



SUBSECTOR PRODUCTIVITY REPORT

TOURISM



Subsector Productivity Report Tourism

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For further information, please contact:

DIRECTOR GENERAL

Malaysia Productivity Corporation
P.O. Box 64, Jalan Sultan
46904 Petaling Jaya
Selangor Darul Ehsan
MALAYSIA

☎ : 603 - 7955 7266

☎ : 603 - 7957 8068

✉ : info@mpc.gov.my

📘 : www.facebook.com/MPCProductivity

📷 : www.instagram.com/MPCProductivity

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Table of Contents

Executive Summary

Message from the Director General, Malaysia Productivity Corporation

Statement from the Champion, Tourism Productivity Nexus

PART I TOURISM EMERGES STRONGER, DOMESTICALLY AND GLOBALLY

The global tourism industry is strengthening its recovery momentum	10
Malaysia's tourism industry is recovering	11
The tourism industry's productivity strongly rebounded in 2022	20
Tourism covers a vast spectrum of economic activities	22

PART II TOWARDS BUILDING A GREAT TOURISM NATION

Challenges in rebuilding Malaysia's tourism in the new era	26
Tourism Productivity Nexus (TPN) – addressing challenges to increase productivity	32
TPN's high-impact programmes boosted enterprise and sectoral-level productivity	36
Ongoing initiatives, 2023 and beyond, in building a great tourism nation	53
Recommendations and the way forward	64



“ The Malaysian identity must be at the heart of tourism products and services. Continuous improvement and striving for innovation should be the foundation for elevating Malaysia’s tourism towards a high yield and high value-added industry ”

Executive Summary

Tourism Productivity Nexus (TPN) was established in 2017 under the mandate of Malaysia Productivity Blueprint (MPB) and the supervision of the Delivery Management Office (DMO), Malaysia Productivity Corporation (MPC). Under the Twelfth Malaysia Plan (12MP), the role of TPN has been strengthened to impact robust productivity growth, especially at the sectoral and enterprise level.

TPN's productivity improvement programmes address challenges in talent development, industry structure, business environment, and technology and innovation. Within the tourism industry in Malaysia, several issues are identified as challenges, namely the declining trend in tourism receipts, deterioration of the Malaysian identity in tourism products and services, slow adoption of technology and digitalisation, lack of inclusivity and standardisation, obsolete and non-conducive tourism-related policies and regulations, lagging efforts towards sustainable and responsible tourism, inadequate competent talent for the current and future tourism workforce, and lack of innovation and updates of tourism products and services.

TPN has been organising various productivity improvement programmes to mitigate these issues and challenges since its establishment in 2017. More than 50 programmes were organised between 2017 and 2022, benefitting more than 50,000 companies and individuals in Malaysia's tourism industry. In the post-pandemic era, TPN has been conducting initiatives in technology and innovation, quality tourism products and services, talent development and workforce, high-yield and niche tourism, and sustainable tourism. TPN's focus in these areas continues in 2023 and beyond.

Moving forward, Malaysia's tourism industry must align with the essences of smart tourism and Industry 4.0 technologies and advancement, the environmental, social and governance (ESG) principles, United Nations' Sustainable Development Goals (SDGs), best practices in marketing and promotion, and global tourism megatrends. The Malaysian identity must be at the heart of tourism products and services. Continuous improvement and striving for innovation should be the foundation for elevating Malaysia's tourism towards a high-yield and high-value-added industry.

In realising the rejuvenation and jolting of Malaysia's tourism industry to a greater height, related government policies and blueprints, such as the 12MP, National Tourism Plan (NTP) 2020-2030, and MPB serve as the foundation for robust industry growth. Realising the initiatives to rebuild and revitalise Malaysia's tourism industry necessitate the Whole-of-Nation approach. Robust collaboration between the public and private sectors is imperative to ensure the effectiveness of productivity improvement programmes towards a stronger, more resilient, and sustainable tourism industry.

