

# AP Economic Insight

Singapore



## Singapore consumers keen to splurge on travel despite high costs

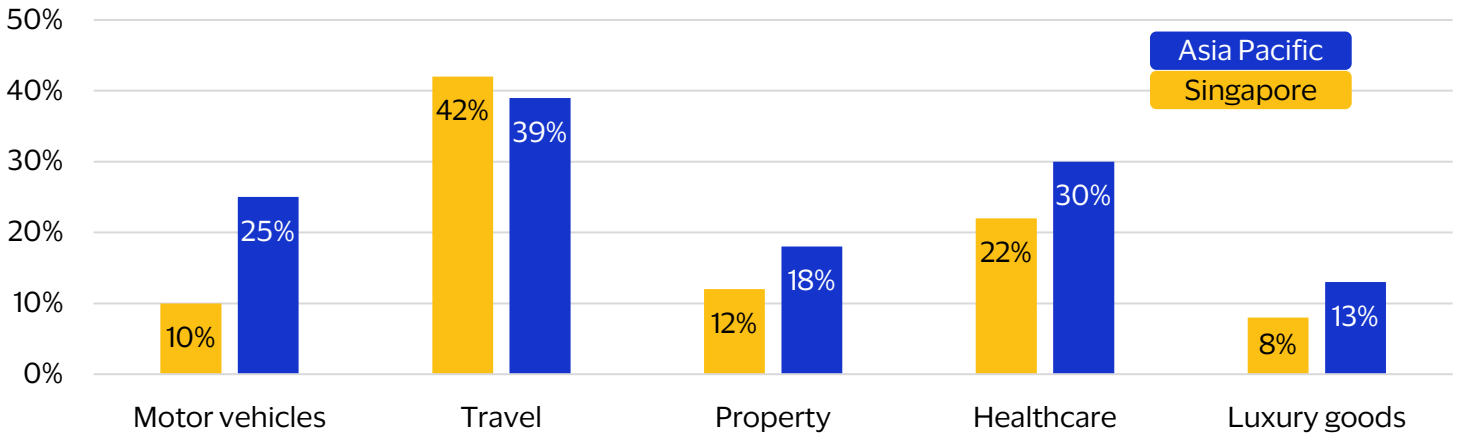
Travel is a favourite big-ticket item among Singapore consumers, according to a recent Visa survey.<sup>1</sup> An impressive 42 percent are likely to splurge on trips in the second half of 2024, making travel the top major spending category (Fig. 1). One tailwind is the quick recovery of Singapore’s flight capacity, which as of September 2024 had outpaced that of its Southeast Asian neighbours.<sup>2</sup>

Singapore’s high cost of living, however, is clashing with these jet-setting ambitions and prompting changes in consumer behavior. In the same survey, a net weighted balance of 15 percent of consumers said they expect their incomes to improve next year, far lower than the Asia Pacific region’s average of 32 percent. Our research shows that:

1. Singapore consumers are substituting domestic spend with overseas spend in the food and beverage and retail verticals.
2. Even abroad, consumers are trading down to cheaper alternatives.
3. Malaysian cities are gaining popularity, in part due to lower costs.

**Fig. 1: Consumers in Singapore are more likely to spend on travel**

(Share of consumers who are likely to purchase big-ticket items in the second half of 2024, by category)



Source: Visa Green Shoots Radar Survey 2024 (June)

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### Key Points:



Domestic card spend on food and retail is slowing



Many consumers in Singapore are trading down to cheaper alternatives abroad



Malaysia is becoming a top budget-friendly choice



# Consumers are adjusting their consumption patterns to afford travel

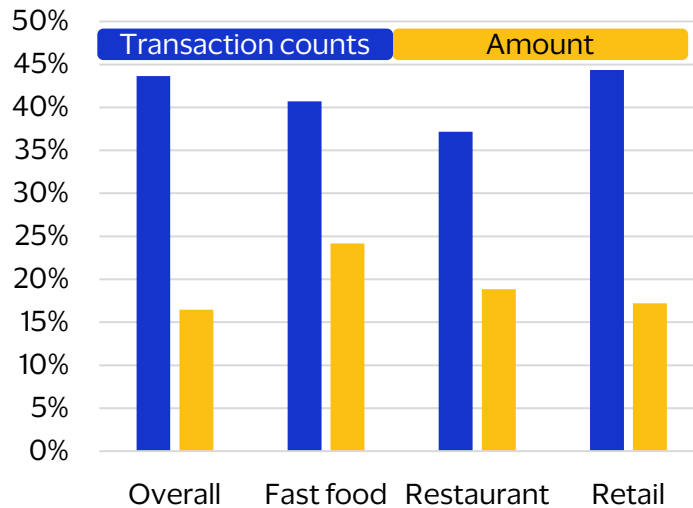
It's no secret that many Singapore consumers are foodies, and an increasing share of their culinary adventures are in international locales. According to our data, in-person card spend\* at fast food and dine-in restaurants outside of Singapore showed consistently stronger recovery rates compared to other spending categories. In year-on-year (YoY) terms, these segments grew faster than Singapore cardholders' overall cross-border spend in Q2-2024 (Fig. 2).

