plan, Final Report, October 2016

Marine Transportation



Currently, there are two public ferry services available between Dili and Oecusse (operating twice a week on Monday and Thursday), with a weekly stop at Atauro Island. The only vessel servicing this route, the Berlin Nakroma, has a capacity of 300 passengers and is often congested due to high demand. Otherwise, Dragon Star Shipping, a private operator, can be another option for the Dili-Oecusse route. It has been reported that the Dili-Oecusse-Atauro Island route may be supported by additional vessels in the future. In November 2019, the government signed a procuring contract for a new roll-on/roll-off passenger (RoPax) Ferry 6716, expected to be in operation by 2021. Potentially, this new vessel will service the extension between Dili and Com.

The Dili-Atauro Island leg operates once a week, departing from Dili to Atauro Island in the morning (approximately 8-9 am) and returning to Dili on the same day. The cost ranges from USD 4-13, depending on ticket class. Due to the informal ticketing process (i.e., no ticketing infrastructure or online booking facility), the absence of a timetable board, unreliable schedules, and chaotic

boarding, travelers can often be left with confusion. Generally, it is advised to check at the jetty a day before the planned departure to ensure the correct timetable.

Stakeholders commented that the accessibility to Atauro Island has become more restricted. Travelers who opt for a public ferry will need to spend at least a week on Atauro Island due to limited ferry schedules. In addition, the numbers of private ferry and boat services have decreased, with Compass and Laju Laju Ferry (operated by Dragon Fast Boat) reported to have ceased their services since 2019.

Currently, there are two private operators running Dili-Atauro Island services:

- M.V. Atauro (known as Kevin's boat): Service is twice a week at a price of USD 34-45 (one-way). However, no clear schedules have been advertised.
- Beloi Beach Hotel: Service is daily at a price of USD 45 (one-way). A ferry ticket is also bundled in the accommodation package deals.

Seaport Facility

A seaport facility is of great importance for travel and tourism.

Dili Port is the main port of arrival. At the time of this report, the new deep-water port, Tibar Port, is under construction, with a plan to complete its first phase in December 2021. It is planned that, once in operation, all cargo activities will be moved away from Dili Port. The recent major investments at Dili Port included the JICA-funded Project for Urgent Relocation of Ferry Terminal in Dili Port (2016-2019), which constructed a new 100-meter long by 20-meter-wide jetty with two berths for ferries in the western part of the port. The government is investigating the potential of transforming the eastern part of the wharf at Dili Port into a special port for cruise vessels, given its accessibility to the Dili city center and travel agencies. In its current state, the passenger terminal building is in poor condition and may need major renovations to receive cruise ship passengers.¹³

The creation of a new port at Suai is part of the large-scale development plan envisaged on the south coast. The development of the port is envisaged to serve as a refinery, LNG plant, supply base, and airport.

Kairabera Port has deteriorated to the point where it is no longer in use.

Com Port primarily provides water supply to fishing boats.

Generally, the population is sparse in Timor-Leste, and major industries and infrastructure are yet to be developed around the local ports of Timor-Leste. Local access to ports and infrastructure requires further development.¹⁴

¹³ JICA, Data Collection Study on the Port Sector in Timor-Leste, Final Report, January 2014.

¹⁴ JICA, Preparatory Survey on the Project for Urgent Shift on Ferry Terminal in Dili, Final Report, April 2016.

02.

DEMAND
ANALYSIS

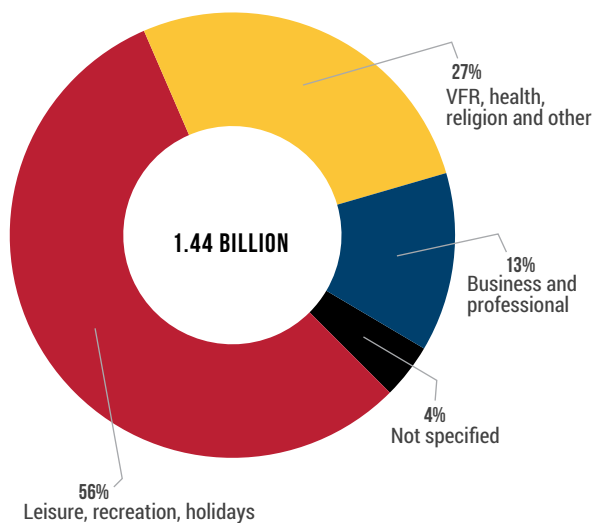


Global Outbound Tourism Pre-COVID 19

According to the data reported by destinations compiled by UNWTO, the global tourism industry (overnight visitors) has grown steadily since 2010, with an average annualized rate of 5.0%. In 2019, global visitor arrivals recorded a year-on-year growth of 4.2%, which was below the 10-year average. However, this growth still outpaced the world's economic growth rate of 3.2%. Leisure travel is the main purpose of travel. The share has grown from 51% in 2010 to 56% in 2018.

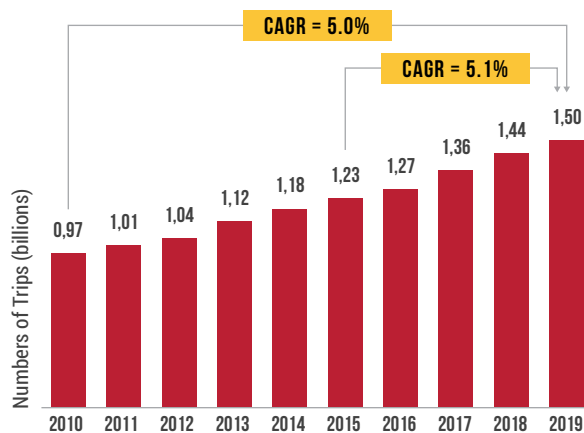
While representing the most significant proportion in tourism demand, Europe witnessed a dampened demand in 2019, following the global economic slowdown and the collapse of several low-cost airlines. However, the region still managed to grow healthily throughout the decade, especially with a demand for tourism in France. Asia and the Pacific showed the most promising outlook in 2019. The region has remained the second-largest demand, while also boasting an above-average annualized growth in the last 10 years.

PURPOSES OF TRAVEL, 2018



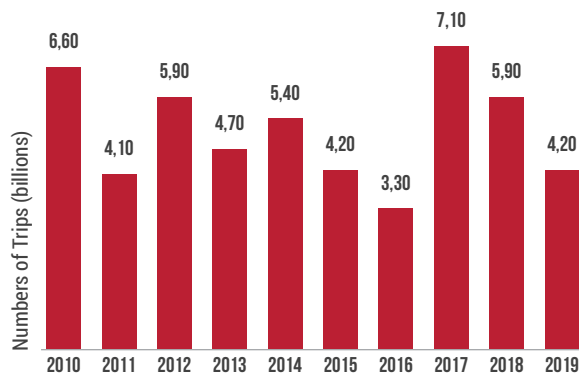
Source: UNWTO

GLOBAL INTERNATIONAL TOURISM, TOTAL ARRIVALS, ALL TRAVEL PURPOSES

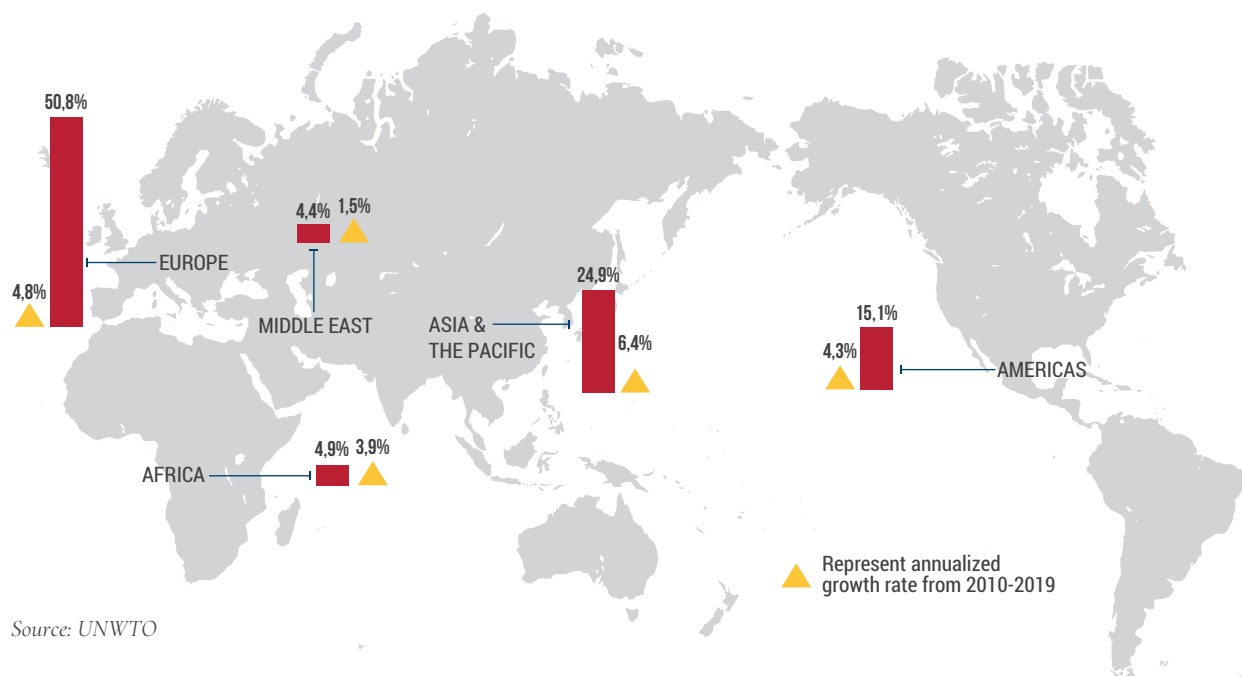


Source: UNWTO

GLOBAL INTERNATIONAL TOURISM YEAR-ON-YEAR GROWTH TOTAL ARRIVALS, ALL TRAVEL PURPOSES



SHARE OF INTERNATIONAL VISITOR ARRIVALS BY REGIONS, 2019



Within Asia and the Pacific, Southeast Asia was put in the spotlight, receiving 139 million visitor arrivals in 2019, (second only to Northeast Asia with 172 million visitor arrivals). It recorded an impressive annualized growth rate of 7.8% between 2010-2019 and 7.8% year-on-year growth in 2019. This is among the highest growth in the world.

Before the COVID-19 pandemic struck in early January 2020, the UNWTO was positive about the outlook of the global tourism industry, forecasting a growth of 3% - 4% in 2020.

Source Markets

On a global level, China led as the largest key source of international tourism in 2018, taking a 10.4% share. In addition, China also exhibited the highest annualized growth compared to other source markets in the top 10. Other important source markets include Germany (7.5% share), the USA (6.4%), Hong Kong (6.4%), and the United Kingdom (4.9%).

The total number of departures that people make from their country of usual residence to any other country for any purpose (top 10) is illustrated below:¹⁵

Market	Share	Departures in 2018 (Million departures)	Annualized Growth Rate (2010-2018)
China	10.4%	150	12.7%
Germany	7.5%	109	3.0%
USA	6.4%	93	5.3%
Hong Kong	6.4%	92	1.1%
United Kingdom	4.9%	70	3.4%
Russia Federation	2.9%	42	0.8%
Italy	2.3%	33	2.1%
South Korea	2.0%	29	11.0%
Ukraine	1.9%	28	6.2%
France	1.9%	27	0.9%

¹⁵ UNWTO and The World Bank Group database

Inbound Tourism to Southeast Asia

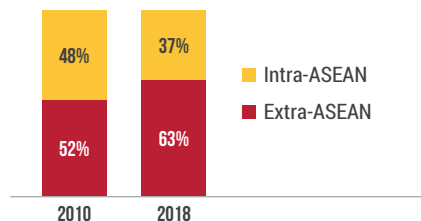
During the fieldwork, some stakeholders suggested that Timor-Leste can potentially look to attract tourists who are already traveling to the Southeast Asian region. This section investigates the past international tourism demand and dynamics to set the context.

ASEAN (Associations of Southeast Asia Nations) is continually working towards promoting Southeast Asia as a single tourism destination. With the official integration of AEC (ASEAN Economic Community) in 2015, the 10 member states¹⁶ further seek deeper cooperation in developing the region, in which tourism has been identified as one of the priority industries. In conjunction, ASEAN launched the ATSP 2016-2025 (ASEAN Tourism Strategic Plan), with the vision of becoming a quality tourism destination, offering a unique and diverse ASEAN experience, while also committing to responsible, sustainable, inclusive, and balanced tourism development. The ATSP 2016-2025 articulates its two strategic directions:

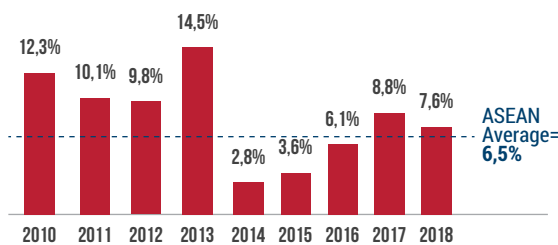
1. To enhance the competitiveness of ASEAN as a single tourism destination. This strategic direction encompasses strategic cooperation in several areas, such as marketing & promotion, product diversification covering multi-ASEAN destinations, as well as investments in infrastructure and human capital.
2. To ensure that ASEAN tourism is sustainable and inclusive. This strategic direction focuses on ensuring responses to environmental protection and sustainable management of tourism sites.

The Southeast Asian tourism market (hereinafter referred to as 'ASEAN' for analysis purposes) has experienced impressive tourism growth to become one of the most sought-after tourism destinations. In 2019, the region received a total of 139 million visitor arrivals from all over the world. When compared to other regions within Asia-Pacific, ASEAN is the second largest in terms of

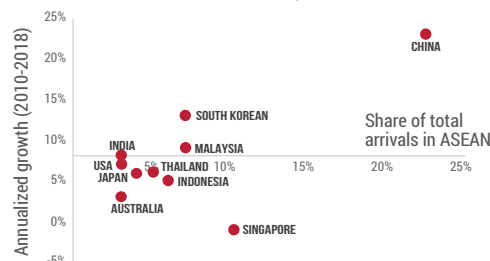
SOURCE MIX OF VISITOR ARRIVALS TO ASEAN [ALL TRIP PURPOSES]



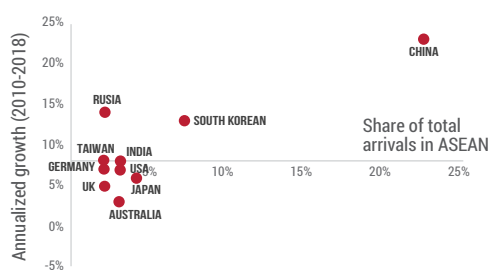
YEAR-ON-YEAR GROWTH OF VISITOR ARRIVALS TO ASEAN [ALL TRIP PURPOSES]



TOP10 SOURCE MARKETS TO ASEAN MEMBER STATES, ALL TRIP PURPOSES, 2018



TOP10 SOURCE MARKETS TO ASEAN MEMBER STATES, EXCLUDING ASEAN MEMBER STATES, ALL TRIP PURPOSES, 2018



Source: ASEANStats, WTO

both numbers of visitor arrivals (behind Northeast Asia) and historic growth (behind South Asia). The majority of international arrivals come from inter-regional visitors, which grew at a compound rate of 10.4% from 2010 to 2018. This growth is well-above ASEAN's average annualized growth rate of 7.9% for the same period.¹⁷

¹⁶ ASEAN 10 Member States include Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, The Philippines, Singapore, Thailand, and Vietnam

¹⁷ ASEANStats; Visitor Arrival Statistics

Overall, China is the most important source market. In 2018, the number of Chinese visitor arrivals reached 29 million trips, posting the highest annualized growth of 23.4% compared to other source markets by a significant margin. Other notable source markets (intra-region) include Singapore, Malaysia, Indonesia, and Thailand. If excluding non-ASEAN source markets, Asian countries are the primary sources of visitors. China, South Korea, Japan, and India are among the markets with comparatively high visitor inflows into the ASEAN region.

Based on stakeholder interviews, it is worthwhile to look at the arrival profiles of Bali. There is a potential to target source markets traveling to Bali by positioning Timor-Leste as one of the destinations on their itineraries.

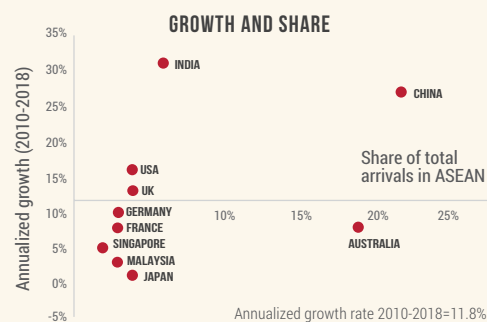
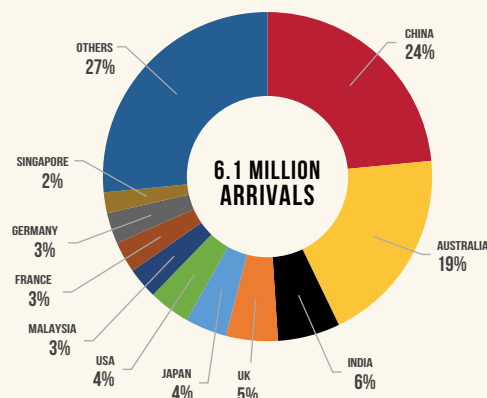
Previous visitors to Bali and Timor-Leste viewed the two destinations as incredibly different, yet complementary to a trip. The major selling points for Timor-Leste were its natural tourism assets and “untouched” perception, which were seen as a contrast to Bali’s “touristy” developments.

Destination: Bali, Indonesia

Bali is among the most popular destinations in Southeast Asia and perhaps one of the closest major tourist destinations to Timor-Leste. Made famous for its natural attractions, cultural richness, five-star resorts, and countless entertainment options, Bali has consistently been ranked among the top 5 destinations in TripAdvisor’s Travel Choice Award. In 2018, Bali received 6.1 million visitor arrivals, growing at an impressive annualized rate of 11.8% from 2010.

Throughout its tourism development, Bali has continued to attract visitors from many corners of the world. In 2018, visitors from China and Australia made up over 40% of the total visitor arrivals. It has also witnessed enormous growth in visitors from China and India in the past few years. In 2007, China was ranked number six as a source market before soaring to number one in 2017 and is now expected to hold the top position for a long time.

TOP10 SOURCE MARKETS TO BALI, ALL TRIP PURPOSES, 2018



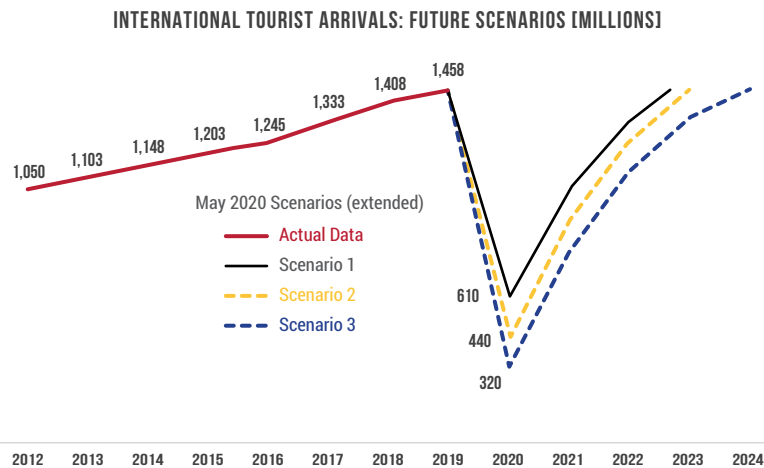
Source: Bali Hotels Association

The numbers of visitors from the US and the United Kingdom also grew slightly above the average rate, slowly taking share from the legacy markets like Australia. Bali has also maintained its popularity as a short-holiday destination for neighbours in ASEAN, such as Malaysia and Singapore.

According to a local news article in 2015, citing a survey done by the Bank Indonesia Bali branch, the quality of visitors had been on the decline. Tourists stayed in Bali for an average of 7.7 days, compared to 8.2 days in 2014. Australian and American tourists recorded a longer stay of approximately 9 days, while Malaysian tourists stayed in Bali for a mere 5 days.

The level of tourist expenditure had also declined to USD 126 per day in 2015, down from USD 190 per day in 2014. American and Malaysian tourists were among the top spenders, each spending around USD 170-190 per day. Meanwhile, Singaporean tourists were among the lowest spenders, spending only USD 91 per day. In 2015, the largest expenditure items were accommodation (27%), food and beverages (19%), and shopping (15%).

Impacts of COVID-19 on the Global Tourism Industry



Source: UNWTO

Global tourism has been one of the most severely and immediately impacted sectors by COVID-19. Since the reduction in travel and the enforcement of various restrictions, the entire industry, from aviation to local transport, accommodation, food, attractions, tour operators, and agencies, has ceased almost overnight.

Not only are the major tour operators, airlines, and hotel chains being devastated, so too are the small and medium-sized enterprises; these local operators are at the greatest risk of failure.¹⁸

Since the pandemic hit the world in early January 2020, the infectious disease has forced many countries to shut down their borders in the hope of containing the viral spread. This has had a direct negative impact on the numbers of international arrivals, which plunged by 65% in the first half of 2020 over the same period in 2019. This cost a loss of USD 1.3 trillion in the world's export revenues.¹⁹

In the second half of 2020, there has been a gradual reopening of borders. As of September 1, 2020, 115 destinations were easing their international travel restrictions.²⁰ The UNWTO further investigated that, despite the attempt to expedite the tourism recovery, it is anticipated that the industry will likely post a 70% decline in arrivals in 2020. It could take approximately 2.5–4 years to recover to the level of 2019. The following illustration was extracted from the UNWTO Tourism Barometer Report in August/September 2020xlix to demonstrate the most up-to-date recovery scenarios.

Until early 2021, Timor-Leste was a global success story in the fight against the COVID-19 pandemic. The country had identified just 31 COVID-19 cases and reported zero casualties by mid-December 2020.

¹⁸ World Bank (2020). Rebuilding Tourism Competitiveness: Tourism Response, Recovery and Resilience to the COVID-19 Crisis. World Bank, Washington, DC. <http://hdl.handle.net/10986/34348>

¹⁹ UNWTO. (2021). 'World Tourism Barometer' (Volume 19, Issue 2, March 2021). UNWTO.

²⁰ UNWTO. (2021). 'COVID-19 Related Travel Restrictions. A Global Review for Tourism. UNWTO.



Taylot Brandon/unsplash.com

This success is remarkable given the small-scale scope of Timor-Leste's relatively basic healthcare system.

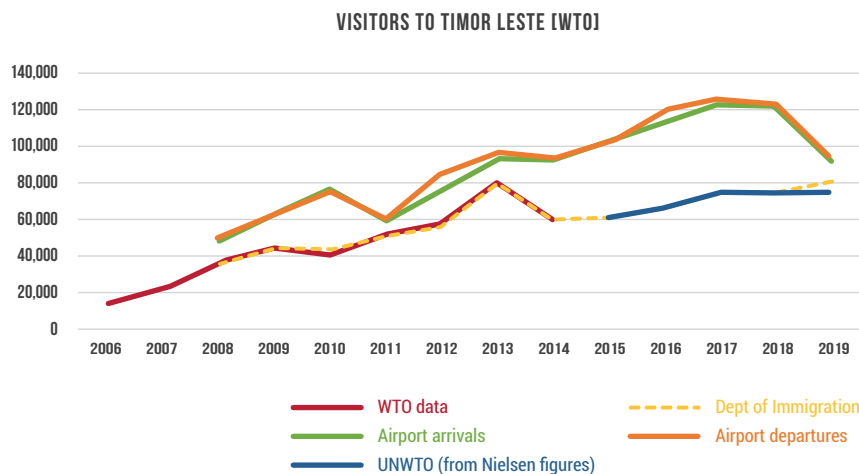
Timor-Leste's success stems primarily from the severe restrictions imposed on contact with international travelers. From early March 2020, commercial flights were banned, and land borders with Indonesia were also closed, in addition to enforcing a mandatory 14-day quarantine was introduced for those few who entered the country. While this response is commendable, the drop in international travelers has reduced international tourism to a standstill.²¹

In 2021, however, the Integrated Centre for Crisis Management has reported a total of 7310 COVID cases and 16 casualties until May 2021. As at the end of May 2021, COVID-19 remains a serious health risk, with surging infection numbers placing the health system under pressure and putting Timor-Leste into a state of emergency.

The government's response has been to ramp up vaccination rates (up to 60,000 vaccines have been given) in addition to containment measures like lockdowns in Dili and isolation zones in several municipalities.

²¹ East Asia Forum (2020). 'Timor-Leste's COVID-19 success and sweeping political change'. <https://www.eastasiaforum.org/2020/12/24/timor-lestes-covid-19-success-and-sweeping-political-change/>

Tourism Demand in Timor-Leste



Current view of Timor-Leste's tourism

The most current information available shows that there were around 75,000 visitors to Timor-Leste, including tourists and business travellers in 2017 and 2018. In 2019, data showed 75,000-81,000 visitors to Timor-Leste (Timor-Leste Statistics shows around 81,000 visitors, while UNWTO data shows 75,000 visitors). The following shows a time series of visitors to Timor-Leste from the available data.

Statistics in 2020 show arrivals in the first quarter of 2020 were down compared to that of 2019 during the same period, and then essentially no international arrivals since due to COVID-19's impact on travel.

Aeroporto Internacional Presidente Nicolau Lobato also provides arrival results (by month from August 2018 to December 2018 inclusive and quarterly totals from Timor-Leste Statistics). This data shows around 120,000 total passenger arrivals per annum, though it does not separately identify non-resident arrivals nor by travel purpose (i.e., holiday, VFR, business, etc.).

Types of Travel (Business, VFR, Holiday)

International visitors

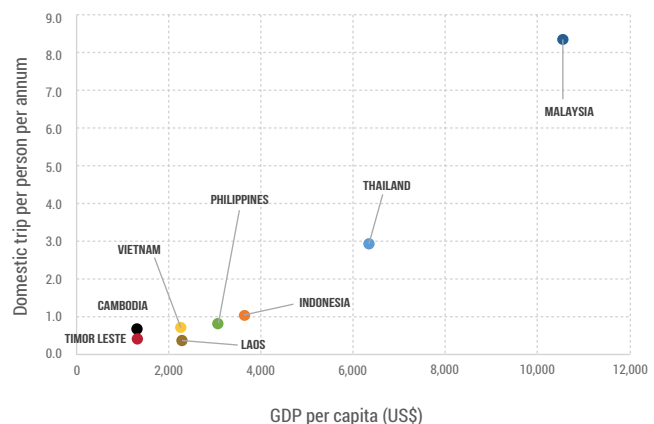
The published visitor statistics include all foreigners visiting Timor-Leste without recognition or classification of whether they are there for holiday, leisure, recreation, personal, or business purposes. Existing data only allows for an estimate of the breakdown of these traveler groups. The Asia Foundation's 2017 Survey of Travelers to Timor-Leste provides an estimated breakdown of visitors by the purpose of their visit. Integrating the UNWTO inbound arrivals and the Asia Foundation's Survey of Travelers to Timor-Leste, the below travel estimates have been generated.

Year	Total Overseas Travelers	Tourist Travelers (Leisure, VFR, Holiday-makers)	Business Travelers
2010	43,447	18,049	25,398
2011	50,297	23,815	26,482
2012	55,839	28,588	27,251
2013	77,868	49,220	28,648
2014	59,811	30,535	29,276
2015	61,590	31,277	30,313
2016	65,642	34,632	31,010
2017	73,837	42,533	31,304
2018	74,661	43,027	31,634
2019	80,758	48,201	32,557

Domestic Tourism

Domestic tourism has been promoted in 2020 as a strategy to stimulate tourism demand as international tourism was shut down by the COVID-19 pandemic. The general sentiment of some stakeholders around domestic tourism is that there is an opportunity to develop domestic tourism. However, the return is expected to be low as the majority of Timorese have low disposable income. When traveling, they tend to stay with family or friends and purchase their own food instead of dining out at restaurants. Generally, these trips last about two days each, usually weekends or public holidays.

There is limited information on the domestic tourism level within Timor-Leste. The World Bank has compared levels of domestic tourism by average per capita GDP with countries similar to Timor-Leste. There is a clear relationship between wealth and domestic levels of travel.



Timor-Leste has a similar GDP per capita to that of Cambodia -- around USD 1,300. There are around 60 domestic trips taken for every 100 people in Cambodia. However, Cambodia is a much larger country with a population almost ten times larger (11 million compared with 1.3 million). Laos is a richer country, with a GDP per capita of USD 2,300 but with a more comparable population of 2.8 million people. Laotians take 30 domestic trips per 100 people each year.

Another regionally comparable destination would be Papua New Guinea, where estimating using the above data gives an estimate of 17 in 100 people in Timor-Leste taking a domestic trip each year, or approximately 200,000 per annum. This level of domestic travel is feasible compared to the peer nations highlighted above. However, Timor-Leste is smaller in population and GDP per capita than those of the examples above. Therefore, it stands to reason that there is less domestic travel activity.

If assuming on average each domestic trip costs 2% - 4% of the per capita GDP in line with comparative markets (i.e., around USD 25-50 spent for each domestic trip), this suggests that domestic tourism adds around USD 5-10 million to the economy.

Please note that the above domestic travel statistics include day trips and domestic business trips. The breakdown between various types of domestic trips is not readily available for all countries, so it is difficult to draw any firm conclusions.

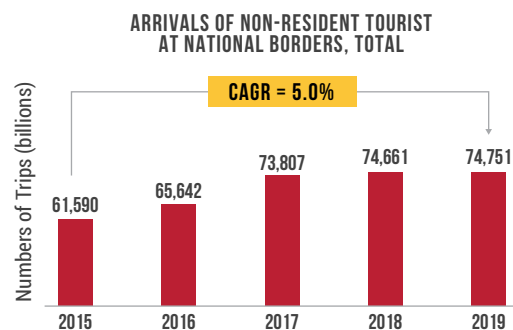
In summary, the World Bank estimates that tourism contributed the following revenue to Timor-Leste in 2019:

Visitor Spending

Primary Travel Purpose	2019 Contribution (USD mil)	Source
International Leisure	25	UN ESCAP ²²
Business	80	World Data ²³
Domestic	5-10	Estimates are only based on comparative markets
TOTAL	110-120	

Visitor Arrivals

According to the UNWTO database, the total number of non-residents arriving in Timor-Leste at the national border grew at an annualized rate of 5.0% since 2015 to reach a total number of 74,751 in 2019. Nevertheless, the number of non-resident arrivals has been fairly static since 2017.



Source: UNWTO

²² "Tourism Statistics in Timor-Leste" 2019 https://www.unescap.org/sites/default/files/timor-leste_tsa_9-11dec2019.pdf (Accessed 20 April 2021)

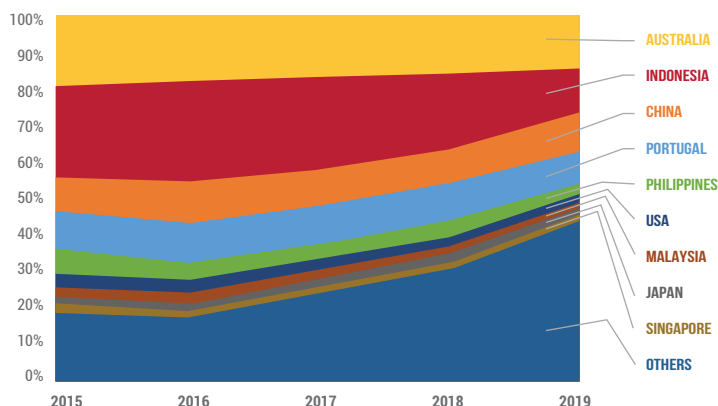
²³ "Tourism in Timor-Leste" 2019 <https://www.worlddata.info/asia/east-timor/tourism.php> (Accessed 15 April 2021)

Key Source Markets

For all travel purposes, Australians, Indonesians, Chinese, and Portuguese were the top source markets in 2019, accounting for 45% of the total arrivals. When looking at the statistics over time, Indonesia and Australia represented almost half of the total visitor arrivals in 2015. However, their share gradually declined to 26% in 2019. This indicates that Timor-Leste has increasingly attracted a varied mix of visitors. Most notably, Timor-Leste has seen a continual growth of Chinese visitors since 2015 (7.5% annualized growth rate in absolute numbers of arrivals). During the same period, there was also an impressive increase in visitors from the United Kingdom, growing from a mere 86 in 2015 to 1,256 in 2018, before falling to 496 arrivals in 2019.

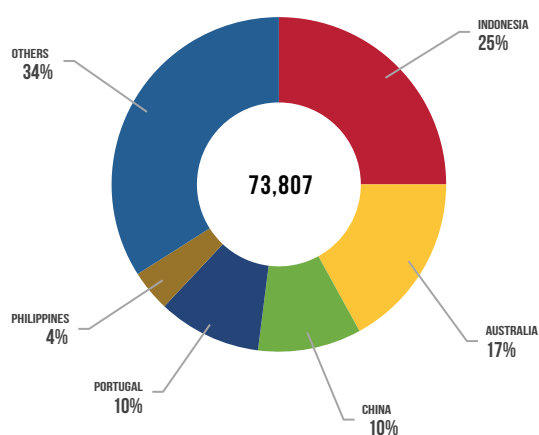
The Asia Foundation's Survey of Travelers to Timor-Leste helps provide insights on the approximate proportion of nationalities of travelers to Timor-Leste. Based on 2017 data, the survey reveals that Australia and Indonesia were the most important sources, accounting for over 70% of the total leisure travelers arriving in Timor-Leste.

SHARE OF ARRIVALS OF NON-RESIDENTS BY NATIONALITY, TOTAL



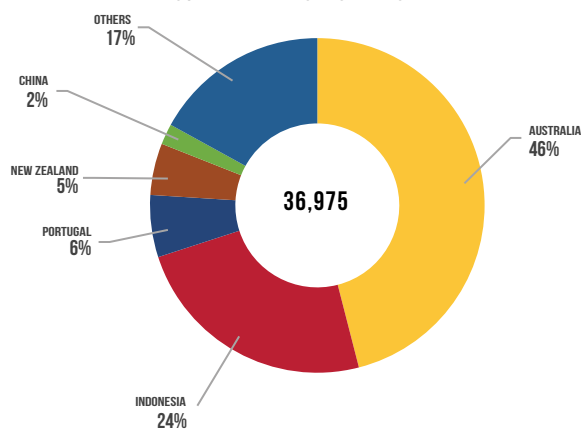
	Share in 2019	Share in 2015	CAGR ('15-19) (Absolute numbers of arrivals)
Australia	14.1%	19.0%	-2.5%
Indonesia	12.3%	24.7%	-11.9%
China	10.0%	9.1%	+7.5%
Portugal	8.8%	10.2%	+1.1%
Philippines	2.9%	7.0%	-15.8%
USA	2.3%	3.1%	-1.9%
Malaysia	1.9%	3.0%	-6.6%
Japan	1.8%	2.2%	+0.2%
Singapore	1.5%	2.2%	-4.0%
Others	44.4%	19.5%	+28.8%
TOTAL	74,751	61,590	+5.0%

ARRIVALS OF NON-RESIDENT BY NATIONALITY (TOP 5), ALL TRIP PURPOSES, 2017



Source: UNWTO

ARRIVALS OF NON-RESIDENT BY NATIONALITY (TOP 5), LEISURE TRAVELERS (HOLIDAYS + VFR)



Source: The Asia Foundation, 2017 Survey of Travelers to Timor-Leste

Average Spend and Length of Stay

To date, the Survey of Travelers to Timor-Leste by The Asia Foundation is the most reliable source on average tourist spend and duration of their trips. Based on the report in 2014, the Asia Foundation investigated average spending on various items:

- Average spending on transportation was USD 151;
- Average spending on accommodation was USD 192;
- Average spending on leisure activities was USD 99;
- Average spending on food and food-related activities was USD 197.

The report concluded that an estimated average expenditure of a traveler visiting Timor-Leste was USD 638, with the average annual economic value-add by travelers totaled USD14.6 million in 2014. In 2017, the Asia Foundation survey updated the median trip duration among holidaymakers to 3 nights, and the median spend to USD 1,135 per trip.



Arthur Rachbauer/unsplash.com

Timor-Leste's Source Market Profiles

The following section investigates Timor-Leste's key source markets based on past statistics in greater detail to understand:

- Historical trends in outbound tourism (e.g., numbers of departures, purpose of travel, and destination share);
- Average spending and length of stay when traveling overseas;
- Traveling behaviors, preferences, current and future trends; and
- Growth potential for Timor-Leste.

The list of selective source markets was determined based on the estimation of leisure travelers by source markets done by the Asia Foundation in 2017. These countries include Indonesia, Australia, Portugal, New Zealand, Singapore, and China (which together made up 83% of total leisure travelers to Timor-Leste in 2018). The list also extends to Singapore due to its being identified as a potential source market to be prioritized (explained in detail at a later stage in this report).



Indonesia



Population **268 million**
 GDP per capita **USD 3,890**

Outbound Tourism

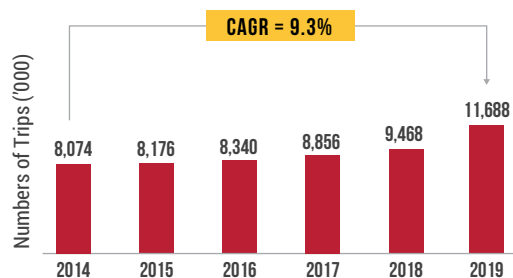
Overseas departures of Indonesians recorded a total of 11.7 million trips in 2019, registering a 9.3% annualized growth in the 5-year period. In 2018, over 80% of outbound departures were for a „personal“ purpose, which includes holidays and VFR. Unfortunately, the official source does not provide any further breakdown of the category. The growth in international travel has been contributed by the availability of affordable holidays in the ASEAN region, the rise of middle-class income earners, as well as more Indonesians working and studying abroad (which has lifted the number of Indonesians traveling overseas to visit friends, family, and relatives).²⁴

Asian destinations have been popular among Indonesians, with 8 of the top 10 being Asian destinations. In 2019, almost 70% of all Indonesian outbound trips were to Malaysia or Singapore. One of the main reasons is convenience' (e.g., proximity, cheaper airfares). However, there has been some increase in the trend of traveling to other Muslim countries for pilgrimage and cultural purposes, with cities such as Istanbul and Dubai growing in popularity. (-6% annual growth in pilgrimages since 2015).

Average Spend and Length of Stay

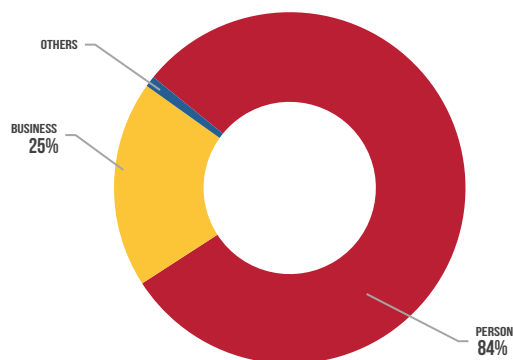
In 2018, the total overseas expenditure amounted to USD 10.3 billion, growing at a whopping rate of 24.4% when compared to 2017 (and only one-digit growth pre-2017). This is possibly driven by the rise of middle-class income earners in the past few years. Of the total overseas expenditure, 77% was spent on personal overseas trips such as holidays and VFR. The average cost of „personal“ trips stood at USD 1,000 per trip in 2018. For all travel purposes, Indonesians spent, on average, 6.5 days on their trips.

TOTAL DEPARTURES, ALL TRAVEL PURPOSES

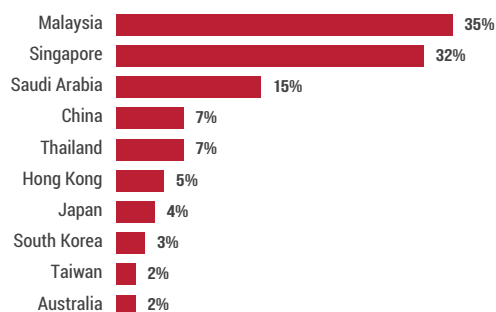


Source: UNWTO

DEPARTURES BY TRAVEL PURPOSES, 2018



TOP 10 DESTINATIONS, ALL TRAVEL PURPOSES, 2019



Source: UNWTO

²⁴ Indonesia Investments. (2018). 'Tourism Industry: Where Do Indonesians Go for Their Holiday?'. Available at: <https://www.indonesia-investments.com/news/todays-headlines/tourism-industry-where-do-indonesians-go-for-their-holiday/item8474> (Accessed 1 October 2020).

Traveling Behaviors, Preferences, and Trends

The peak travel seasons among Indonesians are May–July (during the Lebaran holidays and school holidays) and December (during the school holidays). Due to limited visa exemptions, the visa process can play a large part in destination selection. For example, young independent travelers prefer to travel within ASEAN or East Asia, where a visa requirement is not an issue.²⁵ Presumably, this is one of the key reasons why Indonesians prefer to travel domestically. According to a Mozilla survey²⁶ conducted in December 2019 among 501 Indonesians, roughly three-quarters prefer to travel domestically (e.g., Bali, Lombok, Yogyakarta) despite having enough budget for overseas travel. Indonesian travelers generally prefer to travel to a single destination for an immersive experience rather than hop from city to city.

When traveling overseas, Indonesian travelers, in general, enjoy shopping and nature. Data from Tourism Australia's Consumer Demand Project²⁷ published in 2016, revealed insights on key factors when selecting a holiday destination among Indonesian travelers. 'Safety and security' topped the chart, followed closely by 'world-class nature'. They also showed interest in 'aquatic and coastal' and 'clean cities and good infrastructure'. Therefore, unique nature can be a big drawcard to attract Indonesian travelers, but infrastructure can present a challenge to attracting this market.