Message from the Director General, Malaysia Productivity Corporation

“ The Subsector Productivity Report 2022 presents a roadmap for attaining sustainable productivity gains, fostering innovation, enhancing the overall competitiveness of our industries, and propelling Malaysia towards sustainable economic growth ”



Malaysia Productivity Corporation (MPC) plays a pivotal role in bolstering Malaysia's economic growth by driving productivity advancements across all sectors, as outlined in the Twelfth Malaysia Plan (12MP). Malaysia's economy demonstrated promising performance, with a remarkable 8.7 percent GDP growth in 2022, surpassing the 3.1 percent achieved in 2021. This growth can be attributed to the recovery of private spending and investment, a decline in unemployment rates, and the strengthening of the ringgit.

The year 2022 presented both opportunities and challenges for Malaysia's economic landscape. Our nation navigated through a dynamic global environment characterised by technological advancements, shifting market dynamics, and the ongoing recovery from the pandemic's impact. Amidst these circumstances, productivity emerged as a critical driver of economic growth and competitiveness, serving as a key pillar for Malaysia's sustainable development.

MPC strategically leverages the sectoral Productivity Nexus to drive significant productivity growth in the services, manufacturing, and agriculture sectors. These efforts are carried out in alignment with the Malaysia Productivity Blueprint (MPB), which outlines

impactful initiatives since 2017, and key policies such as the New Industrial Masterplan 2030 and the 12MP Mid-Term Review. By maximising collaborative efforts across various platforms, MPC actively supports and facilitates the industry-driven initiatives of the Productivity Nexus.

We take pride in highlighting the remarkable achievements of our subsectors in enhancing productivity. Through innovative practices, strategic investments, and a collaborative approach, our industries have embraced initiatives for productivity improvement, charting for an optimistic goal for a labour productivity growth of 3.8% per annum for the remaining 12MP period.

The Subsector Productivity Report 2022 presents a roadmap for attaining sustainable productivity gains, fostering innovation, enhancing the overall competitiveness of our industries, and propelling Malaysia towards sustainable economic growth. We believe that this publication will inspire fruitful collaborations, catalyse meaningful change, and contribute to our nation's shared prosperity.

Encik Zahid Ismail
Director General
Malaysia Productivity Corporation (MPC)

Statement from the Champion, Tourism Productivity Nexus

“ The holistic Sayangi Malaysia is an industry-driven tourism initiative, covering the comprehensive aspects of promoting Malaysia as a preferred tourist destination ”



The tourism industry's productivity performance surged tremendously in 2022, registering 133.6 per cent growth with RM67,832 per employee. The rebound came after the industry registered negative productivity growth in 2020 and 2021 due to the pandemic. 2022 marked the beginning of the industry's recovery.

The industry welcomes the recovery, but there are several challenges after more than two years of being dormant. Ensuring and updating product and service readiness and promotion, a shortage of workers, lack of financial capability, and issues in renewals of relevant business licenses are among the challenges hindering industry players from providing quality delivery and resuming tourism businesses smoothly. The industry's landscape has shifted, and TPN is committed to facilitating the industry players to fit into Malaysia's tourism in the new era.

Malaysia ranked 63 of 64 economies in the WCR 2023 Tourism Receipts indicator, declining tremendously from the 35th spot in WCR 2022. Malaysia's rankings in tourism receipts were constantly in the top ten between 2004 and 2016 but declined from 2017, implying that Malaysia's competitiveness in international tourism was deteriorating even before the pandemic. Malaysia's best performance was in WCR 2009 when the country ranked in the 4th spot. Rigorous efforts must be in place to return to this position.

Tourism catalyses Malaysia's economy, offering a wide range of opportunities for growth, development, and income generation. The country has what it takes to be a great tourism nation.

TPN acknowledges this strength, and designs and implements the Sayangi Malaysia: Building a Great Tourism Nation campaign to bring Malaysia's tourism to its glory and position it as a much-preferred destination for sustainable tourism.

The campaign supports Malaysia MADANI's six pillars of Sustainability, Prosperity, Innovation, Respect, Trust, and Compassion. It supports the global agenda of Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG). The holistic Sayangi Malaysia is an industry-driven tourism initiative, covering the comprehensive aspects of promoting Malaysia as a preferred tourist destination.