In light of economic uncertainties and rising costs, Singapore consumers have made some lifestyle changes to prioritise travel. First, Singapore consumers are reducing their spend on restaurants and retail domestically in order to fund their spending abroad. While in-person domestic card spending levels on restaurants and retail recovered from Q2-2019 levels, they experienced negative YoY growth in Q2-2024 (Fig. 3). By contrast, cross-border retail and restaurant spend saw a more robust recovery and strong YoY growth in Q2-2024.

Second, Singapore consumers are trading down to cheaper alternatives overseas. This behaviour is also exhibited by other Asia Pacific travellers such as Thai consumers. While Singapore consumers enjoy eating out abroad, the YoY growth rates for cross-border transaction counts and spend were both higher for the fast food segment compared to the restaurant segment in Q2-2024 (Fig. 2). This was observed in the preceding quarter as well. Cost pressures are one possible reason: Singapore consumers select cheaper alternatives such as quick-service restaurants instead of restaurants overseas to keep within their tight budgets. Travelling abroad seems to be non-negotiable for many Singapore consumers, but they are changing where they go and what they spend on.

**Fig. 2: Singapore consumers are leaning towards cheaper food options abroad**

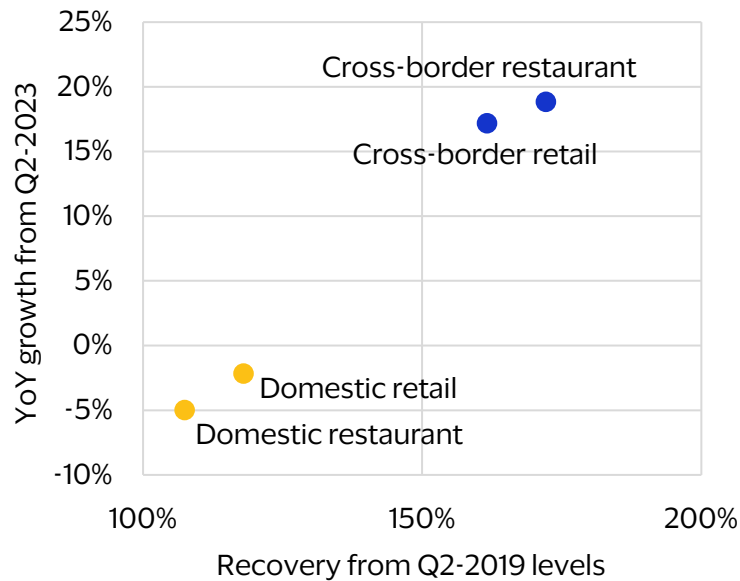
(International spend\* on selected categories in Q2-2024, percent YoY growth)



Source: Visa Business and Economic Insights analysis of VisaNet data

**Fig. 3: Singapore consumers are diverting their spend from domestic to overseas**

(Domestic and cross-border spend\* in Q2-2024, percent YoY growth and recovery rates)



Source: Visa Business and Economic Insights analysis of VisaNet data  
\*In-person spend on Visa-branded consumer cards issued in Singapore.