Growth Potential for Timor-Leste

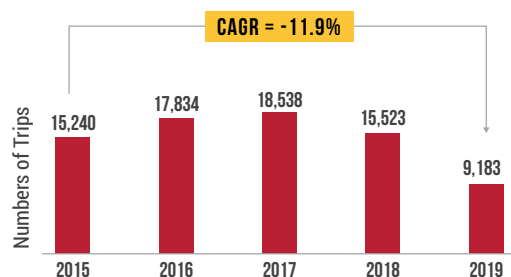
In 2019, the number of arrivals from Indonesia was 9,183. This is a 41% drop from the previous year. Over 2015–2019, the number of Indonesians arriving in Timor-Leste posted a negative 11.9% annualized rate and averaged 15,260 arrivals per year.

Stakeholder consultation revealed divided opinions as to whether Indonesia is a sensible target market for Timor-Leste.

One group of stakeholders believes that visitors from Indonesia present a good opportunity as a neighboring country. It is speculated that currently, most Indonesian visitors travel to Timor-Leste for business. Increasing development collaborations between Timor-Leste and other ASEAN Member States (including Indonesia) will continue to lead to a greater number of business travelers. For example, the Hilton Hotel, currently under construction, aims to capture Indonesian business travelers once it is in operation. In addition, there are opportunities for joint tourism with Indonesia under the concept of "One Island-Two Nations", which is expected to stimulate tourism demand into Timor-Leste from Indonesians.

However, there are opposing opinions. As Timor-Leste and Indonesia share similarities in terms of natural resources, the positioning of Timor-Leste as a "new and exciting" destination may not resonate well with Indonesian tourists. Another argument is that Timor-Leste will struggle to compete with other valuable destinations in Asia. Therefore, targeting Indonesians could prove to be a challenging and resource-intensive task. Nevertheless, there may be potential in some niche markets such as cultural tourism and adventure tourism (e.g., motorcycle tours).

TOTAL ARRIVALS OF INDONESIANS TO TIMOR-LESTE, ALL TRAVEL PURPOSES



Source: UNWTO

25 Pearson, Hannah. (2019). 'Indonesia Outbound Travel Profile'. Available at: [https://www.pearanderson.com/insights/Indonesia Outbound Travel Market Profile 2019.pdf](https://www.pearanderson.com/insights/Indonesia%20Outbound%20Travel%20Market%20Profile%202019.pdf) (Accessed 1 October 2020)

26 Mozilla. (2018). 'Five unique facts about Indonesian millennials' travel trends, do you also follow?'. Available at: https://medium.com/@mozilla_in_asia/five-unique-facts-about-indonesian-millennials-travel-trends-do-you-also-follow-98bb37ec0c9e (Accessed 1 October 2020).

27 Tourism Australia. (2017). 'Consumer Demand Project Fact Sheets: Understanding the Market'. Available at: <https://www.tourism.australia.com/content/dam/assets/document/1/6/x/9/w/2002676.pdf> (Accessed 1 October 2020).

Australia



Population **25 million**
 GDP per capita **USD 57,400**

Outbound Tourism

Overseas departures made by Australian residents recorded a total of 9.9 million trips in 2019, registering a 4.5% annualized growth in the 5-year period. In 2019, approximately 3 in 5 of all overseas departures (or 5.6 million trips) were holiday trips. This is a 3.9% annualized growth rate since 2015. The majority of travelers were in the age group of 50+ (40%), followed by the age group of 30-49 (38%).

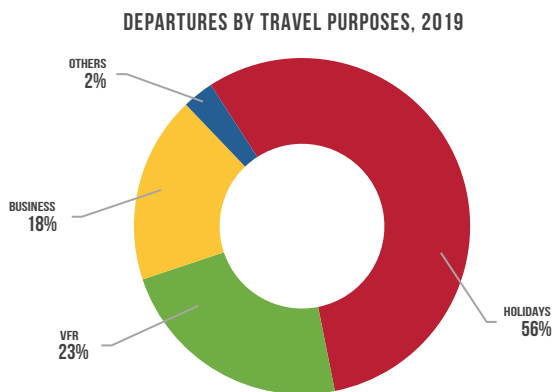
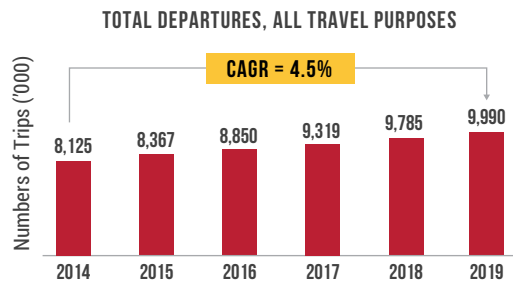
Outbound Destinations

Overall, popular holiday destinations among Australian residents in 2019 were Indonesia (18%), New Zealand (11%), and the USA (9%). However, when looking at a regional level, Asian destinations are more popular among holidaymakers (51%), followed by the Pacific region (18%) and Europe (17%). Among Asian destinations, Indonesia was the most popular destination, especially among the middle-aged (30-49). Thailand and Japan were the second-most popular destinations in Asia (7%). It is worth mentioning that 7% of Australian residents visited the Pacific region (excluding New Zealand) for holidays.

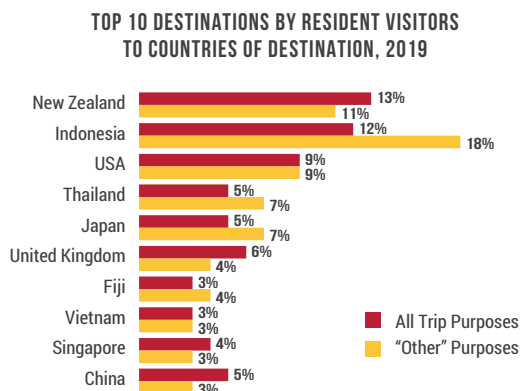
Average Spend and Length of Stay

When holidaying overseas, Australian residents spent approximately 17 nights and spent USD 5,320 on average.²⁸ The numbers decreased to 14 nights and an average of USD 3,420 when traveling to Asia, and 10 nights and an average of USD 3,210 when traveling to the Pacific region. While the expenditure breakdown of holiday trips was not available, there is an indication of how Australian residents spent when on short-term overseas trips based on expenditure items for all travel purposes. Most of the spending was on food, drinks, & accommodation (31%), followed by airfares (26%), and tours (18%). However, when traveling to the South Pacific Islands (excluding New Zealand), the spending mix changed with food, drinks, & accommodation leading to the spending

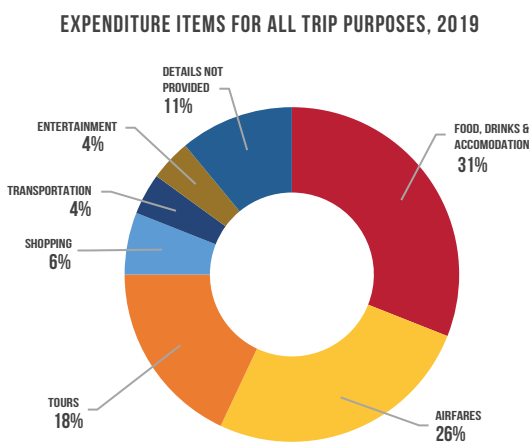
²⁸ 2019 average exchange rate 1 USD = 0.6954 AUD



Source: Tourism Research Australia



Source: Tourism Research Australia



Source: Tourism Research Australia

category (33%), followed by tours (32%), and airfares (17%). This is due to more affordable airfares to South Pacific Island destinations.

Traveling Behaviors, Preferences, and Trends

Based on Skyscanner’s Australia Travel Trends report in 2018,²⁹ the “appeal of exploring new destinations” is the main motivation for Australians to travel. To a lesser extent, Australian holidaymakers are also looking to “rest and relax” as well as to “enjoy authentic experiences” during their holidays. The same report also highlights top emerging destinations amongst Australians, including Colombia, Nepal, Turkey, and Myanmar. This demonstrates Australia’s thirst for culture and adventure.

However, we’re also seeing that Aussies are increasingly becoming more ‘culture vultures’ as they seek to fuel their desire for unique experiences across the world. Particularly, from the list of emerging destinations, we expect to see more travelers exploring unique destinations that shy away from the typical holiday favorites”.

Skyscanner’s Travel Expert (2018)

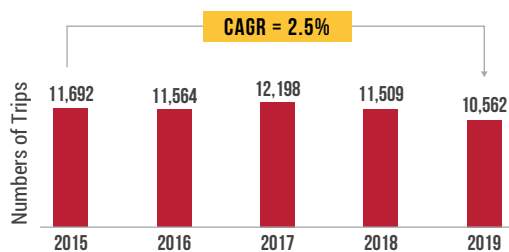
Growth Potential for Timor-Leste

In 2019, the number of visitor arrivals from Australia was 10,562. This is a slight decline at an annualized rate of -2.5% since 2015. However, the level of arrivals from Australia is fairly stable, averaging 11,510 arrivals per year.

Based on consultation with stakeholders, there is a consensus that Australia should be the primary target for Timor-Leste’s tourism due to the following reasons:

- Timor-Leste and Australia are in close proximity, with a short, direct Darwin-Dili flight route;
- Due to the historical tie between Australia and Timor-Leste independence, Timor-Leste can potentially create a historical narrative to attract more Australians;
- Australian travelers are looking for adventure and culture, which aligns with Timor-Leste’s tourism assets;
- Currently, there are tour groups (organized by high schools and universities) from Australia traveling for educational and religious purposes, as well as volunteer tourism. There is an opportunity to strengthen this niche market and propagate Timor-Leste as a unique destination;
- A key opportunity for inbound travel into Timor-Leste is as an add-on to a trip to the geographically close Indonesian tourism destination, Bali. Many Australians travel to Bali for holidays each year. There is a potential to add Timor-Leste to their holiday itineraries.

TOTAL ARRIVALS OF AUSTRALIANS TO TIMOR-LESTE, ALL TRAVEL PURPOSES



Source: UNWTO

²⁹ Skyscanner. (2018). ‘Australia Travel Trends Report 2018’, available at: <https://www.skyscanner.com.au/media/travel-trends/australia-travel-trends-report-2018> (Accessed 1 October 2020).

Portugal



Population **10 million**
 GDP per capita **USD 23,410**

Outbound Tourism

In 2019, overseas departures of Portuguese speakers recorded a total of 3.1 million trips (made by approximately 700,000 individuals). This represents a 13.1% annualized increase over a 5-year period. In 2019, three-fifths of all outbound departures were for leisure, recreation, or holidays.

For travel purposes, more than 80% of departures were to other European destinations. Spain and France were the main destinations, making up almost half of the outbound departures.

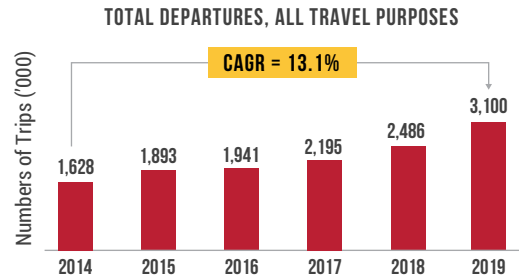
In 2019, Asia and Oceania accounted for only 3% (or 104,000) of departures. The share of Asia and Oceania as a destination has remained at 2-4% since 2010. Based on statistics provided by ASEANStats, 52,000 Portuguese arrived in ASEAN, a mere 0.04% of all ASEAN visitors compared to larger markets like the United Kingdom (2.3%), Germany (1.6%), and France (1.5%). Indonesia was the most popular destination, recording only 33,000 arrivals in 2019. Considering the large proportion of holidaymakers to the total outbound departures, it can be inferred that Asian destinations are not as popular among Portuguese travelers.

Average Spend and Length of Stay

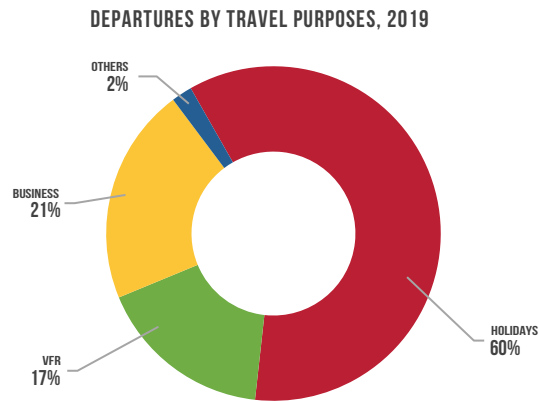
In 2019, the majority of all overseas trips (72%) were less than 7 nights. This is probably because more than 80% traveled to nearby European destinations.

Travelers spent on average USD 700 per trip for all trip purposes, and USD 790 per trip (and USD 120 per night) when holidaying.³⁰

The level of spending per trip while on holiday has grown at an annualized rate of 7.7% in the past 5 years.

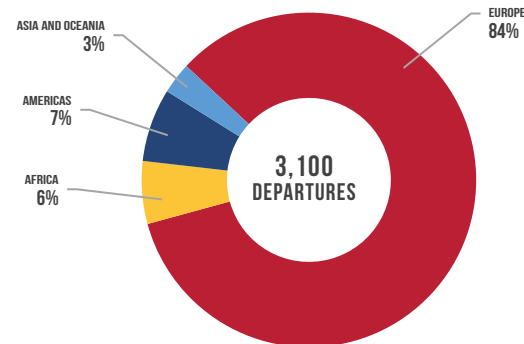


Source: UNWTO



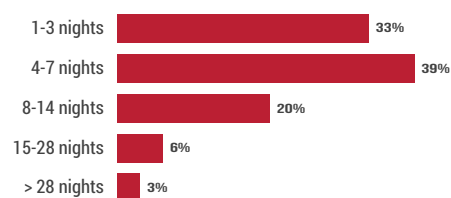
Source: PORDATA

DEPARTURES BY MAIN DESTINATIONS, ALL TRIP PURPOSES, 2019



Source: PORDATA

LENGTH OF STAY OF OVERSEAS TRIPS, ALL TRAVEL PURPOSES, 2019



Source: PORDATA

³⁰ 2019 average exchange rate 1 USD = 1.1199 EUR



Suganth/unsplash.com

Growth Potential for Timor-Leste

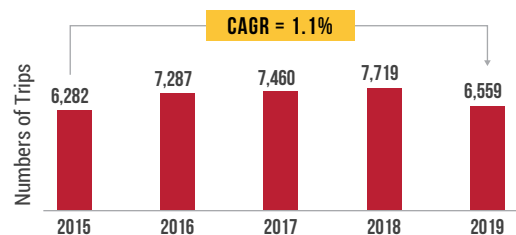
The number of arrivals from Portugal has remained largely stable, recording a total of 6,559 in 2019. This is a 1.1% growth over the period of 2015 to 2019. On average, there were 7,060 arrivals from Portugal each year.

Timor-Leste's rich colonial history and the use of Portuguese and Portuguese-based Tetun as official languages may lead some to believe that Timor-Leste could potentially leverage its cultural tie to amass Portuguese tourists. However, it is still debatable among stakeholders.

According to the Survey of Travelers to Timor-Leste by the Asia Foundation in 2014³¹, most Portuguese visitors come to Timor-Leste for either work or visiting family, friends, or relatives. The same perception persists among stakeholders. Portugal as a source market was rarely actively discussed. The key reasons cited by stakeholders are the country's remote distance from Timor-Leste and air connections.

Given the low figures of trips made to ASEAN, it was questionable whether the investment in destination marketing targeting Portuguese visitors would yield an adequate tourist base to grow Timor-Leste's tourism. Nevertheless, niche tourism segments such as cultural & heritage and religious tourism can potentially be the key segments if the Portuguese markets are to be developed.

TOTAL ARRIVALS OF PORTUGUESE TO TIMOR-LESTE, ALL TRAVEL PURPOSES



Source: UNWTO

31 Rajalingam, Gobie. (2014). '2014 Survey of Travelers to Timor-Leste'. (pp. 7-8). The Asia Foundation.

New Zealand



Population **5 million**
GDP per capita **USD 41,950**

Outbound Tourism

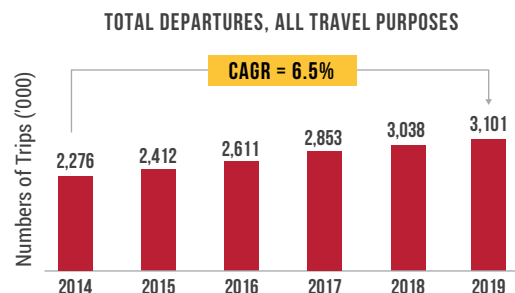
The total outbound departures by New Zealand's residents grew at an annualized rate of 6.5% from 2015 to reach 3.1 million trips in 2019. While the official source does not publish a detailed breakdown of overseas travel by purpose in 2019 (due to the change in data collection methodology in November 2018), 82% of all departures are for 'others' purposes (which presumably includes a significant proportion of holidays and VFR trips). However, there is an indication based on 2017 figures that 41% of outbound departures were for holidays, and 34% were for VFR.

Australia remained the most popular destination (for all trip purposes), taking the lead by a significant margin. Apart from the USA and the United Kingdom, New Zealand residents took off to destinations in the South Pacific Islands and Asia. The South Pacific Islands cluster took a 15% share (with Fiji, the Cook Islands, and Samoa being top destinations). Meanwhile, the Asia cluster accounted for 19% (with China, India, Indonesia, and Thailand being the popular destinations). When looking at destinations within the "other" purpose category (which predominantly consists of holidays and VFR trips), the same trend still holds true.

Average Spend and Length of Stay

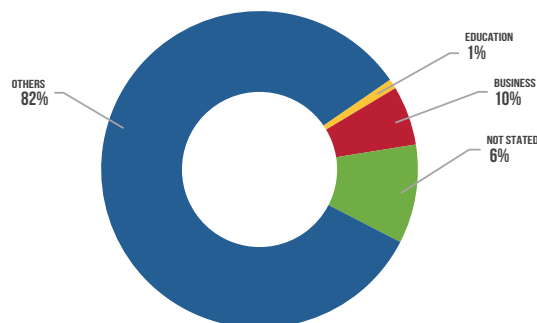
For personal trip purposes, the average cost per trip was estimated at USD 1,770 in 2018.

For all travel purposes, the median trip duration was 10 days in 2019. However, the statistics from the year 2017 provided a detailed breakdown of holiday trips. The median trip duration was 7 days when holidaying in the Pacific region (e.g., Australia, Fiji, Cook Islands) and approximately 12–14 days when holidaying in Southeast Asia.



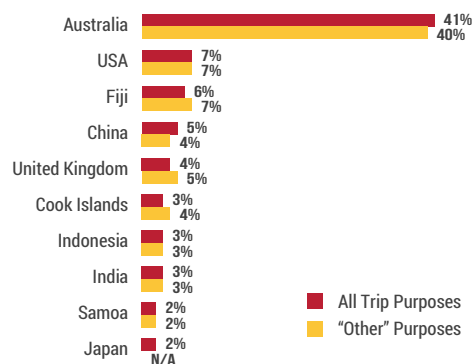
Source: UNWTO

NEW ZEALAND-RESIDENT TRAVELER ARRIVALS BY TRAVEL PURPOSES, 2018



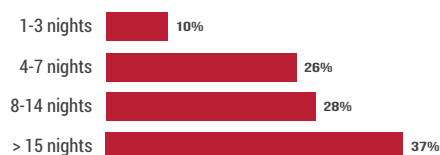
Source: Stats NZ Tatauranga Aotearoa

TOP 10 TRIPS ABROAD BY RESIDENT VISITOR TO COUNTRIES OF DESTINATION, ALL TRIP PURPOSES, 2019



Source: Stats NZ Tatauranga Aotearoa

LENGTH OF STAY OF SHORT-TERM TRAVELERS, ALL TRAVEL PURPOSES, 2019



Source: Stats NZ Tatauranga Aotearoa

We know that Kiwis are increasingly considering Asia and Europe for their holidays and traveling to destinations like Hanoi, Phnom Penh, Istanbul and Frankfurt more frequently

Kenny Teo, General Manager NZ,
Singapore Airlines (2019)

Traveling Behaviors, Preferences, and Trends

The peak travel seasons among New Zealand residents are July, September, and December.

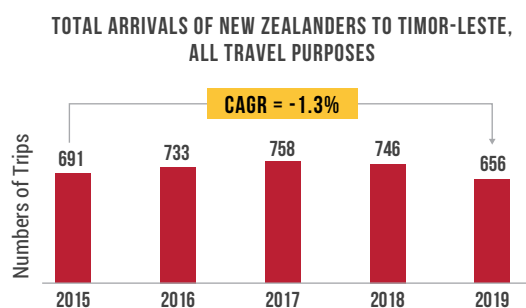
Data from Tourism Australia's Consumer Demand Project³² published in 2016, the study revealed insights on key factors for selecting a holiday destination among New Zealand travelers. 'safety and security' and 'value for money' emerged as the top factors, followed by 'rich history and heritage', 'friendly and open citizens', and 'good food and wine'.

In 2019, Skyscanner released the New Zealand Travel Trend Report 2018,³³ highlighting that over 90% of New Zealanders were driven primarily by 'exploration' and 'relaxation', and to a lesser extent 'authentic experience'. This suggests that, while Australia has traditionally been the favorite destination, New Zealanders are increasingly looking to explore new destinations rich in cultures. Regarding travel parties, New Zealanders prefer to travel with their partner or family, while more than two-fifths of the younger generation (aged 18–29) are likely to travel solo. This is also in line with a survey commissioned by Singapore Airlines in 2019.³⁴

Growth Potential for Timor-Leste

The number of arrivals from New Zealand has remained largely stable, recording a total of 656 in 2019. This is a 1.1% decline over the period of 2015 to 2019. On average, there were 720 arrivals from New Zealand to Timor-Leste each year.

Each year, approximately 15% of New Zealanders take multiple trips to holiday in the South Pacific. Given that travel agency sector, stakeholders perceive the Pacific Islands as key competitors to Timor-Leste (particularly in marine-based tourism), New Zealand can potentially unlock this potential. However, to most stakeholders, New Zealand is seen as less important than other source markets, such as Australia and Singapore. This is potentially due to the distance and lack of direct flight connections.



Source: UNWTO

32 Tourism Australia. (2017). 'Consumer Demand Project Fact Sheets: Understanding the Market'. Available at: <https://www.tourism.australia.com/content/dam/assets/document/1/6/x/9/w/2002676.pdf> (Accessed 1 October 2020).

33 Skyscanner. (2019). 'New Zealand Travel Trends Report 2018'. Available at: <https://www.skyscanner.co.nz/media/new-zealand-travel-trends-report-2018> (Accessed 1 October 2020)

34 Scoop Business. (2019). 'Kiwi travel trends revealed'. Available at: <https://www.scoop.co.nz/stories/BU1906/Soo581/kiwi-travel-trends-revealed.htm> (Accessed 1 October 2020)

China



Population **1.4 billion**
 GDP per capita **USD 10,276**

Outbound Tourism

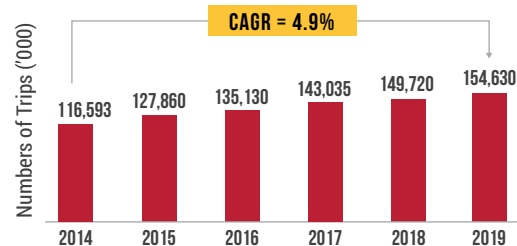
China has been world's largest source market since 2012. The total outbound departures made by Chinese grew at an annualized rate of 4.9% from 2015 to reach 155 million trips in 2019. This is fueled by increasing disposable income and strong economic performance.

Hong Kong, Macau, and Taiwan remained the most popular destinations among Chinese travelers, taking up 41% share in 2018. This proportion has declined from approximately 60% in 2010. This suggests that Chinese travelers, as they grow in wealth, are expanding their destination sets to other emerging markets. Nevertheless, Asian destinations such as Thailand, Japan, Vietnam, and South Korea have been the beneficiaries of this expansion.



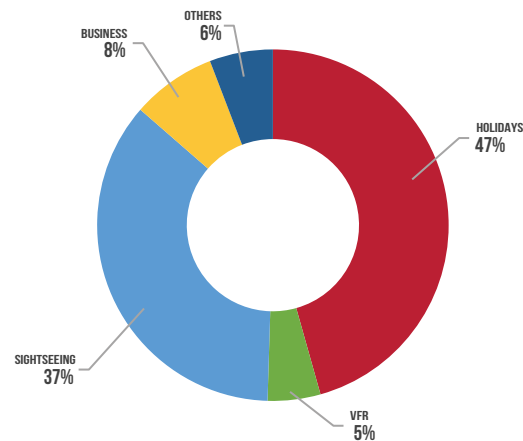
Florian Wehde/unsplash.com

TOTAL DEPARTURES, ALL TRAVEL PURPOSES



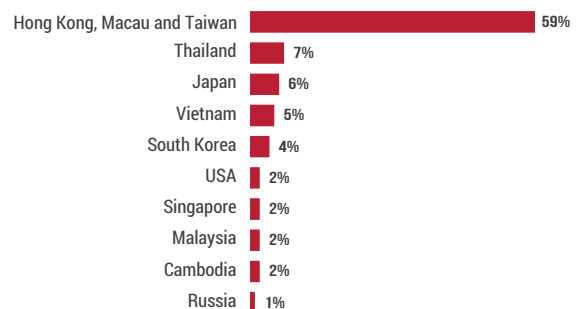
Source: UNWTO

DEPARTURES BY TRAVEL PURPOSES, 2018



Source: UNWTO. (2020). 'Guidelines for Success in the Chinese Outbound Tourism Market'. UNWTO

TOP 10 TRIPS ABROAD BY RESIDENT VISITOR TO COUNTRIES OF DESTINATION, 2018



Source: UNWTO

Average Spend and Length of Stay

Based on figures provided by China Tourism Academy³⁵, almost half of Chinese travelers spent between 4-7 days (for all trip purposes).

In terms of average total annual spending, outbound Chinese tourism consumption has risen steadily. According to UNWTO's report³⁶, the average spending per trip was USD 970 in 2018. Nielsen's study³⁷ estimated that in 2017, Chinese travelers spent an average of USD 5,565 on outbound trips.

Chinese travelers' spending patterns s the heaviest budget towards shopping, followed by food & beverages, and cultural activities and entertainment. Spending on accommodation is at a lower level as they prefer to spend time doing activities outside (e.g., shopping, exploring the scenery, and tasting local food).

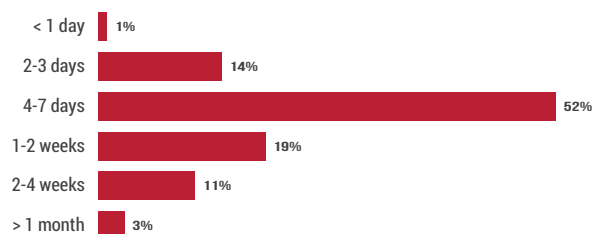
Traveling Behaviors, Preferences, and Trends

Peak seasons for traveling are February (Spring Festival), July-August (summer vacation), and October (National Day holiday). Chinese travelers usually travel in collective groups, with over half traveling with family, and one-quarter travel with friends. Forty-five percent of Chinese travelers are Freely Independent Travelers , which has the high potential to contribute to regional dispersal.

Nielsen's study in 2017³⁸ conducted among 2,009 Chinese travelers revealed that Asian destinations were the most popular destinations among Chinese tourists due to numerous favorable considerations, such as simpler visa procedures, more affordable prices, and convenient transportation. Japan, Thailand, and South Korea were the top three choices, followed closely by Singapore, Malaysia, and the Maldives.

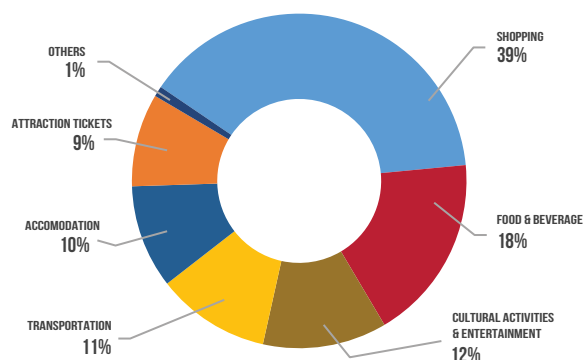
When selecting travel destinations and tourist attractions, they cared most about the beauty and uniqueness of tourist attractions (56%). This was followed by the local environment, which included safety (47%), ease of visa procedures (45%), and friendliness of locals to tourists (35%).

LENGTH OF STAY, ALL TRAVEL PURPOSES, 2018



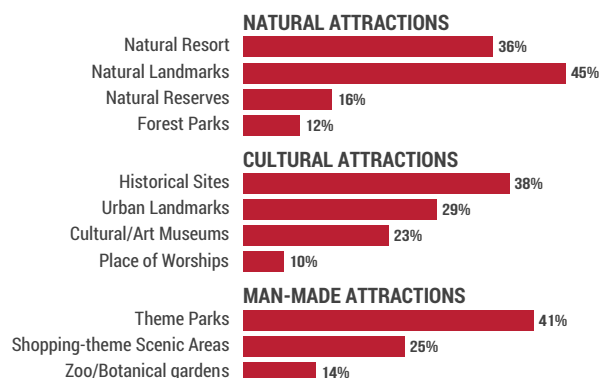
Source: China Tourism Academy/
Data Center of Ministry of Culture and Tourism

DEPARTURES BY MAIN DESTINATIONS, ALL TRIP PURPOSES, 2019



Source: UNWTO. (2020). 'Guidelines for Success in the Chinese Outbound Tourism Market.' UNWTO

TOURIST ATTRACTIONS FAVORED BY CHINESE TOURISTS TRAVELING OVERSEAS, 2017



Source: Nielsen, (2017). 'Outbound Chinese Tourism and Consumption Trends'

35 UNWTO, (2020). 'Guidelines for Success in the Chinese Outbound Tourism Market' (p. 19). UNWTO.

36 Nielsen, (2017). 'Outbound Chinese Tourism and Consumption Trends' (p. 14). Nielsen.

37 UNWTO, (2020). 'Guidelines for Success in the Chinese Outbound Tourism Market' (p. 19). UNWTO.

38 Nielsen, (2017). 'Outbound Chinese Tourism and Consumption Trends' (p. 14). Nielsen.

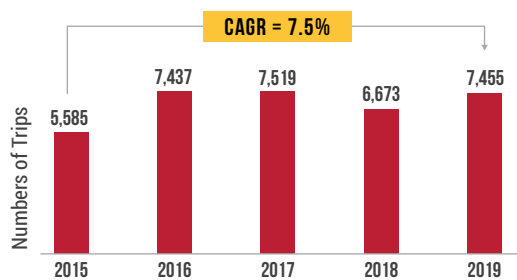
Affordability was less of an issue as disposable income continues to grow. Some Chinese travelers expressed a desire to have unique experiences during their travels, such as visiting historical sites, trying local cuisine, shopping for local products, and various other unique options.

When it comes to key activities, Chinese tourists travel overseas mainly for leisure, such as dining and shopping, with 78% choosing leisure as their top priority. The post-90s generation is the most adventurous group, with 16% choosing adventure as the theme of their travels. The post-80s respondents are focused on “food” (58%) and “shopping” (49%), while the post-70s prefer a relaxing travel experience, with leisure as their primary goal when traveling overseas (82%).

Growth Potential for Timor-Leste

The number of arrivals from China has increased impressively to 7,455, a 7.5% annualized growth from 2015. On average, 6,930 Chinese arrive in Timor-Leste each year. While it is apparent that China has increasingly become a prominent source market for Timor-Leste, the study by the Asia Foundation in 2017³⁹ suggested that the proportion of those visiting for leisure purposes is still negligible. It was estimated that, in 2014, only 740 Chinese visitors came to Timor-Leste for leisure purposes (or approximately 14% of the total arrivals).

TOTAL ARRIVALS OF CHINESE TO TIMOR-LESTE, ALL TRAVEL PURPOSES



Source: UNWTO

Timor-Leste may not be in the best position to cater to Chinese travelers at this stage. Based on consultation with stakeholders, China fell off the top 3 source markets that Timor-Leste should prioritize. The main reason is the lack of tourism infrastructure and natural resource and waste management strategies to cope with a mass of Chinese tourists (as they often travel in groups). Additionally, it was viewed that Timor-Leste would need a much higher level of investment in its overall tourism offering to cater to the luxury-oriented nature of many Chinese traveller segments. Other key segments of Chinese tourists, such as adventure travelers, show more promise. In the medium-to-long term, or once Timor-Leste has developed proper infrastructure in place, there is further potential to specifically target Chinese travelers.

If you look at the traditional Chinese market in terms of... kind of higher-end type of tourism, Timor-Leste obviously doesn't have that. So, I think you really have to develop the market to the countries that are most likely to enjoy your tourism products rather than the market that you need to make a lot of alterations to cater to that market. I think the Chinese market will come, but more of the independent travelers. But our product is not quite there"

Stakeholder Interview

39 The Asia Foundation. (2017). '2014 Survey of Travelers to Timor-Leste'. (pp. 7-8). The Asia Foundation.

Singapore



Population **6 million**
 GDP per capita **USD 64,600**

Outbound Tourism

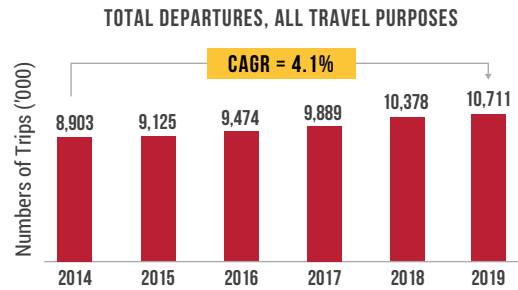
Outbound departures of Singapore residents recorded a total of 10.7 million trips (excluding land) in 2019, registering a 4.1% annualized growth in the 5-year period. According to the Skyscanner APAC Travel Trends Report in 2018⁴⁰, which surveyed 1,000 Singaporean residents, 3 out of 10 Singaporeans travelers took 7 trips or more per year. This was well-above the Asia-Pacific region's average of 2 trips per year. A study done by VISA⁴¹ also echoed the same trend, citing an average of 6.6 trips taken (business and leisure combined).

While there are no official statistics on trip purposes, it is estimated that over 80% of outbound trips in 2017 were for leisure purposes.⁴²

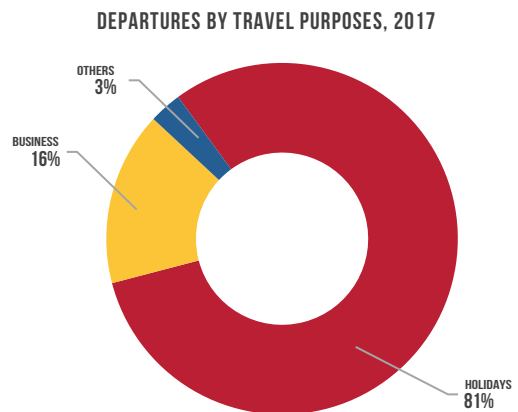
Malaysia is the top destination (all trip purposes), leading Indonesia and Thailand by a large margin. Outbound statistics also indicate that most outbound trips were within the Asia-Pacific region. Specifically for holiday trips, Skyscanner published a list of top destinations for Singaporean travelers.⁴³ In 2019, top destinations included mostly Asian destinations (e.g., Bangkok (Thailand), Manila (the Philippines), and Kuala Lumpur (Malaysia)).

Average Spend and Length of Stay

The level of overseas spending has been fairly static since 2014 despite the increase in outbound trips taken, registering USD 25,346 million in 2018. This results in an approximate expenditure of USD 2,440 per trip (all travel purposes). However, the Household Expenditure Survey conducted by the Department of Statistics in 2017/2018 painted a contrasting view, citing that families in Singapore spent more on travel compared to 5 years



Source: UNWTO



Source: European Travel Commission



Source: UNWTO

40 Skyscanner. (2018). 'APAC Travel Trends Report 2018', Available at https://www.skyscanner.co.th/wp-content/uploads/2018/12/APAC-Travel-Trends-Report_20182.pdf (Accessed 1 October 2020).

41 VISA. (2018). 'Singaporeans Lead Asia Pacific Region in International Travel'. Available at : <https://www.visa.com.sg/about-visa/newsroom/press-releases/singaporeans-lead-asia-pacific-region-in-international-travel.html> (Accessed 1 October 2020).

42 Sengupta, Kumud. (2019). 'South-east Asian Outbound Travel Market' European Travel Commission.

43 Skyscanner. (2019). 'Top 10 Popular Destinations for Singaporean Travellers'. Available at: <https://www.skyscanner.com.sg/media/travel-trends-2020/popular-destinations> (Accessed 1 October 2020).

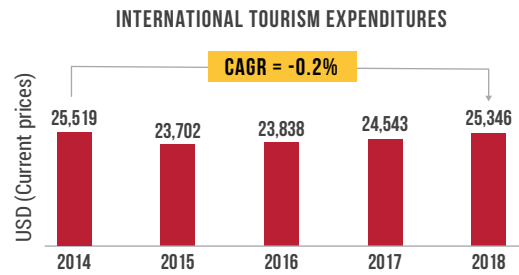
ago. The average monthly expenditure on overseas travel increased at an annualized rate of 6.9%, reaching SGD 340 in 2017/2018. Unfortunately, there are no official statistics on Singaporeans' spending by expenditure items.

Traveling Behaviors, Preferences, and Trends

Holidaying is a part of Singaporeans' lifestyle. They tend to take spontaneous, shorter, but more frequent trips. Peak traveling time is usually during holidays and long school breaks. January-February during Chinese New Year, May during Wesak Day, August during National Day, and November-December during long school holidays.

Short-haul Asian destinations are preferred, possibly due to the multitude of flight availability at an affordable price and a preference for shorter holiday trips. Skyscanner's Travel Report in 2017⁴⁴ also reported a similar trend as the company recorded more than a 100-percent increase in search volume for off-the-beaten-track destinations. The same sentiment was also carried over to 2019 as indicated in the Skyscanner APAC Travel Report in 2020⁴⁵, citing a 62% growth in interest in off-the-beaten-track holiday destinations such as Vietnam, India, and some remote cities in China such as Yunnan

Etihad Airways conducted a survey⁴⁶ amongst over 600 Singaporean travelers at Changi Airport in 2017 to measure their travel attitudes and preferences. The survey revealed that, regardless of age, 9 in 10 Singapore residents seek to explore the unknown and have an adventure. However, 69% also stated that they expect luxurious experiences. Both baby boomers and the mature market are increasingly seeking to explore new and unusual destination.⁴⁷



Source: The World Bank

With the World Health Organization officially recognizing burnout as an occupational phenomenon in 2019, Singaporeans seem to be flocking to idyllic locations with a meandering pace of life over classic holiday locales as a means of escape from their busy lives. 2020 will see more travelers flocking to the quaint villages, small towns and idyllic farms that serve as a counterpane to Singapore's fast-paced lifestyle³²

Skyscanner's Travel Expert (2020)

44 Skyscanner. (2017). 'Travel Report 2017: New destinations, new tips, new experiences!' Available at: <https://www.skyscanner.com.sg/company-news/skyscanner-singapore-travel-report-2017> (Accessed 1 October 2020).

45 Skyscanner. (2020). 'APAC Travel Report 2020'. Available at: <https://content.skyscnr.com/m/2e5f560cce234a5b/original/APAC-Travel-Trends-2020-WEB.pdf?fbclid=IwAR1eChuFgK9VLu5B3djvYZmBqPiBrbWOyJgLoUVMRojiU9jOPrXZ8PMhSXo> (Accessed 1 October 2020)

46 Business Insider. (2018), 'Etihad Airways' Travel Survey Highlights Singaporeans' Preference for More Unique Travel Experiences', Available at: <https://markets.businessinsider.com/news/stocks/etihad-airways-travel-survey-highlights-singaporeans-preference-for-more-unique-travel-experiences-1019521966#> (Accessed 1 October 2020).

47 Pearson, Hannah. (2019). 'Singapore Outbound Travel Profile'. Pear Anderson.

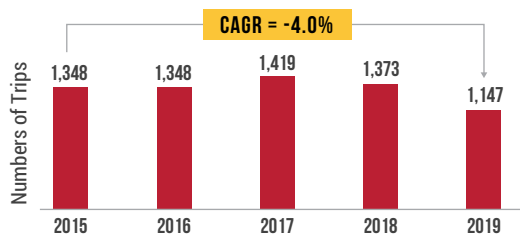


Erik Odim/unsplash.com

Other commercial studies on Singapore outbound travelers also indicate another trend that “Rest & Relaxation” is the key motivator for travel, potentially due to high work stress. Some other top considerations include costs, safety & security, cultural and historical attractions (including quality and authentic food experiences).

Hence, it can be inferred that close-by destinations that can offer adventures as well as a slow-paced environment for rest at the same time can potentially be the most appealing to Singaporean travelers.

TOTAL ARRIVALS OF SINGAPOREANS TO TIMOR-LESTE, ALL TRAVEL PURPOSES



Source: UNWTO

Growth Potential for Timor-Leste

The number of visitor arrivals from Singapore has remained largely stable, recording a total of 1,147 in 2019. This is a 4.0% decline from 2015 to 2019. On average, there were 1,130 arrivals from Singapore to Timor-Leste each year. Based on consultation with stakeholders, Singapore represents an important prospective source market for Timor-Leste’s tourism industry due to the following reasons:

- Singapore is in close proximity and has a direct flight to Dili;
- Singapore is well-connected to the rest of the world, with Changi Airport connecting to over 400 cities. In 2018, Changi Airport received approximately 66 million passengers from 7,400 flights;
- Singaporean residents are among the most well-traveled nations with high disposable income;
- The country is also a temporary home to many high-income expatriates, who also often travel within the region for leisure (in addition to high propensity to travel among its residents);
- More and more Singaporeans are looking to travel for new adventures.