This report deliberates on TPN's journey since 2017, and more importantly, it details TPN's initiatives in enhancing the industry's productivity towards building a great tourism nation as the industry emerges stronger from the impact of the pandemic.

Rohizam Md Yusoff
Champion
Tourism Productivity Nexus



PART I

TOURISM EMERGES STRONGER, DOMESTICALLY AND GLOBALLY



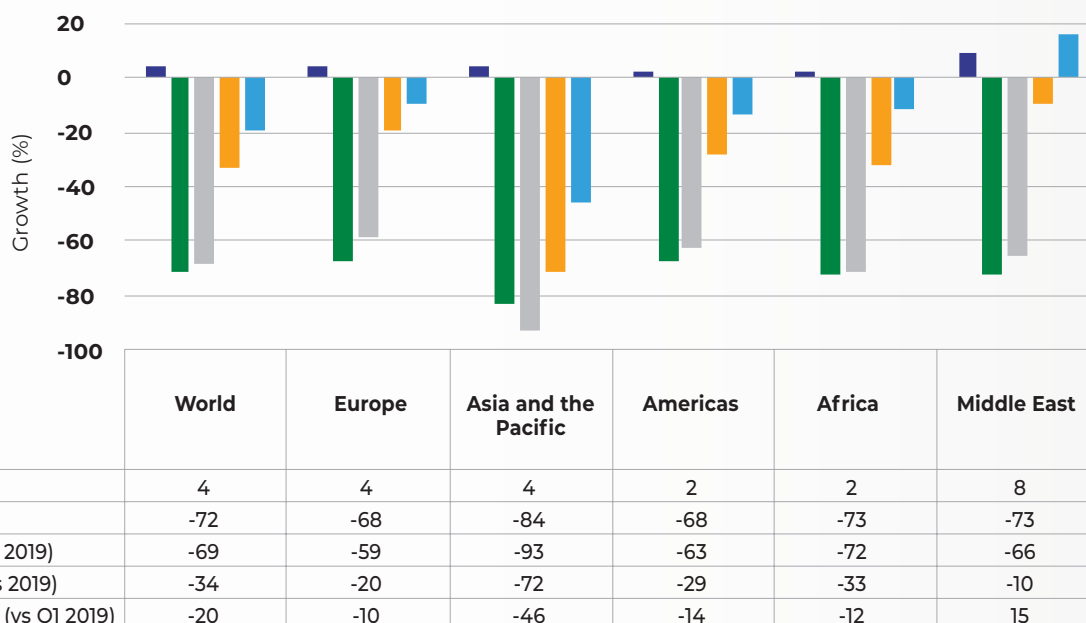
THE GLOBAL TOURISM INDUSTRY IS STRENGTHENING ITS RECOVERY MOMENTUM

In 2022, the global tourism industry recovered a staggering 66 per cent of the pre-pandemic numbers, with 960 million international tourists venturing abroad.

2023 promises a better outlook for the global tourism industry. According to the United Nations World Tourism Organisation (UNWTO)'s World Tourism Barometer, international tourism was recording a promising recovery trajectory as countries proceed into 2023. In the first quarter of 2023 (Q1 2023), international arrivals reached a notable 80 per cent of what was recorded before the pandemic. Approximately 235 million tourists explored international destinations between January – March 2023, over twice the number in the 2022 corresponding period.