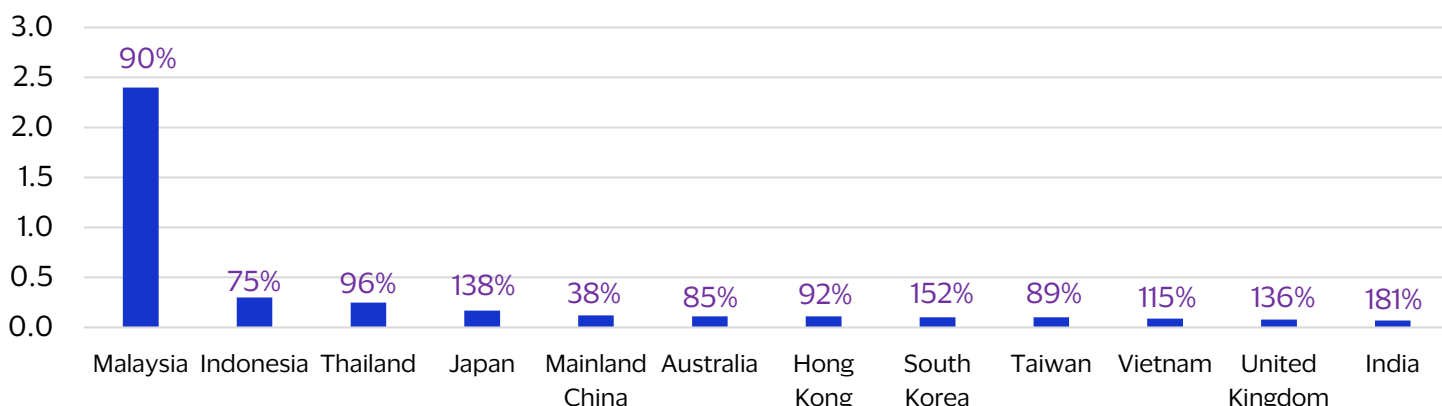
# Cities in Malaysia are gaining popularity

With high inflation and interest rates, consumers in Singapore have adapted in order to satisfy their wanderlust. One way is to travel to nearby destinations or places with a lower cost-of-living. According to Visa’s International Travel platform, the top 10 visited countries in Q2-2024 from Singapore are all within Asia Pacific (Fig. 4). Malaysia is the top destination for Singapore consumers partly because of its close proximity and the comparatively weak Ringgit. As a result, Malaysia’s share of cross-border in-person card spend from Singapore grew by at least 4 percentage points in Q2-2024 from Q2-2019. Japan, another key destination for Singapore consumers with a relatively weaker currency, rebounded by 138 percent of its 2019 levels in Q2-2024.

In Q2-2019, five Malaysian cities made Singapore’s top 10 most-visited destinations. In Q2-2024, the number grew to seven (Fig. 5). Of particular note are the emergence of nature-based destinations, with Cameron Highlands and Kota Tinggi as new additions to the top 10 list, with the former experiencing close to 300 percent growth in Q2-2024 compared to Q2-2019 levels. Bali, a popular beach destination, also moved up the ranks and saw a full travel recovery in Q2-2024 as flight capacities increased in tandem with higher demand.

**Fig. 4: Asia Pacific is a key regional destination for Singapore consumers**

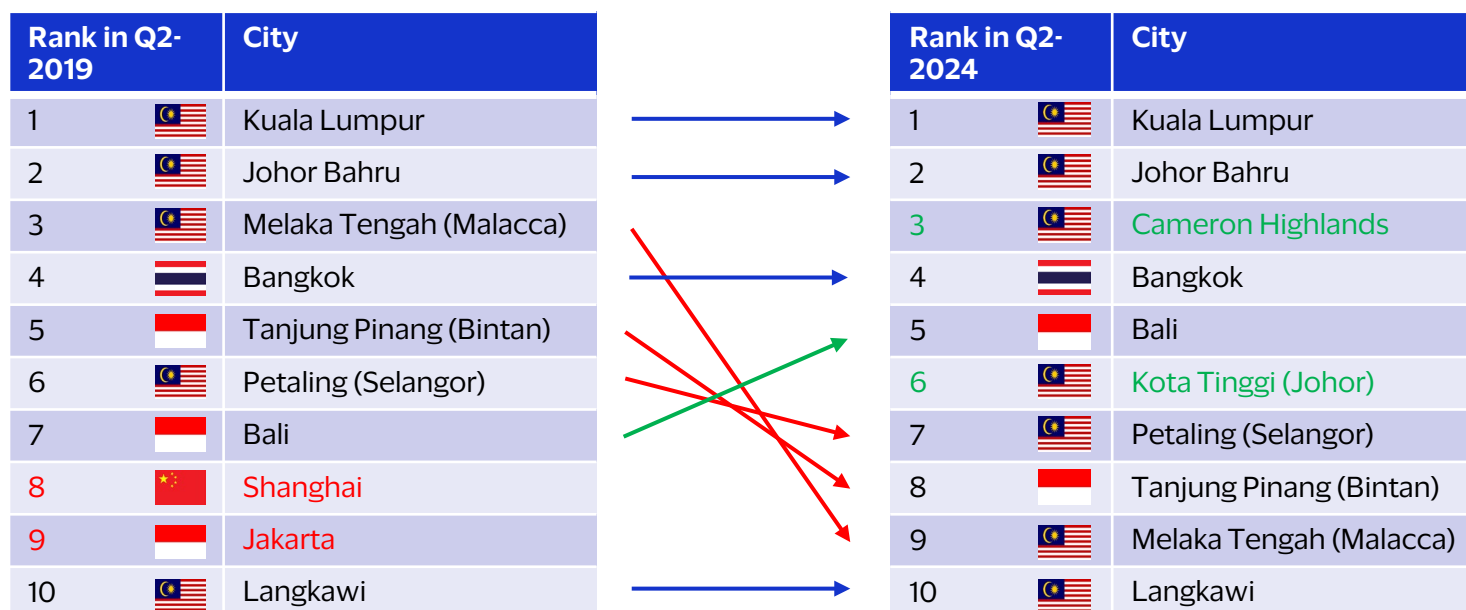
(Top 12 travel destinations from Singapore in Q2-2024, millions of visits and recovery rates from Q2-2019 in percent)



