

MALAYSIA TRULY ASIA, TRULY IMPRESSIVE, THE WORLD'S DESTINATION

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The tourism industry in Malaysia currently ranks as the second largest income earner. As far as the results go, promoting its tourism industry has been one of the country's success stories. In celebrating Malaysia's 50 years of nationhood, its tourism industry certainly deserves due recognition for its contributions to the nation in terms of income generation, infrastructure development and job creation.

Despite encountering various obstacles along the way, the tourism industry has remained resilient. It continues to be an important economic activity benefiting various business areas such as hospitality, transportation, retail trade, recreational and leisure facilities. Its resilience is largely attributed to the active participation of both the public and private sectors in undertaking vigorous promotion and marketing, diversifying target markets, as well as improving competitiveness of tourism products and services to sustain interest among visitors to Malaysia.

The tourism industry's rise to stardom has been an uphill struggle as it was not regarded as an important economic activity in Malaysia back then. After independence in 1957, the country was largely dependent on its agriculture industry. Much of its land was converted into plantations to cultivate rubber, oil palm and paddy, both for foreign and domestic consumption. The creation of the Department of Tourism in 1959, followed by the formation of the Tourist Development Corporation (TDC) in 1972 marked the country's journey towards making tourism one of the nation's economic pillars.

During the 1980s, tourism became an increasingly important industry worldwide. Realizing the significant role of tourism, the Malaysian government undertook a series of positive initiatives to stimulate the development of the tourism sector.

It included the establishment of the Ministry of Culture and Tourism, which became the Ministry of Culture, Arts and Tourism in 1990. The new ministry took over from TDC, which is the present Malaysia Tourism Promotion Board or Tourism Malaysia, with a role concentrated on marketing and promotion. In 2004, a dedicated Ministry of Tourism was set up, which further testifies to the Government's commitment towards this fast growth industry.

In a span of 15 years, from the Fourth Malaysia Plan which started in 1981, to the Sixth Malaysia Plan that ended in 1995, significant attention was given to the tourism sector, with increased public allocations for marketing and promotional activities, infrastructure and product development. The Fifth Plan period culminated in Visit Malaysia Year 1990, which generated a high international profile for Malaysia. It attracted 7.4 million tourists and earned revenue of RM4.5 billion.

With diverse attractions that cater to different budgets and interests, it is no doubt that Malaysia is fast emerging as a choice destination for tourists. The country's rich character unfolds from the moment visitors clear the state-of-the-art KL International Airport (KLIA) in Sepang. They will discover that Malaysia has a fascinating kaleidoscope of interesting and colourful places, peoples, customs, festivals, art and delightful cuisine. The country is also endowed with verdant rainforests, beautiful dive sites and marine parks, homes to a diversity of wildlife and flora and fauna unique to this part of the world.

A person can also choose to city-hop to experience the incredible variety of shopping opportunities, entertainment and accommodation or lie back blissfully on white sandy beaches as one gazes upon the rustic charms of the countryside. In brief, holiday in Malaysia promises a well-rounded experience. In the words of Somerset Maugham, famed British novelist and playwright, "If you haven't seen this place, you haven't seen the world".

In 2006, Malaysia attracted some 17.5 million visitors, signifying a growth of 6.8%, compared to 16.4 million visitors in the previous year. Tourist receipts reached RM36.3 billion which indicated an increase of 13.5% compared to RM32 billion in 2005.

The previous Eighth Malaysia Plan (2001-2005) saw tourist arrivals increased by an average of 10% annually, exceeding the targeted 6.9%. In tandem with the increase in tourist arrivals, foreign exchange earnings from tourism increased at an average annual growth rate of 12.4%, from RM17.3 billion in 2000 to RM31.0 billion in 2005.

ASEAN countries remained the main contributors with a share of 68.7% of total tourist receipts, followed by the People's Republic of China at 5.1%, and the United Kingdom and Australia at 2.5% and 2.3% respectively. In terms of tourist expenditure pattern, accommodation remained the highest component, comprising 33.1% of the total expenditure, followed by shopping at 24%, and food and beverages at 17.4% in 2005.

The growth potential of the tourism industry continued to attract a substantial amount of private sector investment. The number of hotels expanded by 51.2% from 1,492 in 2000 to 2,256 in 2005, while the supply of hotel rooms rose by 37.3% from 124,413 in 2000 to 170,873 in 2005.

Asia contributed 89.4% of the total tourist arrivals to Malaysia in 2006. ASEAN remained the most lucrative market with Singapore, Thailand, Indonesia and Brunei supplying 77.22% of the total figure. Positive growth was also recorded for tourists from European and West Asian countries which represented 8.9% and 22.2% of the market respectively.

The rise in tourist arrivals can be attributed to several factors including increased regional travel due to improved income levels in regional countries, greater air

services connectivity and relaxation of visa requirements for tourists to visit Malaysia.

