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THE TOURISM INDUSTRY IN MALAYSIA: CAPITALISING FROM THE ECONOMIC TRANSFORMATION PROGRAMME

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The Tourism Industry in Malaysia

- The top **10** in arrivals
- The top **15** in global receipts
- The **7th** largest contributor to the Malaysian economy
- GNI total of RM37.4 billion in 2011

By 2020:

- will contribute RM103.6 billion in GNI
- arrivals increasing to 36 million



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The Tourism Industry in Malaysia

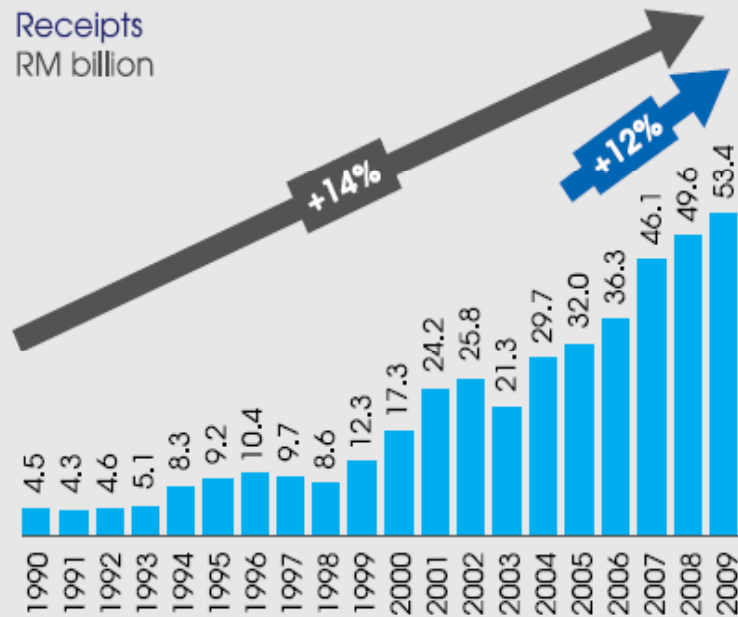
- Experienced strong historical growth of **14%** over the last decade and **12%** over the last five years
- Ranks **13th** globally for tourist receipts and 9th for tourist arrivals
- Growth dependent on growth in the **number of arrivals** rather than on yield per tourist