Source: Visa International Travel platform

**Fig. 5: Cameron Highlands surged in popularity in Q2-2024**

(Top 10 visited cities from Singapore in Q2-2019 and Q2-2024. Countries in red have dropped off the rankings in Q2-2024 while those in green are new to the rankings in the same period)



Source: Visa International Travel platform



## Footnotes

1. Visa Green Shoots Radar Survey (Wave 14). June 2024
2. OAG. (2024). South East Asia aviation market data. Retrieved from <https://www.oag.com/south-east-asia-aviation-flight-data>





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## Accessibility notes

Fig. 1: A bar chart showing the share of consumers in Singapore who are likely to purchase big-ticket items in the second half of 2024. Twenty-five percent of Singapore consumers were likely to buy a motor vehicle compared to 10 percent in Asia Pacific; for travel, the shares were 42 percent of Singapore consumers and 39 percent of Asia Pacific overall; property, 12 percent and 18 percent; healthcare, 22 percent and 30 percent; and luxury goods, 8 percent and 13 percent.

Fig. 2: A bar chart showing the year-on-year growth for cross-border in-person spend by Visa-branded card credentials issued in Singapore. In terms of transaction counts, the YoY growth figures were 44 percent, 41 percent, 37 percent and 44 percent for the overall, fast food, restaurant and retail segments respectively. In terms of transaction amount, the YoY growth figures were 16 percent, 24 percent, 19 percent and 17 percent for the overall, fast food, restaurant and retail segments respectively.

Fig. 3: A scatterplot showing the percent recovery from Q2-2019 levels in Q2-2024 on the x-axis and the year-on-year growth from Q2-2023 on the y-axis for the domestic and international in-person spend on retail and restaurant segments by cards issued in Singapore. For the domestic segment, both retail and restaurant spend fully recovered in Q2-2024 but their year-on-year growth were weak at -2 percent and -5 percent respectively. By contrast, the cross-border spend for the retail and restaurant segments saw a stronger recovery and their year-on-year growth stood higher at 17 percent and 19 percent respectively.

Fig. 4: A bar chart showing top 12 travel destinations from Singapore in Q2-2024 by number of visits. Their economic recovery rates from Q2-2019 are also shown in percentages. The top destination is Malaysia with around 2.4 million trips and a recovery rate of 90 percent; next was Indonesia, with 300,000 trips and 75 percent recovered; Thailand, 250,000 trips and 96 percent recovered; Japan, 170,000 trips and 138 percent recovered; Mainland China, 120,000 trips and 38 percent recovered; Australia and Hong Kong, with 110,000 trips each and respective recovery rates of 85 percent and 92 percent; South Korea and Taiwan, with 100,000 trips each and recovery rates of 152 percent and 89 percent; Vietnam, 90,000 trips and 115 percent recovered; the U.K., 80,000 trips and 136 percent recovered; and India, 70,000 trips and 181 percent recovered.

Fig. 5: Two tables showing the top 10 cities visited from Singapore in Q2-2019 and how it has changed in Q2-2024. Kuala Lumpur and Johor Bahru stayed at number 1 and 2 respectively in both periods. Malacca dropped in rank from 3 to 9 in Q2-2024. Cameron Highlands made its debut on the charts in Q2-2024 at number 3 while Bangkok maintained its popularity at rank 4. Bintan dropped in its popularity from rank 5 to 8 in Q2-2024 while Bali rose from rank 7 to 5 in the same period. Both Shanghai and Jakarta dropped off the charts in Q2-2024 while Kota Tinggi made its debut on the charts at rank 6 in Q2-2024. Lastly, Langkawi maintained its rank at number 10 in both periods.

