

Letter to editor

Sustainability of tourism industry in Malaysia

Mohamad Rozaimi Mokhtar, Mohd Faizun Mohamad Yazid, Mohd Farid Shamsudin
MBA, Universiti Kuala Lumpur, Business School
rozaimi.mokhtar@s.unikl.edu.my
mfaizun@unikl.edu.my
mfarid@unikl.edu.my

Introduction

Currently, the world is attacking by Coronavirus Covid-19. All over the world, get affected by transmission of the Covid-19, including Malaysia. Each industry in Malaysia is suffering since the Government of Malaysia implemented the Movement Control Order (MCO) to break the chain of Covid-19. The tourism industry is one of the largest industries in Malaysia, and it contributes a lot to the Malaysian economy. However, for now, this industry is in big trouble since many travel agencies have to bear a considerable cost due to the cancellation of trips and tours. The entire tourism center in Malaysia has to close along with the Movement Control Order (MCO). Therefore, aggressive actions must be taken by the Ministry of Tourism, Arts and Cultures, and tourism agencies to strengthen their market positioning during the challenging period (recession and post-Covid-19).

Tourism is travel for pleasure or business. Globally, tourism can be defined as people traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure and not less than 24 hours for business or other purposes. Tourism can be domestic, traveling within the traveler's own country or international, which is going outside the country. In Malaysia, the tourism industry is under the Ministry of Tourism, Arts, and Cultures (MoTAC). Previously, the Tourist Development Corporation of Malaysia (TDC) supervises Malaysia Tourism. An Act of Parliament established TDC on 10 August 1972 as an agency under the former Ministry of Trade and Industry. After the Ministry of Tourism, Art, and Culture (MoTAC) establishment on 20 May 1987, TDC was moved to this new ministry and became the Malaysia Tourism Promotion Board (MTPB) through Malaysia Tourism Promotion Board Act 1992. MTPB is officially known as Tourism Malaysia, and its full focus is on promoting Malaysia domestically and internationally.

Under the Ministry of Tourism, Arts and Culture Malaysia there a lot of agencies which contributing into the development of tourism industry in Malaysia such as Malaysia Tourism Promotion Board (MTPB), National Archives of Malaysia, National Library of Malaysia, Department of Museums Malaysia, Department of National Heritage of Malaysia, Department for Culture and Arts of Malaysia, Istana Budaya, Academy of Arts, Culture and Heritage (ASWARA), Malaysia Handicraft Development Corporation, National Visual Art Development Board, Islamic Tourism Centre, and Malaysia Convention and Exhibition Bureau. Tourism Malaysia has participated in many international events to promote Malaysia tourism to the outside country, such as Jeddah International Travel and Tourism Exhibition (JTTX) 2020, ASTINDO Travel Fair 2020, OTM (Outbound Travel Mart) Mumbai 2020 and others.

In Malaysia, tourism is one of the essential industries that contribute more to the Malaysian economy. Tourism is the third most significant contributor to Malaysia's Gross Domestic Product (GDP) after manufacturing and commodities. In the year 2018, tourism has contributed around 5.9 percent to the GDP. In 2019, Malaysia launched the Malaysian Tourism Promotion matching grant fund, which targeted Malaysia as a top tourist destination in the global market. The latest, Malaysia government, has launched the "Visit Truly Asia Malaysia 2020" campaign to reach the ambitious targets of 30 million visitors and 100 billion Malaysian Ringgit in tourism receipts for 2020.

However, by the end of 2019, the world is shocked by the Coronavirus (Covid-19) outbreak initially infected by people in Wuhan, China. Covid-19 is a dangerous disease that can cause death, and it can spread through contact. The transmission of the Covid-19 outbreak is high-speed, and it has spread all over the world, including Malaysia. The first case has detected in Malaysia is in February 2020. Currently, 8,369 Malaysian people have been infected with Covid-19, and 118 of them have died. As of 11 June 2020, 7,532,277 cases have been detected worldwide, and 421,065 cases have been killed. Covid-19 becomes a critical issue and need to face all of the 215 countries in the world.