Tourists Receipts and Arrivals in Malaysia

Governance for Education NKEA

Malaysia tourist receipts

Receipts
RM billion



**Ranked 13th Globally for
Tourist Receipts in 2009**

Malaysia tourist arrivals

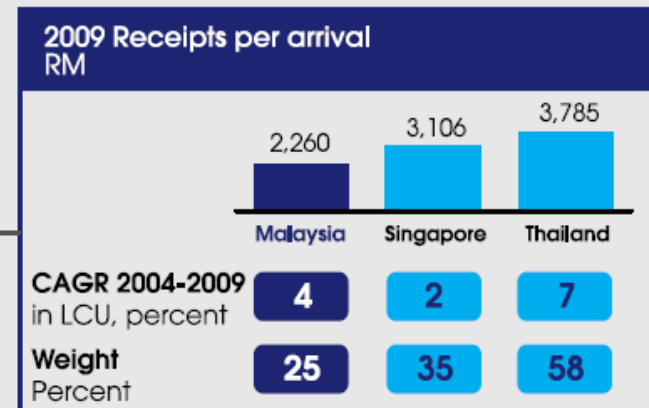
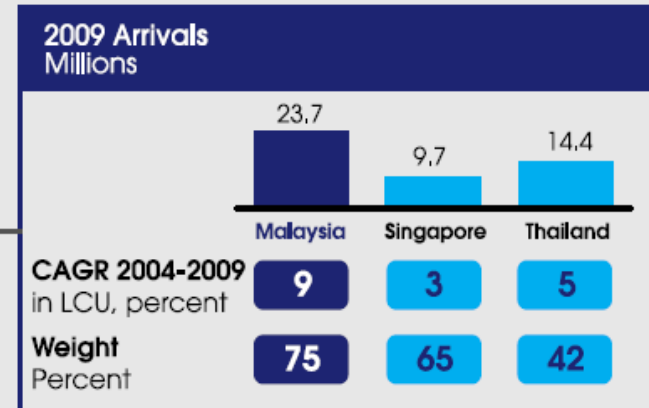
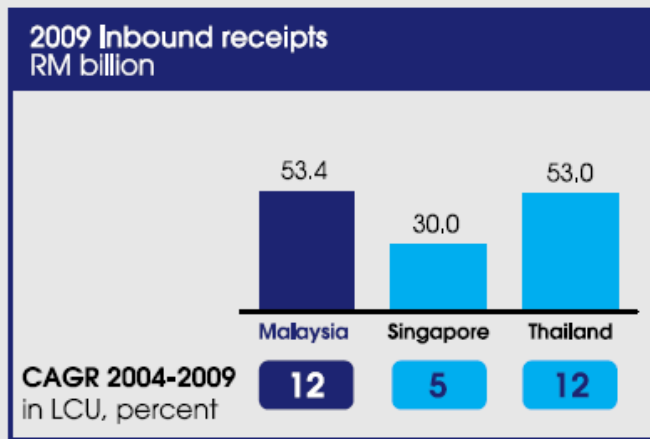
Arrivals
RM billion



**Ranked 9th Globally for
Tourist Arrivals in 2009**

Tourists Arrivals and Yields in Malaysia

Malaysia's growth in inbound receipts driven by growth in arrivals not yield



Note: Weight reflects the percent of growth coming from arrivals vs. receipts

Short-haul: Indonesia, Philippines, Vietnam; Medium-haul: China, India, Saudi Arabia, UAE, Japan, South Korea, Australia; Long-haul: UK, France, Germany, Netherlands, Russia