United Kingdom



Population **66.6 million**
GDP per capita **USD 42,943**

Outbound Tourism

Overseas departures made by UK residents recorded a total of 93 million trips in 2019, registering a 4.6% annualized growth in the last 5 years. ‘Holidays and vacations’ were the most common reason for UK residents to go abroad, with almost 60 million trips made in the year 2019. Visiting friends and family was the second most cited reason.

Outbound Destinations

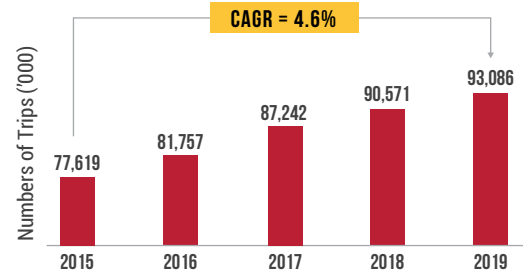
Overall, UK residents usually travel within Europe (78% all travel purposes) in 2019. This is also true when it comes to ‘holidays’, 82% of UK residents chose to holiday within Europe in 2019. Spain and France are the top destinations when traveling. While it appears as if UK residents were rarely outside Europe, the UK was still the largest European source market for ASEAN in 2019. Approximately 3% of total outbound trips (for all purposes) in 2019 were made to ASEAN destinations. Thailand and Singapore were the top ASEAN destinations, taking over half of the share. Indonesia came third with a 13% share (398,000 trips), of which almost 70% went to Bali.

Average Spend and Length of Stay

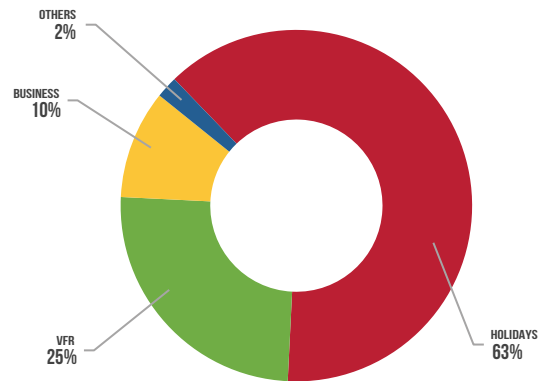
For all trip purposes, UK residents spent an average of 9.7 nights overseas and approximately USD 855 per trip in 2019. Specifically for holiday trips, the number of nights went down to 8.7 nights, but the level of spending increased to USD 944 per trip.

When traveling to the Asia-Pacific region, UK residents usually spent more than 20 nights per trip. While the figures were not available for all destinations, the data for inbound Thailand by UK residents can give some context of their behaviors when traveling to ASEAN region. When traveling to Thailand (all trip purposes), they spent an average of 24 nights and USD 2,071 for the trip in 2019.

TOTAL DEPARTURES, ALL TRAVEL PURPOSES

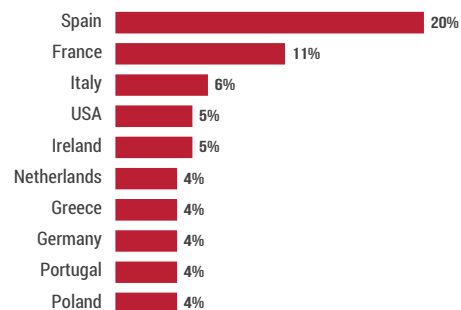


DEPARTURES BY TRAVEL PURPOSES, 2019



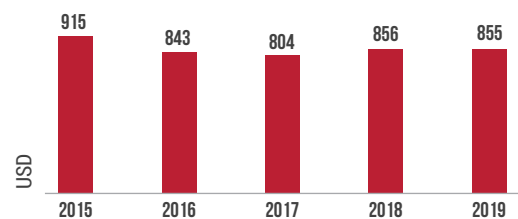
Source: Tourism Research UK

TOP 10 DESTINATIONS, ALL TRAVEL PURPOSES, 2019



Source: Tourism Research UK

AVERAGE SPENDING PER TRIP, ALL TRIP PURPOSES



Source: Tourism Research UK



Sara & Daniel Pedersen

Traveling Behaviors, Preferences, and Trends

The data from ABTA⁴⁸ suggests that city trips (46% of holidays taken) and beach trips (41% of holidays taken) remain the most popular holiday types in 2018. British travelers seek out sun & beach destinations for holidays such as Spain, Portugal, and Greece for short-haul travel, and Thailand and Australia for long-haul travel. However, lakes and mountain trips (11% share in 2018) and adventure holidays (camping and off-the-beaten-track) (14% share in 2018) are increasingly popular.

In terms of affinity for adventure tourism, the United Kingdom is the largest market for cultural adventure travel in Europe. There has been a growing desire to discover unexplored destinations, including road trips and hiking tours. Adventure holidays are especially popular among British travelers aged 18–24 (13% went on an adventure holiday in 2018), but also see an uptake among older travelers. Based on the Intrepid Adventure Travel Index 2019, the key motivator among British intrepid travelers was to explore new places, making destinations like Morocco and Jordan see sustained bookings.

Regional Dispersal

The report by the Asia Foundation was identified by some stakeholders as the most reliable source to measure the level of regional dispersion of travelers. In 2014, Liquica was the most popular destination (47%), followed by Dili (43%). However, in 2017, Dili took the lead with (70%), followed by Atauro Island (45%), and Liquica (28%).

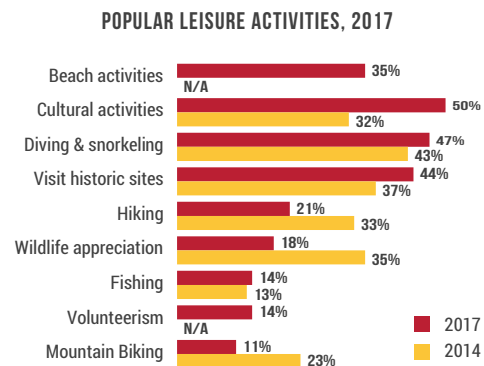
⁴⁸ ABTA, (2019). 'Holiday Habits Report 2019'. ABTA.

Key Activities

Based on the Asia Foundation's Survey of Travelers to Timor-Leste in 2017, beach activities, cultural activities, diving and snorkeling, and visiting historic sites are the top leisure activities undertaken by leisure travelers.

There were some significant changes when compared to the survey results in 2014:

- Significantly more visitors participated in cultural activities;
- Significantly fewer visitors participating in hiking, wildlife appreciation, and mountain biking.



Source: The Asia Foundation 2017 Survey



Emilio Garcia/unsplash.com

03.

CONSUMER PERSPECTIVE

Ryoji Iwata/unsplash.com

Scorecard

Below is a scorecard summary of the findings of the qualitative research on the opportunity and appeal of each market for outbound travelers from each source market into Timor-Leste.

Source Market	Singapore	UK	Australia
Overall appeal	✓	-	✓ ✓
Diving	✓ ✓	-	✓ ✓ ✓
Heritage	-	-	✓
Culture	✓ ✓	✓	✓ ✓
Adventure	✓	-	✓
Snorkeling	-	-	✓
Whale Watching	✓ ✓ ✓	✓	✓ ✓ ✓

Consumer Perspective Summary

Source Market	Singapore	UK	Australia
Overall Perception	Low awareness overall, even less so as a tourist destination	Timor-Leste: is very unfamiliar, with low awareness, but a strong positive perception of Timor-Leste as an “unspoiled” destination.	Associate the country with war and political turmoil, not necessarily a destination for somewhere to go on holiday. There is some appeal to Timor-Leste due to it being “untouched” and “rugged”.
Key barriers / priorities	<ul style="list-style-type: none"> • Safety • Flight accessibility • The hassle factor of transiting to an uncommon destination • Accommodation • Cellphone and preferably internet connections 	<ul style="list-style-type: none"> • The distance involved • A poor-quality experience that reduces the enjoyability • Cost – mismatch in their expectations • The “sell” – what’s a compelling reason to go? 	<ul style="list-style-type: none"> • Safety • The logistics of traveling to and within the country • Is it offering something unique/different? Will it be worth it? • Quality of the stay – will it be enjoyable?
Take Away	Opportunity to highlight care for the environment and sustainability. This would take its “untouched” USP to a whole new level, which would really resonate with many Singaporean travelers, especially for divers and whale watchers, whose interest in these activities often has an ecological focus.	Eco-tourism has a great appeal though and would elevate the position of Timor-Leste in their minds. It is a natural fit with the “untouched” image it projects. UK travelers, in general, are highly motivated by sustainability, especially those interested in nature and wildlife. However, there is a substantial effort required for travelers to reach Timor-Leste.	Australian travelers who are interested in less touristic destinations are very sensitive to the exploitation of both the people and the environment. They seek an experience that is authentic, rich, and good for the country.

Consumer Perspective Methodology

Among the qualitatively tested markets, the biggest potential clearly lies with Australia. It is the lowest hanging fruit, largely because of its proximity to Timor-Leste. Conversely, there is the least potential in the United Kingdom, mostly because it is so far away and they can find closer comparable alternatives. The only viable option for UK travelers is to tag Timor-Leste to another destination in Southeast Asia or Australia, and even then, the bar is very high.

However, even with Australia, the strong appeal arises from the presence of a few expected factors:

- Timor-Leste will offer good value for money
- It will not be too difficult to get there and to stay there – the hassle factor should not be off-putting
- And that they will be safe while they are there

In terms of Australia, diving and whale watching provide the highest appeal through the quality of the experience and the uniqueness. (A note about whale watching: there were no participants classified specifically as whale watchers, but the appeal was derived from the comments of Australian travelers overall).

With Singapore, whale watching is definitely the most appealing activity. Diving would be #2 but this assumes lots of reassurance about the safety and quality of the stay overall (accommodation, transport, food, ease and availability of other activities). Direct flights and Wi-Fi also seem to be essential to making this happen for Singaporeans.

The research collapsed Heritage and Culture into one niche offering. They are, however, viewed separately in terms of their level of appeal. They do both, however, support each other to make a richer offering. The culture of the country seems to have more to offer in terms of a

visitor experience, if done well, than the history/heritage aspects, which are felt to be key reasons for visiting a new destination such as Timor-Leste.

Snorkeling and Whale Watching were also combined into one niche, but these are very different. Essentially, Whale Watching can exist on its own because it is such a strong and unique product. Snorkeling, however, is not seen as the main focus, but rather it is just one of several activities, albeit an important one, that goes into making up a relaxing sun and sand holiday. It is not unique. It is important that these are separated for future research with travelers.

Main themes and Implications

Across the board, the first barrier to overcome is awareness of Timor-Leste as a potential travel destination. While raising awareness, it is also important to change the narrative about the country as a victim of conflict to a strong, proud nation with a lot to offer visitors to the country. It is really an undiscovered gem.

The strength of Timor-Leste lies in its “untouched” nature, and this needs to be communicated very strongly and preserved at all costs. This lies at the core of everything the country has to offer, and every new activity, product, and marketing initiative needs to be seen through this filter. In fact, this should be further reinforced by the country promoting itself as an eco-tourism destination whereby everything that happens there protects and preserves the environment, its wildlife, and its people. In every source market, sustainability was mentioned unprompted as being very appealing and motivating in terms of destination choice. It adds a “feel good” layer

to the holiday experience. Travelers all over the world have seen what happens to destinations that are over-touristed and not looked after. They treasure those that aren't and like to think that their own tourism activity will not diminish the health of the places they go to. Sustainability is increasingly important, especially in the marine environment, and those who speak most strongly about it are those who dive and go whale watching. In fact, these travelers see the activities they participate in as contributing to the sustainability of marine life. Timor-Leste could promote special environmental projects for divers and whale watchers to participate in.

Whale watching has the potential to be a major draw for international visitors to Timor-Leste as its offering is so distinct from that of the rest of the world. This is a very special activity that can only be experienced in a few places around the world, and avid whale watchers will travel a long way to see them. Many other whale-watching spots around the world are less than ideal. It's difficult to guarantee whale sightings in many places, requiring several boat trips, and even then, a sighting might not happen – quite a risk for an expensive trip. In many whale-watching parts of the world, the weather is also often cold and uncomfortable.

In contrast, Timor-Leste can offer a high chance of spotting whales and dolphins, and this can be experienced in a warm climate with all the added attractions it offers: beaches, snorkeling, diving. Once they found out that whale watching was offered, this was seen as really exciting, especially for Singaporeans who didn't know they could do this in Southeast Asia. Australians are likely to be very keen on this too. It even raised some interest among UK travelers, although time and distance are still major barriers. Whale watchers will be looking for great reviews about the whale watching in the country from trusted sources before they commit.

Diving is the second strongest offering, with the most potential among Australians who are very keen to dive in such pristine waters with the teeming marine life they saw on the website. Some of them have also heard from other divers that diving in Timor-Leste is really great, and this makes them feel more confident about it as a potential diving destination for them. Diving in Timor-Leste is also appealing to Singaporeans, but they do have a lot of options closer to home. They are

deterred by the potential time and hassle factor of getting to Timor-Leste. For all divers, they will need a lot of reassurance about the safety of diving in Timor-Leste. They want to see fully accredited diving academies with a strong focus on safety. They will need to hear good things about diving in the country from other divers and through diving websites they trust.

Sun and sand-type travelers (“snorkelers”) will be the hardest audiences to satisfy, and snorkeling should not be a primary target at this stage. Given their desire to have a relaxing holiday, often with children and full, high-quality amenities, the bar may be too high for Timor-Leste at this stage. However, snorkeling is likely to be something that many travelers will want to do while in the country.

“Culture” rather than “heritage” is more likely to drive appeal. Heritage in terms of history, monuments, architecture, etc., is too sparse offering and would not stack up well against other destinations in the area. However, any historical/ heritage elements should be incorporated into other tourist offerings to add another dimension, but they will not be the main reason to travel there. The indigenous, untouched culture, however, is very unique and intriguing and could be a reason to travel there for Australians and maybe Singaporeans as long as the experience is authentic, immersive, and not exploitative in any way. As part of eco-tourism, it would involve local guides with the opportunity to stay and eat in local villages, observe and participate in their daily lives, visit coffee plantations, and have locals accompany them on active pursuits like trekking. A message about “giving back” will motivate these travelers as well.

Timor-Leste does have plenty to offer the intrepid adventure seeker, but on their own, trekking and other active pursuits are not enough to draw international visitors. They will need to be combined with the bigger attractions of diving and whale watching. All adventure activities should be led by locals who can add an extra overlay of history and culture for a deeper experience. The hot springs should feature as part of what Timor-Leste has to offer active and adventurous visitors, as they stand out as a particularly appealing aspect.

No matter what the main focus is, Timor-Leste will really have to combine several things to make the destination

appealing to international travelers. Even whale watchers won't be satisfied with just good whale sightings. For example, they will want to explore the beaches and the more inland areas of the country as well. The opportunity for getting more people to experience what the country has to offer lies in bespoke tours where the traveler gets to tailor their experiences in the country within a package where everything is taken care of, reducing potential anxiety about how to navigate the country while they are there. Ideally, local people will be at the heart of all such offerings, able to enrich the experience with their local knowledge and guide them to all the best parts of what Timor-Leste has to offer.

Marketing / Promotion

The current official Timor-Leste website does not currently deliver enough to motivate international travelers. Overall, the current messaging is amorphous and “vague”. Travelers are struggling to figure out what makes Timor-Leste unique and, therefore, why they would travel there. Given that the destination is, at best, under the radar, communications about the country really have to work hard to convince.

Diving and water-based activities are currently communicated more effectively than other niche activities. It's clear from the website that Timor-Leste has something to offer divers, whale watchers, and snorkelers. However, the website is not engaging enough to entice visitors to visit it.

The jewels in the crown are whale watching and diving, and these activities are the ones that really need to be highlighted. At the moment, the images on the website seem “static” and, in some instances – adventure and heritage /culture – not particularly professional. The visual element is critical to all of this. There needs to be more experiential imagery, with video of what travelers can expect to see, all with top-quality camera work. The website needs to capture the beauty and excitement of the experiences on offer, the beauty and “untouched” nature of the country and its people, all there waiting to be explored.

At the same time, there needs to be lots of reassurance about safety, logistics, and the standard of the experience. The website needs to be a lot more comprehensive, with links to accredited diving academies and other operators, accommodation, transport, etc. There needs to be lots of information about what to do before they go and what they can expect when they arrive, how to get around, and advice for getting the most out of the experience. Given that tailored, fully inclusive tours are going to be important, links to these will need to be there.

Clearly, though, an official website will not be enough to get them there. Timor-Leste needs to use all the resources available to really promote the country. Trip Advisor is an important one, but forging connections with well-established diving operations in Australia and Singapore will be important to get their endorsement. This alone would help to drive more divers towards the country. Social media is crucial – there needs to be a savvy social media campaign engaging Instagram, Facebook, and others, as well as YouTube. Get influencers on board and interest through reassurance will follow.



Sara & Daniel Pedersen

Singapore

Current Perceptions of Timor-Leste: Singaporeans

Initial Perceptions of Timor-Leste

There is very little knowledge or understanding about Timor-Leste as a destination for tourism amongst Singaporeans. A few are unaware of its location on the world map. Certainly, there is no real understanding about it as a potential place to travel for leisure.

“I didn’t know that Timor-Leste was in Asia. I thought it was like Nepal – that area.”

“I don’t know where Timor-Leste is. I never heard of it as an attraction or many people going there. You see Indonesia, Bali, Thailand, all these kinds of places. But for Timor-Leste, it’s very, very rare.”

“The very first time we heard about Timor-Leste was all the civil unrest, so I thought it was always out of bounds.”

“This place is never a whale watching, diving, or snorkeling type of place. There seems like a lot of political unrest in the past couple of years, so that’s my impression.”

Safety is a key concern about traveling to the country, both because it is such an unknown place and because of the political unrest in its past. There is some knowledge about its troubles with Indonesia. They, therefore, suspect that there will be poverty and crime if not ongoing political instability.

“I still think it’s not very stable there. That is my impression of it.”

“I didn’t really know that it was welcoming tourists. I’m not sure if it’s safe for tourists.”

“Because of the Indonesian occupation, I don’t think I would like to go there. It is not safe. There might be another war again.”

“I can even compare it to parts of India back in the 1980s. It is developing, there is a lot of poverty there. You could even compare it to an African country as you hear about in the news. It is not someplace associated with travel, especially with a young family.”

Online information about Timor-Leste is dominated by the recent history of the country’s struggle for independence, official websites, and travel advisories rather than by what the country has to offer tourists. These common search results generate questions about the safety and infrastructure of the country. As well as this, some have heard via word of mouth that it is a rough place.

“One of the first things that came out when I googled it was: is Timor-Leste safe for tourists? The answer is that it is actually a place full of crime. I was kind of shocked.”

“I have a relative who set up a supermarket there, a gang of people went to ransack his supermarket, one of the security guards had to escort him. He flew home, packing up his business there. Like a cowboy town.”

Appeal factors for Timor-Leste

Despite this, its “unknown” status piques the interest of some Singaporean travelers. Being off-the-beaten-track promises an unspoiled environment, and its unique culture offers an authentic, novel, and exclusive travel experience for its activities. This is very appealing for people from Singapore who are often seeking an escape from their very busy metropolitan lives and the crowds of people they encounter in their daily lives.

“It’s also underrated, not many people are aware of this place yet. It’s good to go while it’s still in its infancy.”

“It’s really pristine, from the photo.”

“It feels like it’s quite a nice place, especially if you want to get away from the hustle and bustle of city life, it’s pretty laid-back.”

An off-the-beaten-track destination intrigues more adventurous travelers. There is a certain value to the more intrepid in going to places few others have been to.

“It’s still very rich and uncharted territory. Before the crowds come in, I want to have the first-mover advantage as it is, before it becomes commercialized.”

Smaller land size drives the expectation that most activities can be covered within a week. This is very appealing to Singaporeans, who tend to mostly travel for shorter periods of time compared with Australians and UK travelers. It will be important for Timor-Leste’s internal infrastructure to be improved to allow efficient movement of tourists.

“That island is not that big and you can do many things. You can have a varied number of activities within that. It’s a very good option. So, if you go in big groups, people can do different things, or throughout the different days you can explore different places.”

Diving

Singaporeans looking to travel to dive find Timor-Leste an appealing destination in general. The untouched, pristine nature of the country and the sheer diversity of marine life make the diving offer compelling. In terms of the actual diving experience, it looks as if it could compare very favorably with other diving destinations around Asia that they are more familiar with.

“From a diving point of view, it is comparable to Bali or even Komodo. It’s really beautiful and pristine. Moving forward, it has great potential, especially for diving and water activities.”

“I’m quite impressed with the diving scenery. I am impressed with the biodiversity. I noticed it’s not too commercialized and it’s a new place that can be explored.”

“I saw that there are different kinds of sharks and whales. I think I saw something about orcas as well. It got me interested because these are things I haven’t seen before in my previous dives.”

“Definitely better than Malaysia. The dive site, the scenery, the coral, the underwater marine life.”

“It’s really pristine from the photos and from what I heard from my instructor. Just simply the underwater, the visibility, the environment. I think it compares quite closely to Raja Ampat.”

The other great advantage for Singaporean divers is that it is in the same rough geographical area as them – so not too far to go, and therefore could be considered when thinking about where to go for a diving trip for up to a week, as long as there are direct flights!

Culture and Heritage

Highlighting the culture and heritage of Timor-Leste, along with the natural beauty and fantastic marine environment, has the potential to make it quite a unique destination. The culture and heritage add spice to the offering, and the indigenous cultural side aligns well with the sense of the country being unspoiled.



Marvin Meyer/unsplash.com

While its turbulent past unsettles some potential Singaporean travelers, for those who are interested in exploring historical sites and immersing themselves in the culture of the country they visit, this war-torn past is intriguing. The history of WW2 and the country's struggle for independence from Indonesia provide a unique dimension to a visit here. The Portuguese heritage is another aspect that adds to the interest, especially if there are old Portuguese houses to look at or stay in.

"I realized that there was a very rich history behind the country and that it was involved in WW2. I could relate to it a bit more. It made me more curious about the place as well. Aside from the history part, the website also showed very interesting cultures and food."

"The indigenous people really make it something quite different. Because that is not something that you hear in Asia. If there is a really all-immersive, hands-on experience, that would be great, like homestays or if you go to somebody's place. Some countries offer that kind of tourism, and I would 100% go for that."

Even for other travelers, the cultural/heritage aspect of Timor-Leste would add another dimension to their stay in the country. Adventure seekers are interested in exploring the villages, staying with local people, getting immersed in the country, as well as going on treks, and engaging in water activities. Divers and snorkelers also appreciate this aspect as something else to explore when not in the water.

Snorkeling and Whale Watching

The big attraction for Singaporeans who travel for these reasons is definitely whale watching. Some of them really love to do this, and they have traveled to various parts of the world to do so. There is something very special about watching whales and dolphins - they really get excited about it. But their expectation is that sometimes the whales don't turn up and they have to keep going back on the same trip for several days to see them. They also feel they have to travel to far-flung places, often in inclement weather. But here, Timor-Leste can offer them great whale and dolphin watching with a high chance of success, in a warm climate that is not far from home. They are very excited about the potential.

"Who knows the nearest location for whale watching other than maybe Australia? If it's a spot for whale watching, I think a lot of people will be quite excited."

"It's exciting to know that somewhere near Asia is going to be a destination for whale watching. It's very exciting for people like us."

Snorkeling is also appealing, particularly with the "untouched" nature of the place. The promise is that the clear waters and teeming marine life will offer them a great experience. There are a lot of other places in the Asian area that they go to for snorkeling, though, so even if the snorkeling is superior, it's not enough of a drawcard on its own to make it worthwhile. It needs the support of other activities.

Key Challenges & Areas to address

As with the other markets, lack of awareness is probably the biggest barrier at the moment. And with so many choices available to travelers in Singapore, it is very important to both get on their radar and to cut through the competition with a compelling reason to visit. Good marketing that really highlights the important assets of the country is crucial.

“I would prefer it as a PR angle, a unique selling point – what is it for my target audience. We always go to The Smart Local, that kind of thing, and from there we get a lot more things on our bucket list. Like my top 10 is filled with places like Bali or Komodo Island, where there are pink beaches, or like Krabi, where there’s luminous plankton. But what does Timor-Leste have? I don’t know yet.”

Overall, the biggest questions are around:

- Safety
- Flight accessibility
- The hassle-factor
- Accommodation
- Cellphone and preferably internet connections

In a nutshell, Singaporean travelers seek more comprehensive information and more real traveler experiences /reviews to address the above concerns. The current online information is very light on the logistical details of travel to and within the country.

“Honestly, from their website alone, I can’t tell a lot of stuff. I don’t really know what it is like on the ground in terms of transportation, food, and so on. I don’t think there is a lot of information around for me to come to a decision on whether I want to go or not.”

Safety

Safety is generally the biggest obstacle to visiting Timor-Leste for Singaporean travelers. This has to do with perceptions of political instability and the challenges of developing nations. The concern here is that there will be a great deal of poverty, and therefore a lot of crime and insufficient infrastructure to support tourists. This concern about safety is a particular concern for solo or female travelers or self-guided independent groups.

There is a question about access to medical facilities. There’s an assumption that they should always be only a short distance from a doctor or hospital in case of accident or illness.

Flight Accessibility

Non-direct flights suggest more extensive trip planning and time-consuming travel. This could be particularly challenging for Singaporeans, who tend to have less time available to travel and need to build quite compact travel schedules.

“There are no direct flights there now. I think the challenge here is having to spend more time traveling.”

The hassle-factor

Some question whether it will just be too hard, with various fundamentals not properly in place, such as visa requirements, paying for things, a potential language barrier, and various infrastructural problems. This comes from its image as an undeveloped country and a lack of familiarity with it. Will the rewards be enough to compensate for the perceived difficulties of going to a place that isn’t really geared towards tourists compared with other destinations they could choose?

“I think it’s so important that it’s visa-free so that Singaporeans can go there hassle-free.”

Transport is a big part of this – their expectation is that there should be plenty available and lots of touting so they can find the best deal. However, they imagine this may not be the case in Timor-Leste.

“I think one thing that will keep me from going will be the transport. I don’t know how easy it is to get around. I read that there are public buses and taxis, but again, you don’t know how reliable they are. I think it comes with the untouched territory.”

Clearer information about all of this would help potential travelers think about the country as a potential destination as long as they feel there is sufficient reason to go there. Information that is presented in a more real-life format

rather than just official information is more visceral and helps to give a truer representation of what it will actually be like to go there.

“I think people need to see not just static photos. If you can do travelogues on the go, you kind of see their daily lives and it kind of addresses people’s fears as well on what life is like, what are some of the best ways to get around, what is the culture, what kind of food they eat, where are the places of interest, etc. All that can come in a video form so that people can visualize it.”

Accommodation

Currently, they feel there is not enough information about the accommodation facilities to reassure them about safety and cleanliness. Having a variety of different types of accommodation is appealing and means they are more likely to be able to find a place to stay that suits them.

“I would like to see hostels, Airbnbs, and hotels, like there are options for me to choose, rather than having specific kinds of accommodation.”

The presence of resort-style accommodation and highly regarded hotel chains and well-known brands would be comforting to many, as they represent familiarity, even a haven when traveling, and where much of the organization of other things can be done.

“Having a few reputable hotels that are associated with certain levels of safety or even luxury to some extent.”

“If there is an Airbnb, I would feel like that place is more legitimate. The fact that these different types of companies operate there makes me feel better.”

They believe there will be a lack of amenities for families with children, so this does restrict the potential market, particularly for those wanting a relaxing beach-based family holiday.

Cellphone/internet

It seems that Singaporean travelers are very dependent on being able to be connected all the time – the destinations that they choose all have this available.

“Communication is very important. We would not want to go to some places where the internet is very dead or has no access. In case anything happens, you need to communicate, or in case you get lost.”

Diving

As with divers in other markets, the concerns about having a safe experience are paramount – without this, they won’t go. Experienced Singaporean divers share the increased caution that comes with the more they dive with their Australian counterparts. This means having very good dive centers with top-quality dive staff who have safety as a core focus. It also means having excellent equipment available that is constantly checked and good diver-to-instructor ratios – no more than 1:4. They would need a lot of reassurance from other divers they trust before they would commit to going.

“I am a very cautious diver. I emphasize a lot on safety. I am very careful, but you can never be too careful. I recognized it as a dangerous sport. As you dive more, you become more safety-conscious.”

“I rely a lot on word of mouth. If there are a lot of people who recommend a particular dive site or dive center, then I will be more likely to go because I trust them.”

Access to medical facilities is particularly important for divers because of the increased danger involved with diving.

“Because I’ve seen an accident happened during a dive trip. The distance from the dive site to the hospital. The facilities of the hospital, the medical facilities. These are all important things to consider because when an accident happens, how fast will you get help?”

As with other divers, the destination needs to provide enough other attractions and activities to fill in the time they are not diving. It seems that travelers from Singapore are particularly keen to pack in as much as they can as they seem to have less time available for travel. There is great appeal in having the diving available as a complete package that includes other activities as well as all travel and accommodation, so they don’t have to worry about planning. A sense that everything will be taken care of makes them feel more secure.

“I will go somewhere for one or two weeks. I will set aside maybe four to five days for diving, and the rest of the time I will go trekking, or just chill, go to places of interest, and so on.”

“Just to go for a dive and nothing else, it is not worth it. There should be other things to do there other than dive.”

To really cement Timor-Leste as a potential diving destination for these travelers, they are going to have to see some good reviews from trusted sources. They mentioned divezone.net as a reliable source.

Culture and Heritage

The “sell” here is harder than it is for diving and whale watching – is there really going to be enough of a unique culture and heritage experience to make it worthwhile? Singaporeans already have so many destinations that offer great experiences on their doorstep. The more different experiences that can be encountered here, the better – visitors are likely to want to do everything.

“It should be something that is mesmerizing or fascinating. It is something that you have not seen or want to see live. Part of it has some charm that they have. It is the sum of different parts. In terms of the attraction itself, it needs to be something like Cambodia’s Angkor Wat. It is just that one thing, but it is “wow”. When you go to Borobudur, Indonesia, you go “wow”. It needs to have something that makes you go “wow”. It is unique and makes me want to see it. To me, it is the wow factor. It can be another beach or another mountain, but it stands out for that place.”

“More things to do, they mentioned coffee. Maybe a visit to the coffee plantation, and probably more in-depth on that.”

“Night markets or local markets. Share more about their culture and maybe their nightlife. The website is pretty much more about what you can do there, the adventurous part. How can you experience their cultural life?”

“Something that should be put out is that I read that there’s a Portuguese culture. That would be quite interesting because then you don’t have to go so far to Portugal, it’s just there.”

And then when they are planning what to do, they need to feel that the experience is joined up and coordinated. This is particularly important for travelers who would base their trip there around culture, heritage, or adventure. Having a much more detailed website that lists all the attractions and then how to get from one to the other would help immensely. Adding to this, a list of the events and festivals available would add more interest as well.

“When it comes to the website, I think they should develop it in terms of visual sites, like links to all the places they list. Because what I see is a list of names that I have to go and google separately to see what these places look like.”

Accessible, safe transport to get around is very important for these travelers to ensure that their experience is as rich as possible. Having this arranged in advance would be preferable unless there is so much available that it’s easy to find.

“To have a personal driver that is trustworthy.”

“If they have a robust public transport system, then I am happy. If they have something like Grab or Uber, that is fine.”

But more than this, having a tour guide who is local and can add depth and richness to the experience would be a real plus. They would, however, need to have complete trust in the person they travel with.

“All these things should be arranged by reputable hotel staff to introduce you to certain trustworthy people. Otherwise, if you were to look for tour guides or a driver yourself, you may get mistreated.”

“Certain places you need a guide. It really helps to have a local guide with a car.”

Adventure

Given their need to explore and go off-the-beaten-track, transport within the country is essential for these travelers. They need a reliable way to get from one place to another. As with the Culture and Heritage travelers, they would like to have locals take them on treks. This would ensure that they are safe but also that they will get the best out of their activities – they will be taken to the best places and given extra information about what they're seeing. There is a big crossover between Adventure and Culture and Heritage. Essentially, those looking for Adventure also want to experience the culture and heritage of the place as part of that, with each adding to the other.

Adventure seekers would want to know that trails, etc. are well signposted and maintained.

“What is important is the proper labeling of the trail and managing the expectations of the hiking trails. If it's an easy trail, then it should be very clear that it's easy, or if it's very difficult or requires more advanced knowledge.”

Snorkeling and Whale Watching

The availability of cheaper and easier destinations to go snorkeling in Asia is the biggest barrier. These travelers are after a relaxing holiday, so potential hassles will really put them off. Snorkeling, even in pristine waters with abundant marine life, is not enough on its own to make up for the potential hassles of traveling to Timor-Leste for these people.

“Let's say if it's cheaper for me to get to the Philippines and do all the activities compared to going to Timor-Leste, then, of course, that would be my deciding factor.”

“There are no direct flights there now. I think the challenge here is the ability to spend more time traveling.”

Emphasizing the whale watching along with the fantastic snorkeling, however, is the way to cut through. This is genuinely a USP for the country in the region.



Sara & Daniel Pedersen

Core Competitive Destinations: Singaporeans

Singapore is a small and young country. Its environment is mainly a metropolis. Most of the activities of interest offered by Timor-Leste are not available in Singapore. Moreover, these activities are less conducive given the hot, humid, and sometimes wet climate in Singapore. These activities allow them to step away from the urban environment and unwind from their work. While an important aspect of traveling is generally an escape for everyone from the busyness and stress of their daily lives, this sense of being removed from the “hustle and bustle” seems particularly acute for Singaporeans. Their lives are generally about being surrounded by crowds, and they work very hard, with fewer holidays than Australians and UK travelers.

For this reason, some have a heightened need to really get away from it all and go somewhere that is uncrowded and relatively untouched, qualities offered by Timor-Leste.

Developing countries, especially Indonesia, the Philippines, Thailand, Vietnam, and Malaysia are popular alternatives for offering similar experiences for these activities (especially adventuring, diving, and snorkeling), although some sites have experienced over-tourism.

Some Singaporeans favor travel to countries such as Japan & Korea, which are welcomed for their good mix and balance of cosmopolitan and nature-related activities within the country. These destinations also tick the checklist of having an established transportation network to all travel destinations, access to clean and modern facilities, a welcoming climate (cool and dry), and offer various types of accommodation to suit different travel needs.

Trip Planning

Travelers try to maximize their holiday by packing a variety of activities (not limited to their main activity of interest). This applies especially to destinations that are more than 4 hours away by flight. In Timor-Leste’s case, all the different facets of the country need to be communicated no matter what the main activity of interest is. They will be weighing up whether there is enough to do to warrant going somewhere so untried and with a number of potential obstacles to overcome.

Itineraries and the scope of activities are usually planned prior to the trip. Key essentials are generally booked prior to the trip, specifically:

- Flights & visas
- Local transportation, airport transfers, vehicle hire
- Accommodation/lodging
- Tickets of site/museum
- Packaged tour/activity (except for snorkeling)
- Their preferred mode of transacting (especially in Southeast Asia) is cash.

Diving

Background and Interests

Singaporean divers share the same motivations for diving as divers from other markets: peace, serenity, and that sense of being in a completely different world. Diving is the ultimate peaceful, get away from it all experience. It’s a silent world where everything moves slowly and gracefully. Divers feel themselves calming down when they are under the water. This is the same for divers everywhere, but the great need Singaporeans feel to really escape their busy lives means that this is extra appealing.

“Most importantly, is to escape from work, the hustle and bustle of daily life. Something that you can slow the pace down. Be alone in your own world. It is different, as some people prefer shopping, but shopping is a round of thinking or walking around. Diving allows you to escape from it.”

What they are hoping to experience when diving, more specifically, are marine creatures they haven't seen before, as well as coral reefs and wrecks. They also like to meet and interact with other divers who share the same passion.

Singaporean divers seem especially sensitive to the need to care for the environment, and they see diving as a way of really enhancing their awareness and appreciation of this. Some are involved in specific diving projects aimed at caring for the marine environment. This is an aspect of diving that could be incorporated into the diving offer in Timor-Leste.

“For me, it’s more about exploration and I like the peacefulness, the calm feeling when you are underwater. I can stay there quietly and observe things around me without moving around, and learning to appreciate many things, biodiversity, it makes me more self-conscious now about maintaining a good balance in our water in Singapore so that marine life and trees can thrive. I also learned from it how not to destroy marine life and coral and how to appreciate them. I also learned that all this does affect human life and our environment.”

“Sometimes we need to take on projects to really enjoy diving. Sometimes, I checked with a certain dive shop about what project they were doing. So, I joined a few dive trips to do marine conservation projects like building reefs, growing coral, and attaching buoys to rocks. Some of the dive boats like to drop anchor, and this anchor does destroy some coral. So, we actually bought some floating buoys and we anchored them to the seabed rocks. So these dive boats don’t drop the anchor on the coral but instead tie their boat to these floating buoys. Once a year, we will go back to the dive site where we grow coral to inspect and make repairs. Apart from diving, it’s quite enjoyable. Making the diving experience more enriching.”

Comparable destinations are Indonesia, Bali, Komodo, Thailand, the Philippines, and Sri Lanka. Their favorite dives have been in various places in the general area. Komodo because it is a very different environment with rich marine life. Tulamben in Indonesia is famous for its wrecks and it is not as popular as some other dive sites. Ko Pha Ngan in Thailand offers a variety of dive spots for beginners and advanced divers. Bali is appreciated for the great diving instructors and the subsequent feeling of safety. The Philippines offers whale sharks.

Less ideal diving trips have been those where they haven't been able to escape crowds and noise. Tioman seems to attract a party crowd. Bali is also very crowded, and there are often cold underwater currents to contend with. Along with crowded spots come pollution and less clarity, which impact the quality of the dive.

“Tioman. It is too crowded. It is like going back to another kind of city. When diving you really want to relax. The water is also not as clear.”

In general, Timor-Leste has the potential to be an appealing alternative to current competing destinations because of the rarity of its marine life as well as the pristine condition of its waters.

The Planning Process

Diving trips are generally planned for 4-5 days when it's in their general geographical region. When it involves Malaysia/Singapore, they will go for a weekend. All of these divers go diving with other people. None of them dive solo. They generally go in groups of 3-4, but it can involve up to 8 people.

Take Outs: Singaporeans

Singaporeans have less time available to travel, and they have a lot of choices within their region for similar activities offered by Timor-Leste. This means that there is a high bar to hurdle. These travelers want to make the most of their time off. For this, they expect either:

- An out-of-this-world, heightened, unique experience
- Or one that will allow them to pack in as much as they can in the time available in terms of activities. This assumes an easy experience where all aspects are up to scratch: accommodation, food, service, transport, etc.

And preferably both.

Timor-Leste has the potential to offer the former but would struggle with the latter. Whale watching clearly offers that rare, unique experience and is the niche focus that has the most potential for travelers from Singapore.

The diving available in Timor-Leste is world-class in terms of the sites, and consequently, there is potential to attract divers from Singapore. However, there would need to be a lot of work done in terms of reassurance about safety as well as the overall tourist experience. There would need to be a high-quality offering encompassing accommodation/food/transport and other activities to make this a real option. There are plenty of other opportunities for diving in Southeast Asia that they feel comfortable with.

Given the time pressure for Singaporeans, direct flights are going to be essential for many to even consider Timor-Leste. This is a very important factor in really getting people from Singapore to the country.

For many Singaporean travelers, access to Wi-Fi and a usable cell phone is non-negotiable for their trips. They need this for reassurance, but also because their lives are so connected now, they can't imagine life without it. This is potentially a significant barrier if Timor-Leste can't provide it.

While a sense of adventure exists among Singaporean travelers, they have a very high need for reassurance and a low tolerance for hassles and time-wasting. Therefore,

reassurance about the potential downsides of traveling to Timor-Leste is essential. They could easily just put it in the "too hard basket". Offering fully inclusive experiences with everything taken care of, and lots of messaging around the focus on the safety and well-being of visitors is essential. Fully inclusive experiences would also take care of the other perceived hassles of traveling there – transfers, visas, getting around, communication, paying for things, etc. Tailor-made packages would offer an efficient experience aimed at getting the most out of the short time Singaporeans have to travel.

While staying with the locals is appealing to those wanting to really immerse themselves in the authentic culture of the country, those coming for whale watching, diving, or snorkeling would be reassured by the presence of well-known international brand hotels. These brands signify familiarity, safety, comfort, and pleasure.

The "untouched" nature of Timor-Leste potentially offers a compelling opportunity for experiencing both the beauty of nature and cultural immersion. The authenticity of the country is increasingly unique in this well-trampled world. To take advantage of this with Singaporeans would mean offering treks and other activities guided by locals with knowledge and good communication skills. It would mean good accommodation is provided in the villages where travelers could observe and experience the lives of the indigenous people, including their food. Any historical/heritage aspects, such as monuments, museums, Portuguese architecture, historical wars, and independence, would be included within this offering to heighten the richness of the experience. It would not be the major selling point, however, and is more likely to work as a tag on to whale watching and/or diving.

The "untouched" image of the country means that there is an opportunity to highlight care for the environment and sustainability. This would take its "untouched" USP to a whole new level, which would really resonate with many Singaporean travelers, especially divers and whale watchers, whose interest in these activities often has an ecological focus. These travelers would appreciate this being integral to the ethos of the country and the operators within it.

United Kingdom

Current Perceptions of Timor-Leste: United Kingdom

Initial Perceptions of Timor-Leste

There is a very low initial awareness of Timor-Leste. Some had a 'vague' awareness of the name but were unaware of exactly, or even vaguely, where it was. One was fully aware as he/she had planned a visit as part of an extended SE Asia trip, and the other knew of it because he/she is from Australia.

"I literally knew nothing about it."