Tourist arrivals and tourist receipts are expected to increase in the coming years with the rapid expansion of budget airlines within the region such as AirAsia, Valuair and Tiger Airways. Along with budget hotels, they have made traveling more affordable to consumers.

The setting up of low cost terminals such as the LCCT in Sepang and Kota Kinabalu, low airfares and lower airport taxes encourage consumers to plan their holidays in advance to secure cheaper airfares. Attractive holiday packages by low cost carriers have helped encourage greater regional travel as well. Hence, we can expect more international tourists, particularly those from ASEAN countries to visit Malaysia.

In order to accelerate private investment in the tourism industry, two special funds, namely the Tourism Infrastructure Fund (TIF) totaling RM700 million and the Special Fund for Tourism and Infrastructure (Special Fund) with an initial allocation of RM400 million, were launched in 2001. Due to high demand, both funds were increased to RM3.0 billion each in 2007. Major projects under these funds included resorts development, renovation and refurbishment of hotels, as well as provision of related infrastructure and services.

During the Ninth Malaysia Plan (9MP) period (2006-2010), efforts are geared towards realizing the full potential of the tourism industry to enhance its contribution to the services sector in particular, and the economy in general. The tourism industry was allocated a sum of RM1.4 billion where RM652 million had been set aside for sustainable tourism development while RM1.03 billion would be used to provide adequate infrastructure, facilities and maintenance of existing tourism-related amenities. Besides that, the focus will be on improving accessibility through improved air and ground transport including hassle-free travel with on-line visa and multiple entries permits, as well as encouraging domestic tourism, improving human resource development and strengthening marketing and promotion activities.

The Ministry of Tourism and its agency, Tourism Malaysia, will continue to carry out aggressive promotions through sales missions, roadshows and international MICE events. In line with the Ninth Malaysia Plan, we constantly encourage the development of innovative products and services to cater for various interests, preferences and budgets of tourists in order to increase arrivals, expand the length of stay and boost spending of both international and domestic tourists.

We aim to increase awareness of niche products and encourage product owners and operators to develop services and products suitable for international markets. Among them is the Malaysia My Second Home (MM2H) programme which has received encouraging response since its inception in 2002 to replace the earlier Silver Hair programme. To date, it has attracted over 9,000 expatriates from China, Bangladesh, Britain, Taiwan, Singapore, Japan, Indonesia and India to reside in the

country. In order to attract more foreigners to join the programme, the Ministry of Tourism set up the Malaysia My Second Home One-Stop Centre in May 2006 at the Putra World Trade Centre. Basically, the centre functions as a hub to address MM2H-related enquiries and applications.

We are also developing and promoting the Malaysian Homestay programme which offers foreigners a chance to experience village-style living first-hand. All villages taking part in the programme are carefully selected and comply with strict guidelines from the Ministry of Tourism in order to bring out the best of Malaysia. The homestay programme was enhanced to increase participation of the rural population in tourism-related activities as well as provide rural households opportunities to supplement their incomes. As at June 2007, there are a total of 2,189 homestay operators from 119 villages registered with the Ministry of Tourism.

Intensive marketing and promotional activities have also been taken to position Malaysia as a premier destination for education and quality healthcare. Foreign exchange earnings from education tourism increased from RM220 million in 2000 to RM450 million in 2005. The projected foreign exchange earnings from this potential source of growth is estimated at RM900 million by 2010. In addition, five Malaysian Education Promotion Centres were set up in Beijing, Dubai, Ho Chi Minh City, Jakarta and Jeddah to promote education opportunities available in Malaysia.

In terms of health tourism, the private sector will be encouraged to participate in various trade shows and expositions to showcase Malaysia's healthcare services in both traditional and non-traditional medical treatment. In 2006, a total of 296,687 foreign patients seek treatment at private hospitals in Malaysia compared to 232,161 patients in the previous year. In the same period, it generated revenue of RM203.66 million compared to RM150.92 million. By 2010, foreign exchange earnings from health tourism is expected to reach RM2.0 billion.

Malaysia is also becoming a preferred destination for meetings, incentives, conventions and exhibitions (MICE). Our capabilities are clearly demonstrated through the successful hosting of several international summits including the PATA Travel Mart 2005, ASEAN Tourism Forum 2005, the Commonwealth Travel Mart 2004, the 13th Non-Aligned Movement (NAM) Conference 2003, the Organisation of Islamic Conference (OIC) 2003. The number of international events increased to 3,230 in 2005 from 925 in 2001. In the same period, foreign participants attending MICE events in Malaysia also grew to 775,286 from 473,486 and contributed RM2.95 billion from RM1.23 billion in 2001.

