

TRANSFORMING TOURISM INDUSTRY IN MALAYSIA TOWARDS 2020

Tourism will continue to be a critical economic sector for Malaysia, providing significant potential for growth and development.

In its long-term forecast, the World Tourism Organization (UNWTO) stated that international tourism will continue to grow in a sustained manner in the next two decades (2010 – 2030), with the number of international tourist arrivals worldwide increasing by an average of 3.3% a year.

At the projected pace of growth, tourist arrivals will pass the 1 billion mark by 2012, compared to 940 million in 2010. They are expected to reach 1.8 billion by 2030. This means, in two decades' time, 5 million people will be crossing international borders for leisure, business or other purposes such as visiting friends and family every day.

These figures simply demonstrate the huge potential of the tourism sector to be expanded further in coming years. It also shows that competition is bound to be fierce as destinations must compete internationally to get a bigger share of the tourism dollar.

As such, the Malaysian Government introduced the Tourism Transformation Plan 2020 to bring its tourism industry to greater heights as the country heads towards the year 2020. The Plan aims to improve Malaysia's position to be within the top 10 in terms of global tourism receipts by 2015. Last year, the country was ranked 14 by UNWTO for two consecutive years. Malaysia was also placed ninth for three consecutive years since 2009 in UNWTO's ranking of top 10 countries with the highest international tourist arrivals.

Moving towards 2020, Malaysia has set a target of 36 million tourist arrivals with a revenue of RM168 (USD52.8) billion. Malaysia's tourism also aspires to contribute RM103.6 (USD32.6) billion in Gross National Income (GNI) and create half a million new job opportunities.

MALAYSIA'S TOURISM PERFORMANCE

Malaysia is fortunate to have its fair share of the global tourism market. The country received 24.7 million tourists last year, which was a far cry from a little more than a decade ago, when it received only 7 million tourists in 1999.

It recorded a weekly tourism revenue of RM1.12 billion (USD352.5 million), with tourist receipts reaching RM58.3 (USD18.3) billion, up 3.2 percent against the receipts in 2010.

With a contribution of RM37.4 (USD11.8) billion to the GNI, the tourism industry currently stands as the seventh largest contributor after Oil, Gas and Energy, Wholesale and Retail, Palm Oil and Rubber, Financial Services, Agriculture and Electrical & Electronics sectors.

In fact, the main contribution of exports of services in 2011 is the result of income earned from travel by foreign tourists to Malaysia with a value of RM55.2 (USD17.4) billion or 51.7% of the total exports of services.

Indeed, the growth of the tourism sector has opened up new employment opportunities across diverse industries such as retail, food and beverage, accommodation, transport and handicrafts. A total of 56,000 jobs were created last year. For 2012, the Tourism Ministry targets to stretch it to 91,000.

MOVING TOWARDS 2020

In these few years, the Ministry of Tourism and Tourism Malaysia have been rolling out various innovative and creative new events and activities to diversify the country's tourism offerings. They aim to sustain tourist's interest, attract more tourists to the country, and most importantly, to make tourists stay longer and spend more.

Malaysia has been promoted as a top-of-mind destination for leisure and business offering diverse world-class attractions and services. One of the country's most successful tourism programmes is Homestay.

Introduced in 1995, the homestay programme is a unique and authentic Malaysian experience that encompasses village or *kampung* lifestyle, culture, agriculture and cuisine. Visitors get to live with a local family in a village house and learn about close-knit family relationships, enjoy sumptuous home-cooked food and discover the simple lifestyle in the country. Every village has something unique to offer tourists. It will organise special activities for its guests such as jungle trekking, fishing, rubber tapping, fruit picking, and handicraft-making.

Last year, the programme achieved an occupancy rate of 32.9%, surpassing its target of 23%. It attracted 60,000 foreign tourists, which saw an increase of 21.4% compared to the previous year. Correspondingly, revenue from this programme has also surged by 26.8% to RM15.7 (USD4.9) million.

The country's shopping attractions have also earned a place in the hearts of the international tourists community, as evidenced by the growth in last year's shopping spend.

Shopping holds the second biggest share of tourist expenditures, contributing RM17.5 billion in 2011, which signified an 8% growth. It constituted 30% of total tourist expenditures for last year compared to merely 23.1% 12 years ago when the first Malaysia Mega Sale Carnival was organised.

Besides having the Malaysia Mega Sale Carnival in June every year, the country sale periods also consist of the 1Malaysia GP Sale in March, which is in conjunction with the Formula 1 race in the country, as well as the 1Malaysia Year-End Sale in November.

Promoting Malaysia as a shopping haven will further solidify the position of the country as a preferred destination to visit, shop, dine and relax. To further boost tourist shopping expenditure, efforts have been intensified to position Malaysia as a duty-free shopping destination.

Imported goods that are not subject to custom duty at all, are readily available all over the country and not limited to duty-free zones. Aside from 5 categories of products – cars, glass & pyrex, cigarettes, alcohol and chocolates – all other products are tax exempted in Malaysia.

The opening of the Johor Premium Outlets, Southeast Asia's first Premium Outlet Centers, at the end of last year, is also a move to attract more high-end shoppers to the country.