Source: Tourism Malaysia, UNWTO

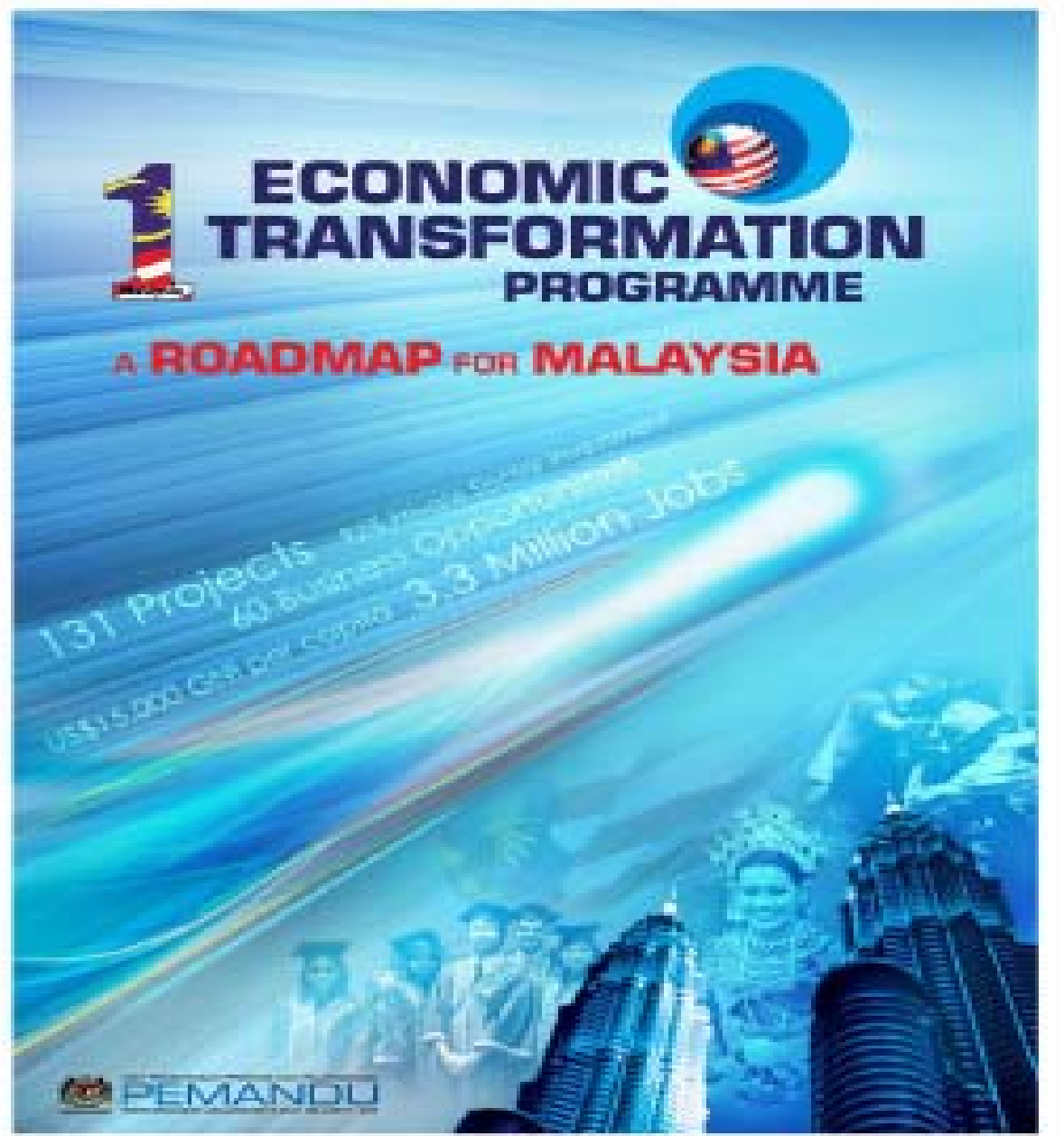


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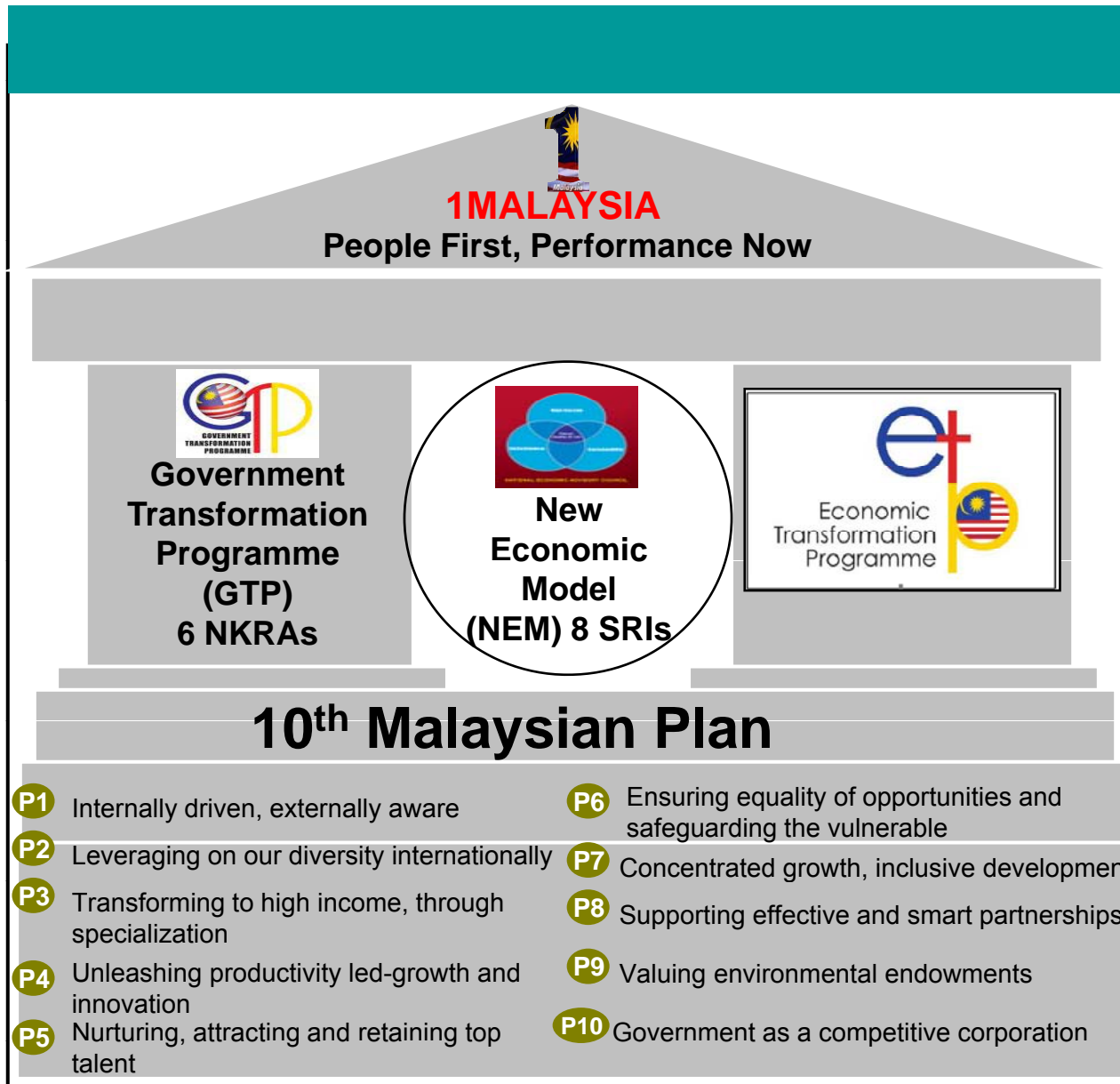
The Tourism Industry in Malaysia

- **75%** of Malaysia's growth has been due to the increase of **tourist arrivals** compared to only **25%** growth from **yield**
- The comparatively **lower yield** per tourist is attributed to lower average **length of stay**, lower **spending** per day, and dependence on **arrivals from short-haul** markets
- **Shift** its focus on growing **yield per tourist** rather than to rely heavily on growth in tourist arrivals



Source: Pemandu Malaysia

Malaysia - Towards Achieving Vision 2020



GTP : National Key Result Areas (NKRA's)