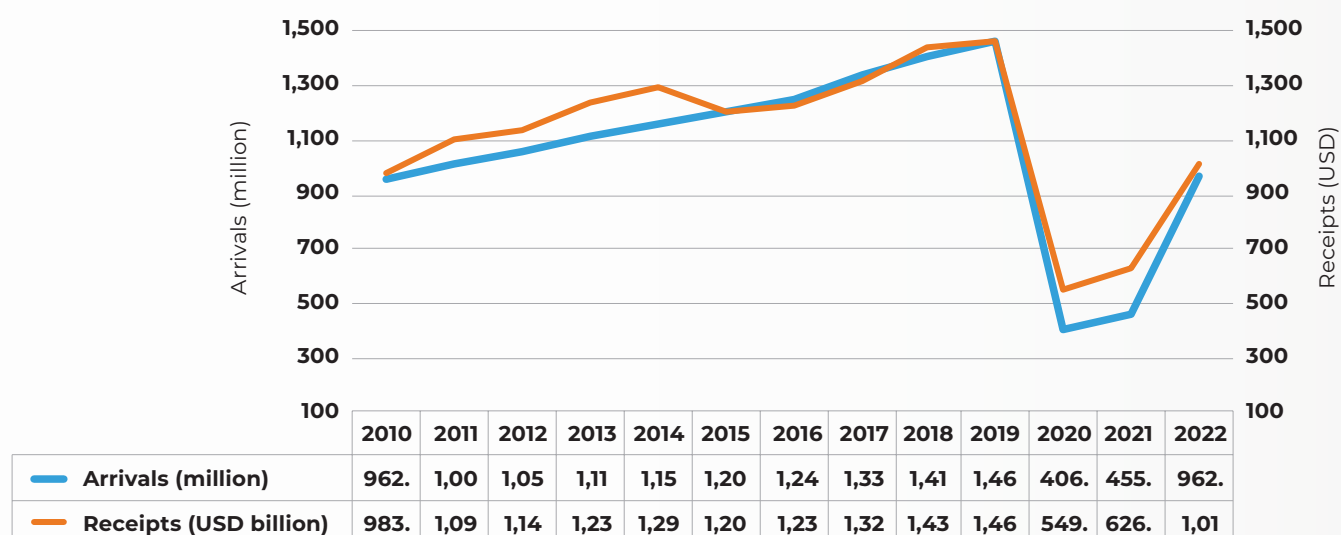
The projection looks optimistic for all regions to return to the pre-pandemic performance in 2023, with the Middle East recovering strongly in Q1 2023. The region surpassed its 2019 tourist count by 15 per cent and became the first to regain its pre-pandemic vibrancy fully. In the same duration, the European region registered a substantial 90 per cent of the pre-pandemic tourist count, attributed to a heightened demand within the region. Africa and the Americas accounted for over 85 per cent of the pre-pandemic levels. Asia-Pacific is catching up. Though currently at 54 per cent of the pre-pandemic figures, the region's recovery is expected to gain a commendable momentum, especially with tourism powerhouses like China reopening to international travellers.

Figure 1 : International Tourist Arrivals, World and Regions, 2019 - Q1 2023



Source: United Nations World Tourism Organisation (UNWTO)

Figure 2 : Global Tourist Arrivals and Receipts, 2010 - 2022



Source: United Nations World Tourism Organisation (UNWTO)

2022 was an important year for international tourism from a financial standpoint. International tourism skyrocketed to reach the USD 1 trillion mark, marking a 50 per cent upsurge compared to 2021. A significant rebound in international travel contributed to the leap, reaching 64 per cent of pre-pandemic levels.

The resilience of the tourism economy is evident based on the 2022 rebound, but the industry is still not immune to challenges. The multifaceted challenges

from geopolitical instability, workforce shortage, and economic issues are testing the industry's sustainable and resilient recovery and growth.

According to UNWTO, the challenging economic climate continues to be the main factor affecting international tourism recovery in 2023, with rising oil prices and high inflation translating into higher accommodation and transport costs. Tourism's resurgence needs to align with global responsibilities, especially climate concerns and inclusive growth.

MALAYSIA'S TOURISM INDUSTRY IS RECOVERING

2022 marked the beginning of Malaysia's tourism recovery when the country fully opened its border to international travellers in April 2022. Domestic tourism, interstate and overseas travel started earlier, towards the end of 2021.

Tourist arrivals in Malaysia jumped to 10 million in 2022 after recording the lowest arrivals in a decade at 130,000 in 2021. The 2022 surge in tourist arrivals

to Malaysia was still far from the pre-pandemic levels at 26.1 million arrivals. Malaysia recovered less than 50 per cent of its pre-pandemic tourist count in 2022.