Some have heard of Timor-Leste and associated it with past conflicts and the UN, but have heard nothing about it since. "East Timor" is the name these few people are aware of. "Timor-Leste" is very unfamiliar. This association with past struggles doesn't seem to be as strong among UK travelers compared with Australia and Singapore, who are more familiar with events in the Asia-Pacific region.

"That was all that was in my mind – oh there's a lot of fighting there though, isn't there?"

"I just remember the United Nations Peacekeeping force in East Timor. I didn't even know where it was, to be honest."

As with other markets, there is no awareness of it as a place to visit as a tourist for leisure.

Appeal factors for Timor-Leste

The initial perceptions of travelers from the UK, after some brief research on Timor-Leste, were generally positive. They were very attracted by its natural beauty. It is like the Indonesian archipelago, a tropical island, with the same climate, landscape, and beauty. "An Undiscovered Bali", a full-fledged 'island holiday' experience.

"It would feel like a hidden gem."

They would want to go there to explore the landscape, experience nature and see the sea life. As well as this, to experience local culture and traditions and to relax on the beautiful beaches.

"Unspoiled" was a key theme that consistently came up with the UK travelers, and it comes with several pros and cons. There are several real benefits to an unspoiled destination, particularly with so many popular destinations becoming over-developed or touristy and destroying what made them so attractive in the first place. The untouched nature of the country promises a highly authentic travel experience with lasting local traditions and the opportunity for real cultural immersion. And it offers something unique and different which can be enjoyed at the time and provides a halo effect in being among the first to go there – definitely "bragging rights". It feels like a destination for the more discerning traveler rather than the mass market.

"I'm sick to death of the same old, same old. This is exciting! Interesting, intriguing... People these days are more discerning and I think they're more adventurous."

"I'd prefer to go to a new destination where the flora and fauna, like in the Great Barrier Reef scenario, aren't completely destroyed by tourism."

“I liked the fact that I didn’t know too much about it because then it meant that it would be like uncharted territory, it wouldn’t be very touristy, and it might be what people used to talk about when they went to Vietnam when people weren’t going there. So, I was quite intrigued by that. I thought maybe it was untouched.”

“It’s a badge for us to say that we’ve been somewhere that is so memorable and different and unique that we want to talk about it with people.”

It also offers something very different in terms of its landscape, wildlife, marine life, and indigenous culture. This appeals to them as a real contrast to their daily lives, offering them the chance to really disconnect and get away from it all.

There is a real opportunity to take the “unspoiled” image and link it to eco-tourism and sustainability. There is such a feel-good factor to this that it could help Timor-Leste overcome some of its other hurdles.

“They need some small-scale boutique hotels with strong sustainability. Some good environmental credentials that are sympathetic to the surroundings, and then I think you could really have some people spending serious money there.”

Diving

The diving opportunities have strong appeal. There is a huge variety of sea life that seems to be very accessible in both deep and shallow locations. There are coral reefs and wrecks that add extra beauty and interest. There is an impressive variety of dive sites and things to see, all in good, clear, warm water. The beauty of the diving overall appears to be outstanding. They feel like they would have a fantastic diving experience overall.

“What I liked about it is that it looked like there was a lot to do diving-wise in a small location”

“What’s really important is accessibility. You want to make sure you don’t have to travel for a day to get to a dive location, and I don’t think you’d have to do that. You’d have a lot more varied choice.”

“There was talk of 450,000 different variations of fish in that area, which would be great to see.”

The presence of whales and dolphins would really add to the experience too.

When looking at the website, they found reassurance in the credentials of the diving schools, which mentioned being PADI qualified, so they expected well-developed operations with expertise and, importantly, safety. This isn’t sufficient on its own, they would need to know more about the quality of the instructors and diving establishments, but it is encouraging to them.

“Some of them have a five-star PADI credit, so I think they’d give you the best dives.”

Culture and heritage

These travelers see Timor-Leste as an undiscovered territory, with its own people and culture. This gives it a sense of uniqueness and authenticity. They would really appreciate the opportunity for cultural immersion – being able to stay in traditional accommodation with the indigenous people. They would expect a very welcoming, hospitable population. They would want to experience traditional foods and crafts and expect this to be the case. They imagine it would not be high-rise, uniform, anonymous, or too commercial.

“Just somewhere that’s very different and a place that maybe lots of other tourists don’t go to, so it’s less touristy.”

The cultural side is the emphasis. The heritage aspect looks relatively weak. There are a few things to see and visit, but each is only a brief encounter.

Adventure travel

The landscape, and especially the mountains, clearly present lots of opportunities for adventurous exploration. The range of activities is appealing. There is quite adventurous hiking, trekking, cycling, and even driving. It involves both land and sea and offers a real opportunity to immerse themselves in nature. It offers the potential to spot wildlife – on land and in the sea. There was no mention of high-adrenalin activities – but they were not missed as there is plenty to offer in the sheer natural resources of the country.

"I'm interested in that area of the world. It's different. I think of the rainforest and all the tropical animals I might see."

"They've got everything you want. Lots of hiking, lots of snorkeling, that sort of stuff."

"First of all, it's unknown and the images of the cycling really got my attention. I've never been on holiday just for cycling."

"For me, it's the chance to see a special animal."

Snorkeling and Whale Watching

The sheer variety of sea life in the waters around Timor-Leste promises great snorkeling, with coral reefs and wrecks adding more interest. The variety of fish is very impressive. And the clear tropical waters offer warm, pleasurable snorkeling surrounded by great beauty and vibrancy. The beautiful beaches provide a beautiful setting and suggest a relaxing sea-focused experience.

"I'd prefer to go to a new destination where the flora and fauna and the Great Barrier Reef scenario with bleached coral aren't completely destroyed by tourism."

"Just warm waters, plenty of undersea life and vibrancy. Good clear water."

"It definitely looked like a great place to snorkel."

While the variety of coral and marine life makes for a great snorkeling experience, it is the presence of whales and dolphins year-round that has the potential to really make an impact on travelers from the UK. Whale and dolphin watching opportunities around the globe are pretty rare, and even rarer is the predictability of sightings that Timor-Leste can offer. All this, and a warm, tropical climate, make this a compelling reason for some to make the journey out.

"I was attracted by the sharks, whales, and dolphins."

Key Challenges and Areas to Address

As with other markets, lack of awareness is the first hurdle to be overcome. This is an even bigger obstacle in the UK, where there is even less awareness of the country than in the other two markets because it is outside the area. The UK is going to be a very tough market for Timor-Leste to crack.

"I think they have got a massive job to do. I really think it is huge. Starting with literally the country's branding, going through to the up-skilling for hospitality and customer service, through to the infrastructure, through to the airport. I could go on for hours and hours about what they've got to do to get it all together to offer an incredible destination."

Overall, the biggest concerns are:

- The distance involved
- A poor-quality experience that reduces the enjoyability
- Cost – mismatch in their expectations
- The "sell" – what's a compelling reason to go?

Distance

The biggest challenge for UK visitors is the sheer distance. This really does put it in the "too hard" basket for many. They just wouldn't even contemplate going that far, especially to a destination they are unsure about. That distance would only be worth it for real "bucket list" destinations.

"I didn't pay too much attention to it massively, simply because, if I'm totally honest, it's a blooming long way away... It looks lovely, but am I going to go there?"

"It seems like the ideal place in that the activities are everything that we love... But the traveling distance really puts me off. I think I could probably fly to somewhere closer that would do the same. If you've got a week's holiday and you're doing a 20-hour flight, you're losing two days of your holiday."

"If it were 8 or 9 hours away, I'd put it on the list of potentials for next year, but I don't want to spend so much time traveling."

“I can see for Australians it being the new Bali, but that’s difficult from where we are.”

If they were to go, it would have to be tagged on to something else. Creating two-center holidays would be the best way to encourage visitors. This would make traveling the distance worthwhile and would limit the ‘commitment’ to the unknown. This could happen in several ways. Travelers could combine different types of holidays, with Timor-Leste as the more adventurous, unusual ‘island holiday’, with the better-known, bucket-list destinations. This could be via key airline hubs – with a range of options between the UK and Timor-Leste such as the Middle East, Singapore, or even Hong Kong.

“We are trying to go to the Philippines. My husband’s friend lives there, so there is a chance that we would go, and if so, then that’s not too far away.”

Or it could work via complimentary holiday types. For example, Bali – as a luxury/relaxation/‘touristy’/nightlife version of the island holiday.

“Combining it with somewhere like Bali. Similar things, but fewer in each place. You could almost island hop.”

Or it could work as an add-on to an Australia trip given the direct flight from Darwin.

“I’ve never been to Australia, but I’ve always wanted to go for a month or so and travel around, so this could be a destination you could do on top of that.”

“If you’re dotting around Australia, maybe one of your trips is not to go to Tasmania, maybe you go to Timor-Leste.”

Because it is so far away from the UK and would require a considerable investment in terms of precious holiday time, travelers from the UK tend to be more risk-averse – many would have to be completely reassured that all of their wants and needs would be satisfied.

Not enjoyable enough

As outlined above, „unspoiled“ is generally a good thing. But there is a flip side to this too. Being “underdeveloped” can also mean “rough and ready” which

suggests a lack of luxury, even discomfort, with basic hotels, food, infrastructure, and transport. It could mean that various aspects of the travel experience lack the quality expected by some of these travelers. An unsophisticated tourist destination could mean poor standards of service, unreliable transport, and risk in terms of health and safety. It also means that it will be off the well-established travel routes and getting there is likely to be difficult, time-consuming, and costly.

“My concern is the quality of the accommodation. Those hotels looked like \$30-hotels, and I don’t really want to stay in them.”

Overall, Timor-Leste is intriguing and could have potential amongst some travelers, but there is a need to balance the ‘unspoiled paradise’ with a lot of reassurance and trust-building. This means getting the messaging and positioning right. “Unspoiled” must be a key USP. Messaging also needs to allay concerns by communicating good healthcare, travel, support, and services.

Cost

However, much of this is predicated on the expectation that Timor-Leste will be cheap, giving access to a great holiday at a lower cost. For UK travelers, though the flight might be relatively costly, if in-country costs are low, it could be worthwhile. They will generally need low cost/great value for the overall holiday, low cost of hotels, food, etc., and low prices for activities, such as diving.

The Sell. There is a need overall for a more ‘polished’ marketing effort to give a stronger sense of identity and reason to go there. The current message seems amorphous and scatter-gun. It really reads like a list of everything it has to offer without successfully communicating a strong reason to go.

“It needs to think about what makes it unique and I just felt like they were clutching at some things, but I was like “you’ve really got to sell me this as a place” and that page was not selling it to me at all. And it could be the environmentalism, it could be hiking, it could be the language, it could be the culture, it could be the dress, it could be the music, it could be the food. They’ve got to really hook onto something and use that. It was just too general and too vague.”

At the moment, current official communications are underwhelming. There needs to be an improved website, with consistently professional photography and video to enthrall and engage. At the moment, the images are all static and some of the photos are felt to be of poor quality.

UK travelers rely heavily on reviews and recommendations in their decision-making. It is vital to get these out there and use well-connected people and organizations for this. Social media is crucial. Having a connection with trusted brands—holiday companies, hotels, airlines, etc., will help to reassure potential troubled travelers.

To reinforce and leverage the “unspoiled” nature of the country, taking a stand and leading on ‘sustainability’/‘eco-tourism’ as a point of difference could really make an impact, particularly while there has been no sense of over-tourism or deterioration of the natural environment. This is in tune with the spirit of the times and appeals to heavy travelers, helping to assuage guilt associated with globe-trotting and would allow them to feel they are ‘giving back’, both to the environment and also to the local people and their livelihoods.

Maintaining its “unspoiled” USP over the long term will be a dilemma – holding on to the authenticity, yet adding the comfort without tipping into touristy uniformity.

Diving

Despite the strength of the diving offer for Timor-Leste, there are other diving destinations that are generally more compelling for those in the UK. The Caribbean is a popular choice that has beautiful waters, great marine life, and lots of beach/resort-type experiences that satisfy. The industry is more developed there and has a greater choice of operators, accommodation, etc. available, and importantly, more connections and a shorter distance to go. Even if Timor-Leste could offer everything they wanted, it would always be challenging to entice many people to make the trip to go diving.

“You can get the same thing closer – the hotel would be just as nice, the weather would be just as good, and what you’re going to see on the dive would be just as good. You would get all of that just as nice but closer to home.”

Diving is a holiday choice for these travelers, but it is usually part of the holiday. They are not typically diving for the whole week, and they need other things to do, so activities and places to explore is essential. This is going to be very important for UK visitors because of the amount of time invested in coming so far. In fact, Timor-Leste will really have to be outstanding in many respects to attract these visitors.

Safety is huge for UK divers as elsewhere. They realize when they are out diving how vulnerable they are and they rely heavily on support from the diving organization to look after them. Those travelers involved in this study have generally been given the reassurance about safety they needed on their diving expeditions so far. Going to well-established dive destinations helps with this. It would take more reassurance about safety when thinking about new diving destinations, particularly those in their infancy like Timor-Leste.

“If it’s even on the list for insurance. So many places aren’t even on the approved list. Would I have gone to Mexico without insurance? No way.”

Culture and Heritage

The biggest challenge for culture and heritage-focused travelers from the UK is that they have so much of this available on their doorstep. Europe itself is steeped in a rich history. Timor-Leste does not offer anything like this, nor does it offer what they could experience in other parts of the world where there are artifacts from ancient civilizations as well as thriving communities that live in their own unique way. They can even cite plenty of Asian destinations that offer a great deal in terms of culture and heritage.

“Well, there’s a whole bundle of tropical destinations down that side. You can start with Malaysia. I think Cambodia and a couple of other good rivals that are far more down the road but still offer authentic experiences.”

An immersive cultural experience among the indigenous people is appealing, but again, is unlikely to be sufficient to get them to travel so far.

Overall, the culture and heritage Timor-Leste can offer is very light and is unlikely to lure many from the other side of the world. It is probably the weakest focus for the country and is not sustainable on its own in terms of luring potential UK visitors. The opportunity really lies in mixing it in with the more compelling diving and whale watching elements and perhaps adding it to an eco-tourism offering where it is part of giving back and adds to the feel-good factor for visitors.

“I only looked at the culture page, so I was thinking, I’m still not sure what to expect and I think the pictures on that page weren’t fantastic either. I was like, “I’m not sure what to expect.” I’m not sold. I’m not sure how interesting it would be.”

“It just didn’t look like there was a huge amount to fill your time and it did look like a lot of the things you could kind of do in an hour.”

There is also some aversion to risk amongst people traveling for heritage and cultural reasons. They may like to explore something new to them, but they are often more comfortable going where more people have been and where the tourist infrastructure is well established.

“I think I’m a little bit more risk-averse. I like newer places, but I’m not the first one. I need a few more people to go there.”

Adventure

It’s unlikely that travelers looking for adventure would make the long trip out to Timor-Leste for that purpose. They feel that they have plenty of options for active, outdoor, adrenaline-fueled activities much closer to home.

“I think I could probably fly into somewhere closer that would do the same. If you’ve got a week’s holiday and you’re doing a 20-hour flight, you’re losing two days of your holiday.”

The representation of adventure-type activities is not particularly compelling on the official website. The photos are underwhelming and don’t “wow” potential travelers the way that diving/water-based images do.

“They’ve got a mixture of photos that look like somebody’s just taken on a school trip and a couple that looks a bit more staged... I wonder if it’s just a case of trying to polish that up a bit more and make it really attractive and really try and pull out the things you can do.”

Despite being motivated by adventure, there is a sense of trepidation about the conditions they might find there. The website has not done anything to reassure them about the standard of the activities and infrastructure.

“Some of the things we touched on before as being important are going to be challenging. The level of quality and standards. Even if you rent a car, you see an image of a four-wheel-drive that looks twenty years old. They do play in the back of your mind. It’s a really fine balance to be able to say you want it to be unspoiled, but at the same time, you’re expecting a five-star life.”

Snorkeling and Whale Watching

While the snorkeling experience in Timor-Leste appears to be high quality and appealing, its value really is as an add-on to diving and whale watching. There are too many other places that offer great snorkeling but without the risk, hassle, and expense factor of going to Timor-Leste.

“I guess it seems like a bit more of a risk factor with a more, new and developing destination. In a sense that deters me, there’s a bit more responsibility that goes on in my own head if things were not to work out and I’d have the comfort and ease I’ve been used to with holidays in the Caribbean.”

Whale watching is the real attraction, but this really needs to tick all the boxes about the quality and safety of the experience. It also needs to be offered alongside other activities to occupy travelers when they are not looking for whales and dolphins.

Core Competitive Destinations: United Kingdom

Travelers from the UK all have a passion for travel. They may go back to favorites, especially if there are other reasons, such as family ties, but they are also very interested in going somewhere ‘new’.

New destinations often simmer in the mind for a while, then it becomes a plan. They may have a ‘bucket list’. One, or a few, will arrive ‘on the radar’, via recommendations, advertising, anything that can prompt an interest. Recommendations are very important – friends, fellow travelers, Facebook groups, and Trip Advisor.

Then they research it online. They try to determine the appeal of the destination through researching the core activity as well as other things to do, the beauty, the standards, and the distance to travel. Then they will assess the fit with timing needs, season, and weather.

Then they will confirm their choice and make a booking, perhaps 3-6 months in advance, depending on the type/size of the holiday, and will carry on researching, in detail, things to do and see. They may pre-book activities and visits if advised.

Decisions about whether to travel as an independent, package, or group tour will depend on the destination. The less known about the destination, the language, etc., the more support/back-up required. Otherwise, they are often confident enough to go independently, although a package also has a role for beach/water holidays where many things are grouped making it easier and often more cost-effective to do.

Some UK travelers mentioned sustainability/eco-friendliness/community support as important aspects of traveling and these are felt to be increasingly important especially for frequent travelers – not just to ‘take’ but to ‘give back and to address environmental factors.

In terms of flights, they have generally learned not to simply aim for the cheapest. They are often looking for comfort through sensible departure and arrival times,

preferably direct or with a stopover to add to the holiday – this can be cheaper, too. They want to avoid a long stop in an airport, as this would just be wasted time from their previous holiday. They prefer to travel with a trusted airline or at least one that is known to deliver quality for longer flights. Long flights are considered only for longer holidays.

In terms of transfers and logistics, they are trying to maximize leisure time and reduce wasted time. They don’t want long, uncomfortable road journeys, etc. Ideally, the infrastructure would be good enough in general, with good safety standards, good roads, and transport options. Wi-fi is increasingly considered to be vital.

With accommodation, they are after a good comfort level. This is important to the pleasure and treat of a holiday. Proximity to the activities and the action minimizes daily travel, but they will trade up or down if “part of the experience“ is visiting different areas for a night or two. Short cut-outs of power or water can be accepted – but they are firmly disliked, and it shouldn’t be an ongoing problem.

Food and drink are integral to the pleasure of a holiday - and to experience the cultures and traditions of the place. They like to have a mix of local and international foods and restaurants as long as everything is hygienic and trusted.

In terms of the cost of the total trip and affordability, they will weigh up which aspects need more spend or which are worth spending more on – often whichever activity is the main focus of the trip. They will mentally assess the overall value of the experience – “what I am going to get out of it?” Is it worth it?

Particularly with new and unknown destinations, a risk assessment is part of the overall planning. They do their homework, check for issues, ensure safety. Concerns about this may determine that they don’t go, especially if the focus is on more risky pursuits such as diving.

Diving

Background and Interests

There is a mix of experience and ability, but it all started and became „hooked“. Some are „adrenalin junkies“, seeking thrills of all sorts. The others are more focused on diving.

For all these UK divers, it is about being able to see and explore sea life of all kinds – coral, fish, and other sea creatures, as well as the feeling of being deep in the water, fully immersed. It’s about having that experience that is so different from the day-to-day world.

“It’s just so magical. It’s like another world that you’re just not part of.”

“To try and go as deep as possible. Once you get down onto the seabed, it’s amazing the different animals and fish you can see down there. It’s just vibrant; it’s like another city.”

Memorable diving destinations include Egypt, the Canaries, Mexico, the Caribbean, Bali, Morocco, Mauritius, Thailand, and the Mediterranean. Their favorites are Egypt and the Caribbean, where they have encountered professional, well-organized diving operations as well as spectacular diving spots. They talk about the „blue“, especially in the Caribbean, the clear water, the warmth, the beauty, and the variety.

“The Caribbean. The water is so blue and it gets darker as you go further down. The bluer it is on top, the more you see as you go down. It’s that much clearer.”

“I’ve done most of my diving in the Caribbean. Because of the warm temperature and the warm climate, you see so many varieties of fish down there.”

“Egypt. Just the instructions as well. It made me want to go back. It’s a place I’ve revisited.”

Disappointing diving experiences include one in Thailand, which had a long/poor boat ride out, poor guiding, and few sightings. In the Dominican Republic, unprofessional, poor service was encountered and there have been some disappointments in the Mediterranean with there being very little marine life.

“One of the Greek islands. I swear I didn’t see any fish.”

“In the Dominican Republic, you’ve got those guys in the hotel selling you stuff and it was just poor, wasn’t professional, wasn’t the best experience. They said they were going to give us food, but the food was crap. Underwater was beautiful, but the build-up and the experience weren’t.”

The Planning Process

Diving leads to a holiday choice but is usually part of the holiday. They are not typically diving for the whole week, but 1-4 days of an average 10-day trip. How and what is planned depends on who they are going with and their interest in diving. They need other things to do: activities, sightseeing, relaxation.

“If I was going with a partner, I would make sure there were sufficient activities for them outside of scuba diving. You’ve got to consider someone else as well.”

The quality of the dive site is paramount. They want to know about the clarity and temperature of the water, the climate, what they will see, and the beauty of the whole experience. They will also prioritize the diving location for accommodation and accessibility of dive sites from the shore as well as from a boat.

“Especially with scuba diving, you’ve got to make sure you’re going in the right season and it’s weather specific. Also, you’ve got to tailor what kind of diving you want to do. So, if you want to do cave diving or shipwreck diving, you obviously want to go somewhere where there’s a shipwreck.”

They will book the diving ahead or when at the destination, but they will research the details. They want to make sure they are booking with a professional center or diving school. They want them to be PADI accredited and to have a good safety record. Safety, trust, and confidence are vital, and the condition of the boat is a key indicator. The guides are important. They need to trust them, so they need to know they are experienced, informative, and can ensure good sightings. To assess all this, they will use reviews from other divers.

“You put in ‘best diving holidays’ and you pick one of those, and then you look up the diving school.”

“I make sure the reviews are good. I trust other divers. If they’re saying it’s crap, I’m not going to touch it.”

“If you’ve got a good diving school, it’s all going to be there.”

“I’ve never actually specifically booked a holiday with scuba diving as part of the package. I’ve always gone to a dive school and seen what they offer. Normally I would book my flight and accommodation and any excursions I would do alongside that.”

They will research service standards and other elements that go into making it a good trip overall. So that’s things like transport operators, the quality of the food, etc. TripAdvisor is really popular and well trusted.

“TripAdvisor is my bible, really. I don’t go anywhere unless it says it’s good.”

Culture and Heritage

Background and Interests

These travelers are after real memories and connections. They want special and enriching experiences, not “just a beach”. Immersion in the local cultures and ways of life provides the sort of experience they are after. Specifically, this would be delivered in a multi-dimensional way: via the indigenous people, the food they eat, shopping for local products, local transport, the language, currency, art, music, traditions, craftsmanship, history, heritage, and influences. For them, it’s all about discovery and exploring the uniqueness of each place. They often describe themselves as “intrigued” by unknown places and things they have never seen before – and maybe few others have seen.

“When you’re actually seeing things and you’re seeping up the culture then I think you have real memories, you have real times or things that you’ve seen, moments that you’ve spent there”.

Memorable destinations include China, Australia, Argentina, the US, Middle East, Africa, Singapore, Cambodia, Brazil, Croatia, Morocco, Hungary, Romania, Transylvania, Lithuania, Latvia, Estonia, Finland, Europe. Their favorites have been South Africa, China, Morocco, Brazil, Cambodia, and Amsterdam.

“South Africa is for me because of the diversity of the country in every respect. You can be in Stellenbosch, out in the vineyards, or you could be having a city tour in Johannesburg, so that diversity and what I consider to be authentic experiences, it’s really amazing.”

“Cambodia had such a good mix of culture and heritage, and there was just something new every single day to get involved with or go and see.”

“The different factors that have had a role in Brazil, from going to visit the favelas and going into the city, going to the beach, it’s got a real mixture of different kinds of architecture and a mixture of people living there. I was in Tio so it’s quite dense and packed, plus you had the carnival and the food, the music, the sea, there’s just a lot there to take in.”

The Planning Process

They plan to ensure real immersion in the country's culture, history, and landscape. They are after authenticity above all. Ideally, they are looking for traditional craftsmanship, local festivals, and performances, as well as local traditional markets. Therefore, they will do a lot of research, both to find out if the destination will offer them what they want but also to research how to make the best of it and not miss out on anything that would give them an involving, authentic experience. Destinations that are off the beaten track have the potential to offer a less "touristy" and more „undiscovered“ experience. But neither is essential, as long as it's authentic or unique and at least "new to me."

"Wow, factor – something memorable, something completely different, something I've never experienced before."

"I think if it's a sort of up-and-coming country or slightly off the radar, I think I'd rather go there sooner, so I would bump it up the list rather than somewhere that's already fully established as a tourist destination, just to sort of seeing it before it becomes a massive tourist hotspot."

"It's that whole thing about something being authentic. You can have authentic experiences as a traveler, but if things are mocked up for the tourist, then your engagement with the place and your sense of the place is diluted."

They are happy to explore some destinations by themselves, but others, where it feels harder, they will do as a package or as a group. More familiar destinations in Europe will be done independently. Several of our UK travelers go solo for these sorts of trips, which means they can plan all the things they want to do without thinking about anyone else. These could be short city breaks for a few days, and they could do several of these in a year to places close by.

"I normally travel alone. I love traveling alone, and then I can have a really dense itinerary which I also really love."

While they choose the destinations that they feel will offer them a good heritage/culture experience, they will also want to do other activities and experience the other assets the destinations have to offer, like a beautiful landscape, beaches, etc. Depending on when they can travel, the weather at that time of year will influence where they go too.

"When it's feasible for me to go on holiday in that year, and then, if I know I can only go at a certain time of the year for a long haul, then I look at where the weather is good enough that it wouldn't limit my trip hugely."

They often have a few different destinations in mind. They may well have a bucket list based on the sorts of experiences they are after, but this can easily be added to if they hear about an inspiring destination. They are generally quite open to new ideas for holidays.

For long-haul destinations, they might plan up to a year in advance, for closer ones, maybe only three months in advance. Some will base their trips away on where friends and family are in the world, or if there is a particular event on and use that as the basis for going.

As with all other travelers, the opinions of others matter. They listen to their friends' experiences and are influenced by those, they read reviews, google, use YouTube and guidebooks.

They book flights, accommodation and often transfers ahead of time, and maybe some attractions. But generally, some of this will be left to when they arrive and they will decide from there. If traveling with a family, everything is booked upfront and the itinerary is carefully planned in advance.

Adventure

Background and Interests

An adventure-focused trip is essentially about experiencing a contrast with daily life. It's often about an adrenaline rush and extreme fun. The physicality is a chance to change gears, get their sedentary urban lives out of their systems for a while, and fully re-charge. These travelers enjoy being active and don't like to spend their holidays just lazing on a beach. They are looking for activities like hiking, white water rafting, canyoning, zip-lining, mountain biking, and abseiling. They often like to combine this with getting close to nature, appreciating the flora and fauna, its beauty, and contrasts. They may travel solo, but often they're sharing it with other people, and this is an important part of the fun. They enjoy going to different places and seeing more of the world.

"If it's for a week or more, I want somewhere that's in touch with nature. Somewhere not too touristy and because of the situation we're in now, I want to be in nature more than ever."

Memorable destinations have been Iceland, Transylvania, South Africa, Mauritius, Cuba, New Zealand, California, Italy, Wales, Montenegro, Texas, Costa Rica, and Morocco, which all had plenty to offer the adventurous traveler.

"Went trekking in Costa Rica in the rainforest. Big national park. Crazy animals and creatures there."

Their favorite experiences have been in Montenegro, South Africa, and Texas.

"Our main love is South Africa. We've obviously done Table Mountain, part of the Otter Trail, but not all of it because it's huge."

"Probably the most fun thing we've done is canyoning. We did some fantastic canyoning in Montenegro. We enjoy getting out into the fresh air and the energy."

"A ranch holiday in Texas. Hiking, horseback riding, and swimming and then, in the evenings' campfire sing-a-longs."



Tim Foster/unsplash.com

Their disappointing experiences were in the Algarve in Portugal, which seemed to lack culture and character; Bulgaria, because so many things were closed, and Mexico, because of the crime and gangs, which made for an unsafe experience.

The Planning Process

Because they are adventurous by nature, they are open to lots of influences. Finding a destination can be quite serendipitous; they can hear about or see a place that just triggers interest and a desire to go there.

“Some of the process we go through as well is that you see things and destinations. There’re so many triggers and ways in which different destinations can come about.”

They research what there is to see, do, and experience, and this primarily drives the decision. This includes finding out about the landscape and how to get involved in it. They are on the lookout for trails, activities, nature reserves, mountains, coasts, and geysers—things that are exciting and different. Trip Advisor is useful for finding out how to get from A to B.

“I go on Sky Scanner and see what direct flights there are to the countries I’m interested in. I use Google Maps so much when I’m planning my holidays because I zoom out and see roughly what sort of topography there is. When I start my research, I use some sites to find out what the top 5-10 things to do in this area are and see what comes up. If adventure activities come up, that’s a bonus. If it mentions things like a national nature reserve, well, that’s a bonus.”

“Challenge yourself by doing an activity you’ve never done before. It’s like, what is there to attract me to this destination over another? When I’m looking for new places to go, I’ll see an activity I’ve never done before, and all of a sudden I’m fixated on going there just to try it.”

Much will be explored under their own steam – but where there are risky activities, experienced, accredited providers are required. It’s also important for them to experience the country and its culture. It’s all part of the heightened experience they are after. Exciting and different. Therefore,

they are also looking for local color and culture: local food, markets, crafts, customs, and traditions. While it is not the focus, a chance for a bit of chill-out time is appreciated too, so nice beaches are a drawcard.

The climate and weather matter as they will be out in it most of the time and they want to make the most of it. However, they are reasonably flexible and are prepared to take what comes, within reason. A bit of rain will not generally affect their holiday the way it would for those more focused on sun and sand.

“Climate is essential. I wouldn’t want to go on an outdoor holiday where it’s freezing cold all the time.”

Snorkeling and Whale Watching

Background and Interests

There is a genuine delight, even a privilege, in seeing and experiencing ocean life. This holds for both snorkelers and whale watchers. A good experience for both is thrilling, entertaining, exhilarating, and beautiful. It’s about experiencing a secret world under, or over, the sea that’s not accessible on land. Unlike diving, both snorkeling and whale watching are available to weak or even non-swimmers. They don’t need to have training or qualifications to take part.

“In terms of whale watching, it’s absolutely phenomenal to see this massive creature coming out of the water and reaching the giddy heights of God knows how tall they are, then diving back down in the water. It’s a real spectacle. It’s absolutely thrilling.”

“I kind of never dreamed I’d have the opportunity, so you really appreciate it. You’re feeling quite privileged to see this sort of stuff, actually able to find yourself in these places and see these remarkable sights. They’re very majestic creatures. The dolphins are great fun, they put a smile on your face. I think the whales are a bit more emotional. You’re not guaranteed a whale. Whales are a bit tougher to find and you could go out for a day and not see anything. It’s a bit of a treasure hunt almost in that respect, so if you do see something it’s exciting. To be honest it is quite intoxicating.”

"I think the water mammals have the edge for me. Their freedom in the water. Just watching them jump and just be free. It's wonderful to see."

This is mostly about experiencing sea life in its natural habitat but coral (not bleached), wrecks, and underwater sculptures can add interest for snorkelers. A good snorkeling experience is colorful with a huge variety of marine life, especially if there is an element of the unexpected or highly unusual.

"It's really about seeing the sea life. I wouldn't go on a snorkeling trip just to see coral reefs."

Memorable destinations have been Hawaii, New Zealand, Iceland, South Africa, the Caribbean, West Indies, Mexico, Turkey, Egypt, Costa Rica, and Australia. Their main memories of these places were of the various whales and dolphins they saw. Their favorite experiences include Croatia, Iceland, Hawaii, Grenada, and Antigua for the abundance and accessibility of the sea life, the 'difference' and beauty of the region, including beaches, geysers, mountains, oceans, etc.

"Probably Croatia. The minute you put your face into the water you were just surrounded by fish. We had a guide who took us to different places and we snorkeled off the boat and to beaches that you couldn't get to otherwise."

"I think Iceland because as well as the whale watching, you've got the geysers, the Icelandic ponies, and your blue lagoon. It's a fascinating country. I think the whale watching was the highlight but all the other things we did in Iceland supplemented that."

The Planning Process

Not often the sole purpose but a key intention as part of a holiday. The activity drives appeal and the choice of the holiday so it is researched up-front. They will either book the activity ahead or when they are at the destination.

"I'm inclined to look at different destinations for what they can offer in terms of snorkeling before making a decision. That's the priority."

When deciding on the destination, they are looking for clean waters, a good variety of sea life plus the right weather, and the beauty of the beaches/sites.

Although not as crucial as it is with diving, some need to be sure of the quality of the snorkeling organization and the support systems in place. These travelers are looking for trusted, safe, accredited, well-organized operators with good equipment and good boats if they are going to snorkel off-shore. They may go for guided or unguided snorkeling. If they go for a guide, they want to make sure they have a good one who will be informative and ensure good sightings of marine life. Reviews are important to determine which providers to use.

"In some regards, I play it a little safe in that some of the holidays I've been on for snorkeling have been primarily in the Caribbean and Central America. That's through previous experiences having been there and getting to speak to different excursion guides about the different islands and what they have to offer."

"I tend to have a look at reviews of different snorkeling-based companies in the destination just for a bit of reassurance that knowing going out there it's not going to be a waste of money."

Sustainability was raised by some as an important aspect and they will look for reassurance about this when deciding who to book with for snorkeling and/or boat trips. Because part of the experience is about immersing themselves in nature, the quality and health of this are important.

"I check sustainability and eco-friendly policies and practices that are important to me."

For those looking to snorkel, because the activity is really just part of a broader beach, sea, and relaxing holiday; other aspects of the holiday are important. They want to see that there is plenty to do and that the overall experience will be a pleasurable one. So, they will be researching other things to do and see and will want to make sure accommodation, food, transport, etc., will all be up to scratch as well.

There was a mix of people booking everything beforehand and others just booking flights and accommodation and finding snorkeling and other activities when they got to the destination.

Key Take Outs: United Kingdom

The tyranny of distance is the main theme for UK travelers in terms of Timor-Leste. It is way too far away for many of them and they wouldn't contemplate it as an option. They have so many other options either on their doorstep or at least significantly closer, to do the activities Timor-Leste offers.

The biggest opportunity lies in linking Timor-Leste with another destination close by as a dual offer. Many are interested in other places in South East Asia that offer them a very different experience and are rich in many of the aspects Timor-Leste has: heritage/culture, diving, beach holidays, adventurous pursuits. Timor-Leste could be tagged on for a more "untouched" experience to these more popular ones, emphasizing whale watching and diving. Heritage/ culture, adventure, and snorkeling/ beaches would be there as a secondary focus to make their Timor-Leste experience fuller. Tagging a visit to Timor-Leste on to Australia is another strong option, especially with the direct short flight from Darwin.

The guarantee of whale sightings is potentially very attractive and could prompt them to add Timor-Leste onto a Southeast Asian or Australian destination. Again, unlikely to be the driving reason to come so far, but a strong proposition when combined with other destinations and activities. The UK has incredible whale watching opportunities in places like Iceland. The strength of the Timor-Leste whale watching offer will be around its warm climate and the high likelihood of successful whale spotting.

Given the long-distance and potential investment in time and money plus the strong competitive set, Timor-Leste would have to work very hard to both promote the country's great assets and reassure about safety, ease, and the quality of the experience. Many UK travelers do not want to "endure" the potential hardships of staying in an undeveloped place and the potential hassles of getting there and getting around.

Timor-Leste is really a destination for the most intrepid travelers who really will go to a place because few have gone there. The bulk of UK travelers though, even those who see themselves as adventurous would be hesitant to go somewhere so unknown and particularly with the residual shadow of conflict. Many believe there is "safety in numbers" and rely on good reviews and word of mouth from others.

Diving as an attraction on its own will not be enough to lure UK travelers despite the obvious quality of the sites and the beauty of the marine environment. The Caribbean ticks all the boxes for them diving wise and it's closer and has more facilities for tourists as well as reassurance. It's a comforting but highly satisfying choice.

Snorkeling is even less of a draw, with so much available closer that will offer them very comfortable, even luxurious beach-oriented holidays.

Adventure experiences too can be had in many places, and what Timor-Leste has to offer is not that different in terms of activities.

Heritage offerings are weak especially compared with the rich history/heritage of places much closer. It is too high a bar to clear. Immersive culture is appealing though, a genuine local-led experience promises an authentic enriching experience. Again though, there are other options and it would only appeal as a tag on to other destinations and activities.

Eco-tourism has great appeal though and would elevate the position of Timor-Leste in their minds. It is a natural fit with the "untouched" image it projects. UK travelers, in general, are highly motivated by sustainability, especially those interested in nature and wildlife.

Australia

Current Perceptions of Timor-Leste: Australia

Initial Perceptions of Timor-Leste

There is a higher level of awareness of Timor-Leste among Australians than Singapore/UK. The name “Timor-Leste” is generally not known, with Australians being more familiar with “East Timor”. Despite this there is still very low consideration of Timor-Leste as a travel destination – it hasn’t entered the heads of these Australian travelers as a place to go themselves, and they do not even see the country as having “a tourism industry”. The reality is that currently, they associate the country with war and political turmoil – a place with negative connotations rather than somewhere to go on holiday.

“Just political stuff, nothing about it as a tourist destination.”

“I knew of the wars there, a more war-torn country, I guess. I didn’t know they had a tourist industry there.”

“I had a friend who worked over there and it seemed pretty scary, the things they had to deal with.”

Having said that, there is potential for this history to be converted into a drawcard, adding a layer of richness to the natural assets of the country especially among Australians who seem to be more aware of the country’s history. There was some recollection of Timor-Leste’s involvement in WWII, which sparked some interest among

- The cultural travelers to explore the culture and heritage of the war
- Divers to explore any wrecks or remaining underwater relics resulting from the war

“I think it would be a good option to go to because of the WWII relics. It’s quite a rugged destination, and the history would be interesting.”

There was also a recollection of the more recent political situation and the resistance movement. This means there is the expectation that there would be history to explore. For some Australians, there is a personal connection – e.g., relatives who may have been stationed there during the war or in more recent times. This closer connection has the potential to add interest to a visit, another dimension, and a possible reason to favor this destination over others within the general vicinity. Leveraging this link could be an effective way to put Timor-Leste on the radar of prospective Australian travelers.

“I know a bit about it because my grandpa served there in World War II.”

“I knew a lot happened there in the Second World War. And was that where a couple of Australian journalists were killed?”

“I think about the political struggles they had and the Australian army and liberating themselves.”

Appeal factors for Timor-Leste

Australians were generally surprised at the proximity of Timor-Leste to Australia. This knowledge alone could put it in the consideration set for those choosing future travel destinations.

“I’d heard of East Timor but I wasn’t even sure where it was. I didn’t realize how close it was to Australia. I suppose now we’re looking for closer places to travel. If it’s closer to fly there.”

Proximity to Australia for an “untouched” and “rugged” destination is a key appealing factor for Australians for travel to Timor-Leste. It’s close but offers an experience that is so far removed from their own lives. They are really drawn to its natural assets – they recognize the physical beauty of the country, the pristine waters, beaches, marine life, and rugged interior. It’s a landscape that looks unspoiled and uncrowded. It seems “untouched”, offering up its beauty without the downsides of being swamped by hordes of tourists, polluted or over-developed. Because of this, it also promises an experience that is not common, and this definitely appeals to travelers looking for a place that is off-the-beaten-track and unique.

“I liked the look of the water and once I looked it up on Instagram, I saw all the snorkeling photos and that made me want to go there.”

“It didn’t seem overrun with tourists. The pictures looked pretty pristine, they seemed unspoiled.”

“I really liked it. It seemed quite secluded, untouched, undamaged.”

“The word ‘authentic’ pops into my mind.”

“I went to Myanmar and it was a place not many people had heard of and it was the most amazing country I’ve been to, so it makes me think, is Timor one of those places that blow your mind?”

“Just the unknown. I don’t know anything about it, a lot of people wouldn’t. Experience stuff that others haven’t. And it being untouched, not so much tourism, the raw thing.”

Australians compare it with other tropical places with similar climates and landscapes, particularly Papua New Guinea. There were similarities cited with Fiji and also with Bali but without the stigma of being over-touristic – “the anti-Bali” or the pre-tourist Bali.

“It reminded me a lot of Papua New Guinea. It’s not much further away. It looked pristine and untouched as well.”

“It could be a TV ad. You could have Timor on one half of the screen and Bali on the other half, being overcrowded and Timor being pristine and empty.”

“It reminded me a bit of place in Bali in a way.”

Diving

Diving in Timor-Leste has the potential to be the jewel in the crown for Timor-Leste tourism among Australian visitors with its stunning dive sites, pristine waters, and vast marine biodiversity. For Australian divers, high-quality diving spots are what will draw them to a particular destination.

Currently, Timor-Leste is not on their radar as a diving destination – they really didn’t know anything about it from a diving perspective before looking at the website.