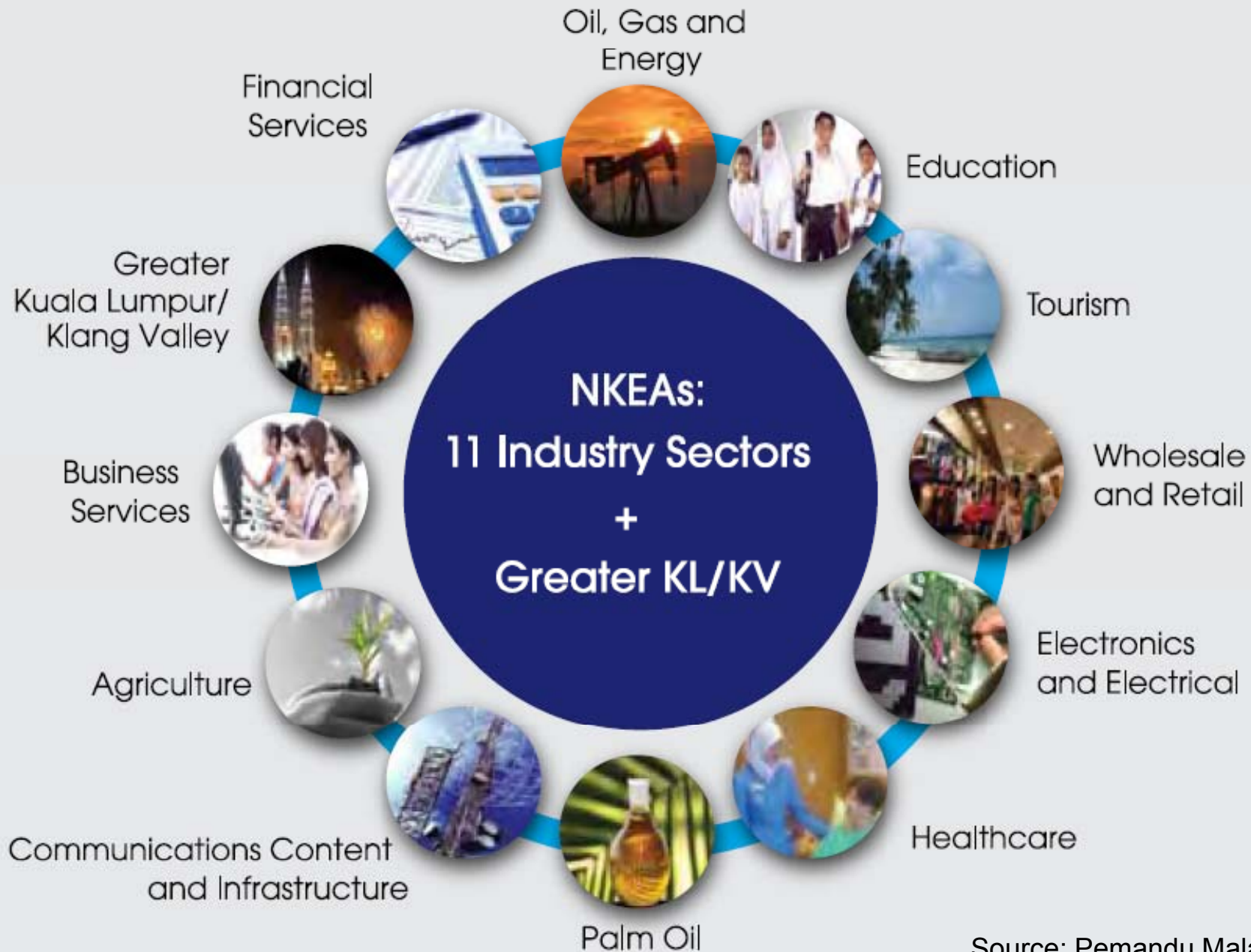
- N1** Crime
- N2** Education
- N3** Corruption
- N4** Low Income Households
- N5** Urban Public Transport
- N6** Rural Basic Infrastructure

NEM : Strategic reform initiatives (SRIs)



- S1** Re-energizing the private sector
- S2** Developing a quality workforce
- S3** Creating a competitive domestic economy
- S4** Strengthening the public sector
- S5** Transparent and market friendly affirmative action
- S6** Building the knowledge base and infrastructure
- S7** Enhancing the sources of growth
- S8** Ensuring sustainability of growth

11 industry sectors were prioritised in addition to Greater KL/KV



Source: Pemandu Malaysia



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The Tourism National Key Economic Area (NKEA)

- Identified **12 Entry Point Projects** (EPPs) across **five themes** to enhance the sector's contribution to the national economy
- **Since January 2011:**
 - 9 initiatives under 6 EPPs
 - cumulative private investment of RM16 billion
 - GNI contribution of RM6.5 billion
 - creating 37,900 jobs by the year 2020