The MICE market is expected to continue to be a major source of foreign exchange earnings. Thus, *Meet & Experience* Malaysia will continue to be the brand in all MICE promotions to showcase Malaysia as a top venue for MICE events.

In terms of advertising, the highly successful 'Malaysia, Truly Asia' (MTA) brand image campaign implemented since 1999 in major overseas markets has yielded positive results for Malaysia. This brand has propelled us to international stardom

proven by the significant growth in tourist arrivals since its inception. In 1999, tourist arrivals were about eight million. Today, Malaysia records an average of 1.3 million tourists per month.

Till today, the MTA campaign still projects the warmth of its multi-racial people and the charms of this truly Asian country. It is well discussed in marketing and branding literature worldwide and has received favourable comments from world-renowned brand 'gurus' such as Al Ries, Jack Trout and Paul Temporal.

In 2004, Tourism Malaysia embarked on a more focused 'Truly...' advertising campaign that indicated an expansion of the generic 'Malaysia, Truly Asia'. Some 18 ads were produced for the consumer, special interest, MICE and travel trade segments, all characterized by enticing, exciting, emotional, tempting and tantalizing taglines such as Truly Idyllic, Truly Impressive, Truly Appetizing, and Truly Adventurous.

This year, Malaysia has embarked on its most important and biggest promotional effort – Visit Malaysia Year (VMY) 2007. The VMY 2007 campaign was actually launched a year earlier. The Ministry of Tourism and Tourism Malaysia have gone all out to aggressively promote Malaysia, increase tourist arrivals and receipts, as well as encourage domestic tourism among Malaysians.

Over 240 events are held in conjunction with VMY 2007 to attract tourists to the country in order to achieve the targeted arrivals of 20.1 million and RM44.5 billion in tourist receipts. A total of 50 events represent the best that Malaysia has to offer, in line with the theme 'Celebrating 50 years of Nationhood'. It covers a range of activities from sports to cultural, festive and arts events, reflecting a celebration of diverse lifestyles and customs of Malaysia.

Coincidentally, 2007 is also the 50th anniversary of Malaysia's independence. As such, the Visit Malaysia Year campaign is a timely event to celebrate Malaysia's golden jubilee. It is an occasion to rejoice and to share with the world the unique qualities and virtues that have shaped Malaysia to be the country that it is today.

To appreciate the importance of this 50th anniversary, the VMY 2007 is extended until August 2008. The extension, known as 'One Golden Celebration', aims at the projected tourist arrivals of 21.5 million and revenue of RM49 billion.

The Malaysian economy is expected to show solid growth during 2007 with real GDP expanding by 6%. The launch of Visit Malaysia Year 2007 in conjunction with our 50th anniversary of independence is estimated to increase tourist arrivals to Malaysia, which in turn will contribute towards higher tourism receipts. During the first quarter, Visit Malaysia Year 2007 has attracted 4.8 million visitors, an increase of 9.8% compared to the same period last year.

The tourism industry has certainly come a long way since its inception in 1959 as only a Tourism Department. Today, after 50 years and almost half a century later,

the industry has moved with such speed to become the second income spinner to the national economy whilst experiencing tremendous growth from year to year. Along the way, we have also received various accolades to prove that our promotional efforts are not futile and we are heading to the right direction.

Among the most recent include being voted as the world's best destination for 2006 in a survey conducted by US-based business travel publication, *Global Traveler*. In the Best Tourism Destination category, Malaysia was selected over other renowned destinations such as Hawaii, Bali, Singapore, Hong Kong, Italy, Phuket, South Africa, Fiji and Australia.

Malaysia also won an award as the 2007 top choice summer holiday destination for residents from the United Arab Emirates (UAE) and was voted one of the top five most popular outbound destinations in 2006 out of 100 countries in a poll organised by *Guangzhou Daily*, the biggest South China newspaper which has a daily circulation of 1.8 million.

In the USA, Tourism Malaysia was awarded the "Most Outstanding Achievement in Marketing of Travel Deals for a Destination" by Travelzoo, an Internet travel site which has 11 million subscribers.

At the Incentive Travel & Conventions Meetings Asia (IT&CMA) show and 17th Travel Trade Gazette (TTG) Annual Travel Awards 2006 in Thailand, Malaysia collected three coveted tourism industry awards including the Best National Tourism Organisation (NTO).

All these recognitions serve as the motivation for us to work harder every day despite facing various challenges, uncertainties, crisis and global upheavals to which the tourism industry is exposed.

It is hoped that the coming years will see the development of a more robust tourism industry that contributes to greater foreign exchange earnings as well as generating new businesses and employment opportunities for the prosperity of the whole nation.

The time is now. The place is Malaysia.

Malaysia Truly Asia.

Malaysia welcomes the world.

DATUK DR. VICTOR WEE

Secretary General

Ministry of Tourism, Malaysia.