After looking at diving in Timor-Leste online, their perceptions were very positive. They were drawn to the variety and quality of diving sites available. The variety of marine life and clarity of the water they feel would be comparable with places like PNG. Coral reefs and wrecks would add interest. Being tropical is a great advantage anyway as some of the Australian divers spoken to would only dive in tropical waters. All this and just a direct flight from Darwin putting such a “hidden gem” within reach of many divers in Australia.

Culture and heritage

Timor-Leste is undiscovered, untouched territory, with a unique culture and history, so it has the potential to appeal to these types of travelers if the experience is authentic. Timor-Leste should put local people at the core of the culture/history experience. People who know about the place and the events that have happened and

are passionate about them. They could be involved in bespoke tours that can be tailored to the needs of the different travelers who may have particular interests in certain historical events or places.

Bespoke tours that can be organized upfront before leaving Australia, but with enough flexibility to adjust on the ground if need be, would suit the needs of these types of travelers. Ideally, there would be communication between the various sites/activities as well as improvement of the necessary infrastructure to allow for a „joined-up“ experience that delivers rewards to these travelers with few headaches.

Their first thoughts about what Timor-Leste might have to offer them were positive in that the country came across as unique and unspoiled, potentially providing them with an authentic experience that hasn't been diluted or commercialized. Being able to go somewhere that is off the beaten track rather than where everyone else goes is also very appealing.

“It certainly didn't feel like a corporate, organized structure.”

“Just the unknown, I don't know anything about it, a lot of people wouldn't. Experience stuff that others haven't. And it being untouched, not so much tourism, the raw thing.”

“It's something different. It seems a little bit more special, like you're going for the experience and to learn and get something out of it.”

Once they found out about what Timor-Leste has to offer in the way of history and culture, the travelers involved in this study were particularly interested in the Resistance Archive and Museum, the hot springs, and Liquica.

“I'm a sucker for hot springs. I'd love to go there. A cool place to check out because obviously a lot fewer people are there.”

“I liked the photographs and visuals, they enticed me in. The little bits of information that sparked my interest – the Resistance Archive and Museum that was very interesting to read out about, the hot springs and Liquica – that was interesting.”

They would like to be able to visit well-maintained, historically significant sites and understand what happened.

The fact that the website also highlighted tailored experiences was very appealing to them too, as this promises a trip that will deliver according to their personal needs. Having an element of „voluntourism“ in a visit to the country would add a feel-good factor to the trip and provide an opportunity to understand the country in more depth.

This perception is quite different from that of UK history and culture travelers. The big difference is probably due to the relative proximity of Timor-Leste to Australia. There is enough for Australian travelers to do for a week or two. Conversely, travelers feel that the history and culture offerings are too sparse to justify travel to the other side of the world. With so much rich history on their doorstep too, UK visitors set a very high bar.

Adventure travel

After looking at the Timor-Leste website, they felt that the country looked beautiful and that there was an opportunity to do plenty of adventurous things. The landscape, especially the mountains and Atauro Island, presents lots of opportunities for adventure travel. The raw, rugged, untouched nature of the country appeals to the intrepid. The range of activities suggests adventure and freedom – hiking, trekking, biking, diving, snorkeling, etc. All this within the context of an unfamiliar country and culture adds to the sense of adventure.

“It seems quite beautiful and like there's a fair amount of stuff to do.”

“I had no idea there was a cool island off Dili – Atauro. It looked really interesting, lots of cool stuff to do.”

“It's something a little bit different. I don't know anyone who has traveled there for fun. So, it gave me a bit of intrigue.”

“I just want to have a look at the diving spots. That region is supposed to be some of the best.”

Snorkeling and Whale Watching

After looking at the website for Timor-Leste, they were generally impressed by the images of the water, beaches, and snorkeling; the feeling is of an unspoiled place that would deliver beautiful, clean water and abundant marine life. The „undiscovered“ nature of Timor-Leste promises an uncrowded experience not spoiled by over-tourism. This would be the major hook, and then this would be supported by the other activities on offer.

“I liked the look of the water and once I looked it up on Instagram, I saw all the snorkeling photos and that made me want to go there.”

“The beaches look good; it looks like they’re diverse. There are mountains, so I’m presuming there are hikes. Bali does not interest us because of the hordes of tourists, so I like the idea of going somewhere off-grid.”

“It looked like there was quite a diverse offering of things to do there. I remember reading about events and festivals they had, and hiking and fishing. Mountain biking was on there as well. It seems like it has a lot of the stuff you’d be able to do in Fiji.”

The proximity of Timor-Leste is a major plus too – a genuine surprise.

“People go to Bali from WA, it’s two hours away and it doesn’t cost much. Timor is an hour from Darwin, I think, so maybe close to home.”

Key Challenges & Areas to address

The biggest barrier to Australian tourism thus far seems to be a lack of awareness. There is enough to get the interest of potential visitors from what they could see on the website, although a definite desire to go is less certain. The reaction from most was „yes, but as long as...“(my particular concerns are addressed). And along with this, hearing a lot more from people who have already been and would recommend it as a destination. At the moment, it is too much of an unknown.

Overall, the biggest concerns are:

- Safety
- The logistics of traveling to and within the country

- Is it offering something unique/different? Will it be worth it?
- Quality of the stay – will it be enjoyable?

Security and Safety

The biggest specific concern about traveling to Timor-Leste is safety. This is to do with both its history as a war-torn nation, a place of danger – in particular, The Balibo-Five are still fresh in Australians’ minds. It is also to do with a complete lack of familiarity – they need the reassurance of other travelers like them or from prominent people they trust.

Safety concerns were particularly heightened amongst Australian divers, who are extremely risk-averse because it is already a dangerous pastime requiring impeccable standards from everyone involved in the diving industry. They need to hear from prominent, trusted members of the diving community speaking favorably about Timor-Leste.

Communication for tourism and dive sites needs to strongly reassure potential visitors about the safety of the operations there as well as the reputation, experience, and expertise of the tour/dive operators. Getting as many good reviews as possible on these sites will be an effective way to allay fears.

Australians rely heavily on government guidance, e.g., “Smart Traveler” to identify safe and secure destinations to travel. While security in traveling to some similar nations has been able to afford Australian travelers safety, they find that traveling with too much security, e.g. guards is quite confronting and somewhat restrictive, as is the case with PNG.

The Logistics of Travel

Australians are mindful of the immigration and customs processes and want to avoid the time-consuming and financially costly process of visas. For some, this can impact their destination choice.

They are concerned about too many flight connections. However, most would be willing to make a connection domestically in Darwin, so this makes Timor-Leste feel like an easy place to get to.

Other “admin” issues could make going to Timor-Leste just too much of a hassle to make it worthwhile. Australian travelers asked about how they would be able to pay for things, how they could book places to stay and various activities, and then how they would be able to move around within the country.

Unique experience?

The promise needs to be compelling enough to make them want to go somewhere that they know very little about. Yes, there are beaches, mountains, etc., but what makes them special? If the offer is a little beyond what they can get elsewhere, they would be disappointed. The information on the website needs to highlight the uniqueness of Timor-Leste to make potential visitors get excited about it. Some of those who looked at the website thought it looked „okay“ but didn't give them the urge to go.

Quality of the stay

More “third world” facilities are fine for the intrepid – adventure travelers in particular and even for divers who will prioritize dive sites above other aspects, but for travelers focused more on beaches and snorkeling, having somewhere “nice” to stay is an important part of the experience, with several saying they expect 4 or 5-star accommodation. There are some concerns about cleanliness standards and hotel/resort quality. Other than those who really want a 4-5-star experience, the bare minimum is a clean room with options to have individual rooms, no bugs or other health hazards, clean water, electricity, and shower facilities.

Food is a big deal across the board. Average food can really impact the enjoyment of travel, even the most adventurous look forward to good food at the end of the day. Australian travelers have high expectations for the food that they eat. However, their focus is more on the food being authentic to the region rather than offering a 5-star dining experience. Authentic food from the area is an expectation and certainly something that would contribute to their expectations of an authentic experience. There was nothing to suggest on the website that the food would be poor in Timor-Leste, but there was also no emphasis on the cuisine. Tasty, locally grown food would be a real plus.

Divers

Australian divers set a very high bar for safety and professionalism when it comes to their expectations about traveling to dive. Even a world-class diving destination will not entice them if they are unsure about the safety aspect. It seems that the more experienced divers gain, the more they seek reassurance about safety when they dive. Several have witnessed scary events when diving, and they do their best to mitigate their own risk. For them to consider Timor-Leste, they would have to be reassured that all diving tour companies have very high standards of safety in terms of top-quality equipment, diving instructors, and medical facilities.

“It's definitely the qualifications and experience of the dive staff because they're the ones leading you. You've got to have absolute confidence that you're in good hands. You've got to have so much confidence in who you're going with and the facilities; everything needs to be checked.”

“Just basic first aid as well. People cut themselves on coral. A split-second decision can be quite dramatic. You have to have confidence in where you're going.”

“I prefer to be extremely safe and it to be an average spot if I knew I was completely safe. For me, it's just not worth the risk from what I've encountered.”

“That it's organized, everything is ready and clean, it's been tested, there's good information about where we're going. We get that bit of tutorial as well. Make sure everyone has their tickets.”

Not surprisingly then, after looking at the Timor-Leste website, reservations were focused on the safety aspect – primarily when it comes to diving, but more generally too.

“The only thing I'd worry about is the experience level and how to set up they are for taking groups of divers. Safety of the environment. That your personal safety is okay, so not high crime. In PNG we had pretty much armed guards with us the whole time, which was a bit confronting.”

When they're not diving – and divers are well aware that they need breaks between dives – it's important to them that there are plenty of other activities to do. They want

to get the most out of their stay, and the expectation is that they will easily be able to experience other things and get around without too much trouble. The challenge for Timor-Leste is being able to provide enough organized tours, transport to and from other places in the country, and generally make sure the logistics are taken care of.

Culture and Heritage

Among Australian travelers for culture and heritage, there are reservations about going to Timor-Leste as well. With its past reputation as a war-torn country, travelers are understandably concerned about their safety. There are questions about logistics and whether it would just be too much of a hassle to go. These revolve around visas, credit cards, booking activities, etc.

On top of this, the enticements of the country need to be emphasized further. One Australian traveler just didn't feel compelled enough to go because the website didn't excite him sufficiently.

"I'm curious, but what was missing about the website was that it wasn't a visceral experience for me. I didn't feel emotionally compelled to keep looking at it... It felt a bit dated."

There needs to be more impetus really to entice travelers to go to Timor-Leste for the history and culture. At the moment while it is unspoiled and off the beaten track there is nothing tangible to pin a trip to. Making icons of the best features of the country such as an event or festival if not a physical feature or monument would help to imprint it more clearly in the minds of potential travelers.

"A big attraction or an event, going there for a certain thing. Pin something on to it, you go there for this. You go to Thailand to see the elephants, it's those sorts of things. We went to Rome because we wanted to see ruins and architecture. It's picking those things out of a location."

Adventure

However, there are reservations about visiting. The website hasn't done justice to what the country has to offer – the uniqueness of the country is not immediately apparent. There is a feeling that the culture of the place

should be interwoven with the adventure elements to present a more compelling story.

"It was lacking those cultural things about why it's an interesting place to go. A lot of the things I could do somewhere else. There was nothing on the website about the people. All the pictures were just of white people doing something. I don't want to just lie on the beach, I want to see the history. It doesn't have the Pacific Island flair or the Thailand stuff, there's nothing that strikes me as exciting, just okay. It's crazy, it's beige. Nothing about the culture other than the museum. Nothing about beautiful buildings or museums or cultural centers. What makes East Timor East Timor? Nothing that sells it as being its own unique destination."

"It just didn't strike me as 'wow I'd love to go here. I didn't get too much of an exciting feeling."

Because of its history and because it's unknown as a holiday destination, the fear factor is significant, and despite being adventurous types, they'd still rather hear about people like themselves who have been there and had a great time.

"I still don't know that I would go, at the moment. I have heard through my friend some fairly harrowing stories."

Potentially a significant deterrent for Australian adventure seekers is the cost of visiting Timor-Leste. They are really after value for money.

Snorkeling and Whale Watching

The challenges for these visitors will be delivering enough activities for everyone and providing the quality of accommodation, food, transportation, and infrastructure so that it is relaxing and enjoyable.

Their worries about Timor-Leste are about the destination being too challenging and therefore not delivering the fun, relaxed experience they are after. Specifically, they worry about safety and crime because of the country's violent past. They also suspect that there will be hassles with visas, that the infrastructure might not be up to scratch, and that the experience in terms of food and accommodation won't be as nice as they'd like.

Core Competitive Destinations: Australia

Divers

Background, Interests and Planning process

Australian travelers who dive are drawn to the peace, serenity, and feeling of being in a completely different world when they are far below the surface of the ocean. They value the privilege of seeing things that non-divers don't. The best dives involve clear, pristine waters with plenty of marine life and thriving corals to observe and natural features like reefs or wrecks to explore and add another dimension. Diving is a truly heightened experience for those who participate in it – they are fully immersed and all their senses are awake. There is adrenaline involved, but also a sense of calm and an appreciation of the natural world.

“I did one dive and it was so peaceful and surreal. Once you get down there in that environment, you're really in it. It's such a special feeling. I got addicted from then.”

Their favorite dives have been in places like PNG, Fiji, and Komodo in Japan. These destinations all offer pristine waters and an abundance of marine life. Warm, tropical waters are appealing too.

“Papua New Guinea, Kimbe Bay. It's very warm tropical waters. The water was so clear you could see for miles. Clean and beautiful. It was just so abundant, the wildlife, the variety.”

“My first dive was in Komodo, it was amazing. It was pristine. It had been protected so long, that park. A lot better than I was expecting – no litter, crystal clear.”

“There's a lot of soft coral over in the Fiji waters. We just loved it, lots of coral places we could go, 500 different types of fish off the island.”

Conversely, Vanuatu was a disappointing diving experience because the coral was dead and the marine life was greatly affected by over-tourism.

Diving trips are generally planned for 7–10 days, and they would expect to do activities other than diving for half the time. Diving trips can take a lot of planning, so they often book diving trips months in advance, but this largely depends on the group they're traveling with.

Deciding on the destination is a combination of how long they can go for, what time of year it is, and working through a wish list of destinations.

Several Australian divers concentrate their diving trips either domestically or not too far away, in the Pacific Islands or South East Asia. They don't want to have to travel too far or spend too much time getting there, and they feel they can find the best diving destinations not too far from home.

The wish list gets made up of destinations that are within the desired geographical zone, generally tropical/warm destinations. Then what goes on the list from there is made up of places they have heard are good for diving – lots of word of mouth from other divers, social media – Instagram in particular, diving websites and publications especially reviews.

“I'm a tropical diver now, so it has to be nice and warm. Not too far to travel; not 24 hours to get there. For me, it's a destination. I have a list I'm trying to tick off as well. I look at reviews as well. I research it. I plan nice and early because it gives you something to look forward to. Probably six months. I look for information and narrow it down from there. I look at that umbrella above Australia, explore different options. Then I'll delve into planning. A bit of an elimination process.”

Culture and Heritage

Background, Interests and Planning process

Australians traveling for culture/heritage reasons are looking for places that are rich in these types of offerings but which are also authentic and not too well-trodden. They like to discover places where they can experience something very different from their own lives and feel as if they get some sort of insight into the country, its history, and the people who live there. Their best culture/heritage trips have given them the opportunity for this

and they have had a much richer experience as a result. They would need to feel that this was central to the experience they would have when visiting Timor-Leste. Some examples of their favorite trips show this.

“Fiji was wonderful too. Getting immersed into their cultural things, their community way of life. Spent a couple of days in a village. We lived there and ate what the community did. The weaving and how the women made their money. That was an amazing experience.”

Being able to experience the country in this deeper way shows the importance of having local people central to the experience, acting as guides, and personalizing the visit.

“One of my trips in Japan where I had pre-arranged a host family. When I would travel with them to different cultural sites, they were able to tell me their story and their religion in a sense as well. They were able to personalize that part of the trip that made me feel involved in a bigger way, not just a tourist.”

“Culturally, it was probably Cambodia, going to Angkor Wat. Got to go at sunrise and see how much the place meant to this man personally. Having a guide really opened my eyes. It showed different aspects of what it means to people.”

“If you get a really good guide, they make the experience for you. They have that knowledge and they’re passionate about it.”

Conversely, disappointing cultural experiences have occurred because it was clear that the experience was too commercial and standardized for tourists. In situations like this, they feel like they are simply being “used” as a source of money and, consequently, feel ripped off. Also, when it feels like the country itself does not value the sites, by not maintaining them.

“One of the temples in Vietnam. Just kind of going there and we didn’t have a guide, and it was very over-priced to get in. It’s kind of a moneymaker. It’s expensive and dirty, just rubbish everywhere. Just someone on the gate collecting money, you don’t get the full experience.”

“I took Dad to Hawaii. We went to one of the smaller islands on a bus tour. The bus driver dropped you at the place, and that was it. There was no one giving you any guidance. I ended up googling most of the information while we were there. It was disappointing that there wasn’t anyone to give us a run down, what we were there for.”

“Mexico, I went to the ruins and the disappointing thing was that it was really just a standardized tourist package. You’d start the tour at this time, you’d follow the guide and you stay 15 minutes in this place, etc. It felt very rigid and you couldn’t tailor it to what you wanted out of the experience. It felt like I was just a number.”

Another aspect to be mindful of is that these sorts of travelers are very sensitive to things being authentic and that the local people are sharing in the benefits. They have a keen sense when they feel the culture is being exploited, and this makes them very uncomfortable. They want an experience that feels true, transparent, and enriching for both tourists and locals. They have experienced trips where the opposite has been the case.

“The places that were most disappointing were in things like the pre-rehearsed dance for the tourists. It makes you feel like you’re a white tourist paying your money and it feels a bit exploitative in a way. A few times it made me feel a bit uneasy – like how much money are the people making?”

The amount of planning and preparation that goes into the trip depends partly on how far away they are going and how long the trip is. A trip to Europe or Japan, for example, maybe several years in the planning. But generally, they will plan and book the trip a few months out. They often like to make sure their travel itinerary is full of things to see and do. They may well plan each day of their trips to ensure they don’t miss out on anything.

“I like to have an itinerary of what we’re doing each day. I’ve been on trips where there isn’t much planned and you get there and you don’t know what you’re doing. And also, there are things you want to book in advance so you don’t miss out. So, booking a lot of things.”

While there is often a lot of pre-planning involved, these types of travelers also like to leave some of the activity bookings until they get there, as they have found in the past that there were things they discovered to do while there and also that many of the best deals were to be found while in the country.

“I tend to pick out things I’d like to do and then when I get there, I book. I’ve had some bad experiences with booking from home and then turning up there and the destination and the same ticket or tour is ten times less expensive and there’s a better one on the ground.”

Adventure

Background, Interests and Planning process

Adventure travelers are after new experiences, freedom, adrenaline, and a real contrast to their regular lives. They are looking to get the most out of their holiday by packing in as many activities as they can. They want an active experience encompassing all sorts of physical activities. They are also after a destination that looks and feels very different from their own country and from other countries they may have visited. Their wish-list is topped by:

- plenty of hiking opportunities and other activities such as white-water rafting, diving, surfing, white water rafting, paragliding, mountain biking, jet-skiing, and seeing more of the untouched world
- good, local food
- reasonably priced accommodation
- opportunity for self-directed travel, so accessible transport is necessary
- despite their yearning for adventure, feeling safe is very important too. Perceptions (even if unwarranted) of feeling unsafe would impinge on their desire for self-directed freedom while traveling

“I’d probably link in hiking opportunities and activities together. I’d probably put that as my number one – things to do and see.”

“Good food and drink experiences. In Asia, there’s lots of great food. Having a good meal at the end of the day is always nice.”

“If there were two options, I’d go for the one with the better food.”

“I generally prefer to work things out myself rather than being on a tour.”

“Good, reasonably priced accommodation. I’ve definitely scoped out places before where it would be nice to go diving and things like that but there’s only very lavish resorts.”

“Free to roam around and do what you want without being nervous.”

“I don’t really like the big five-star resorts either but I don’t want to get bed bugs or malaria. There are certain things you can’t prevent but as long as you feel safe there, not being attacked in the middle of the night.”

Highlights of past adventure travel tend to be in „exotic“ places, although New Zealand features as well because of its proximity and the sheer variety of adventure activities on offer. Familiarity is not generally what they’re after.

“Being able to do it in a totally different location, there is that added level of thrill. Plus, the cultural aspects; it’s different people, different food, all of that.”

“Peru. Did the trail and stuff there. It makes you feel like you’re a world away and it adds to the charm. Lots of hiking options, surfing as well.”

“South Africa. We did white water rafting, skydiving, we did heaps of stuff. I think it’s just completely different to Australia culturally. It’s a total world apart. Even the geography, the way it looks, the people.”

“From an adventure point of view, New Zealand ticks the boxes. It’s so close and easy to get to.”

An example of a bad adventure travel experience that didn’t provide enough to do or good food:

“I went to Java. We climbed a mountain which was kind of cool, but then everything else was just okay. I think there wasn’t much to see. The food was bad. There wasn’t much going on in the town. It didn’t seem they were ready for tourists. It was hard to get accommodation. It wasn’t easy.”

Australian adventure travelers are not concerned about having top-quality facilities. More basic infrastructure adds to the sense of adventure. In this sense, what Timor-Leste has to offer in terms of infrastructure is unlikely to put them off, although, given their desire to eat good food typical of the country, this could potentially be a downfall if not provided.

“It’s part of the adventure! When you go to a third-world country you kind of expect dirt roads, crumbling buildings. It’s part of why you go there, otherwise, you’d go back to Europe all the time.”

In terms of deciding on a destination, time of year is important in terms of determining what sorts of activities to do, e.g., will it be summer activities focused on the water or hiking/biking, etc., or winter activities that might involve skiing, snowboarding, etc. The list of destinations will be made up of countries they know offer lots of active pursuits and they will rely on other like-minded friends or websites/reviews they trust to help them decide where to go. Australians go from either extreme when it comes to planning and booking an adventure holiday. Sometimes they plan all the activities months out to make sure they don’t miss out on anything, and then other times having a flexible, unplanned trip, adds to the adventure as they see where the trip takes them. However, even if the details haven’t been pinned down beforehand, they will still have done their homework in terms of making sure the sorts of things they like to do are available and that there are enough of them.

Australian adventure travelers tend to prefer self-directed travel rather than taking organized tours. The challenge of doing things for themselves adds to the adventure, and they prefer a bit of unpredictability to have everything planned. Given this, they tend to make sure they know a bit about how they are going to move around the country from place to place, even if they haven’t booked anything.

Snorkeling and Whale Watching

Background, Interests and Planning process

Australians enjoy tropical holidays and being able to do a variety of aquatic activities. For these travelers,

snorkeling is an important part of their trip, but not everything. For divers, diving is the focal point and they want a few other activities as a supplement on their non-diving days, whereas with these other marine-focused travelers, other activities are going to be comparatively more important. For these travelers, there are generally other people to consider, often children, so other suitable activities are high on the priority list.

“We try to do a variety of things, so if snorkeling is available, we like to do that.”

“It’s pretty important. Having a lot of something else could compensate for not having snorkeling though.”

With families often involved, the safety of the destination is very important. Even more than this, though, with a beach/seabeach/sea-focused holiday, a relaxed, friendly vibe is really important to provide them with the right kind of experience. In general, these travelers are less into „intrepid“ travel and more into having an easy, relaxed, fun time. They are fairly risk-averse and motivated to find somewhere that ticks all the boxes for everyone in the travel party.

“Safety, as in the country you’re going to.”

“Probably hospitality generally. Are the people friendly, did you feel threatened or insecure, that sort of stuff. It’s not just safe but also welcome.”

They often find cruises the best way to travel to snorkeling and whale watching destinations as this can be conveniently organized from the cruise ship with local operators and these ships typically go to tropical island destinations from Australia, typically suitable for snorkeling and whale watching.

With the focus on enjoyment and relaxation, these travelers generally have high expectations of accommodation and food and drink. They also have to often contend with different dietary needs – kids being notoriously fussy about what they will and won’t eat. Family-oriented resorts and cruises really help out here.

“That’s a priority for me. I want to stay somewhere that’s nice and clean and feels like an expensive holiday.”

“Four or five stars for me.”

“Rich, good food. Something a little different from what you see around Australia.”

Australian travelers looking for snorkeling tend to rely quite heavily on the recommendations of others – word of mouth in particular, but also well-trusted reviews on sites like TripAdvisor.

“I look at as many reviews on different forums as I can. If bad things have happened, I definitely wouldn’t go with them.”

In terms of what they’re looking for when snorkeling, they want warm, tropical water that is clean and clear. A diverse range of corals and marine life means that there is plenty to see and experience when snorkeling. While whale or dolphin watching was more of a bonus rather than the focal point for our Australian snorkelers, when they went whale watching they expected to see some – they have had disappointments in other places when the marine life hasn’t shown up. Generally, they expect that snorkeling equipment will be provided for them, and this equipment needs to be of high quality and clean. They would be looking for reputable snorkeling companies which offer a variety of experiences and reassurance that they will be well looked after.

Their best snorkeling experiences were in Thailand, Fiji, and Port Douglas. The best whale watching was in Japan in the winter months.

“Thailand was amazing for snorkeling. Crystal clear water, amazing underground scenery, really good tours. The tours have a lot of great things included with them.”

“Probably Fiji. Took us out to all sorts of places, no one was around. A small boat, saw some amazing things underwater.”

“Probably Port Douglas number one and number two probably Fiji. Port Douglas because it was domestic, easy to get to, and easy to communicate with everyone, and Fiji because it was really beautiful and you could drink cocktails on the boat.”

Poor experiences include Bali, where there was little sea life.

This type of traveler is generally risk-averse. They are often looking for a group, and they want everyone to have a good time and for nothing to go wrong. Having everything taken care of for them is very important. They will plan everything to make this happen. They typically plan 2-6 months out from their trip and book flights, accommodation, and most activities before traveling.

They often have to fit it in during school holidays and time is restricted to about no more than three weeks typically.

They are highly reliant on word of mouth and reviews when deciding on the destination, particularly interested in the opinions of those with similar needs to their own. They will do a lot of research on which cruise to take, which hotels to book, etc., so they have the highest chance of everyone having a good time.

“I wanted to pick the easiest trip. I booked a cruise with destinations I knew would entertain my wife.”

“I look at as many reviews on different forums as I can. If bad things have happened, I definitely wouldn’t go with them.”

“I booked quite a few things on TripAdvisor. I think you have to find companies that have legitimate reviews.”

Key Take Outs: Australia

More Australians are aware of Timor-Leste than other markets, but certainly not more aware of it as a tourism destination. Their associations with it could even be more negative than other markets because of their awareness of past conflict.

In terms of its potential as a place to visit, there is some level of interest in it as another Southeast Asia destination for them that is close by. Very few were aware of there being a direct connection from Darwin, but this is a huge benefit for potential future tourism to the country from Australia.

The “untouched” nature of the country is very appealing, particularly so for a country that is not too far away from Australia. The feeling they get from Timor-Leste is that it is a million miles away from their busy urban lives. Many Australians travel to Bali, and they see it as being over-touristic and “spoiled”. Timor-Leste has the potential to be an “untouched Bali”.

While it is unlikely that masses of Australians will descend on Timor-Leste soon, Australians, in general, are more open to it as a potential holiday destination than other markets simply because of its proximity. It feels as if it will be less of an investment in time and expense. However, this is predicated on the assumption that Timor-Leste will be cheap for travelers. If it’s expensive, the value equation will not add up and they will look elsewhere. Particularly if Bali is their point of comparison.

Diving in Timor-Leste has great potential for Australians. They are very impressed by what they can see of it as a diving destination, comparing it to PNG for its marine biodiversity and pristine waters. This is a diving destination they would consider, as long as they are reassured, particularly about the safety side of it, but also about other infrastructural factors that make for a good trip.

Whale-watching probably also has potential for Australians, although no Australian travelers focused on this activity were included in this research. Given the strength of this activity in other markets, it is likely that this would be the case here too, making it a competitor to whale watching in New Zealand.

Heritage is potentially a stronger feature among Australians than other markets because of the Australian links with the country in WW2 and the independence struggle, particularly with the Balibo Five. However, what’s currently offered on the website in terms of heritage and culture is underwhelming. An offering that could fire up Australians is one that combines historical sites and museums with an immersive cultural experience among the local people who would then facilitate treks and other active pursuits. The WW2 trail is an example of this. The local culture will add richness and authenticity. Local guides will add another dimension especially if they are knowledgeable with good English and people skills. Adventure offerings are not enough on their own. They really need to be packaged together with heritage/

culture and include water activities. Snorkeling would be part of this.

The weakest niche is snorkeling despite the great marine life and clear, warm water. This is because snorkeling is really a subset of a relaxing, even luxurious beach holiday. These sorts of holidays usually involve staying in nice places, eating nice food, and having activities for the whole family to enjoy. Snorkeling and beach activities are really best positioned as tags on to diving, whale watching, and heritage/culture/adventure.

Essentially, in Australia, as with elsewhere, the Timor-Leste experience needs to have multiple offerings in one. This might be led by the main interest, but other activities would be part of the experience.

As with other markets, the influence of reviews and testimonials is huge. The more positive stuff they can read or hear about on the main channels they use for reviews, the better. For divers and whale watchers, expert opinions count for a lot.

To really optimize the appeal of the “untouched” nature of Timor-Leste and to provide another feel-good reason to go, eco-tourism is the filter through which they would like to experience the country. This means putting local people at the heart of it and allowing them to reap the benefits. Australian travelers who are interested in less touristic destinations are very sensitive to the exploitation of both the people and the environment. They have the example of Bali in their minds as a beautiful place that has been spoiled through exploitation. Essentially, they want Timor-Leste to be “the anti-Bali where the experience is authentic, rich, and good for the country. Everything would be done in a way that takes care of its natural assets.

04. OPPORTUNITY IDENTIFICATION

Timor-Leste's Tourism Industry SWOT Analysis

STRENGTHS	<p>TOURISM FACTORS</p> <ul style="list-style-type: none"> Abundant and diverse marine life (e.g., reefs, reef fish, whales, and dolphins) Pristine and unspoiled terrestrial nature landscape Many important bird areas identified by Bird International Diverse indigenous cultures Rich history (i.e., Portuguese colonization, World War II, the Resistance, and the Independence) 	<ul style="list-style-type: none"> Strong community-based ecotourism Strong diving and snorkeling tourism Friendly locals Famous for coffee exports <p>POLITICAL Government's commitment to growing tourism</p>
WEAKNESSES	<p>TOURISM FACTORS</p> <ul style="list-style-type: none"> Negative, even if incorrect perceptions (e.g., conflict, poverty, unsafe) and low awareness Undifferentiated assets to neighboring countries like Indonesia No World Heritage sites Lack of clear and differentiated tourism identity (e.g., emotional connections) Weak tourism products and lack of iconic attractions (e.g., disjointed products between different niches) Restricted access to participate in indigenous cultural activities Low level of domestic tourism Lack of tourism knowledge and skills (e.g., customer service, English literacy, public speaking) Lack of tourism service standards and regulations Weak presence of international events and fairs No marketing partnerships with airlines 	<p>TOURISM INFRASTRUCTURE</p> <ul style="list-style-type: none"> Limited air connectivity and high airfare Long distance from high-spending source markets (e.g., Europe) High travel costs Inadequate infrastructure (e.g., roads, water, electricity, internet) Inadequate tourist facilities (e.g., public toilets, recreational area at tourism sites, currency exchange, card payment facilities) Limited accommodation capacity Underdeveloped public transport Limited waste management capacity <p>POLITICAL</p> <ul style="list-style-type: none"> Political constraints and instability Limited tourism promotion budget Visa facilities Lack of an implementation plan for the National Tourism Policy
OPPORTUNITIES	<p>COLLABORATIONS</p> <ul style="list-style-type: none"> Proximity to ASEAN, the high tourism growth region Proximity to popular destinations such as Singapore and Bali (Indonesia) Economic collaborations with Indonesia Access to International aids Many aid workers, opportunities to leverage on destination marketing 	<p>CONSUMER TRENDS</p> <ul style="list-style-type: none"> Trends in off-the-beaten-track destinations Trends in sustainable tourism Opportunities to cater to different niche markets
THREATS	<p>COMPETITION</p> <ul style="list-style-type: none"> Competition with powerhouse tourist locations in the region such as Bali and Thailand Competitors can offer similar product or experience quickly at more affordable price points 	<p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> Environment and social degradation due to increased tourism if not expanded and developed in a sustainable manner <p>ECONOMIC</p> <ul style="list-style-type: none"> Economic recession after COVID-19 Strong USD impacting affordability

Selection of Key Source Markets

Summary of Stakeholder's Views on Source Markets

During the fieldwork, stakeholders were asked to identify key source markets that can potentially fuel and support Timor-Leste's tourism growth. They were later asked to identify and rank the top 3 source markets based on their opinions. It is worth mentioning that there were some biases when stakeholders were assessing source markets. Almost all stakeholders considered "flight connectivity" as the major factor in determining key source markets and tended to downplay other factors such as outbound sizes.

From a global perspective, based on an interview with a stakeholder from a global tour agency, Australia is seen as an apparent opportunity for Timor-Leste. The Northern European markets, such as the United Kingdom and Germany, also show sizable potential as these markets are often the first movers when it comes to traveling to less-developed destinations. A stark comparison was also made with other emerging Asian source markets such as Japan and South Korea. There is a perception that Japanese and Korean travelers, while they could be adventurous at times, are generally drawn towards destinations that offer more travel comfort (e.g., hotels, entertainment facilities, above-average infrastructure).

From these and more detailed findings below, the World Bank recommends the key source markets for consideration:

- Australia;
- Singapore; and
- United Kingdom.

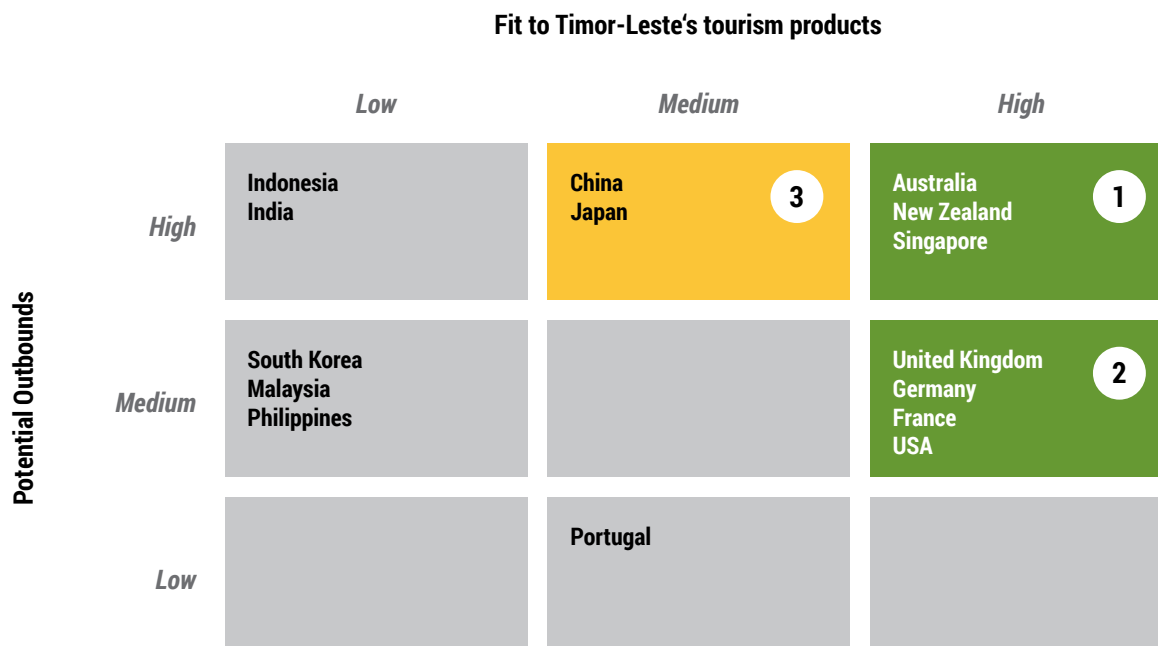
Secondary key markets of opportunity for due consideration are:

- New Zealand
- Germany
- France
- USA
- China
- Japan
- Indonesia

Source Market Prioritization Process

Based on the priority niche travel segments identified by stakeholders, it is apparent that tourism in Timor-Leste comprises three key elements: Nature, Culture & History, and Adventure. The World Bank undertakes this consideration, in combination with tourism statistics, to identify key source markets that present opportunities for Timor-Leste.

The following illustrates the result of the analysis:



Source: World Bank Analysis

The assessment of “*Fit to Timor-Leste's Tourism Products*” considers the three key elements of Timor-Leste’s tourism as identified by stakeholders: nature (especially marine life), culture and history, and adventure. The World Bank, then, determined how likely each source market fits with Timor-Leste’s tourism products (e.g., likelihood to participate in identified activities such as adventure activities and cultural exploration). This assessment is qualitative, and the inputs were drawn from consultation with stakeholders. However, the World Bank also supplemented this analysis with other information from desk reviews to ensure a balanced representation of other source markets.

The assessment of “*Potential Outbounds*” is based on tourism statistics, taking into account the following factors:

Key considerations	Explanations
Numbers and growth of outbound trips	To assess the size of international travels, which has an immediate implication on opportunity for Timor-Leste.
Numbers and growth of outbound trip to ASEAN	To assess the popularity of ASEAN destinations, which indicates likelihood of holiday travels in Timor-Leste's proximity. In addition, ASEAN destinations can be fair proxies as their tourism (both cultural and adventure tourism) has grown substantially in the past 5 years. The importance of catchment area is also reflected in this analysis.
Numbers and growth of outbound trip to Bali	To assess the popularity of nearby major destinations like Bali, which presents a greater opportunity to attract or to extend itineraries to Timor-Leste.
Numbers and growth of outbound trips to the South Pacific Islands	To assess the popularity and likelihood of going for holidays in competing destinations (as perceived by stakeholders).
Average expenditure per trip	To assess the level of affordability and spending on overseas trips

The actual travel statistics can be consulted in Appendix I: Tourism Statistics for key source markets. Key source markets included in the analysis were selected based on; 1) Current top source markets to Timor-Leste, 2) Other source markets that participate in key activities as identified in the selection of niche travel segments.

Upon analysis, the World Bank has identified three potential source markets for the next stage of assessment:

1. Group 1 High Potential – High Tourism Product Fit

In general, this group presents high opportunity due to the size of outbound market and proximity/access to Timor-Leste. When traveling, consumers in this group also exhibit a high propensity to participate or be motivated by nature, culture, and adventure. This group consists of Australia, New Zealand, and Singapore.

2. Group 2 Medium Potential – High Tourism Product Fit

Markets in this group also exhibit high propensity to participate or be motivated by nature, culture, and adventure when traveling. However, the opportunity is mostly hindered by their distance to Timor-Leste, as shown by the ASEAN penetration rate of <10% of their outbound trips.

3. Group 3 High Potential – Medium Tourism Product Fit

Markets in this group have high potential due to their relatively high size, growth of outbound tourism, and reasonable distance to Timor-Leste. However, motivations and preferences for travel are not strongly aligned with Timor-Leste's tourism products as of its current stage (e.g., they usually travel to well-established destinations with good tourism facilities and prefer activities such as shopping). However, there could be an opportunity in the future due to an increasing trend in nature-based and adventure tourism among younger generations.

From the preceding shortlist, the World Bank recommends the following markets for consideration in the consumer qualitative and quantitative assessment:

Group	Markets	Other Notes
Group 1	Australia	<ul style="list-style-type: none"> • Direct flight connections • Opportunity to grow tourist base in relatively short amount of time due to current connections between Australia and Timor-Leste (e.g., foreign aids, international aids)
	Singapore	<ul style="list-style-type: none"> • The closest advanced Asian markets with high disposable income • Direct flight connections • Potential to be opinion leaders and propagate travel trends to expats and the rest of ASEAN
Group 2	The United Kingdom	<ul style="list-style-type: none"> • Healthy outbound market before COVID-19 • Potential to represent opinions and trends in other European countries such as Germany and France from a quantitative modelling perspective to treat these results as a broader proxy (as they are usually similar among these countries)

The World Bank proposes to exclude markets in Group 3 for this assessment. The key reason is that these are growth markets whose travel trends are less predictable. For example, outbound travellers still mostly adhere to traditional travel patterns (such as visiting well-established destinations or taking group tours). While interest in nature-based and soft adventure tourism has emerged among younger travellers, the ability to capitalize on these trends has been a struggle, even for many well-established destinations. Therefore, it can be risky for a nascent destination like Timor-Leste to strategize its tourism industry around these emerging trends. To build a long-term sustainable tourism strategy, Timor-Leste should first focus on established source markets with better product fit to gain a sustainable tourist base. However, the exclusion from this priority assessment does not mean Timor-Leste should entirely neglect these markets in its destination marketing.

The importance of the Indonesian market is also of note. While not classified as a high priority in this analysis, it is undeniable that Indonesia, as a neighboring country, may represent a sizable latent opportunity. In most markets around the world, neighboring countries usually make up a significant proportion of outbound tourism. With increased collaboration between the governments

of Timor-Leste and Indonesia, as well as Timor-Leste's aspiration to become an ASEAN Member State, there could be a future tourism opportunity to unlock. While it is true that Indonesia is a challenging source market for various reasons (e.g., low disposable income, similar natural tourism assets), it is worthwhile considering it as an alternative to the United Kingdom for consideration as a key source market at a later date. Details and justifications of the proposed source markets can be found below:

Group 1: Immediate Opportunities

This group comprise source markets that appear to be within reasonable travel distance to Timor-Leste, and their travel behaviors, motivations, and trends align with what Timor-Leste can offer.