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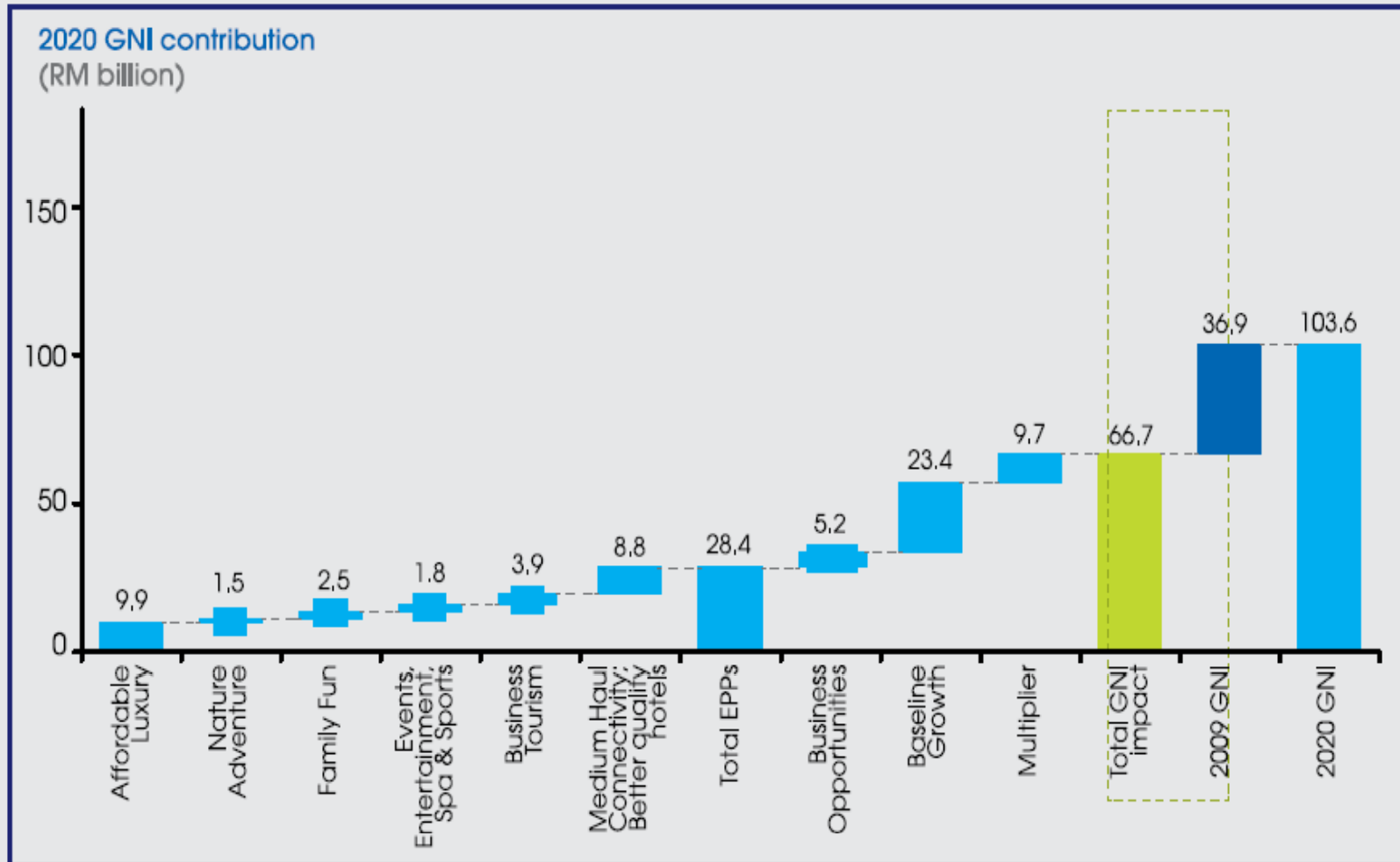
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12 EPPs and 3 BOs

- **Tourism growth** from RM36.9 billion in GNI in 2009 to RM103.6 billion in GNI by 2020
- **Tourist arrivals** (from 24 million in 2009 to 36 million by 2020 - 1.5 times growth)
- **Yield/receipts per arrival** (from RM2,260 in 2009 to RM4,675 by 2020 - two times growth)
- **Tourist receipts** (from RM53 billion in 2009 to RM168 billion by 2020 - 3.2 times growth) are expected to increase.