Covid-19 has affected the Malaysian economy since the Government has implemented the Movement Control Order (MCO) to break the chain of Covid-19 in Malaysia. All of the industries in Malaysia have to stop their operation along with the MCO except for the essential services such as water, electric, energy, telecommunication, port, transportation, irrigation, oil, gas, fuel, lubricant, broadcasting, financial, banking, health, pharmacy, firefighter, prison, port, airport, security, defense, cleaning, retail, and food supply. The Covid-19 crisis has hardly

hit the tourism industry in Malaysia. All of the tourism centers, such as museums, libraries, mosques, temples, and others, have to close from any guests or visitors along the MCO to break the chain of Covid-19. Hotels and airlines sector also have suffered since they cannot operate their businesses. Most hotels and airlines struggle to survive, and some of them need to minimize their staff to reduce the expenses. Some of the companies have to cut their staff's salaries, and the worst thing is some private employees have to be laid off to reduce the company's expenses. It reported that AirAsia has expected to be laid off their staff, including 111 cabin crew members out of 1,900 existing ones, 172 pilots, and 50 engineers to downsize the operations. (Riad Asmat, CEO AirAsia Berhad, 2020)

No matter what happens, each of the organizations has to deal with the Covid-19 crisis carefully. Every organization wants to sustain itself in the industry, including the agencies involved in the tourism industry. Therefore, each of the agencies must play an important role in developing and support the tourism industry during the challenging period of Covid-19. The Ministry of Tourism, Arts can implement a few strategies, and Cultures (MoTAC) and other tourism agencies to develop the tourism industry towards emphasizing knowledge-intensive niche areas, creating high-income jobs, and transforming the industry from high volume to high yield. A few strategies such as enhancing tourism products, upgrading service quality, strategizing marketing and promotion, improving governance, and intensifying domestic tourism can be pursued to sustain the Malaysian tourism industry.

Enhancing Tourism Products

Tourism agencies should focus on ecotourism as the premier segment of the tourism industry by leveraging biodiversity assets through extensive branding and promotion. Ecotourism is one of the main attractions in Malaysia. Tourists can see the beauty of nature in Malaysia. Forest, rivers, beaches, and islands in Malaysia are very magnificent and beautiful, comparable with other countries like Indonesia and the Philippine. At the same time, heritage sites and cultural products should be advantages to enhance the tourist experience. Many historical places in Malaysia have been declared as World Heritage, and they may become one of the tourist's attractions to visit Malaysia.

On the other hand, meetings, incentives, conventions, and exhibitions (MICE) should continue to play a pivotal role in attracting high spending tourists. Apart from that, promotional campaigns must be intensified to promote Malaysia as a top-of-the-mind shopping destination in the Asia Pacific. More events and promotional activities such as fashion and cultural shows should be held in key shopping areas. After the termination of the Movement Control Order (MCO), there is a high probability that most people will escape from their home to travel and find something exciting to release their tension. Therefore, extensive branding and promotion must be made by tourism agencies to attract people's attention.

Upgrading Service Quality

In meeting the demand from high yield market segments, the quality of human capital must be strengthened through training. Efforts must be enhanced to review and improve training modules, increase the level of professionalism, and meet the industry demand. During the Movement Control Order (MCO) is the right time for tourism agencies to ask their staff to attend online customer service training since they have a lot of free time. Exercise is critical to improving skills, especially customer service skills. Tourism staff must have the professionalism to greet their guests or tourists to increase customer satisfaction. Due to MCO, most of the hotel guests might ask to cancel their booking. In this case, hotel management must take the initiative to tackle their guests by allowing them to change their booking dates or give them hotel vouchers.

On the other hand, each tourism center, especially theme park, museums, and others, needs to minimize the people's contact by implementing digitalize systems such as e-wallet, e booking, and others. The theme park management such as Legoland, Sunway, I-City, and others also need to upgrade their service quality by implementing a fully digitalize system by only using smartphones and introduce flexible booking policies. These strategies are essential to adapt to the current crisis, which is Covid-19.