Australia

When compared to other source markets considered in this analysis, Australia has a medium-sized outbound market of 11 million trips in 2018, with 79% of them being leisure travel. However, it is the main source of markets for destinations in the proximity of Timor-Leste. It is the largest source market for the South Pacific Islands (29% share in 2018) and the second-largest for Bali (19% share in 2018). The survey was conducted by the Council of Australian Tour Operators⁴⁹ in 2019 also revealed that the highest proportion of Australians prefer to take their next holidays in Oceania and Southeast Asia.

Based on Skyscanner's Australia Travel Trends report in 2018,⁵⁰ "appeal of exploring new destinations" is the main motivation for Australians to travel. To a lesser extent, Australian holidaymakers are also looking to "rest and relax" as well as to "enjoy authentic experiences" during their holidays. The same report names Colombia, Nepal, Turkey, and Myanmar as the top emerging destinations for Australians. Insights from Flight Centre⁵¹, one of Australia's largest tour agencies, also shows similar trends. Australian travellers are increasingly interested in sustainable and responsible tourism, transformative tourism (with a

charity element), and adventure. Destinations that fit this type of tourism are usually located in remote and exotic locations such as Papua New Guinea, Mongolia, Kenya, and Colombia. This demonstrates Australia's thirst for culture and adventure.

Based on consultation with stakeholders, it is a consensus that Australia should be among the top 3 markets to prioritize, usually ranked first. Stakeholders have observed an increased number of visitors from Australia in the past few years (noting that stakeholders cannot tell the proportion of holiday makers versus other travel purposes). Below is the key summary of why Australia is of great importance to Timor-Leste's tourism industry:

Catchment area	<ul style="list-style-type: none"> • Close to Timor-Leste and can potentially visit for a short holiday • Can potentially add Timor-Leste on their itineraries while on holidays in Asia
Flight connectivity	<ul style="list-style-type: none"> • A short direct flight from Darwin. Australians were less concerned by a domestic transfer than a flight connection overseas which could require additional visas or more time due to requirements to clear customs in multiple countries • Clearly to further develop the outbound Australian market, Timor-Leste will require expanded access to major population centres. Direct flights from Australia's key hubs of Sydney, Melbourne and Brisbane would further improve accessibility. • Several flights connection to South-east Asia from key cities
Potential to economic contribution	High spending power
Fit and interest in Timor-Leste Tourism assets	<ul style="list-style-type: none"> • Historical ties between Australia and Timor-Leste. It has been observed that more Australians are interested in Balibo due to its history • Interested in cultures and natural beauty, especially in marine landscape • While not as avid divers as Europeans, a fair share of Australians visiting Timor-Leste participate in diving and snorkeling, especially on Atauro Island
Others	Some volunteer tourism, education tourism, and religious tourism from Australia through school programs

49 Council of Australian Tour Operators. (2019). 'Australian on Holidays: International Leisure Travel Trends 2018'. Council of Australian Tour Operators.

50 Skyscanner. (2018). 'Australia Travel Trends Report 2018', Available at: <https://www.skyscanner.com.au/media/travel-trends/australia-travel-trends-report-2018> (Accessed 1 October 2020).

51 Flight Centre. (2020). 'These Are the Top Travel Trends You Need to Know For 2020'. Flight Centre. Available at: <https://www.flightcentre.com.au/travel-news/travel-tips/these-are-the-top-travel-trends-you-need-to-know-for-2020> (Accessed 30 October 2020).

With the World Health Organization officially recognizing burnout as an occupational phenomenon in 2019, Singaporeans seem to be flocking to idyllic locations with a meandering pace of life over classic holiday locales as a means of escape from their busy lives. 2020 will see more travelers flocking to the quaint villages, small towns and idyllic farms that serve as a counterpane to Singapore's fast-paced lifestyle."⁵²

Skyscanner's Travel Expert (2020)

Singapore

When compared to other source markets considered in this analysis, Singapore has a small-sized outbound market of 10 million trips in 2018, with 81% of them being leisure travel. Singaporeans are the most well-traveled nation in the world, with 3 out of 10 Singaporeans traveling overseas more than 7 times per year. Singaporeans tend to take shorter but more frequent trips. This means that their choices of destinations are mainly limited within the Asia-Pacific region. Travel statistics show that, among the top 10 overseas destinations, eight are Asian destinations, with off-the-beaten-track destinations also growing in popularity.

Holidaying is a part of Singaporeans' lifestyle. They tend to take spontaneous, shorter, but more frequent trips. Short-haul Asian destinations are preferred, possibly due to the multitude of flight availability at affordable prices and a preference for shorter holiday trips. Skyscanner's Travel Report in 2017⁵³ also reported similar trends, as the company recorded more than a 100-percent increase in search volume for off-the-beaten-track destinations. The same sentiment was also carried over to 2019 as indicated in the Skyscanner APAC Travel Report in 2020⁵⁴, citing a 62% growth in interest in off-the-beaten-track holiday destinations such as Vietnam, India, and some remote cities in China such as Yunnan.

Etihad Airways conducted a survey⁵⁵ amongst over 600 Singaporean travelers at Changi Airport in 2017 to measure their traveling attitudes and preferences. The survey revealed that, regardless of age, 9 in 10 Singapore residents seek to explore the unknown and having an adventure; however, 69% also stated that they also expect luxurious experience. Both baby boomers and mature market are increasingly for to explore new and unusual destinations.⁵⁶

Other commercial studies on Singapore outbound travelers also indicate another trend: "Rest & Relaxation" is the key motivator for travel, potentially due to high work stress. Some other top considerations include costs, safety & security, cultural and historical attractions (including quality and authentic food experiences).

Hence, it can be inferred that close-by destinations that can offer adventures, as well as a slow-paced environment for rest at the same time, can potentially be the most appealing to Singaporean travelers.

52 Skyscanner (2019). 'Travel Trends 2020: Singaporeans seeking 'Slow Travel'' Available at: <https://www.skyscanner.com.sg/company-news/singaporeans-seeking-slow-travel-and-micro-escapes> (Accessed 1 October 2020)

53 Skyscanner. (2017). 'Travel Report 2017: New destinations, new tips, new experiences!' Available at: <https://www.skyscanner.com.sg/company-news/skyscanner-singapore-travel-report-2017> (Accessed 1 October 2020).

54 Skyscanner. (2020). 'APAC Travel Report 2020'. Available at: <https://content.skyscnr.com/m/2e5f560cce234a5b/original/APAC-Travel-Trends-2020-WEB.pdf?fbclid=IwAR1eChuFgK9VLu5B3djvYZmBqPiBrbW0yJgLoUVMRojiU9jOPtXZ8PMhSXo> (Accessed 1 October 2020)

55 Business Insider. (2018), 'Etihad Airways' Travel Survey Highlights Singaporeans' Preference for More Unique Travel Experiences', Available at: <https://markets.businessinsider.com/news/stocks/etihad-airways-travel-survey-highlights-singaporeans-preference-for-more-unique-travel-experiences-1019521966#> (Accessed 1 October 2020).

56 Pearson, Hannah. (2019). 'Singapore Outbound Travel Profile'. Pear Anderson.

Stakeholders from the private sector do not know much about Singaporean travelers' preferences, and this is not a surprise considering only over 1,000 Singaporeans visited Timor-Leste in 2019. Nevertheless, other compelling factors indicate the potential of this market for tourism:

Catchment area	Close to Timor-Leste and can potentially visit for a short holiday
Flight connectivity	A short direct flight from Singapore
Potential to economic contribution	<ul style="list-style-type: none"> • High spending power than any other countries within the catchment area • Potential to attract high income-earner ex-pats from Singapore as they tend to travel within the region
Fit and interest in Timor-Leste Tourism assets	<ul style="list-style-type: none"> • Soft activities such as hiking to enjoy nature • Cultural tourism • Rural tourism
Others	None

Group 2: Medium-term Opportunities

European Countries (United Kingdom and Germany)

When compared to other source markets considered in this analysis, the United Kingdom has a large-sized outbound market of 91 million trips in 2018 and is the most developed outbound market in Europe. In 2018, it was estimated that 88% of the population took a holiday, and long holidays (7 nights or more) were the most popular. The United Kingdom was the largest European source market for ASEAN in 2018. Approximately 3% of total outbound trips in 2018 were made to ASEAN destinations, of which 9% made it to Bali (or 271,000 trips). Germany has come in second. Germany is the world's second-largest outbound travel market (registering 108 million trips in 2018) and is the second-largest European source market for ASEAN. Before COVID-19, the German outbound markets saw a promising growth outlook, driven primarily by city breaks.

Overall, Europe is the main source market for both adventure tourism and cultural tourism in Asia. In terms of affinity for adventure tourism, the United Kingdom is the largest market for cultural adventure travel in Europe, followed by Germany. In 2019, there was a focus on adventure travel among both British and German travelers. There has been a growing desire to discover unexplored destinations, including road trips, hiking tours. Adventure holidays are especially popular among British travelers aged 18-24 (13% went on an adventure holiday in 2018), but also see an uptake among older. Based on the Intrepid Adventure Travel Index 2019, a key motivator among British intrepid travelers was to explore new places, making destinations like Morocco and Jordan see sustained bookings. Meanwhile, Germans exhibit a slightly lower preference for active holidays than the British.

In the United Kingdom, data from ABTA⁵⁷ suggests that city trips (46% of holidays taken) and beach trips (41% of holidays taken) remain the most popular holiday types in 2018. British travelers seek out sun & beach destinations for holidays such as Spain, Portugal, and Greece for short-haul travel, and Thailand and Australia for long-haul travel. However, lakes and mountain trips (11% share in 2018) and adventure holidays (camping and off-the-beaten-track) (14% share in 2018) are increasingly popular.

German travelers are known for their thirst for exploring different destinations. Traditionally, German leisure travel has been propelled by culture. TripAdvisor reported in 2017 that almost half of German travelers were motivated by cultural and historical sites, and over half of German travelers selected destinations based on cultural aspects.⁵⁸ In addition, ecotourism and nature were also among the top motivations for travel, along with shopping, dining, and urban attractions. While Spain remains the top destination for relaxation, there are also emerging markets among German travelers. Destinations like Turkey, Cyprus, Morocco, and Egypt are growing to satisfy a demand for cultural discoveries. For long-haul Asian destinations, China, Japan, and Indonesia saw increased interest.

⁵⁷ ABTA, (2019). 'Holiday Habits Report 2019). ABTA.

⁵⁸ TripAdvisor. (2017). 'Key Travel Trend from the UK, Germany, and France: TripBarometer'. TripAdvisor.

It is also worth mentioning that both the United Kingdom and Germany are significant source markets for diving tourism. However, a large proportion of outbound diving trips made by British divers (estimated at 80%) were to the Red Sea. Meanwhile, German divers are the most likely to take long-haul dive trips to destinations such as Indonesia. In general, European divers (including British divers) are increasingly looking for new and exciting dive destinations with a healthy marine environment, good visibility, wildlife diversity, and a variety of dive sites (e.g., wreck sites, coral reefs). Emerging destinations include Thailand, the Maldives, Mexico, Indonesia, and the Galapagos Islands.

Future trends among British and German travelers are slow to travel and responsible travel. Travelers are looking to experience the local culture and people by spending more time at one destination, while also contributing to the local people and economy at the same time. In addition, shorter but more frequent long-haul trips are becoming popular among young British travelers as they often have difficulty in terms of time and financial resources to plan a long and distant getaway.

Stakeholders view European markets fairly favorably, mostly based on the potential for diving tourism. However, due to its great distance from Timor-Leste, it could be a challenge to specifically promote it as the main destination due to weaker tourism assets and products compared to destinations like Bali. It was speculated

that it is more reasonable to position Timor-Leste as an add-on destination. However, this will restrict the growth of regional dispersion due to limited time on multi-destination trips.

Special note on Indonesian market

During the fieldwork, stakeholders were asked to identify key source markets that can potentially fuel and support Timor-Leste's tourism growth. It also prompted stakeholders to take into account various aspects, such as the fit of interest with Timor-Leste's tourism assets and products, catchment area, and potential economic contribution. They were later asked to identify and rank the top 3 source markets based on their opinions.

It is noteworthy that almost all stakeholders consider "flight connectivity" as one of the major factors in determining key source markets. Below are the results, in order of importance:

From stakeholders' perspectives, Indonesia comes in third on the top source market list. The primary drivers are, again, proximity and flight connectivity. However, stakeholders' opinions can divide whether Indonesia should be the priority.

While it is not clear cut, those who favored Indonesia tend to be NGOs' employees, some industry associations, and large accommodation providers in Dili. There is a general perception that Indonesians mainly travel for business or to visit friends and relatives. The World Bank infers that this group of stakeholders may be more informed about the government's policies and strategies of international collaborations with Indonesia, which will eventually benefit the tourism industry. Nevertheless, it can be a challenging mission due to low spending power and undifferentiated natural resources compared to those in their home country.

Those who were skeptical are mostly in the private sector. Based on their observations, they rarely see leisure travelers from Indonesia. If seen, anecdotal evidence suggests they are often on motorcycle trips to see some Indonesian sites from the Resistance era and some diving trips.

“First is to look at countries where we have service connectivity, other than that, it is just wasting time.” It is too long. It is definitely around this radius – four Asian countries and Australia and New Zealand.”

Stakeholder Interview



David Tip/unsplash.com

Below is the key summary of the assessment by the stakeholders:

Catchment area	Close to Timor-Leste and can potentially visit for a short holiday either by flights or land-crossings
Flight connectivity	Connected with flights from Denpasar and Kupang, but airfares can be out of reach for most Indonesians
Potential to economic contribution	Low spending power, but can potentially encourage leisure activities from business travelers
Fit and interest in Timor-Leste Tourism assets	<ul style="list-style-type: none"> • Difficult to target as Timor-Leste key naturally assets are similar to those in Indonesia • Potential to target motorcycle tours (e.g., scenic mountain & coastal routes), cultural tours, and to a much lesser extent, diving
Others	None

Turning to support evidence, Indonesia had been the largest source market since 2015 (25%), before dwindling sharply in 2018 and 2019. However, it is still the second-largest source market for all travel purposes. Nevertheless, an estimation done by the Asia Foundation in 2017 indicated that Indonesia was the second-largest source market for leisure travel in Timor-Leste (24% share, second only to Australia).

One interesting travel trend is that domestic tourism is much more popular than outbound tourism in Indonesia. Currently, an Indonesian passport is ranked 124th on the 2020 Henley Passport Index, and requirements for visas to travel internationally can be a deterring factor for most. The World Bank can only raise the question at this stage whether the visa exemption reform for Indonesian citizens (currently on the government agenda) will result in increased numbers of tourists from Indonesia, given the right destination marketing message and products, and more affordable airfares.

Selection of Niche Travel Segments

Stakeholders were asked to identify niche travel market segments that can potentially fuel and support Timor-Leste's tourism growth. It also prompted stakeholders to take into account various aspects, such as the pace of development, required efforts, and potential economic impact. Later, they were asked to identify and rank up to 5 niche travel segments based on their opinions (however, it was not a requirement to identify all 5).

It is interesting to note that some stakeholders, especially in the private sector, struggled to divide markets into clear niche segments due to the low volume of tourism and, at times, a lack of exposure to and knowledge of other niche segments. Some also have biased opinions towards segments that benefit their businesses. The World Bank has exercised a careful judgment to slightly discount some credibility based on their response patterns during the discussion.

A wide range of niche travel segments was discussed (in 20 in-depth interviews combined), including diving & snorkeling, whale watching, hiking & trekking, off-road adventures (e.g., mountain biking, 4WD), culture and heritage,⁵⁹ coffee tours, bird watching, religious tours, wellness & retreats, and volunteer tourism.

From a global perspective (based on an interview with a stakeholder who works at a global tour agency), the following summarizes key travel trends observed:⁶⁰

1. Retreat holidays are popular around the world. This has supported the rise of destinations like Spain, Portugal, and Indonesia. Generally, this is true for any short-haul holiday (especially among families); and travelers often expect above-average tourism facilities such as hotels, resorts, and a variety of light entertainment activities.
2. Before COVID-19, the "overall experience" offered by destinations was one of the key drivers in destination selection (rather than focusing on one specific activity). For example, ecotourism has been trending as travelers look to contribute to the conservation of nature and community cultures during their adventures to lesser-known destinations.
3. The growth of adventure tourism suggests a growing demand for outdoor activities, with hiking placed among the top activities, participated in by most travelers. Nevertheless, activities themselves were less likely to be the key motivation for travel. They mostly considered the different experiences they could gain from their trips through their participation in various activities. This is also true for some hardcore adventurous travelers, as they often travel for extraneous reasons and include adventure activities as part of their travel itinerary.
4. After COVID-19, it is expected that short-haul single-destination trips will become more popular. There is also a general sentiment that travelers will favor quieter destinations. Most likely, travelers will look to spend more time at that destination and participate in nature-based activities.

59 UNWTO - Govern de les Illes Balears (2015) "Global Report on Cultural Routes and Itineraries"

60 World Bank. 2020. Rebuilding Tourism Competitiveness: Tourism Response, Recovery and Resilience to the COVID-19 Crisis.

Below are the prioritized results, in order of importance:

Travel Segment	Approx. Market Size (Global in USD)	Timor-Leste Opportunities
Scuba Diving	\$35 Billion	Hard-core divers and leisure divers through promotion of dive sites, upskilling and accrediting dive resorts and dive-masters and the development of a hyperbaric chamber locally in Timor-Leste.
Cultural and Heritage Tourism	\$600 Million	Tourism facilities to support visitation to key sites of significant buildings, monuments, museums. Development of facilities such as transportation, guides, public toilets, plazas, cafes, shops, etc.
Hiking & Trekking	\$660 Million	Investments in route accessibility, promotion and signposting, and the development of new guided hiking trails and routes. Combine promotion and packaging of treks and hikes with cultural and natural experiences such as homestays and regional accommodation and tours. Invest in the training and accreditation of tour guides, ensuring they have adequate knowledge of the sites, languages, and people skills to meet travelers' expectations.
Cetacean Tourism	\$2.1 Billion (2008)	Promotion of Timor-Leste's unique offering of its year-round range of migrating cetaceans. Collaborate with the International Whaling Commission (IWC) to establish good practices to grow this segment sustainably by licensing and accrediting operators.

Scuba Diving

Global Market Potential and Trends

Globally, coral reef tourism is estimated to attract 69 million trips each year, generating approximately USD 35 billion in revenues.⁶¹ Based on a study conducted in 2017, key reef destinations in the Pacific States⁶² generated approximately USD 150 million each year from 187,000 visits. The average value per trip can range from USD 500 to USD 1,700. Scuba diving and snorkeling activities are among the key components of coral reef tourism, while additional revenues can also be generated from onshore activities.

The value of the scuba dive tourism industry is estimated at USD 20–30 billion from 2017–2022. The Professional Association of Diving Instructors (PADI) reported that it has issued over 27 million diver certifications since 1967, with an average of one million certifications issued annually over the period.⁶³ In 2014, it was estimated that PADI-certified divers made up approximately 70% of the total certified divers globally.⁶⁴ If this still holds, it can be extrapolated to estimate the total number of certified divers at 39 million to date. However, the

number of 'active' divers (who dive more than once a year) is estimated at a fraction of 6 million as of 2018.

While PADI does not publish the exact figures of its memberships for further investigation and analysis, the industry has observed a declining diving participation over time. For example, the U.S., the largest dive market in the world, experienced a declining participation, especially among core drivers (those who participate 8+ times a year).⁶⁵ However, the "casual diver" segment appears to fare better, with a much larger proportion and participation from the younger generation. Snorkeling, however, has increasing popularity, with an estimated 20 million snorkelers worldwide.

Market & Diver Segments

There are two types of dive holidays:

- **Land-based:** Divers generally stay at dive resorts and potentially participate in other activities such as water sports and excursions.
- **Live aboard:** This type of dive holidays has grown in popularity among avid divers who travel the world to seek unique dive experience at remote dive sites.

61 Mintel Group. (2018). 'Underwater Tourism - Travel & Tourism Analyst' (No.17, October 2018). Mintel Group

62 Includes Palau, Marian Islands, the Federated States of Micronesia, American Samoa, and the Marshall Islands

63 PADI. (2019). '2019 Worldwide Corporate Statistics: Data for 2013-2018'. Available at: <https://www.padi.com/sites/default/files/documents/2019-02/2019%20PADI%20Worldwide%20Statistics.pdf> (Accessed 1 October 2020).

64 South Pacific Tourism Organization. (2014). South Pacific Dive Market Study Report 2014 (p. 14). South Pacific Tourism Organization.

65 Kieran, Darcy. (Unknown). 'Scuba Diving Participation Rate'. Available at: <https://www.scubanomics.com/scuba-diving-participation-rate/> (Accessed 1 October 2020)

In key source markets (such as the USA and Europe), divers are predominantly young males (aged 16-34) with high disposable income and active lifestyles. Australia also shares similar diver profiles. However, the PADI certification trend also shows a continual increase among young divers aged up to 29 (with a share growing from a mere 29% in 2013 to 51% in 2018), and among females (with a share growing from 34% in 2013 to 38% in 2018).⁶⁶ On a broad level, divers can be classified into three groups:

- **Domestic divers:** This group usually participate in diving in their home country and rarely travel overseas with diving as the main purpose.
- **Leisure Divers:** These are certified divers who occasionally include diving activities in their itineraries when traveling overseas and are probably the largest segment worldwide. They often look beyond diving activities and focus on the overall trip experience by participating in other activities (e.g., day trips, short hikes, water sports), as well as enjoying quality accommodation.
- **Hard-core Divers:** These divers are generally advanced-certified divers who constantly seek new diving

locations both domestically and internationally. They are generally of an older age group and do not mind venturing to remote and inconvenient locations or on liveaboard trips for the main purpose of diving. The availability of other activity types and the quality of accommodation are not of main consideration.

It is noteworthy that many divers will specifically go for a diving holiday but may choose to do a few dives on their leisure trips. Some divers may also travel with family and friends who do not dive. Therefore, destinations will have to ensure there are other activities for this type of diver travelers.

Opportunities for Timor-Leste

Based on stakeholder interviews, scuba diving and snorkeling have been identified as two of the important niche segments for Timor-Leste. To some stakeholders, this segment is seen as a potential drawcard for Timor-Leste, given the pristine marine resources dotting the country's northern coast. The supply chain in the diving and snorkeling segment, while still rather primitive, is considered the most well-established when compared to other niche travel segments. As of October 2020, stakeholders observed that there had been tourists visiting Timor-Leste for diving purposes, even with very few marketing activities. Divers can be distinguished into core groups of "hardcore" divers and leisurely, diverse groups of "tourists" and "potential" divers who have somewhat distinct motivations.⁶⁷

Currently, most dive holidays are land-based, with several specialized dive resorts catering to tourists, mostly located in Dili and Atauro Island. Some multi-day liveaboard trips are departing from Dili. An average dive holiday typically has a duration of five or more days. Atauro Island is the most popular destination. Divers usually come to dive and may spend a day or two in Dili for a little bit of exploration. Dive resorts on Atauro Island commented that, between dives, divers usually laze on the beach, soaking up the sun. This is probably due to the lack of other activities in the area, which suggests a potential income loss on peripheral activities.

"I think diving and snorkeling. Promoting that is a good way to get everything else in line. If people are talking about how amazing diving in East Timor is, other things will fall into place. Thankfully, the diving operators have a good presence, so they're probably better than the rest of the tourism industry."

Stakeholder Interview

⁶⁶ The data represents total entry level and continuing education certifications for all PADI Offices. Divers may have multiple certifications. Does not include introductory scuba diving experiences.

⁶⁷ Albayrak, Tahir & Caber, Meltem & Cater, Carl. (2019). Mass tourism underwater: a segmentation approach to motivations of scuba diving holiday tourists. *Tourism Geographies*. 1-16. 10.1080/14616688.2019.1696884.

From the qualitative research, it became highly apparent that safety is the primary concern of divers. Divers, both leisure and hard-core divers, are highly demanding when it comes to the safety practices carried out by dive operators in their destinations. For diving to be a core offering for Timor-Leste, divers would look at not only the marine assets and dive sites that they would be able to view and explore but also the levels of accreditation that the tour operators have and the healthcare facilities available to them at the destination.

While there is an immediate opportunity to attract hardcore divers (i.e., the late 20s to 45s divers who are passionate about diving and have dived all over the world), the hardcore diver sub-segment is seen to be very niche. Some of these hardcore divers look to visit exotic or hard-to-reach destinations only once to tick them off their list. It stands to reason, then, that Timor-Leste could fulfill the key needs and motivations of this hard-core diving group. This may not provide a sustainable path for its tourism. Therefore, Timor-Leste should also look to attract leisure divers, whose diving is not the only objective of their overseas trips. This view has also been confirmed by a stakeholder from a global tour agency. Leisure divers usually seek an overall experience by participating in various activities while not diving. However, this means that Timor-Leste will have to improve the quality of accommodation and food services, as well as develop adjacent products to complement their trips. Specifically, in the diving segment, it was noted by a stakeholder and broadly identified by diving groups that there should be an investment in a hyperbaric chamber to ensure divers' safety. Investment in dive sites and infrastructure is of primary importance to continue to build the appeal for hard-core divers, and so too for leisure divers. For these groups, investment in other areas is complimentary as diving is a key motivation for their travel to the exotic and hard-to-reach destination of Timor-Leste.

Cultural Tourism

Global Market Potential and Trends

The global cultural tourism market grew at an annualized rate of 7.2% from 2014 to a record of USD 613 million in 2017.⁶⁸ Before COVID-19, it was estimated that the market would grow to a value of USD 920 by 2022. The growth has been supported by an increase in marketing as well as the diversification of both tangible and non-tangible cultural products around the world.

In general, most holiday trips incorporate some form of cultural or heritage tourism, although some would travel specifically for this purpose. ATLAS Cultural Tourism Research Project estimated that, globally, 5-10% of tourists could be classified as 'specific cultural tourists' who are motivated to travel by culture, and many studies indicated that 40-50% of tourists undertake cultural activities.⁶⁹

Market & Tourist Segments

On a broad level, cultural tourism refers to activities that involve the objective of understanding and experiencing local ways of life. Within it, it contains several subsets, ranging from urban tourism, religious tourism, arts, food, heritage, and other forms of entertainment such as festivals. Traditionally, cultural tourism focused on tangible assets (e.g., museums, monuments, historical and heritage sites), aiming to attract the masses. While these tangible assets are still important to developing destination popularity, more consumers are now seeking immersive and authentic cultural "experiences, where non-tangible assets come into play.

McKercher and Du Cros divide cultural tourists in to 5 groups⁷⁰:

- **The purposeful cultural tourists:** They have a deep cultural experience and cultural tourism is the main motive when holidaying;
- **The sightseeing cultural tourists:** Culture is still the main travel motive, but they possess a shallower cultural experience;
- **The serendipitous cultural tourists:** They do not travel specifically for culture, but end up enjoying to new cultural experience after participation;

68 BIS Report. (2020). 'Global Cultural Tourism Market Report 2020'. BIS Report.

69 World Tourism Organization. (2018). 'Tourism and Culture Synergies' (p. 21). World Tourism Organization.

70 McKercher, B. and Du Cros, H. (2002) Cultural Tourism: the partnership between tourism and cultural heritage management. Haworth Press, New York.

- **The casual cultural tourists:** Culture is a weak motive and the resulting experience is shallow;
- **The incidental cultural tourists:** They do not travel for cultural tourism reasons but nonetheless participate in some activities and have shallow experiences.

Opportunities for Timor-Leste

Based on stakeholder interviews, culture, heritage, and history are often seen as either a missing link or underutilized assets in tourism development. While much has been done to locate tourism sites with cultural and historical significance, from a destination marketing perspective, there has been no cohesive narrative to establish a long-lasting impression of Timor-Leste's identity. The posters of white sand beaches, and stunning landscapes will not do much to differentiate Timor-Leste from other destinations other than imprinting cultures and history in the message. One of the key issues in Timor-Leste stated by stakeholders is to identify and create tourism products and connect seamlessly with other tourism segments in order to differentiate. In 2016, the GoTL ratified the UNESCO World Heritage and Intangible Cultural Heritage Conventions. However, despite the rich cultural heritage of the country, no sites or ICH have been nominated to UNESCO. A successful listing would be an opportunity to raise the visibility of the cultural heritage in the country.

There are three aspects in this niche segment that Timor-Leste can leverage:

- The war history (e.g., World War II, Resistance);
- The Portuguese colonial history; and
- The Indigenous cultures.

Dili is perceived as the best place to tackle this segment as it houses a multitude of museums, significant buildings, and the Cristo Rei as a landmark. However, the key challenge is that they are disjointed, and the poor facilities may have caused the standstill. For example, key sites do not have tourism facilities in place to encourage and support visitation, such as plazas, cafes, shops, or public toilets.

Outside Dili is where Indigenous cultures and history could potentially shine. Homestay experiences can also be a strong product for a more immersive experience. However, inadequate knowledge of tourism products has impeded Timor-Leste to reach its potential. One of the examples raised most frequently during the consultation with stakeholders is the lack of an event calendar. Most traditional festivals and celebrations are well-known among locals, but information on those events has not been organized and disseminated to tourists. At the moment, experiencing authentic culture is hit-and-miss for most travelers. Only those who happen to visit Timor-Leste at the right time and know the right people will get to witness Timor-Leste's authenticity.

There's a lot of history and cultures. The challenge with that is they are not in products. In the rest of the country, there are beautiful cultural ceremonies... but because everyone here is so new to tourism, they have not realized that they can develop these things into products... You have to find a way to sell the history"

Stakeholder Interview

In addition to Dili, Balibo town in Bobonaro has been identified as a potential destination to further promote cultural, heritage, and historic tourism. Coupled with its renowned history and natural assets, key cultural attractions such as the Balibo Flag House, the Balibo Fort, the Balibo Cristo Rei, and historic caves can entice both culture and nature lovers to explore. Rock art sites located in and around the Nino Konis Santana National Park could also be a drawcard for cultural-based tourism involving the local custodians/community. However, access and interpretation of the sites need to be improved, along with capacity building for local guides. The successful pilot of opening up a pilot of rock art sites in Nino Konis Santana National Park is a good example of the opportunity for the development of sustainable cultural tourism.⁷¹

⁷¹ Many Hands International. (2014). The Protection and Promotion of Rock in the Lautem District,' Sustainable Cultural Tourism Project.

Hiking & Trekking (Mountain)

Global Market Potential and Trends

Walking tourism has become increasingly popular. There are numerous travel websites reporting that walking has been an emerging trend, especially in the past few years. Hiking and trekking are subsets of the walking tourism space but are more physically and mentally engaging than regular walking tours. In 2017, Lonely Planet published an article based on a report done by the Adventure Travel Trade Association that said hiking had become the most popular activity among adventurous travelers.⁷²

The trends that have fueled the popularity of the hiking and trekking travel segments are “Slow Tourism” and “Digital Detox”. The two hypes provide an opportunity to market hiking and trekking. They fit well with the trends by offering an off-the-beaten-track experience away from other crowded tourist attractions, while also discovering new landscapes. In addition, the combination of hiking trips with community-based tourism has also grown in popularity, as the cultural aspect (e.g., meeting local people) adds more flavor and uniqueness to hiking trips.

Market & Tourist Segments

Trekking trails are usually graded based on their level of difficulties. Tourists can be broadly classified in to two groups:

- **Leisure Trekkers and Hikers:** Leisure trekkers are the largest segment and prefer a less intensive adventure (i.e., easy-to-medium difficulty trails between 0.5-2 days). While trekking is the main activity when taking an overseas trip, they also look for a diverse experience. This could include anything from some off-road biking adventures, cultural interaction, to relaxation on the beach at the end of their treks.
- **Serious Trekkers and Hikers:** Typically, trekking is the sole purpose of their overseas trips. They are attracted to physically and mentally demanding treks (e.g., multiple-day itineraries), and safety is the principal concern. Little consideration is given to other activities or the comfort of accommodation.

Generally, trekkers value untouched and attractive natural environment, and these criteria play an important part in destination selection. Other considerations include:

- Accessibility;
- Climate;
- Safety;
- Connections with local people and/or other cultural interaction (e.g., cultural sites);
- Quality of local guides; and
- Sustainability and responsible tourism practices.

Opportunities for Timor-Leste

Timor-Leste is blessed with untouched nature and is, therefore, in the best position to tackle this segment. In addition, trekking and hiking opportunities can be improved with modest investments to improve route accessibility, promotion, and signposting, with generally low maintenance costs and tourist spending usually dispersed within the rural communities. More substantial investments in trekking and hiking would be made in the development of new guided hiking trails and routes. Based on an interview with a stakeholder working in a global tour agency, hiking and trekking are among the most popular adventures for holidaymakers globally. While the proportion of serious trekkers and hikers can be limited, it was speculated that leisure trekkers could be an interesting angle to tackle. While participating in hiking and trekking is not the main objective of the trip, leisure hikers look for a more unique experience gained from the activity, such as visiting local villages for culture and souvenirs.

Key destinations put forward by stakeholders include Mount Ramelau (Ainaro) and Mount Matebian (Baucau). Both mountain ranges bear cultural significance and are considered sacred to the locals. The summit of Mount Ramelau is dedicated to the perished souls, while Mount Matebian, also known as the Mountain of Death, bears the scars of World War II's bloody history. These narratives, if integrated well, can package trekking products as a more immersive experience.

⁷² Lonely Planet. (2017). 'Hiking is now the most popular adventure activity for travellers'. Available at: <https://www.lonelyplanet.com/articles/new-research-hiking-most-popular> (Accessed 1 October 2020).

In addition, hiking and trekking are gateways to cultural and historical tourism. Much of the charm of Timor-Leste also lies in its rural and traditional ways of life. Some trek trails pass through local hill villages, where hikers and trekkers can also stop to appreciate the indigenous cultures, deserted colonial architecture, or local handicrafts. They can even opt for a homestay for a more immersive experience. Therefore, it was recommended by stakeholders to consider other cultural assets on top of the natural assets when developing the hiking & trekking segment. In the long run, special-interest treks can also provide access to other niche markets, such as bird watching.

Another crucial part of servicing this niche segment is the availability and quality of tour guides. Some stakeholders pointed out the lack of trained and qualified tour guides, and that services can sometimes be unreliable (e.g., not showing up on time). Knowledge of the sites, English skills, and people skills were also mentioned as areas for further improvement.

Cetacean Tourism

Global Market Potential and Source Markets

Data on cetacean tourism is scarce and can be outdated. The last global review of the industry was done in 2008. However, the following information is provided to set the context of the industry based on a report by the International Fund for Animal Welfare.⁷³

In 2008, the global whale-watching industry was made up of 13 million participants, generating USD 2.1 billion (of which 41% was contributed by direct expenditure on ticket sales). This is an average growth of 3.7% per year, from USD 1 billion and 9 million spectators in 1998. North America, Oceania, the Pacific Islands, and Antarctica accounted for 67% of the global participants.

Meanwhile, Asia emerged as a new destination, growing by 17% -- the highest among all regions.

Market Segments & Tourist Expectations

On a broad level, cetacean observation can now be done through 3 main types of viewing platforms; vessel-based (e.g., boat, cruise ship, kayak, inflatable), aircraft, and onshore. Such diversification helps attract a wider range of tourists and provides more employment to the community around such sites.

Cetacean observation attracts people of all ages and families. While cetacean observation can be the sole purpose of a trip for some people, it is likely to be a peripheral activity for most. Based on an academic study done on a selected site, participation was not skewed by age, education, or gender; however, nationality and outlook on environmental sustainability played a role in the decision to participate.⁷⁴ Nevertheless, tourists mostly expect to participate in a sustainable and respectful environment, such as limiting the number of boats around the cetacean.⁷⁵ Tourists also placed high expectations on “See whales in a manner that is respectful to the whales and their environment”, “See a whale even if it is only one”, and “Learn about protection of whales” respectively.

As the numbers of spectators grow over time, operators also seek ways to stay competitive by developing and putting new values into the products (e.g., guides, customer service, event and festival calendars).⁷⁶

Opportunities for Timor-Leste

While cetacean tourism was not discussed in great detail, stakeholders showed positivity towards this niche segment. Based on an interview with a stakeholder working in a global tour agency, holidaymakers generally do not make a holiday trip to just see cetaceans. However, there could be an opportunity to set a destination uniqueness using cetacean as assets. As an example, it has been observed

73 O'Connor, S., Campbell, R., Cortez, H. & Knowles, T. (2009). ‘Whale Watching Worldwide: Tourism Numbers, expenditures and expanding economic benefits. International Fund for Animal Welfare.

74 Viera, J., Santos, C., Silva, F., & Lopes, F. (2018). When watching replaces hunting: An analysis of customer participation and satisfaction with cetacean-watching in the Azores. *Ocean & Coastal Management*, 160, 86–92.

75 Cornejo-Ortega, J. L., Chavez-Dagostino, R. M., & Malcolm, C. D. (2018). Whale watcher characteristics, expectation-satisfaction, and opinions about whale watching for private vs community-based companies in Bahía de Banderas, Mexico. *International Journal of Sustainable Development and Planning*, 13(5), 790–804.

76 Hoyt, Eric. (2017). ‘The Global Status and True Value of Whale Watching’ [PowerPoint presentation]. Whale and Dolphin Conservation. Available at: <https://www.sprep.org/attachments/Publications/Presentation/whale-conference/global-status-and-true-value-of-whale-watching.pdf> (Accessed 1 October 2020).



Lachlan Dempsey/unsplash.com

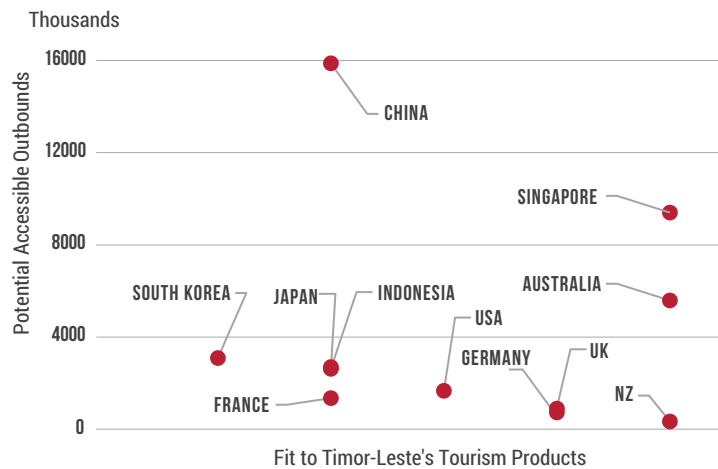
that there is an increased interest among cetacean enthusiasts (including divers) in seeking out destinations with more distinct and rare marine mammal species such as whale sharks.

Timor-Leste is one of the few places in the world where blue whales and dolphins can be spotted all year round, and whale sharks can also be spotted during September-October. This, coupled with the various onshore observation opportunities, could potentially be a selling point for any coastal destination lovers and a complementary product to the diving & snorkeling segment. In addition, it aligns well and strengthens Timor-Leste's image as a tropical island destination with the most diverse marine life that it portrays. Dili and Atauro Island were identified as important sites for this activity.

There is also some potential for a very niche and lucrative sub-segment. One unique example raised by a stakeholder who specializes in marine tourism is the potential to develop a once-in-a-lifetime experience such as swimming with whales. A boat trip off the coast to swim with whales can cost a whopping USD 9,800 for the unforgettable experience.

One of the key hurdles in developing this segment is the regulations for sustainable operations. It is estimated by an expert during an interview that over USD 500,000 is lost each year due to the lack of licensing and registration. Timor-Leste will have to seek collaboration with the International Whaling Commission (IWC) to establish good practices to grow this segment sustainably. For example, regulating the numbers and size of vessels, and minimum approach distance.

Key Source Markets – Niche Travel Segment Overlap



It is important to not only consider the key source markets and niche travel segments in isolation, but rather to give due consideration to how effectively the key source markets are able to provide travelers aligned with the relevant niche travel segments for Timor-Leste. Each of the key source markets has been determined due to their being a strong fit with the niche markets. Below is a chart with a qualitative summary visualization of the identified propensity for key source markets to provide travelers with niche travel segments. Data in the appendix.

As determined by the stakeholder interviews and findings previously discussed, the markets with the best fit from the qualitative exercise above are Australia, the United Kingdom, and New Zealand.

- Australia and New Zealand are often considered quite similar in travel behaviors; thus, the World Bank would recommend focusing further research on Australia and extrapolating some of the findings to New Zealand.
- The United Kingdom, despite being geographically

distant, is in a unique position in Europe due to its willingness to outbound international travel for the key niche segments relevant to Timor-Leste.

- Singapore, Germany and France were identified as the next most relevant. Considering this, in conjunction with Singapore's proximity and travel within the ASEAN region, the World Bank would recommend focusing research on Singapore as the third market.
- Despite the significant opportunity due to the sheer size of the USA and Chinese markets, the World Bank is recommending not immediately catering directly to these markets as there is quite a disconnect between these markets and the niche travel segments of consideration for Timor-Leste. The USA is further disadvantaged as being a key market due to its geographic distance. China, while being relatively proximal, and a huge potential opportunity given its population does not have a substantial overlap at an overall level with Timor-Leste's key offerings, additionally Chinese leisure and luxury travel is not a good fit for Timor-Leste's current tourism offering.

Scuba Diving

In close proximity to Timor-Leste, Australia has approximately 400,000 scuba diving participants, roughly the same as the estimation of active divers in Germany. However, only about half dived at least once per month. There are also 1.9 million Australians who participate in snorkeling (or 12% of the population, with 400,000 participating at least once per month).⁷⁷ The U.S. is the largest source market for scuba diving, accounting for approximately half the active divers worldwide. Europe comes in second place, with an approximate quarter share. The United Kingdom, Germany, and France are the most important source markets in Europe, respectively. While the United Kingdom has a healthy outbound dive market, the main destination is the Red Sea. In contrast, German divers are more well-traveled to long-haul destinations (e.g., Indonesia, the Maldives and the Galapagos).