Contribution of EPPs to GNI

12 EPPs, 3 business opportunities, baseline growth and multiplier effect will deliver RM66.7 billion incremental GNI impact by 2020



Source: Tourism Malaysia, UNWTO

Theme	Entry Point Projects (EPP)	
Affordable Luxury	EPP 1 EPP 2 EPP 3	Positioning Malaysia as a duty-free shopping destination for tourist goods Designating Kuala Lumpur City Centre-Bukit Bintang area as a vibrant shopping precinct Establishing three new premium outlets in Malaysia
Nature Adventure	EPP 4	Establishing Malaysia as a global biodiversity hub
Family Fun	EPP 5 EPP 6	Developing an eco-nature integrated resort in Sabah Creating a Straits Riviera
Events, Entertainment, Spa and Sports	EPP 7 EPP 8 EPP 9a EPP 9b	Targetting more international events Establishing dedicated entertainment zones Developing local expertise and better regulating the spa industry Expanding sports tourism offerings in Malaysia beyond hosting events
Business Tourism	EPP 10 EPP 11 EPP 12	Establishing Malaysia as a leading business tourism destination . Cross-theme projects: Medium-haul connectivity; better quality hotels Enhancing connectivity to priority medium-haul markets; and improving rates, mix and quality of hotels.

Business Opportunities

Food and Beverage Outlets

- The GNI is expected to increase by **RM3.6 billion** creating **9,600** job opportunities in 2020.
- Total capital expenditure required is estimated to be **RM1.4 billion**

Local Transportation

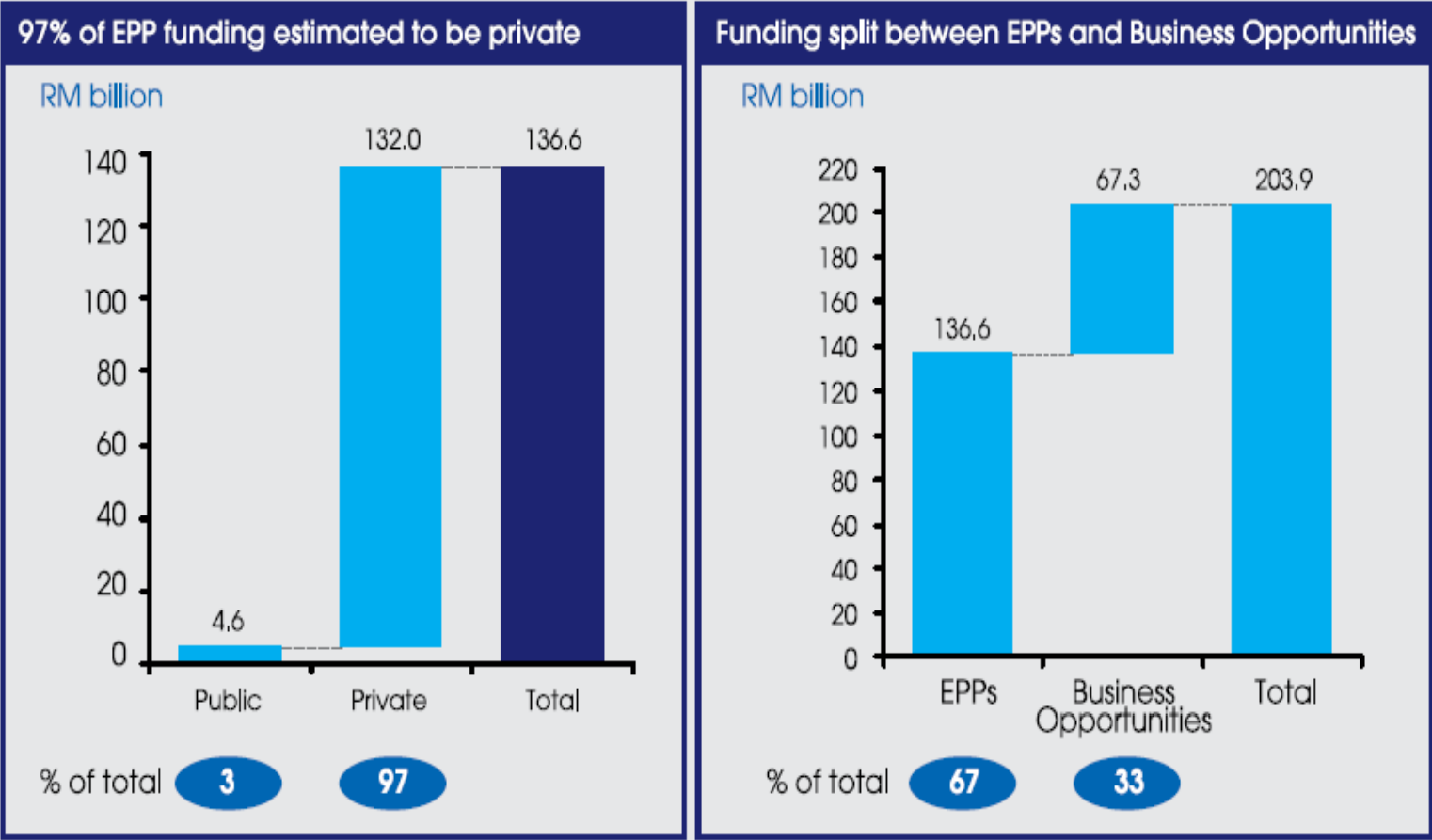
- Tourists spend about **10%** of total expenditure (about RM230 per visit) on local transportation.
- The GNI impact is expected to be **RM0.7 billion** with **45,000** jobs generated by 2020.
- Total capital expenditure required is estimated to be **RM1.2 billion**.