Having quality 4- and 5-star hotels are also crucial in order to draw more high-yield tourists. Currently, there are 59,804 4- and 5-star hotel rooms in Malaysia. By 2020, an additional of 37,000 rooms are required.

By the end of 2012, the Tourism Ministry targets to increase 3000 4- and 5-star hotel rooms in the country. Now, 71% of the target has been achieved with 2,123 rooms completed. The government's liberalisation policies and lucrative tax incentives have resulted in domestic and foreign investments on hospitality assets across Malaysia.

In the coming years, the Tourism Ministry's Key Performance Indicators (KPI) also include boosting revenues through enhanced packaging and clustering of international sporting events such as the F1 Petronas Malaysia Grand Prix, Le Tour de Langkawi, CIMB Asia Pacific Classic Malaysia and Malaysian Motorcycle Grand Prix.

In addition, the Tourism Ministry is also revving up efforts to make Malaysia a prime choice for international world conferences as business tourism has become a dynamic developing sphere in the world today.

Based on the International Congress and Convention Association (ICCA) Rankings 2011, Kuala Lumpur jumped two spots in world convention city rankings to No. 21 and three places in Asia Pacific ranking to the fifth place, based on the number of international meetings held in 2011. Malaysia is ranked 29th in the world and 7th in Asia Pacific, retaining its position as one of the top 10 meeting destinations in the region.

The Malaysia Convention & Exhibition Bureau (MyCEB), which has been formed in 2009 by the Ministry of Tourism, is striving to further strengthen Malaysia's business tourism brand and position for the international business events market.

Last year, MyCEB supported 29 convention bids and 20 corporate incentive groups representing 36,000 delegates and an economic value of RM382 (USD120.1) million.

Besides business events, MyCEB also strives to develop the international events industry through its International Events Unit. It focuses on identifying and supporting international event bids including sports, art and culture, and lifestyle events. Among the events that take place in 2012 are Future Music Festival Asia, Shrek the Musical, and Kids Golf World Championship Malaysia.

Malaysia's growing appeal as a business tourism destination is contributed by various factors such as the availability of award-winning convention facilities, economic stability, strategic location, the country's diverse range of fascinating tourist destinations that are ideal for pre- and post-tours, as well as its unique and rich tapestry of cultures, customs and traditions.

The Tourism Ministry is also aggressively promoting the Malaysia My Second Home (MM2H) programme to attract more expatriates to settle down in the country. Incepted in 2002, the programme offers participants a Social Visit Pass with Multiple-Entry into Malaysia up to 10 years.

The country is indeed the perfect combination of comforts and indulgences. Great weather, amazing food, warm people, low cost of living coupled with high standard of living, state-of-the-art infrastructure, and rich culture make it a place easy to call home. The whole country is very well connected with modern transportation systems. Its healthcare system is also excellent, drawing many short-term visitors from around the world. Private doctors, clinics and hospitals of international standards are easily available throughout the country at a reasonable cost.

Up to March this year, the MM2H programme has attracted 18,000 participants with the majority of them from China, followed by Bangladesh, Japan, the United Kingdom, Iran, Singapore, Taiwan, Pakistan, India and Korea.

Economic diversification and niche tourism activities will characterise the way we move forward for the tourism industry. We will enhance our promotion and marketing campaigns through our global brand "Malaysia Truly Asia" celebrating diversity to energise the tourism industry and provide the enabling framework to attract and increase tourist arrivals.

The tourism sector's immense potential has yet to be fully tapped as further growth can come from innovative tourism products such as the 1Malaysia International Shoe Festival, 1Malaysia International Night Floral Parade, Fabulous Food 1Malaysia, Parks & Gardens Tourism, Helicopter Tourism, Bicycle and Motorbike Tourism.

To diversify Malaysia's tourism products and to attract more high-yield tourists, the 1Malaysia Contemporary Art Tourism (1MCAT) Festival is being organised to establish the country as a hub for contemporary art in the region. Held for the third consecutive year in 2012, the three-month event which begins in July serves as a platform to promote local artists and artworks to global audiences through a series of nationwide art-related events. The 1MCAT is well-received, generating art sales amounting to RM17 (USD5.3) million last year compared to RM14 (USD4.4) million in 2010 during the first 1MCAT.

With the opening of various new attractions this year and in the next few years, the country hopes to see tourists staying a couple days more and also spending more as a result. International theme park, Legoland, is slated to open on 15 September this year. It is expected to bring in 1 million visitors in the first year.

The state of Johor is also scheduled to launch a few other theme parks later this year, such as Hello Kitty Town, Little Big Club and Lat themed attraction in Puteri Harbour, while 2014 will see the opening of Ocean Quest and Ocean Splash water parks in Desaru.

Malaysia's tourism industry will be filled with many exciting and creative tourism products and services as the country moves towards 2020.

Nevertheless, in its pursuit to develop its tourism industry, the country will ensure that it doesn't do it at the cost of the environment and its natural treasures. The country will continue to conserve its rich biodiversity and strive for sustainable tourism development.

...