Cultural & Heritage Tourism

In the U.S., it was estimated that 118 million people participated in some form of cultural heritage tourism in 2019 (78% of the leisure tourist population).⁷⁸ Japanese and Singaporean tourists show a keen interest in learning about different cultures. Closer to Timor-Leste, many Australians and New Zealanders show the most promising prospects. Each year, many travel to Europe and Asia to experience new cultures. In a study on cultural travelers in Australia and the US, it was found that cultural travelers tend to be older travelers (55+ years old) and just slightly more male. The majority are in middle-income households and are more highly educated than average. This segment is very frequently married and living with their spouse (no children in the house). They enjoy nature and scenery and are most interested in engaging with cultural experiences and enriching their knowledge. These travelers look for destinations where the culture and lifestyle are different from their own and do not mind a language barrier.⁷⁹

Hiking & Trekking (Mountain)

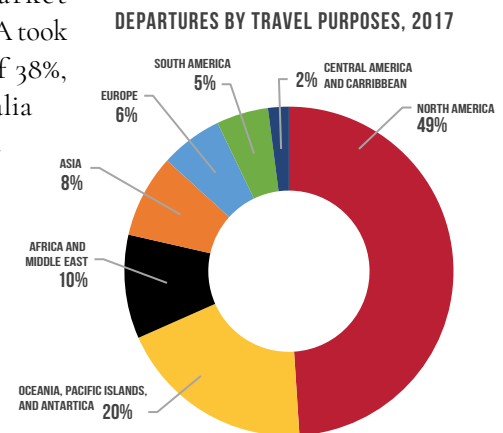
Source Markets

For Timor-Leste, Australia presents an immediate opportunity. Based on a study done by Roy Morgan,⁸⁰ the proportion of regular hikers in Australia to the total population increased from 2.9% to 5.2% Between October 2010 and September 2015, while the proportion of occasional hikers grew from 15.6% to 27.3% during the same period. This suggests more than 5 million Australians participated in hiking as of 2015. While nature holidays such as camping and ecotourism experiences were the key activities, a number of people also participated in other physical activities such as sailing, fishing, surfing, and swimming.

Singapore is another interesting market, based on a study done by New Zealand Tourism in 2014,⁸¹ twenty-five percent of Singaporeans who visited New Zealand had the propensity to participate in walking and hiking activities. This is the second-highest among Asian source markets for New Zealand (although the level of propensity is significantly less than the European counterparts, in which the propensity level was as high as 50-60%).

Cetacean Watching

From source market perspectives, the USA took the largest share of 38%, followed by Australia (13%), and Canada (9%). However, participation from Chinese cetacean watchers recorded the highest growth at a 107% annualized rate from 1998.



Source: International Fund for Animal Welfare (2009)

77 Surf Life Saving Australia, (2018). 'Coastal Safety Brief Snorkelling and Scuba Diving' (pp. 2-3). Surf Life Saving Australia.

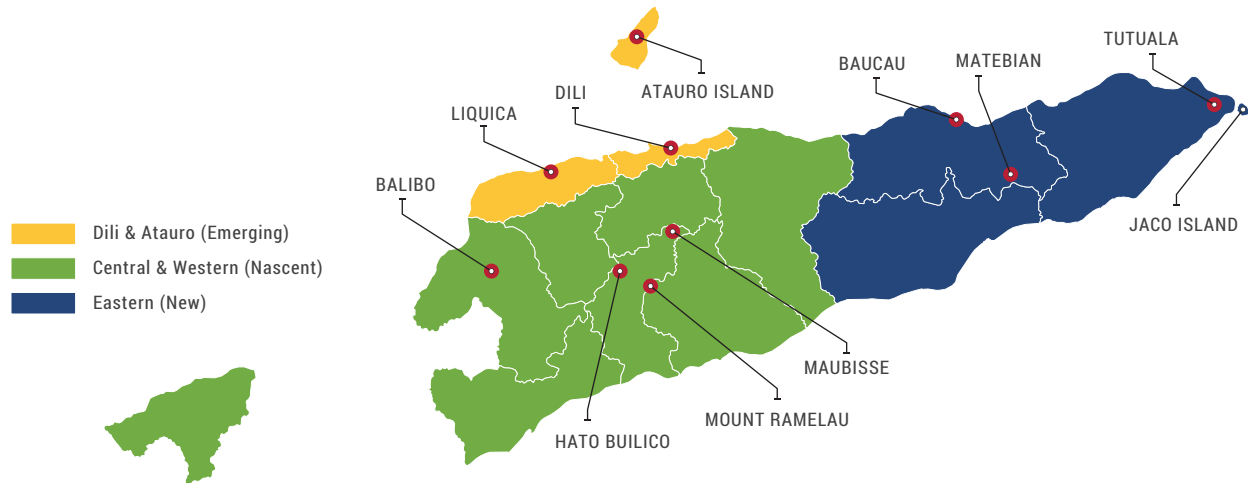
78 Unknown. (Unknown). 'Cultural Heritage Visitor Profiles'. South Pacific Specialist. Available at: <http://southpacificspecialist.org/cultural-heritage-visitor-profiles/> (Accessed 1 October 2020).

79 IFC, ATTA. (2019). 'Shaping the Future of Adventure and Cultural Travel' Profiles and behaviors of adventure and cultural travelers from the United States and Australia. IFC

80 Roy Morgan. (2016). 'When hikers and bushwalkers go on holiday'. Roy Morgan.

81 New Zealand Tourism, (2014). 'Tourist Special interest: Walking and hiking'. New Zealand Tourism.

Identification of Potential Destinations

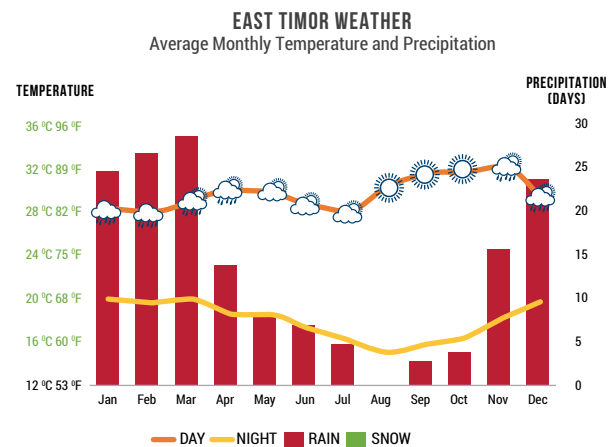


This list of potential tourism destinations has been developed based on stakeholder interviews. Stakeholders, interviewees, and focus group participants were asked to think about different locations within Timor-Leste that exhibit high tourism potential, considering the beauty of locations and the potential to help differentiate Timor-Leste’s tourism positioning. The results from interviews do not greatly deviate from assessments done in the past. These destinations can be grouped into 3 main routes and form a part of any itinerary:

1. Dili & Atauro Island and nearby Liquiçá
2. Central and Western destinations: Maubisse-Hato builico-Mount Ramelau-Balibo
3. Eastern destinations: Baucau-Mount Matebian-Tutuala-Jaco Island

⁸²Please note that while there are other destinations nearby the aforementioned routes, this list only shows key destinations as prioritized by stakeholders.

In general, travelers are recommended to travel to Timor-Leste during the dry season between June to September. This is mainly due to the poor condition of the road network, which makes traveling outside Dili daunting and dangerous.



⁸² East Timor Weather. (2015). <http://hikersbay.com/climate/timorleste/baucau?lang=en>

Dili & Atauro Island



Key Assets and Attractions

Based on interviews with stakeholders, Dili is seen as a city full of potential for cultural, heritage, and historical tourism. The city houses several key statues, and major cultural, religious, and historical attractions:

- The Cristo Rei statue, which is unarguably the most photogenic spot in Dili. Travelers can take a 500-step climb to the top and be mesmerized by the landscape;
- Dili Cathedral is the source of spiritual guidance for Timorese and the second largest Catholic Cathedral in Southeast Asia. It also has some historic significance in the Resistance against Indonesia;
- Mayael Church is the oldest Roman Catholic church in the country with Portuguese-influenced architecture;
- The Archive & Museum of East Timorese Resistance is a dedicated site telling the struggle for Independence from Indonesia;
- Chega! Exhibition is a museum held in a former prison dedicated to the victims during the Portuguese occupation of World War II by the Japanese, and then to the Independence of Indonesia; and
- The Santa Cruz Cemetery is a memorial site for the massacre during the Resistance period.

Dili

Accessibility and Transportation

Pre-Covid-19, Dili is connected by 3 flight routes from Singapore, Australia, and Indonesia. Getting around Dili by foot is relatively easy. However, a taxi is often the most convenient mode of transportation around Dili and costs around USD 5-10 per trip. There are also more affordable microlets running across Dili, which cost 25 cents per ride. A rental car is another option, but it can be pricey (approximately USD 100 per day); thus, this option is typically only used by business travelers.

In addition to cultural and historical sites, there are also a few attractions for travelers to enjoy the local ways of life:

- A small, yet colorful, Fruit & vegetable market is where locals come to trades;
- Tais markets are traditional markets where travelers can find tai clothes and local handicrafts as souvenirs;
- Taibesi market is the main local market but is a 10-15-minute drive from the Dili center.
- Multitudes of cafes, bars, and restaurants where travelers can taste local cuisine and Timorese coffee. Agora Food Studio has been the talk of the town with its healthy food made from local ingredients.;
- Vibrant expatriate scenes.

83 Patrick Fischer - Own work, CC BY-SA 3.0, <https://commons.wikimedia.org/w/index.php?curid=5604503>

Dili is also blessed with natural assets, especially marine life. There are three main dive sites (Pertamina Jetty, Tasi Tolu, and Dili Rock) where travelers can enjoy corals, underwater rock formations, mucks and critters, turtles, manta rays, and lionfish. The sea channel between Dili and Atauro Island is also on the migration routes of many cetacean species. There is also some opportunity to walk and hike along the waterfront and the outskirts of Dili to enjoy the sunset.

Key Activities

Travelers have a large variety of activities to choose from compared to other destinations in Timor-Leste. They can opt for an organized day tour around Dili to immerse themselves in the history and culture. Those interested in marine activities can choose to dive, snorkel, and even do cetacean observation.

Accommodation

There are approximately 90 individual accommodation establishments in Dili, offering a capacity of 1,200 rooms combined. The balance goes to another type of accommodation. There are 4 high-end hotel establishments, which have a capacity of approximately 70 rooms each. Meanwhile, the smaller hotels have a capacity of roughly 30-40 per establishment. Specifically, for hotel-type accommodation, an expert believes that the current state of supply is sufficient due to limited tourism demand. However, it can easily become under stressed should the number of business travelers (especially from Indonesia) increase. Based on stakeholders' inputs, the average occupancy rate for the hotel-type sits at around 45% annually and can go up to 60% during the high season around May to September. There is only one new development of a large hotel, the Hilton Hotel. The Hilton is now under construction and is expected to open its doors to travelers in early 2022. It houses 150 rooms and 8 meeting rooms, coming with a hefty price tag of USD 160-250 per night.

Atauro Island

The majority of stakeholder agreed that that Atauro Island has the greatest potential to be the drawcard for tourism due to the following:

- Accessibility from Dili;
- Clean and uninhibited environment;
- Good dive sites with clean water;
- Diverse marine life including pristine coral reefs, blue whales and dolphins.

According to some travel websites and blogs, the best time to visit is during the dry season, between June to September. However, stakeholders commented that the peak season is between July to December. Apart from holiday travelers, Atauro Island also receives a good number of students and volunteer tour groups each year. For example, Barry's Eco Lodge hosted 25 groups of 20-25 students per year. These tour groups tend to stay longer, up to 6 weeks at a time, as opposed to the few nights made by general holidaymakers. While being regarded as the most popular destination in Timor-Leste, stakeholders observed that the number of travelers seemed to be dwindling in the past two years, potentially due to restricted accessibility.

Atauro Island currently is receiving investment in a USAID project to promote sustainable private sector tourism investments in addition to planned ecolodge investments.⁸⁴

84 USAID Tourism for All Project. (2018). USAID

Accessibility and Transportation

To get to Atauro Island takes approximately 1.5-2 hours by ferry, which lands at a village on Beloi beach. There are a few ferry options that travelers can choose from based on their budgets:

	Schedules	Approximate cost (One-way)
Public Ferry		
Nakroma Ferry	Saturday	USD 4
Private chartered Water Taxi		
MV Atauro boat	-	USD 35-45
Beloi Beach Hotel's boat	-	USD 45
Air		
MAF	-	USD 600

Service by public ferry operators can be unreliable, and travelers are advised to confirm schedules the day before. Stakeholders commented that transportation to Atauro Island has gotten more limited in the past year; potentially due to the low tourist volume. For example, the Dragon Star ferry operator cut their service from 5 days a week to only weekends.

Key Assets and Attractions

Marine life diversity (such as coral reefs and fish) and natural landscape (e.g., white sand beaches, hill viewpoints, and Mount Manucoco) are the headline assets and attractions on Atauro Island. Bird-watching is also possible with local tour guides.

Some stakeholders also pointed out the potential of non-tangible cultural assets such as traditional celebrations and festivals (i.e., climbing up the beetle nut trees, traditional dancing) and Protestant culture to potentially be further explored and turned into a cultural tourism product.

Sentru Atauro Diak, a community business center, can also be another good tourist attraction where visitors can find local handicrafts and souvenirs made by the locals.

Key Activities

Most travelers visit Atauro Island to enjoy scuba diving and snorkeling activities. Scuba diving and snorkeling can be done off the Beloi beach. There are plenty of near-shore reefs to attract snorkelers. There are also other spots, that require a boat trip organized by dive resorts. Stakeholders who run accommodation businesses on Atauro Island commented that their guests tend to relax and do nothing on the beach when not diving or between drives. While the Atauro Home Stay Association prepares information brochures pertaining to information about local villages, cultures and other activities, it has yet to gain traction with its guests. Other activities available include:

- Walking and hiking (e.g., walking along the coast, a 3-hour hike to Adara town on the other side of the island, or the sacred Mount of Manucoco);
- Fishing;
- Bird watching;
- Cycling (bicycle for hire at Tua Koin);
- Meeting locals at Saturday morning market;
- Whale watching tours.

Accommodation

It is estimated that there are three resort-style accommodations, one hotel, and approximately 10 homestays. Accommodation is usually fully booked during the peak season. Currently, the supply of accommodation is adequate given the low volume of visitors. Two respondents who run an accommodation service on Atauro Island expressed no intention of expanding their facilities in the near future.

Basic Infrastructure

Electricity and clean water are identified as key issues. It was reported that the electricity usage is cut off after 7 pm. And clean water needs to be drawn from the nearby mountains. While travelers do not expect much and there have been no formal complaints made, it proves to be an issue for accommodation operators to provide quality service.

Road access on the island was mentioned lightly. An issue raised, however, is that while road access could also provide convenience to the locals, the development of roads could cause damage to both the environment and the charm of the island.

Maubisse-Hatobuilico- Mount Ramelau, Balibo



Of all the hiking and trekking sites, Mount Ramelau has been identified by almost all stakeholders as the ‘must’ experience for any hiking trip. The best time to visit is between May – November, during the dry season, for a clear view. A trip from Dili to Mount Ramelau usually requires a 4WD vehicle and takes about a 4-5-hour drive, passing through the towns of Aileu, Maubisse, and lastly, Hatobuilico (where the trail starts). There are also tour operators organizing trips to Mount Ramelau from Dili.

Apart from being the highest summit in the country, Mount Ramelau also carries cultural and religious significance. The annual pilgrimage takes place around October and attracts a large crowd of locals. Based on a study done by USAID in 2018, the total number of visitors was estimated at 21,000 during the festival, consisting mainly of domestic visitors. The numbers of foreign visitors were unknown. However, the main tour guide business reported 250 foreign visitors per year, with an average stay of 3-4 days.

Maubisse

Accessibility and Transportation

Maubisse is a small, historic town, lodged between beautiful hills. Travelers may choose to spend a night in Maubisse before making their way up Mount Ramelau in the early morning (instead of staying over in Hatobuilico). A trip from Dili to Maubisse takes about a 1.5-hour drive, passing through the town of Aileu. The newly built road makes the road trip rather convenient.

Key Assets and Attractions

Maubisse is known for its picturesque mountain landscape, and that is what draws travelers to the area. Travelers can also take a 2-3 kilometers hike to Hakmatek waterfall from the Maubisse market. Stakeholders mentioned that there has been an increase in interest in cultural tourism. Key assets and attractions include:

- The Sacred House of Maubisse Village
- Traditional Timorese home
- A colonial building such as Pousada de Maubisse, which lies on top of the highest hill in the district, offering a panoramic view;
- The Maubisse market where travelers can meet locals and experience the local life;
- The Green School's Plantation demonstrates coffee and strawberry farming

It has also been identified that coffee tourism can potentially be promoted to attract more tourists.

Key Activities

The general perception is that Maubisse is a place to come for relaxation and admiration of the beautiful scenery. There are not a lot of activities being offered or promoted to its visitors. Therefore, it is most popular among expats who seek a short weekend getaway. However, some may find themselves engaging in the following activities:

- Walking and hiking;
- Cultural exploration of sacred or traditional buildings; and
- Learning and tasting Timorese coffee at coffee plantations.

Some tour operators in Dili also organize day trips to Maubisse.

Accommodation

There are fewer than 10 guesthouses in Maubisse. Pousada de Maubisse is often regarded as the most famous place to stay due to its colonial exterior and stunning view from the top. There are 11 reviews left on the Google website. Of which, 21% of reviews are negative. Most of the tourist complaints are about basic amenities such as water issues, rundown, moldy rooms, overpriced food, and unprofessional service.

Basic Infrastructure

Clean water was identified to be the key issue faced by accommodation providers. For example, accommodation providers sometimes face hours of water outages and will have to drive and source clean water for guests elsewhere. Due to the water outage, some guests also complained about the toilet flushing issue.

Hatobuilico-Mount Ramelau

Accessibility and Transportation

Hatobuilico is the base camp for the Mount Ramelau trek trail. It is approximately a 2-3-hour drive from Maubisse market, although the road conditions are rather poor. Travelers can choose to stay overnight here for an early morning hike.

Key Assets and Attractions

In Hatobuilico, key tourism assets are a mix of natural and cultural. Natural beauty routes include:

- Doko Mali Waterfall, Lepolau: A 4-hour roundtrip walk to the waterfall;
- Leilori, Blehto Tuan and Nador: A 4-hour walk to sacred forests; and
- Hato-Builico Lau and Hau'ubu – A 5-km circuit to sacred caves
- Usluli via Dona and Ukmaumali – A 15-km walk with views of Atauro Island and Usluli

Cultural routes include:

- Nunurlau and Aimeta: A 8-km walk to traditional houses
- Suleru Dasi Mali and Fatuk Bidau, Aituto: A 1-2 km walk to a network of stone enclosures date from the warring Liurai or kings before the Portuguese arrival

Mount Ramelau is the ultimate destination for those who venture out to Hatobuilico. Tourists are attracted by the adventure, the stunning sunrise, and the view of Dili and the island. Apart from its natural beauty, Mount Ramelau also adorns a cultural and religious significance. At the summit lies the statue of the Virgin Mary and the Chapel, which also attracts over 20,000 locals during the pilgrimage of the Annunciation of the Virgin Mary in 2017. The trail is moderately difficult.

Key Activities

Hiking, trekking, and walking are the key activities in Hatobuilico and Mount Ramelau. However, travelers can also get an immersive experience by staying in homestays and learning about traditional agricultural techniques from the locals. A tour guide service is recommended to hike up Mount Ramelau and costs USD 10-30 per person.

Accommodation & Food

In Hatobuilico, there are two private guesthouses, one government guesthouse, and one private homestay. The cost ranges from USD 10-30 per night. However, the Tourism Working Group recently created 32 community homestays. There is no set price for the community homestays and it appears to develop for the annual pilgrimage festival. Food options are rather limited, with two private restaurants catering to visitors.

Basic Infrastructure

Tourism facilities on Mount Ramelau include the community center to provide some information to visitors, some buildings and shops selling food, two toilets, and trash bins along the trails. There is a potential safety issue as some parts are a dangerous climb; therefore, improving the availability of railing/barrier and a first aid station can be reassuring to visitors.

Balibo

Accessibility and Transportation

Balibo is a mountain town, approximately a 2-hour drive from Dili along the picturesque coastal road. Travelers can hire a rental car/motorcycle or can take a bus from Dili to Balibo from Tasi Tolu bus station.

Key Assets and Attractions

Travelers can enjoy the scenic landscape along the coastal road to Butagade. There are some pit stops and sites worth visiting:

- Stop at **Liquiça**;
- Stop at **Maubara** for the old Dutch fort, coffees, and handicrafts by the beach;
- Stop at **Butagade**, the border town.

Balibo is a town poised with the potential to develop historical tourism and can be a gateway to tourism from the west side of the country. Balibo is best-known as a place where five Australian journalists were killed by Indonesian forces in 1975. There is anecdotal evidence that Balibo has gained more interest among Australian travelers. It has two main attractions: the **Balibo Flag House** (a memorial site and museum) and the 300-year-old **Portuguese Fort**, where the 4-star Balibo Fort Hotel and a small gallery nestle within. There is also a natural attraction, the Duanele Natural Cave, which is approximately a 20-minute walk from the Balibo Fort Hotel.

Key Activities

Visiting historical sites is the key main reason for visiting Balibo. However, travelers can walk, hike, or cycle around the nearby area to explore the local culture and nature. Balibo Trails, a local tour cooperative, offers 4 tour exploration packages (walking, hiking, cycling, and mountain biking) in Balibo village and its less well-known surroundings:

- **Balibo Village Walking Tour:** A 75-minute guided walk through Balibo village to learn about history and culture (including the Balibo Flag House), and meet the people of Balibo;
- **Gruta Motutau:** A mountain walk north of Balibo, passing the stations of the cross, ending with a magnificent view of Atambua, Indonesia;
- **Balibo-Batugade:** 13km downhill hike to the sea;
- **Leohitu:** Visit the mountain village of Leohitu to visit seasonal waterfalls and a fish hatchery

Accommodation & Food

Currently, there is only one accommodation listed in Balibo on the timorleste.tl website. The Balibo Fort Hotel is a 4-star boutique hotel with restaurants and a small museum. It offers a spectacular view across the hills and sea. The hotels are also equipped with facilities such as conference rooms and function rooms. Balibo Fort Hotel received an average of 4.4/5 stars from 28 reviews on Google and 88% above-average reviews on TripAdvisor. Visitors are mostly impressed with the state of the rooms, the stunning view, the food, and the local guide.

Baucau-Mount Matebien-Tutaula-Jaco Island



Jaco island is situated at the easternmost point of the country. While it is only approximately 240 kilometers from Dili, very few travelers make it to the destination due to poor road infrastructure. The road trip can take days, and not many tourists have the luxury of time to venture out to this area. On the way to Jaco Island, there are some destinations identified with good tourism potential. These destinations can also be the main destinations on their own, depending on the traveler's interest.

Baucau & Mount Matebian

Accessibility and Transportation

Baucau is the second-largest city and is a 3-hour drive from Dili. Travelers also have the option of taking a bus (costing USD 4), which will take 5-6 hours. However, road conditions can be poor, resulting in a longer trip time. To travel to Mount Matebian, there is a four-hour drive that passes through Laga and Baguia and then a 30-minute walk from Ossohuna-Uaiboro where the trail starts.

Key Assets and Attractions

The road leading to Bacau is a scenic coastal route, with spectacular views of the coastline, cliffs, and mountain backdrop. Most attractions can be explored by foot; however, microlets are available. The main drawcards for Baucau are its culture and architecture:

- Pousada de Baucau is a colorful Portuguese building turned into a guest house;
- The Baucau Old Market is a grand colonial architecture that has become a landmark in Baucau
- Baucau public swimming pool is situated in the middle of the forest, which can offer a relaxation activity to its visitors; and
- St. Anthony Cathedral exhibits Portuguese-influenced architecture.

However, travelers can also enjoy its natural assets by hiking up some hills or to Uatabo beach, which is 7 kilometers away. Baucau morning market is also a good attraction for interaction with locals and a more authentic experience.

Baucau also houses the second highest mountain in Timor-Leste, Mount Matebian. Also dubbed “The Mountain of the Dead”, it has a morbid war history as a refuge for the Timorese resistance and local people during the Indonesian occupation. It remains a sacred place where the souls of the good rest. Atop the mountain lies the statue of Christ, which attracts thousands of pilgrims during All Souls Day in November. Climbing up Mount Matebian can also be another attraction for adventurous travelers. The trail starts from Ossohuna to Uaiburo. It is a 5-6-hour climb to reach the top of Matebian Mane where the Statue of Crist sits.

Key Activities

Apart from relaxation, hiking, trekking, and walking are the key activities in Baucau. Mount Matebian is a destination for adventure and history.

In addition, one stakeholder reported that the city is in the process of building a dive center. Therefore, the community has clearly observed a potential to attract divers and snorkelers to the area.

Accommodation & Food

Currently, there are 6 accommodation providers in Baucau (listed on the timorleste.tl website) and one guesthouse near the Mount Matebian trail. Pousada de Baucau is the most popular due to its exterior. Based on Google reviews, almost 90% of 65 reviews are positive, citing the property, atmosphere, and food as the main reasons. However, key improvement areas include food pricing and water issues.

Tutuala & Jaco Island (Nino Konis Santana National Park)

Accessibility and Transportation

In 2007, the Government of Timor-Leste declared its first national park, Nino Konis Santana National Park. This national park includes the entire eastern tip of Timor-Leste and the waters offshore (including Jaco Island). Covering 123,600ha, from forested mountain ranges to a marine area with magnificent coral reefs, the park also includes Lake Ira Lalaro and Jaco Island. The adjoining reef system is part of the globally significant ‘Coral Triangle’ which has an extremely high diversity of reef fish and coral species. Furthermore, this national

park’s designation is of enormous cultural significance, with many sacred sites located within the boundary. Limestone caves, some with ancient rock art, are good examples.

Development of the Nino Konis Santana National Park (including Jaco Island) as a destination can be a great challenge. As of its current state, it is an 8-hour drive (from Dili) on a poor-conditioned and unsafe road, which discourages more tourist visits. According to one tour operator, his business has been avoiding including Jaco Island in the itineraries in order to avoid liability due to the unsafe road. Because of these challenges, Jaco Island is often overlooked despite its potential.

Tutuala is the nearest village to Jaco Island. There is no direct public transport to Tutuala. Tutuala is accessible by 4WD (with or without a driver) or motorcycle, although the road was reported to be dangerous, which slows down the road trip. As an option, travelers can take an 8-12-hour bus ride from Dili to Los Palos, although the service can be unpredictable and delayed as the bus stops along the way. However, there is no established route from Los Palos to Tutuala and from Tutuala to Jaco Island. Travelers may have to depend on private arrangements rather than established transit.

To reach Jaco Island, travelers will have to take a fishing boat from Valu beach to the destination as there is no scheduled ferry service. This costs approximately USD 10 for a round trip.

Key Assets and Attractions

Within the Nino Konis Santana National Park on the road to Jaco Island, there are some rock arts in the cliffs and caves for exploration. On Jaco island itself, the key assets and attractions are the pristine nature of the white sand beach and clear water.

Key Activities

Tour guides are recommended, which can be organized by some accommodation on Valu beach. The cost is approximately USD 5 per person.

On Jaco Island, travelers are limited in terms of activity choice. Due to dense vegetation, travelers are forced to stay near the beaches where they can simply relax, swim, dive, or snorkel. However, travelers will have to bring

their own equipment as there are no operators to rent out diving or snorkeling equipment.

Accommodation & Food

As Jaco Island is considered sacred, no construction is allowed. Travelers will have to stay either on Valu beach or in Tutuala and make a day trip to Jaco Island. There are currently 2 accommodation providers listed on timorleste-tl, namely: Lakumorre Guesthouse and Pousada Lautem. Pousada Lautem is the most popular choice (with 65 reviews). Guests were mostly satisfied with their stay but were driven primarily by the stunning view and location. Lakumorre Guesthouse received a

lower rating. However, based on a travel website, Valu Sere is another accommodation available on Valu beach (but not listed on the timorleste.tl website). This is usually a popular accommodation recommended by fellow travelers. As an alternative, travelers can also camp on Valu beach. Similar to other areas, travelers often face the following issues during their stay: hot water supply, overpriced service, and lack of building maintenance.

In terms of food, travelers are limited, especially on Valu beach. Sometimes, it is advised to prepare your own food from the nearest town of Tutuala.



Nico Wijaya/unsplash.com

Key Actions and Investment Required

During the fieldwork, stakeholders and respondents were asked to identify broad-level key issues that require intervention from the government to improve the state of the tourism industry.

Travelers', past travelers' and ex-pat respondents' perceptions and expectations of Timor-Leste were assessed in focus groups and in-depth-interviews.

Travelers' and past travelers' perceptions, expectations, and requirements of Timor-Leste were assessed in the quantitative survey research phase.

These have been analyzed in light of the primary actions that can be taken to improve the tourism offering of Timor-Leste to enable it to achieve the 2030 target set by the Government of Timor-Leste, to achieve revenue from international tourists and visitors of USD50 million and employment in the sector will reach 15,000. This will be underpinned by 200,000 international visits per year by 2030, compared to 55,000 in 2014.

The proposed recommendations highlight priority issues for Government attention based on this assessment and require further consultations before the Inter-Ministerial Commission (IMC) for Tourism Development takes final decisions and implementations.

Action 1: Address coordination failures

“It's pretty disconnected between the private sector and government, getting answers about certain things is pretty hard.”

The tourism sector suffers from fragmentation within the tourism industry and a disconnect between public and private sector stakeholders. Partnerships between public and private sector stakeholder groups will be essential to drive collaboration to reach the 2030 targets.

Recommendation: Empower the Inter-Ministerial Commission for Tourism Development with increased budgets and decision-making capabilities, by which tourism development priorities can be developed and funding/investment into private tourism enterprises can be effectively achieved.

The Government of Timor-Leste will need to lead destination development and marketing efforts, supported by the private sector as key partners. Once Timor-Leste's tourism industry has further matured, so will the capacity of the private sector to increase its role in marketing and delivering quality tourism products and services. A key driver in supporting public sector and private sector partnership in the tourism industry is the Public-Private Partnership (PPP) Unit under the Ministry of Finance.

Recommendation: Build and assess business cases for public investment programs for tourism and a tourism-related PPP deal flow/pipeline. Roll out PPPs in the tourism sector that are inclusive and responsive to all tourism sector stakeholders.

Action 2: Connectivity and Access

“ One of the major problems is we don't have enough flight connections, except from Australia where they can come directly ... but all the other tourists that come from Europe ... they always have to go through Singapore or Bali ... and they have to stay overnight so it makes it hard.”

The lack of flight connectivity and reliable schedules makes it harder for travelers to include Timor-Leste in their itinerary. Such a lack of competition also leads to surprisingly high airfares. All these combined have potentially put off Timor-Leste as a value destination right from the early trip planning process.

Recommendation: Government to negotiate new Air Service Agreements to increase flight connectivity (Soft Investment)

Recommendation: Develop airport infrastructure to improve quality and safety to meet international and airline standards. (Hard Investment: public, private or PPP)

Recommendation: Assess ticket pricing by reviewing carriers, carrier charges, and airport taxes (Soft investment)

“ [Asking about tour itinerary] Anything east of Baucau, and then Jaco Island, for me I stopped going that way with groups because the road is just too dangerous. We'd have 20 people in two or three cars and there were a few occasions where I just wasn't comfortable being responsible for everyone.”

Stakeholders commented that while the national road networks have been upgraded and rehabilitated, the government should also consider upgrading district roads connecting to key tourism sites. Poor road conditions have discouraged travelers from wandering out of Dili, resulting in a lost opportunity for tourism. An apparent example is the case of Jaco Island, where the road trip is considered daunting, bumpy, and even dangerous by

some. In some areas, road sections can also be improved to encourage tourist visits. However, this should be done through careful assessment to ensure that it does not destroy the beautiful and fragile environment surrounding the sites.

Recommendation: Upgrade or rehabilitate national road network (Hard Investment: public, private, or PPP)

Travelers these days also expect some card payment facilities and automatic teller machines, thus there is a need to develop broader accessibility to card processing and acceptance of a range of credit cards.

Recommendation: Regulate major tourism operators to ensure credit card payment methods are accepted (Soft investment). Develop a network of automatic teller machines (ATMs) (Hard investment: public, private, or PPP)

Action 3: Improve tourism climate

“ If you go out to every community and tell them how tourism will bring money to your community and not a single tourist turns up, people get disheartened. So, you actually need to build up the quality and the supply, but you must also build the demand at the same time. And Timor-Leste has run a lot of its tourism work under the motto of 'build and they will come' and the reality is that doesn't work unless you market.”

The lack of destination marketing can be placed almost on par with connectivity and access difficulty. Currently, Timor-Leste's tourism climate is hampered by its low awareness and perceptions. Therefore, the government should focus on creating an enabling environment, which includes creating demand for the private sector to grow and develop demand-driven products.

Recommendation: Promote TL destinations (Hard Investment: public or PPP)

Recommendation: Improve the business environment (Soft investment)

So far, the business-leisure segment has been broadly unexplored and un-capitalized. With sufficient marketing communication, Timor-Leste's inbound business travelers are an almost captive market who could be enticed to extend their trip to include add-on leisure activities.

Recommendation: Grow business-leisure segment (Soft investment, ensure communication and business Visas allow sufficient time to extend their trip, hard investments for cellular / Wi-Fi connectivity, public or PPP)

Because of its relative isolation, Timor-Leste's "untouched" as a destination free/less from the stress of urban lifestyle and its associated health-related impacts. This would send a positive message to the new normal travel markets.

Recommendation: Regulate marine and natural environment tourism usage to ensure sustainable practices to limit/ stop the degradation of Timor-Leste's natural environment. (Soft Investment)

Action 4: Develop basic tourism facilities

“If you go to Maubisse, you have to drive on a horrible gravel road for an hour. But once you get to Maubisse, there is no signage for any tourism sites. If you want to go to a restaurant or cafe, there's nothing there, or public toilets.”

It was recommended by stakeholders that, at the most basic level, signage, public toilets, and healthcare should be in place to ensure high trip satisfaction. A simple example is to increase signage at the airport or roadside to indicate that tourists have reached their destination. There is also an opportunity to develop recreational facilities (e.g., plazas, benches around key sites and landmarks).

Some basic infrastructure is not widely available in some tourist destinations and is sporadic in other cases. The shortage and outage of clean piped water severely affect accommodation operations and consequently,

guests' satisfaction. Based on stakeholder interviews, accommodation providers at Atauro and Maubisse face this issue on a weekly basis. Another water-related issue mentioned quite frequently is the sporadic lack of hot water pressure and water toilets successful flushing.

Electricity, similarly, is sometimes sporadic in more regional destinations. Electricity usage was reported by accommodation providers on Atauro Island.

Recommendation: Assess and develop basic facilities, benefiting locals, domestic and international tourists (Hard investment: primarily public)

Healthcare is a key concern for tourists traveling to a remote destination and needs to be ensured that adequate medical professionals, hospitals, and specific treatment facilities are available. A key concern raised by potential tourists, previous travelers, and tour operators is the lack of a hyperbaric chamber to treat diving accidents.

Recommendation: Improve health care facilities, including hyperbaric chambers and tourist access to travel insurance (Soft investments, Hard investment: Public or PPP)

Maritime infrastructure would require further development. An easily accessible means by which travelers' movement between Dili and Atauro Island can be facilitated, the current ferry schedule of once per week could be greatly improved. In addition to maritime infrastructure, the wharf and port facilities at Dili Port should be revamped and developed into a special port for cruise vessels, given its accessibility to the Dili city center and travel agencies. This would involve major renovations to the wharf, the port passenger terminal building, and potentially the waterway in order to receive cruise ships.

Recommendation: Further develop maritime/port/wharf infrastructure and facilities

Outside Dili, it was observed by stakeholders that there is a stark lack of restaurant and café options. For example, based on reviews of travel review websites such as Google and TripAdvisor, there has been occasional disappointment with the variety of food services and their price points. Accommodation is another area that was mentioned for the lack of a variety of accommodation options.

Recommendation: Develop new private-sector establishments (hospitality, food, coffee, dining tastings, and tours etc.) (Hard investment: private)

Action 5: Provide training and education

“ Mostly we have to train ourselves. The government should put more money into the training sector because we have a lot of young people graduating from university every year ... but we have to match it up with the number of employment. We have to make sure that the tourism grows very soon. The worry is that if our training is not ready, we will not meet the service standard and people will complain, we'll lose customers.”

Several stakeholders pointed out hospitality skill gaps, generally in the area of customer service (e.g., how to handle customers' requests and punctuality). There is a need for this type of training in both the accommodation sector and the tour guide sector. Specifically for the accommodation sector, many small family-run accommodation providers do not have the full knowledge of standard general housekeeping and food preparation standards and expectations. In the tour guide sector, there could be some improvement in English skills, people skills, local knowledge, and guiding skills.

Recommendation: Identify specific mismatches in skills between training in the training and education sectors and employer needs and where possible, revise the public education curriculum accordingly (Soft investment)

Concurrently, the government should also collaborate with industry bodies to develop industry standards, qualifications, and guidelines or adopt acceptable industry standards (such as ASEAN standards) to ensure consistency in the level of services. Certification and recognition of qualifications and education will need to be developed.

Recommendation: Incentivize private investments in training and skills development. (Soft investment – this could be achieved in many ways, i.e., through paid education leave and educational savings plans. Such financial instruments can be targeted at particular types of workers to maximise effectiveness).

The UNTL could also be considered, given its Bachelor's program in tourism. Examples of these programs include tax breaks or vouchers for firms or individuals to take part in adult training (reskilling, upskilling). Information sharing-related interventions are often low-cost and effective.

Recommendation: Develop and disseminate information about training programs, service providers, and job opportunities to the unemployed, low-skilled workers, employers and the wider society.



APPENDIX 1

**TOURISM STATISTICS
FOR KEY SOURCE
MARKETS**

Table A: UNWTO Outbound Travel

Table 1: Source: UNWTO 2018

	Total Outbounds	Growth of total outbounds	Total Arrivals to ASEAN	Growth of arrivals to ASEAN	Total arrivals to Bali	Growth of arrivals to Bali	Total arrivals to South Pacific Islands
	000 trips	% CAGR 2015-2018	000 trips	% CAGR 2014-2018	000 trips	% CAGR 2015-2018	000 trips
Australia	11,403	5.1%	4,413	0.2%	1,171	4.2%	619
New Zealand	3,038	8.0%	550	4.7%	112	15.9%	465
Singapore	10,378	4.4%	14,079	-4.7%	145	-5.3%	<10
Indonesia	9,468	5.0%	7,913	3.9%	N/A	N/A	<10
Philippines	5,703	21.4%	2,001	-1.7%	89	28.3%	<10
Malaysia	13,248	4.5%	8,798	-1.2%	195	-3.5%	<10
China	149,720	5.4%	29,117	22.2%	1,364	23.5%	125
Japan	16,214	5.3%	5,229	3.1%	262	4.8%	78
South Korea	28,696	14.1%	9,031	15.8%	144	-0.3%	<10
India	26,296	8.9%	4,672	11.1%	354	41.6%	10
United Kingdom	90,571	5.3%	3,066	3.8%	271	20.8%	34
Germany	108,542	9.0%	2,105	5.6%	186	15.2%	<10
France	26,914	0.3%	1,990	4.6%	196	11.1%	<10
Portugal	2,486	9.5%	52	12.6%	30	26.3%	<10
The US	157,873	6.6%	4,498	8.4%	237	20.7%	224

Table B: Timor-Leste- Niche Market Fit

The “*Potential Accessible Outbounds*” was calculated using the source market’s Total arrivals to ASEAN, with relative accessibility adjusted for using USD expenditure per outbound departure. Travels to Bali are viewed as an additional potential outbound opportunity. – Source: UNWTO

	Outbound Departures (Thousands)	Total Arrivals to ASEAN (Thousands)	International tourism, expenditures USD per outbound departure	# Travelers to Bali (Thousands)	Potential Accessible Outbounds (Calc)
Australia	11403	4413	3714	1171	5,584,000
Singapore	10378	14079	2442	145	9,403,125
United Kingdom	90571	3066	761	271	898,888
New Zealand	3038	550	1515	112	336,373
Germany	108542	2105	960	186	730,119
France	26914	1990	2152	196	1,349,178
USA	157873	4498	1181	237	1,667,752
China	149720	29117	1852	1364	15,886,541
Japan	16214	5229	1733	262	2,701,655
South Korea	28696	9031	1212	144	3,090,199
Indonesia	9468	7913	1228	0	2,616,862

Table C: Timor-Leste- Niche Market Fit

	Scuba Divers	Cultural & Heritage Travelers	Hikers and Trekkers	Overall Score
Australia	3	3	3	3.00
Singapore	3	3	3	3.00
United Kingdom	3	3	2	2.67
New Zealand	3	3	3	3.00
Germany	3	3	2	2.67
France	2	2	2	2.00
USA	2	2	3	2.33
China	1	3	2	2.00
Japan	3	2	1	2.00
South Korea	1	2	2	1.67
Indonesia	1	2	3	2.00

International Arrivals into Timor-Leste (Dili Airport, by Country of Origin)

Countries	2014				2015				2016				2017				2018				2019
	qtr1	qtr2	qtr3	qtr4	qtr1	qtr2	qtr3	qtr4	qtr1	qtr2	qtr3	qtr4	qtr1	qtr2	qtr3	qtr4	qtr1	qtr2	qtr3	qtr4	qtr1
Australia	2,734	3,253	3,881	3,561	2,555	3,145	3,134	2,858	2,287	3,050	3,439	2,788	2,425	3,015	4,178	2,580	1,922	3,253	3,746	2,588	1,931
Brazil	183	188	152	119	172	155	166	118	125	168	141	162	158	190	224	139	199	135	211	116	152
China	984	889	974	870	1,255	1,456	1,404	1,470	1,745	1,835	2,082	1,775	2,306	1,721	1,954	1,538	1,681	1,529	1,827	1,636	2,026
USA	339	417	453	457	505	452	537	397	592	600	567	546	381	549	615	503	478	519	578	490	416
Philippines	1,018	1,077	958	1,104	1,109	1,309	1,125	789	820	742	742	720	884	833	706	761	1,119	958	657	586	561
India	203	209	173	214	215	238	193	175	192	193	215	204	189	211	195	133	175	183	183	175	159
Indonesia	3,728	3,774	3,866	3,812	3,793	3,972	3,905	3,570	4,247	3,972	5,120	4,495	4,270	3,866	6,424	3,978	3,977	3,808	4,464	3,274	2,263
Japan	355	297	504	302	313	280	467	279	319	312	421	321	444	294	372	381	408	369	575	395	453
Malaysia	375	435	399	456	446	425	428	519	427	417	451	443	419	348	399	448	317	301	383	440	350
New Zealand	199	209	219	269	188	166	195	142	127	203	228	175	147	182	271	158	186	184	218	158	148
Pakistan	21	95	16	38	25	26	24	22	23	19	21	37	27	28	58	21	33	35	21	20	35
Portugal	1,467	1,418	1,835	1,465	1,385	1,528	1,728	1,641	1,859	1,510	1,999	1,919	1,787	1,697	1,951	2,025	1,563	1,689	2,135	2,332	1,279
United Kingdom	484	5	19	40	21	27	30	8	0	6	34	24	6	18	0	0	265	308	395	288	256
Singapore	273	420	345	434	347	363	344	294	326	378	322	322	287	443	317	372	295	345	350	383	278
Other Countries	1,081	2,213	2,468	2,065	2,281	2,138	2,996	2,342	12,653	2,373	2,677	2,214	-	2,402	2,892	3,140	2,270	2,020	2,516	12,997	1,244
TOTAL	13,444	14,899	16,262	15,206	14,610	15,680	16,676	14,624	25,742	15,778	18,459	16,145	13,730	15,797	20,556	16,177	14,888	15,636	18,259	25,878	11,551

Special Note on Japanese Outbound Market

When compared to other source markets considered in this analysis, Japan has a small-sized outbound market of 16 million trips in 2018. The Japanese outbound market sees a different dynamic. JTB, the largest travel agency in Japan, reported a declining trend of ‘core overseas travelers’ (travel overseas at least once a year). This is presumably caused by an aging society and the poor state of the Japanese economy in recent years.