Tour Operator Segment

- The GNI is expected to increase by **RM0.9 billion** in 2020.
- Total capital expenditure required is estimated to be **RM1.1 billion** generating **7,450** additional jobs, including **2,300** additional tour guides.

Funding for the Tourism Sector in Malaysia

For the 12 EPPs, RM136.6 billion of funding is required, of which 3% will come from public sector



Source: Tourism Malaysia, UNWTO

Governance for the Tourism NKEA

Delivery Task Force

Chair: Prime Minister

Steering Committee

Chair: Lead Minister (MoTour)

Secretariat:
MoTour

Core Members

- NRE
- MOT
- MOHA
- MITI
- Mof FT
- SPAD
- KKLW
- KPKK
- KPKT

Other Members

- To be invited as necessary

Affordable Luxury

EPP1:

Positioning Malaysia as a duty-free shopping destination for tourist goods

EPP2:

Designating Kuala Lumpur City Centre-Bukit Bintang area as a vibrant shopping precinct

EPP3:

Establishing three new premium outlets in Malaysia

Nature Adventure

EPP4:

Establishing Malaysia as a global biodiversity hub

Family Fun

EPP5:

Developing an eco-nature integrated resort in Sabah

EPP6:

Creating a Straits Riviera

Events, Entertainment, and Spa & Sports

EPP7:

Targetting more international events

EPP8:

Establishing dedicated entertainment zones

EPP9:

Spa and Sports industry

Business Tourism

EPP10:

Establishing Malaysia as a leading business tourism destination

Cross-theme

EPP11:

Enhancing connectivity to medium-haul markets

EPP12:

Improving rates, mix and quality of hotels

Enablers

Enablers:

Marketing, Human Capital, Visa, Tourism Environment



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Conclusion

- The ETP – a “**whole-of-a government approach**” → the transformation of Malaysia towards a developed and high-income nation is now progressing smoothly
- With a **rigorous governance structure** to ensure accountability in implementation as well as the **commitment of the Government**, the implementation of the ETP will transform Malaysia towards achieving Vision 2020.