Re-strategizing Marketing and Promotion

There will be a shift from marketing and promotion based on geographical segmentation. Tourism researchers must analyze the customer's needs based on geographical segmentation. Different segmentation needs different marketing strategies to attract a tourist's attention. For example, Gen-Y is more focused on joyful places that offer a lot of activities such as theme parks, forests, rivers, and others. At the same time, Gen-X is more focused on restful and peaceful destinations such as islands or rural areas. Therefore, marketing and promotion strategies need to fit with the market segmentation.

Re-strategizing targeted marketing and promotion based on niche markets. Each attraction center must know their target market by doing research analysis. Determination of target market and development based on niche markets are importing to ensure the effectiveness of marketing strategy. Besides, the focus must be on ecotourism, shopping, and MICE segments to capture high spending tourists. Senior spending tourists play an essential role in contributing to the Malaysian economy.

During the Covid-19 crisis, tourism agencies should focus more on online events and offerings. Social media is the best platform for advertising attractive destinations and offering an excellent promotion to attract tourists' attention. During this MCO, people spend a lot of time with their gadgets since most of them are encouraged to work from home (WFH). Tourist agencies need to take this chance by offering a good promotion and helping tourists make early bookings for rooms or tickets. For example, AirAsia has provided unlimited pass with only RM399 for AirAsia prominent members to encourage passengers to travel with AirAsia and indirectly support the tourism industry.

Improving Governance

Governance machinery should be strengthened to achieve efficiency and effectiveness in sustainable tourism development and enable optimal resource utilization. Changing business and policy environments and effective governance practices must reflect the evolving roles and competencies of government tourism organizations. Events in the macro policy environment favor a more collaborative approach, encouraging policy development in conjunction with the tourism industry and an emphasis on regional or local level decision-making. Developing a multi-actor system that includes public-private partnerships and greater horizontal and vertical coordination of relevant government bodies requires considering the accepted elements of good governance, both at the central and sub-national levels.

Governance can also be enhanced through the enhancement of institutional and human capacity building, ensuring institutions have well-defined objectives and clear mandates, and effective leadership and political support. Mechanisms for improving coordination between central and sub-national governments include developing tourism strategies, the use of contracts, and the formation of joint committees.

Strengthening Domestic Tourism

The development of domestic tourism should remain as a top priority and be actively promoted. Promotion and campaigns must be aligned to holiday periods to drive domestic tourism. During the Recovery Movement Control Order (RMCO), people are allowed to travel all over the country except for the Enhanced Movement Control Order (EMCO) areas. After the announcement from the Malaysian Prime Minister, Tan Sri Muhyiddin Yasin, regarding the termination of Restricted Movement Order (RMO) and replace with RMCO, most people have decided to travel across the state and traffic is getting crowded from urban area to rural area.

Now is the right time for tourism agencies to promote domestic tourism to the Malaysian. Some Malaysians are not familiar with internal attraction, and most of them prefer to travel outside the country. Therefore, local tourism agencies must take this opportunity to attract people's attention by advertising attractive destinations and offer good promotion in social media. Domestic tourism must be intensified to support the Malaysian economy. Local tourists are encouraged to travel and promote domestic tourism to help the country recover.

Conclusion

The covid-19 crisis is very challenging for the tourism industry. Many travel agencies, hotels, airlines, and other sectors have suffered during the transmission of Covid-19. Some of the private employees have to be laid off to downsize the business. The unemployment rate has increased from 3.1% year to 3.4% in March 2020. The Government has come out with many incentives to help suffering industries such as subsidy and tax deduction. An appreciation should be given to the Ministry of Health and front liners because they manage to break the chain of Covid-19 and reduce the number of active cases from day today. Currently, Malaysia is at recovery phase and people should practice new norms to adapt to a new environment. Briefly, tourism market players must take strategic actions to sustain and strengthen the business. Malaysia's economy needs support from the tourism industry to recover. Malaysia hopes the tourism industry will improve, and the unemployment rate will decrease.