The older generation (who often have the time and money to travel, as well as a preference for cultural & historical tourism) exhibits a lower propensity to travel overseas. Therefore, much attention has been brought to travelers aged 18-35 to help boost outbound tourism. Nevertheless, statistics show that the propensity to travel overseas among young Japanese (aged 18-29) has not been glaringly positive. One study conducted in 2015 revealed that 52% of young Japanese had never gone overseas, and only 52% had traveled abroad more than once a year.⁴⁹ While the attitude toward overseas leisure travel is starting to change, there is still a polarization between those who are still not interested in overseas trips and those who are travel enthusiasts.

In 2018, there was an uplift in the outlook for overseas travels among Japanese aged 18-22.⁵⁰ Expedia released a report indicating that this post-millennial generation prefers active holidays and some outdoor activities, which could potentially fit with Timor-Leste’s offering. However, at the same time, they also allocate a high proportion of their budget for shopping (which is higher than other age groups).⁵¹ This is probably why more developed destinations like Seoul and Hawaii are preferred among Japanese travelers.

Stakeholders do not share a great number of qualitative views towards Japan as a potential source market, presumably due to the lack of exposure to Japanese tourists in Timor-Leste. Two stakeholders (one from an industry association and one from a non-profit organization) rated Japan as a top priority, citing potential in historical ties (i.e., World War II) and cultural immersive experiences for young travelers.

49 Tetsu, N. (2018). ‘Today’s Young Japanese Have A Different Take on Travel Abroad’. Nippon.com, Available at: <https://www.nippon.com/en/currents/d00432/> (Accessed 30 October 2020).

50 Unknow. (2018). ‘Japan’s outbound travel market is now boosted by young travelers rather than senior travelers’. TtravelVoice, Available at: <https://www.travelvoice.jp/english/japans-outbound-travel-market-is-now-boosted-by-young-travelers-rather-than-senior-travelers> (Accessed 30 October 2020).

51 Expedia Group. (2019). ‘Japanese Multi-Generational Travel Trends’. Expedia Group.

APPENDIX 2

TERMS OF REFERENCE

FOR THE DESIGN AND IMPLEMENTATION OF MARKET ANALYSIS AND DEMAND ASSESSMENT TO SUPPORT THE DEVELOPMENT OF Iextensive natural and cultural resources, which make tourism potentially an important sector for creating jobs, growth, and shared prosperity with a high proportion of employment for women and youth. Timor-Leste has the potential to develop its tourism industry, benefiting from its rich tourism endowments, and there are opportunities for growth, including tapping into powerful niche segments.

Global, regional, and domestic tourism demands are growing. Worldwide, projections by UNWTO suggested that international tourist arrivals will grow by 3.3 percent annually till 2030, outpacing global economic growth. Until the outbreak of the coronavirus disease 2019 (COVID-19) pandemic, the industry had outperformed these projections.⁴⁹ The Asia and the Pacific region have been growing at the highest rate (6.3% annually, on average during 2008-2018), compared to other regions. China led global outbound travel, benefitting Asian destinations.

Recent developments in Timor-Leste include the adoption in 2017 of the Timor-Leste National Tourism Policy. *Growing Tourism to 2030—Creating a Sense of National Identity*, the establishment of a brand based on the slogan ‘*Explore the Undiscovered*,’ the development of a quality website, and the establishment of the Inter-Ministerial Commission for Tourism Development. However, there

are a series of key constraints to future development. These include (a) nascent inter-ministerial coordination, and the lack of central-local, and public-private coordination which limits the development of a shared vision and the capacity to implement the national policy; (b) external accessibility is at risk due to limited air connectivity and high prices, while internal accessibility is limited due to poor road conditions; (c) poor basic infrastructure and services, including tourism services, attractions, and skills; (d) the US\$ as its legal tender makes Timor-Leste relatively expensive compared to regional competition; (e) regulatory uncertainty and complexity, which limits investment and businesses in the tourism industry; (f) lack of accurate and timely visitor statistics which limits planning and market development; (g) the destination is largely unknown or is perceived as ‘unsafe’, with limited marketing efforts; and (h) several natural and cultural assets are under threat and in need of rehabilitation and protection.

Several development partners are supporting Timor-Leste’s emerging tourism sector. These include USAID’s Tourism for All (TFA), The Asia Foundation (TAF, funded by the New Zealand Ministry of Foreign Affairs and Trade), Asian Development Bank (ADB), Market Development Facility (MDF, funded by the Australian Government through DFAT), Governance for Development (DFAT), JICA, UNDP, UN Women, and Blue Ventures, an international marine conservation organization. These organizations are delivering a range of initiatives, including policy

⁴⁹ 7.0 percent growth in 2017 and 5.6 percent in 2018. See UNWTO (2011). *Tourism Towards 2030 / Global Overview - Advance edition* presented at UNWTO 19th General Assembly - 10 October 2011; and UNWTO (2019). *World Tourism Barometer*. World Tourism Organization, Madrid (version 21/01/19).

advice, institutional support, promotion of sustainable investments, and support for niche products such as diving, cruise tourism, and food and coffee tourism. In May 2019, ADB signed a Memorandum of Understanding with the GOTL and the Government of Indonesia for a technical assistance program aimed at reducing the costs and limitations of cross border trade and cooperation to contribute to growth in jobs and include tourism and livestock for the populations of Nusa Tenggara Timor (NTT) Province, Indonesia, and Timor-Leste. It covers, amongst others, joint tourism asset mapping.⁵⁰ The World Bank has a pipeline and an active lending portfolio focusing on roads, agriculture, water & sanitation, and education, which are relevant to tourism development. An ongoing IFC Advisory Services project is looking at economy-wide business licensing constraints and investment policies, as well as the need for a transparent and time-bound framework for accessing long-term leases of state-owned land for investment in the tourism sector, and IFC's Investment Services is actively exploring opportunities for hotel and resort investments.

There is recognition that to guide future development, Timor-Leste must first understand its competitive position and then develop markets that contribute to sustainable growth. USAID's TFA has commissioned studies to explore the Singapore outbound market⁵¹ as well as the Indonesia market with an emphasis on religious tourism (outbound Catholics) taking advantage of Timor-Leste's dominant Catholic religion and religious attractions.⁵² In 2016, TAF completed a market assessment for the Australian outbound market and conducted an image analysis of Timor-Leste, in Darwin and the Northern Territory. TAF also prepared a Tourism Barometer in 2018 and carried out visitor surveys, with the results of the 2018 survey due to be published. It has conducted a strategic tourism marketing plan for Indonesia as a key source market and is currently conducting a tourism asset mapping for Maubisse.⁵³ MDF recently launched a market assessment of the Australian outbound market, specifically looking at Australians that already travel to Timor-Leste or have an interest in traveling to remote Asia Pacific destinations like Timor-Leste.⁵⁴ These studies are due for completion shortly and will form important resources for the present Consultants' Services.⁵⁵

50 Following the earlier work that identified the following opportunities: (i) tourism promotion under the banner "One Island, Two Nations"; (ii) development of Timor Island overland itineraries; (iii) marine and cruise ship tourism; and, (iv) use of Oecusse as an island transportation hub.

51 Outputs include a Marketing Strategy: to guide the promotion of Timor-Leste in the Singapore market with consideration to Singapore and expatriate residents as well as possible add-on extension packages for visitors to Singapore and an Action Plan: three-year action plan of recommended interventions for growing tourism demand from Singapore to Timor-Leste, including but not limited to social media marketing, travel trade distribution, etc.

52 Outputs include Tourism Product Development - constraints, opportunities, and risks of developing Indonesian inbound tourism to Timor-Leste, particularly in relation to Catholic themes, including recommended packages and itineraries with details of price, schedule, and logistics as per international standard formats; and a Marketing and Promotion Action Plan - demand for outbound tourism (Java, Bali) to Timor-Leste by Indonesian tourists. This will be based on consultations with key outbound tourism stakeholders in Indonesia, including, but not limited to airlines, tour operators, and civil society organizations.

53 Outputs include strategic recommendations on how both Timor-Leste's government and private sector can market Timor-Leste as a tourism destination to i) Indonesian nationals living in Jakarta, Surabaya, Denpasar, and other metropolitan areas that may be determined to hold travel potential; ii) expatriates living in Indonesia; and iii) international tourists, who may consider Timor-Leste as an extension to a Bali holiday; and a short-term action plan indicating implementation of the Strategic Tourism Marketing Plan during a 2-year period from 2019 – 2020.

54 The output includes a final report with (i) customer trend analysis; (ii) an analysis of different tourism stakeholders in the Australian tourism value chain, including an assessment of their knowledge of Timor-Leste and possible means of engaging them to promote Timor-Leste to Australian tourists; (iii) guidance and suggestions on marketing channels and tools. The objectives of this research are to (i) Identify and analyze the demographic and market subset of Australian travelers that already travel from Australia to Timor-Leste (Sub-group A) and already travel to or have an interest in traveling to remote Asia Pacific destinations like Timor-Leste (Sub-group B). (ii) Better understand the tourism priorities and behaviors, and research and booking methods, of Australian tourists matching Sub-groups A and B above. (iii) Present costed ideas on short, medium, and long-term strategies for marketing Timor-Leste to Australians. Strategies should be low cost, high impact in the short term, with potential for sustained campaigns in the long term.

55 Completed studies include USAID 2019 Singapore Outbound Tourism Market Study. 20 August 2019. Unpublished study; USAID. 2018. Assessment of Mount Ramelau and Hatobuilico Tourism with Recommendations for Medium to Long Term Planning. November 30, 2018. Unpublished study; The Asia Foundation. 2018. Timor-Leste: Tourism Barometer 2018. July 2018. https://asiafoundation.org/wp-content/uploads/2019/06/Timor-Leste-Full-Tourism_Barometer_report_2018.pdf; USAID. 2018. Public-Private Partnership Investment Report. October 23, 2018. Unpublished report; and USAID. 2018. Status of Marine Information for Conservation Management in Timor-Leste: Review and Inventory of High Conservation Value Marine Datasets, Programs, Activities, and Future Priorities, Directions. October 25,

I. RATIONALE

The GOTL has adopted a National Tourism Policy to increase the role of tourism in the economy. The policy envisages that by 2030 annual revenue from international visitors will reach US\$150 million and employment in the sector will reach 15,000, underpinned by 200,000 international visits per year by 2030. The government hopes to achieve this growth based on the prioritization of tourism and travel at the policy level, international openness, price competitiveness, and environmental sustainability. To achieve the targets, annual visitor growth needs to be on average 9%, or somewhat less if daily expenditures and length of stay per visitor can be increased. For instance, Timor-Leste could achieve US\$150 million in annual receipts based on 100,000 annual visitors at \$1500/trip.

This growth will also need to be supported by significant private investment. World Bank Group preliminary estimates indicate the target of 200,000 international arrivals will require approximately 2000 new hotel rooms and private investment of the order of US\$230 million. At the same time, Timor-Leste's marine and terrestrial assets are key to its tourism offering, and these must be protected. Our *initial* observations suggest that Timor-Leste can tap into niche markets in the small, gradual, and sustainable fashion that the country's tourism policy describes.⁵⁶ Countries that have done so successfully (e.g., Costa Rica, Samoa, PNG), however, have also attracted selected larger-scale investments. Community-based tourism and small-scale ecotourism projects help broaden product development and build linkages with local communities, but are not enough to drive destination development on their own. Selected larger developments are necessary to build awareness, attract sufficient airlift, and stimulate travel trade interest. When well-managed, they also contribute to sustainability and community impact through large-scale employment, skill building, and supply chain development. Attracting the right mix of (small and larger, domestic and foreign) investors is thus a critical part of destination development. This requires

a common understanding—based on a single planning document—amongst agencies responsible for investment generation and tourism development, amongst others.

Countries that have turned tourism into an important source of growth have developed multiple destinations, a variety of tourism products, and established a national platform for delivery that brings together all key players—ministries, local government, the private sector, and local communities. Discussions have focused on what Timor-Leste can do as well as how the World Bank Group could provide support to help Timor-Leste make this happen. The World Bank Group has been in discussion with various agencies and ministries on the importance of tourism development as a potential new engine of growth to diversify Timor-Leste's economy, how other countries have turned tourism into a pillar of growth, the importance of planning and development of integrated tourism destinations for sustainable tourism-based economic growth, and to better understand existing support for tourism development and private sector development in Timor-Leste more broadly. These ideas were presented on July 3 2019 to the Council of Ministers.

The government of Timor-Leste—through the Minister of State of the Presidency of the Council of Ministers—in February 2019 requested Bank support to help Timor-Leste implement the next steps:

- conduct a demand assessment for Timor-Leste nationwide and for selected destinations;
- prepare integrated tourism masterplans for selected priority destinations; and
- ensure budget allocations are available for better spending on tourism-relevant hard and soft infrastructure.

The Bank was asked to help mobilize resources for conducting and supervising the demand assessment. The Minister also indicated that the GOTL is considering the use of IBRD financing to kick-start the initial phase of this program, including the implementation of the integrated tourism master plans (such a request for IBRD

2018. https://www.timorleste.tl/wp-content/uploads/formidable/4/USAID-Report_TL-Marine-Resources-Inventory_FINAL_COR-Reviewed_KE_edits-incorporated_11Feb2020.pdf.

⁵⁶ Based on desk research on Timor-Leste's tourism assets and relevant outbound markets (see next paragraph), comparison with similar countries, field visits of selected destinations, and limited interviews conducted by the task team with tourism industry, government, and development partner representatives in Dili and at these destinations.

financing is to be formalized through the Ministry of Finance). The Minister also indicated he would establish an inter-ministerial commission for tourism development. The Director-General for Tourism was appointed as the focal point for the day-to-day engagement with the World Bank for the implementation of the agreed next steps.

Since then, on June 12, 2019, the Inter-Ministerial Commission for Tourism Development was established, and on October 24, 2019, its first meeting was held, chaired by the acting Minister Coordinator for Economic Affairs. The first meeting established a technical working group. Earlier that same month, a budget for the selected destination-level integrated tourism masterplans was included in the 2020 state budget proposal submitted to parliament.

Since the outbreak of the COVID-19 pandemic, Timor-Leste's nascent tourism sector has come to a halt. COVID-19 has brought air transportation to the island effectively to a halt. Transportation more broadly is heavily hit, with the risks of Timor-Leste getting cut off from the world. This means foreign visitors are no longer able to come to Timor-Leste to enjoy its nascent tourism. The wider economy is equally hit, including sectors with linkages to the tourism sector, such as coffee production.⁵⁷ Disruptions to supply chains of essential goods affect subsistence farmers and coffee producers (coffee represents more than 95% of merchandise exports), who rely on imported agriculture inputs, such as seeds, fertilizers, and equipment. The wholesale and retail trade sector (16.5 percent of GDP, also including transport and storage, accommodation, and food services), will also be heavily affected as many shops have closed due to containment measures, while even groceries and pharmacies are not unaffected, due

to poor implementation of the containment policy. Even construction (14.4% of GDP) depends on the import of cement and other inputs. Losses in international equity and bond markets (and the sharp fall in oil prices) negatively impact the value of the "Petroleum Fund"⁵⁸, in this oil-dependent country. This affects the value of the Estimate Sustainable Income, although this fiscal rule has not been adhered to for several years now. While this is not directly linked to the real economy, it could have significant medium-term consequences, including on the GOTL's ability to spend.

The impact of COVID-19 is spreading deeply into travel and tourism value chains throughout the globe. Since 2000, global travel and tourism revenues have nearly tripled with the sector now contributing 10.4 percent of global GDP. As of mid-March 2020, international travel has ground to a halt, and in early May 2020, the UNWTO estimated that global travel could contract by 58 to 78 percent in 2020. UNWTO reported that as of May 11, 2020, 100 percent of global destinations continue to have restrictions on travel in place, and 72 percent have completely closed their borders to international tourism. UNWTO also estimated that 100 to 120 million direct tourism jobs are at risk in the sector globally, with a potential global loss of US\$910 billion to US\$1.2 trillion in export revenues from tourism in 2020.⁵⁹

These Consultants Services will support the government's tourism program as part of its economic recovery by carrying out research and analysis that will assist the Government of Timor-Leste in building the overall rationale for a program of targeted public infrastructure investment that will support the growth of the tourism sector in selected destinations, once containment measures are reduced.

57 USAID. 2020. The Timor-Leste Tourism Reboot Initiative: A Proactive Plan for the After-Corona Era. May 7, 2020. This includes a COVID-19 Tourism Impact Survey between 9-17 April 2020, with 40 respondents, of whom the majority (80 percent) are Dili-based, and the remaining 20 percent are from Ataúro Island and the Mount Ramelau Areas. About half of the organizations surveyed closed their operations completely. Most of those reporting still being open (42.5 percent), were doing so at reduced levels. Asked what the biggest challenges they are facing, more than half of the respondents identified the biggest challenge to their business as the lack of clients/income and the resultant challenges to liquidity.

58 The Petroleum Fund is Timor-Leste's sovereign wealth fund, which—owing largely to the exploitation of petroleum resources—was valued at US\$17.7 billion in December 2019, but withdrawals have been outpacing revenues since 2014. Petroleum revenues mainly comprise taxes and royalties related to offshore production from the Bayu-Undan field. These revenues have fallen considerably, from a peak of US\$3.6 billion in 2012, due to lower production and oil prices. In recent years, a key factor influencing the market value of the Petroleum Fund has been investment returns.

59 UNWTO. 2020. Impact Assessment of the COVID-19 outbreak on international tourism. May 7. <https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020>; and UNWTO. 2020. World Tourism remains at a Standstill as 100% of Countries Impose Restrictions on Travel. May 11. <https://www.unwto.org/news/covid-19-world-tourism-remains-at-a-standstill-as-100-of-countries-impose-restrictions-on-travel>.

2. OBJECTIVES

The purpose of these Consultants Services is to prepare a rigorous forecast of the magnitude and composition of future tourism demand, and the supply-side requirements to accommodate and achieve this demand for Timor-Leste nationwide and selected destinations. These will be used as inputs to the quantification of the costs of supply-side infrastructure requirements, the preparation of integrated tourism masterplans, and to underpin the financial and economic analysis required to justify the public investments needed to unlock future demand.

The specific objectives of the Consultants Services are:

- (a) Prepare a detailed assessment of the historical and present (and domestic and international) demand conditions for Timor-Leste – number of visitors, sources of demand, visitor behavior (purpose of visit, activity preferences, seasonality, length of stay, expenditure, travel patterns), and visitor sentiment (awareness, perceptions), including a thorough understanding of the limitations and barriers to be addressed in building future demand.
- (b) Assess current and potential product offerings to determine Timor-Leste's unique selling points and opportunities to position Timor-Leste as a competitive tourism destination.
- (c) Identify global trends which provide opportunities for Timor-Leste and identify possible compatible markets defined by origin, visitor characteristics and activity preferences, and price points; evaluate potential markets against criteria including ease of access, Timor-Leste's readiness to meet market requirements, its long-term value to Timor-Leste, and its ability to contribute to Timor-Leste's development goals and policy objectives; recommend priority markets and develop detailed scenarios for future growth and composition of these markets.
- (d) Prepare projections for the scale, origin, and characteristics of future visitor demand at the national level by priority segment and projections for demand at key priority destinations over the medium and long term.
- (e) Identify priority destinations and determine the product requirements at each destination, including the scale and type of preferred developments and investments needed to satisfy market needs.
- (f) Identify policy reforms and public investments needed to meet forecasted future demand at each priority destination.
- (g) Develop a strategy for market development, including recommendations as to how the GOTL should develop competitive strategies to access priority markets such as through aviation policy, visa reforms, brand positioning, etc.



3. SCOPE OF WORK

The Consultant will provide advisory assistance to:

(a) Conduct a baseline analysis of the supply and demand for tourism services in Timor-Leste to develop a clear understanding of the current drivers of demand, the scale of development, and competitive positioning.

(b) Conduct an assessment of future demand for the country and likely key destinations based on expected future market trends, changes to target markets, changing patterns of travel, emerging segments, and trends reflecting scale and nature of demand, pricing, brand, and market positioning, the origin of visitors, activity preferences and visitor behavior. Prepare detailed projections for visitor demand based on the assessment of most prospective segments.

(c) Review and assess potential tourism destinations and describe the scale and timing of product needs and “soft”⁶⁰ and “hard”⁶¹ infrastructure requirements for selected priority destinations based on the demand analysis and the agreed destination selection criteria.

(d) Prepare a market development strategy containing recommendations to guide the GOTL in building awareness and desirability in selected markets, including the preparation of specific plans to access priority markets.

The work of this Consultancy activity will inform the selection of future tourism destinations as well as their prioritization and sequencing and subsequent preparation of master plans for priority destinations. It is expected that the Consultancy will result in a level of market intelligence that will guide the process of investment mobilization in subsequent stages of the program.

4. SPECIFIC TASKS AND OUTPUTS

More specifically, the consultancy will require the following tasks (a-f):

(a) Inception report to update methodology, analytical framework, and work plan based on the known universe of available inputs.

Purpose: Solidify the methodology, analytical framework, and work plan on the basis of known inputs.

Details: Data to be collected and/or its presence/availability validated at this stage includes:

- Timor-Leste arrivals data – all available time series, with a breakdown by source market and ideally by travel purpose (holiday, business, VFR). Visitor numbers at a minimum, nights and expenditure if available.
- Optional additional data point: Inbound visa statistics by source market;
- Outbound data for potential source markets (e.g., Australia; local catchment area including Indonesia, Singapore, the Philippines, and Malaysia; Japan; Portugal; and China) is the most complete data available by market (time series, Timor-Leste departures + other destinations or share of the total, split by the purpose of travel). The firm will provide the data they have already sourced, and the firm will be responsible for conducting desk research to identify and gather additional information.
- Measures of Timor-Leste domestic tourism activity (whatever is available, if anything)
- Any available accommodation data (capacity and occupancy rates) at the national level and by destination or district/region.
- Any available data on commercial aviation capacity and passenger load to Timor-Leste.
- Any contacts or lists of international organizations with regular business travel to Timor-Leste, if available.
- Reports and other citations mentioned in TOR.
- Confirm the possibility to source contact details for expats and aid workers currently/recently in Timor-Leste – using any WBG connections to facilitate, e.g., via

⁶⁰ e.g., skills, business regulatory environment, tourism, and visa policy.

⁶¹ e.g., connectivity/transport infrastructure, tourism facilities and infrastructure, basic infrastructure and services.

foreign affairs, local embassies, diplomatic missions, humanitarian aid and development organizations, hospitals, and other relevant institutions, etc.

- Confirm government/industry commitment to facilitate stakeholder engagement phase, and identification of departments/organizations to be provided

The Consultant will review, summarize, and assess the information provided and make any refinements/adjustments to the technical proposal on the basis of available data. Data that requires purchase will be purchased as part of Task B.

Deliverable: Inception Report. (Note: Under the current unprecedented COVID-19 circumstances, the Consultant may identify that the gaps cannot be filled in a satisfactory manner to complete the Tasks B-G required to complete this TOR).

(b) Baseline Supply and Demand Analysis

Purpose: Audit the supply side and existing demand; identify/prioritize key source markets and traveler segments.

Methodology: Desk research and stakeholder interviews

- Interrogation of sources provided under Task A
- Exploration of other freely available sources (e.g., websites and tourism marketing, travel content and reviews, online booking and review websites, government resources, policies, and plans)
- Indicative N=20 in-depth interviews (45-60 minutes) conducted virtually or via telephone with government, tourism trade operators, and key firms identified as business travelers to Timor-Leste, to understand leisure potential.

Details: Build on the inputs provided at Task A to develop a supply and demand baseline assessment for Timor-Leste, incorporating national-level data and any data available for key destinations.

The supply assessment should address the strengths and weaknesses of the destination (including the quality/uniqueness of tourist assets, including natural and cultural assets, with indicative weaknesses listed

in section I above); key attractions in all segments; existing products in terms of scale, pricing, fit with markets; the number of rooms and capacity of services and facilities, quality and standards; assessment of support services to the tourism sector, including the role of local authorities and availability of tourism data and statistics to guide decision making. The assessment should include an examination of issues affecting demand, such as access and value proposition, as well as a summary of recent market history and trends. It also includes an inventory of products to determine the supply side, including assessing the quality and carrying capacity (at a high level).

The demand assessment should include an analysis of the overall tourism market, i.e., arrivals, expenditure, length of stay, current target markets, segments, guest profiles, occupancies, seasonality, and utilization of tourist facilities; traveler preferences; patterns of existing travel, including preferred itineraries, points of entry and exit; analysis of trends and patterns from existing and key source markets; identification and assessment of key distribution networks and purchase behavior; and include segmentation of domestic market demand. Beyond what is already available and sourced in Task A, this will be measured at this stage qualitatively through stakeholder interviews and captured in more detail from consumers qualitatively in Task C and quantitatively in Task D.i (likely using comparable destinations as a benchmark due to the low incidence of Timor-Leste visitation).

Inputs include desk research of existing research done. While there is some data available, it can be expected that this data is incomplete, often inconsistent, and has not been verified. In order to arrive at robust supply and demand baseline figures for each destination, it will be necessary for the Consultant to collect further data, to carry out a detailed review of the existing material, develop a consensus on how destinations will be defined and measured, and determine a methodology to interpret and qualify the data. This is likely to require supplementing Timor-Leste's arrivals data with outbound data from key source markets and calibrating using comparable destinations (within each identified traveler segment) that have more established parameters. The proposed methodology to be used in arriving at baseline figures will be comprehensively outlined in the Inception Report.

The approach to understanding both the supply and demand sides also includes conducting qualitative research with the people who are bringing tourists to Timor-Leste now or showing them around (local tour operators), accommodation operators, and government and tourism industry stakeholders.

Key questions to be addressed include:

- How does the market view Timor-Leste and specific destinations now within its competitive set? *(to be measured qualitatively from the supplier perspective at this stage, and explored in more detail in Task C and D.i)*
- What do the suppliers (the people who are bringing tourists to Timor-Leste now or involved in hosting them) say about Timor-Leste as a whole and about key destinations and product offerings?
- How does Timor-Leste and specific destinations compare with the key competitors in terms of product offering, supporting hard and soft infrastructure, pricing, and overall customer satisfaction, including issues related to perceived security? *(customer's satisfaction/perceptions are to be measured anecdotally from the supplier's perspective at this stage, supported by an analysis of any available online traveler reviews, with perception explored in more detail from the consumer's perspective in Task C and D.i)*
- Which tourism endowments, assets, and products present the best opportunities for Timor-Leste?

Deliverables: Draft Baseline Supply and Demand Analysis. The baseline data collection must cover all market segments and source markets, as well as domestic tourism.

Action standards to proceed to the next phase:

- Identification and agreement of more established comparable destinations (in terms of product offer and economic parity) against which to benchmark
- Visitation baseline measures
- Identification and agreement of prioritised top 2-4 traveler segments (based on trip type e.g., ecotourism/nature, nature, cultural/historical/military, religious, backpacker, voluntourism, marine/cruise, sport/events, education, adventure, like-a-local, leisure) aligned to Timor-Leste's tourism assets/product offering
- Initial understanding of potential hard and soft infrastructure/development needs to drive future tourism (for further exploration and testing in subsequent stages).

(c) Baseline Demand Assessment – Consumer Perspective

Purpose: Understand current perceptions of Timor-Leste amongst key traveler segments; flesh out the competitive set; understand the traveler decision-making process/overall customer journey by different segments, and identify underlying needs and likely infrastructure/developments required.

Methodology: Qualitative virtual focus groups (90 minutes) with travelers in each defined segment, supplemented with virtual/telephone in-depth interviews (45-60 minutes) with current/recent visitors to Timor-Leste

- Indicative n=12 online focus groups in total
 - Indicative 4 focus groups per market across 3 international markets, plus 2 focus groups in the domestic Timor-Leste market
 - Indicative 4 participants per group
 - International markets' target audience per segment = recent/intending* international travelers with the particular segment as their main/secondary trip type (no screening on Timor-Leste visitation/intention); predominantly leisure travelers with the exception of the leisure segment
 - Domestic market target audience = recent/intending domestic travelers (no screening on activities/ purpose of travel)
- Indicative n=8 IDIs in total
 - Split evenly between ex-pats/aid workers (pending WBG ability to source contact details) and recent travelers to understand tourist vs. longer-term visitor experience

** recommend against implementing strict timeframes on past/future travel due to COVID-19's impact on travel behavior.*

Deliverables: Draft Baseline Supply and Demand Analysis, including Consumer Perspective. Final Baseline Supply and Demand Analysis, including Consumer Perspective. The baseline data collection must cover all market segments and source markets as well as domestic tourism. The detailed consumer research (including both qualitative and quantitative components) will concentrate primarily on the segments which the Consultant identifies as the most prospective. For the other segments as well as domestic tourism, the Consultant can use secondary

research (e.g., existing data/information, qualified/supplemented by any insights that emerge from the stakeholder interviews already proposed, as well as desk research, additional interviews, and analysis of data such as GDP, FDI, etc.). This research needs to be sufficient to develop an understanding of the behavior and drivers of these markets and for the development of a coherent rationale for modelling the business-as-usual and best-case projections for these markets.

Action standards to proceed to the next phase: Destination competitive set defined for each traveler segment; hypotheses developed to quantify in Task D.

(d) Future Market Demand Assessment

Foundational research and Future scenarios should be addressed through one quantitative survey with a single questionnaire. If necessary, the questionnaire can include two sections with filter questions to ensure respondents to the future scenarios meet specific conditions. If filter questions are required for future scenarios research, then a specific sample size for each section will be agreed upon during the finalization of the methodology. The qualitative survey and stakeholder interviews must be used to explore the barriers to ensure the correct ones have been identified so that these can be explored in the subsequent quantitative survey. The future market assessment must cover all market segments and source markets as well as domestic tourism.

Purpose: Segment the opportunity by understanding awareness, interest, and appeal for Timor-Leste and competing destinations, measure travel behavior by trip type (segment), quantify drivers and barriers within each traveler segment, and size the future market potential.

Methodology: Quantitative online survey, indicative n=1000 per international market (including sub-samples per segment), including MaxDiff-based Future Scenarios module to measure destination trade-offs under different scenarios.

Deliverables: Top-line summary and debrief covering full description of the results and methodology; final data (this modelling will be prepared in a clear and user-friendly manner so that the World Bank can later adjust the assumptions that drive the varying scenarios); draft

and final consolidated report covering key results of all research stages with future projections; final presentation (via videoconference).

Action standards to complete phase: final calibration of baseline measures (including visitor nights, dispersal, and spend); quantification of barriers and development opportunities; 5- and 25-year demand forecasts under business as usual and best-case scenario

Prepare detailed quantitative projections of future demand for Timor-Leste by origin and priority segments based on a detailed evaluation of available data (including online sources), analysis of future market trends, interviews with trade and industry representatives, and, where appropriate, selective consumer research. This will require the consultants to a) define key source markets and segments; b) project outbound market growth for each, and c) confirm the current market share represented by Timor-Leste for each and how much this could change or grow over the forecast period. Recognizing Timor-Leste's early stage of development, the Consultant must propose specific approaches to address this challenge in its technical proposal and should, amongst others, identify and evaluate case studies of comparator destinations in preparing potential growth trajectories for Timor-Leste's destinations. Build a series of demand scenarios for prospective sources and segments and analyze these for likely consumer response, including assessment of product and price preferences. Test demand scenarios considering present constraints and opportunities and assess and analyze potential market demand including likely origin, scale, and visitor characteristics (expenditure, length of stay, activity preferences) to define the most prospective market segments considering new products, new segments, new markets, under-exploited assets, and building on the baseline supply and demand analysis. This selection should be based on the segment's ability to generate value for the destination in a sustainable manner, in line with government objectives. Prepare preliminary future market demand projections for proposed priority segments, describing the nature of expected visitor demand, including patterns of travel, purchase behavior, pricing considerations, distribution methods, and product requirements, and present these to the GOTL and relevant stakeholders for discussion and verification.



John Schnobrich/unsplash.com

Key questions to be addressed include:

- Which countries and market segments offer the best prospects for demand for Timor-Leste? *In-scope markets and segments to be selected and prioritized based on results of earlier stages*
- Which products and visitor activities are likely to be supported by the market?
- What are the likely patterns of travel – modes of travel (air, sea, overland), key air access hubs and entry points, preferred itineraries?
- How can visitation to Timor-Leste best be packaged – as a stand-alone destination or as add-on travel to a separate destination or part of multi-destination itineraries?
- What are the likely group structures – singles traveling alone or in groups, group tours, couples, families, self-guided or accompanied tours, etc.?
- How will consumers purchase tourism products – the extent of direct sales, the need for packaged products, the role and demand for intermediaries in the distribution system?
- What prices can different markets be attracted to, and what is the range of price elasticity for individual segments?
- What will these markets require in terms of type, quality, and scale of development?
- What do these markets think about the new destinations—how do they see them developing?
- How can Timor-Leste be set apart from the crowd, regionally and internationally?
- How can individual destinations within Timor-Leste interact with the others to create a strong tourism collection?

Future scenarios for market demand will be evaluated against criteria to be agreed with the GOTL and presented in a draft report for discussion and verification with selected stakeholders at a workshop to be held in Timor-Leste, conditions permitting, or a webinar. Following the agreement, the Consultants will prepare a detailed report containing the full analysis and documenting projections.

Critical outputs will be projections for the number of visitor arrivals, daily expenditures, and length of stay for both domestic and foreign visitors, both nationally and at the key selected destinations under two scenarios:

- a “business as usual” scenario where the GOTL makes no specific interventions; and
- a “best-case” scenario, where the GOTL undertakes investment in critical “hard” (e.g., connectivity/transport infrastructure, tourism facilities, and infrastructure, basic infrastructure and services) and “soft” (e.g., skills, business regulatory environment, tourism, and visa policy) infrastructure considered necessary to meet future demand.

Given Timor-Leste’s early stage of tourism development, when developing the best-case scenario, Consultants should carefully identify examples of comparator destinations and critically examine their history of growth with reference to stages in the development lifecycle. Forecasts should be based on a thoroughly supported rationale that can be used to justify a public expenditure program. Projections should be prepared for the next five years to align with a possible government program (potentially supported by IBRD lending) and for the long term to align with the GOTL’s spatial planning framework, which is assumed to be 25 years.

(e) Priority Destination Selection and Product Requirement Assessment

Based on the baseline supply and demand analysis and future market projections, including the nature of product preferences, select three to four priority destinations in Timor-Leste that will enable the country to best capture latent demand and which can combine to

form a powerful product offering. The selection of the priority destinations should be based on clearly identified criteria including the findings of the market analysis and demand assessment, future visitor projections, existing destination and tourism infrastructure (and if possible, pipeline tourism infrastructure)⁶², the vision contained in the Timor-Leste National Tourism Policy, a preliminary assessment of likely product requirements (number of hotels, range, and scale of supporting tourism businesses) and hard and soft infrastructure requirements, as well as any other policy and planning indications by GOTL regarding its expectations for future regional development.

The Consultants will prepare a draft report containing recommendations for proposed destinations, including the selection criteria and assessment of the destinations against them, along with the rationale for prioritization. This report will be presented for discussion and verification to the GOTL and key stakeholders before preparing a final report.

(f) Market Development Strategy

Based on the agreed market demand scenarios and detailed projections, Consultants will develop a strategy for market development, including recommendations as to how the GOTL should go about building awareness and desirability in selected markets and prepare specific plans to access priority markets, including the use of aviation policy, visa reforms, brand positioning, in-market representation, the establishment of strategic partnerships, preferred distribution patterns, and recommendations with regard to the likely level of investment to develop and secure access to selected markets and build actual visitor demand. The strategy should also provide recommendations that will guide the design of regulatory reforms needed to implement proposed market development initiatives. The strategy should be prepared in draft for discussion and consultation with GOTL and key stakeholders before proceeding to a final report.

⁶² Pipeline tourism infrastructure can be derived from interviews with potential investors in Timor-Leste. TradeInvest indicated it could share its list of interested investors with the Bank and the Consultant for the benefit of this Assessment.

5. DELIVERABLES & TIMELINE

The key deliverables for this Consultancy are detailed reports, summary PowerPoint presentations for Timor-Leste, and each selected destination, covering:

1. Baseline Supply and Demand Analysis
2. Future Market Demand Scenarios and Projections
3. Priority Destination Selection, including indicative Product Requirements and Infrastructure Needs
4. Market Development Strategy

Deliverables should be in such detail that they directly inform the development of high-level destination masterplans. In order to meet the GOTL planning cycle, the Consultant will be expected to complete deliverables satisfactory to the Bank and according to the following schedule:

Task	Deliverables	Timeline
a.	Inception report providing: <ul style="list-style-type: none"> • Aggregated summary of available data, including identification of any gaps and how these will be addressed; • Conceptual/analytical framework to identify all relevant research and analysis • Detailed analytical approach and work plan including schematic outlines for: <ul style="list-style-type: none"> • Baseline Supply and Demand Analysis • Future Market Demand Scenarios and Projections • Priority Destination Selection • Product Requirements and Infrastructure Needs • Market Development Strategy 	Within 2 weeks of contract signature
b.	Draft Baseline Supply and Demand Analysis	June 30, 2020
c.	Final Baseline Supply and Demand Analysis, including consumer perspective	Within 12 weeks of contract signature
d(i)	Draft Future Market Demand Analysis and Demand Scenarios, including excel-based models and related full data sets	Within 12-22 weeks of contract signature
d(ii)	Final Future Market Demand Projections, including excel-based models and related full data sets	Within 12-22weeks of contract signature [TBC]
e.	Destination Assessment and Selection Report, including indicative product requirements, infrastructure requirements as well as policy and planning indications.	Within 22 weeks of contract signature
f.	Draft Market Development Strategy, including excel-based models and related full data sets	Within 24 weeks of contract signature
g.	Final Market Development Strategy and Final report, including excel-based models and related full data sets and bringing together all above deliverables into a single report.	Within 26 weeks of contract signature

The total level of effort for the assignment is estimated at 200 technical staff days. This does not include research analysts and other support staff.

6. WORKING ARRANGEMENTS

The Consultant will report to the World Bank Task Team Leader. The Consultant must proceed within a framework of high-level and frequent consultation with WBG counterparts and GOTL officials and development partners. This formal consultation will be facilitated by the WBG team. The Consultant will be required to present the findings of the various components of the studies to GOTL and WBG representatives at key milestones during the Consultancy.

The Consultant will be extended advisory support from the World Bank Group on its policies and the project, as appropriate. The Consultant will also be extended full support from the relevant agencies of the GOTL through their designated representatives, regarding access to available data and information relevant to the preparation of the documents as well as to other key agencies and other stakeholders.

However, it is the sole responsibility of the Consultant to contact the identified stakeholders, gather the necessary information, synthesize and analyze it as well as prepare all the assignment deliverables satisfactory to the World Bank.

World Bank sign-off will be by email confirmation by the Task Team Leader, in order to reduce turnaround delays. Final survey/interview methodology and any questionnaires will be refined and agreed upon with the World Bank prior to the launch of work. The firm should allow for progress review meetings during the implementation of the survey, usually around report delivery dates. Meetings can be held by teleconference. Significant issues encountered should be raised by the firm immediately, and any changes in the proposed project team should be agreed to with the World Bank before changes are implemented. All written deliverables should be in English and submitted electronically.