The increase in tourist arrivals to Malaysia in 2022 was reflected in its receipts, amounting to USD6.3 billion, denoting a vast disparity with the pre-pandemic tourist receipts at USD19.8 billion in 2019.

The improvement in tourist arrivals and receipts to Malaysia in 2022 indicates an optimistic trajectory for tourism recovery in the country. Economists, tourism industry experts, and authorities projected that Malaysia's tourism would return to its pre-pandemic performance and growth in 2024 or 2025. 2023 is predicted to welcome more tourists, with more tourism activities, aligning with the UNWTO's projection.

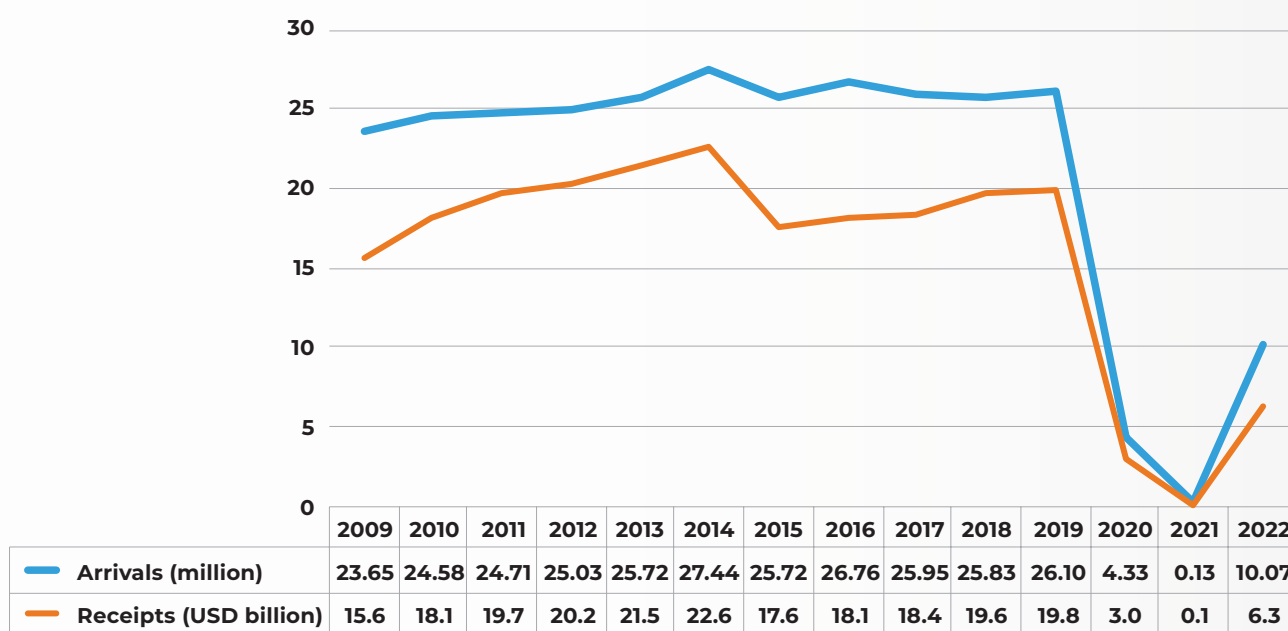
Malaysia's tourism performance in 2021 impacted the country's ranking in the tourism receipts indicator in the World Competitiveness Ranking (WCR) 2023 by the Institute for Management Development (IMD). While Malaysia's overall global competitiveness ranking improves by five spots in WCR 2023 to 27th position, several indicators have vast room for improvement.

Malaysia ranks 63 of 64 economies in the WCR 2023 tourism receipts indicator, declining tremendously from the 35th spot in WCR 2022 and 15th place in WCR 2021. Between 2004 and 2021, Malaysia's rankings for the indicator recorded commendable

performance, maintaining the position among the 15 most competitive economies in tourism receipts. Malaysia's rankings in tourism receipts were constantly in the top ten between 2004 and 2016 but declined from 2017, implying that Malaysia's competitiveness in international tourism was deteriorating even before the pandemic. Malaysia's best performance was in WCR 2009, when the country ranked in the 4th spot.

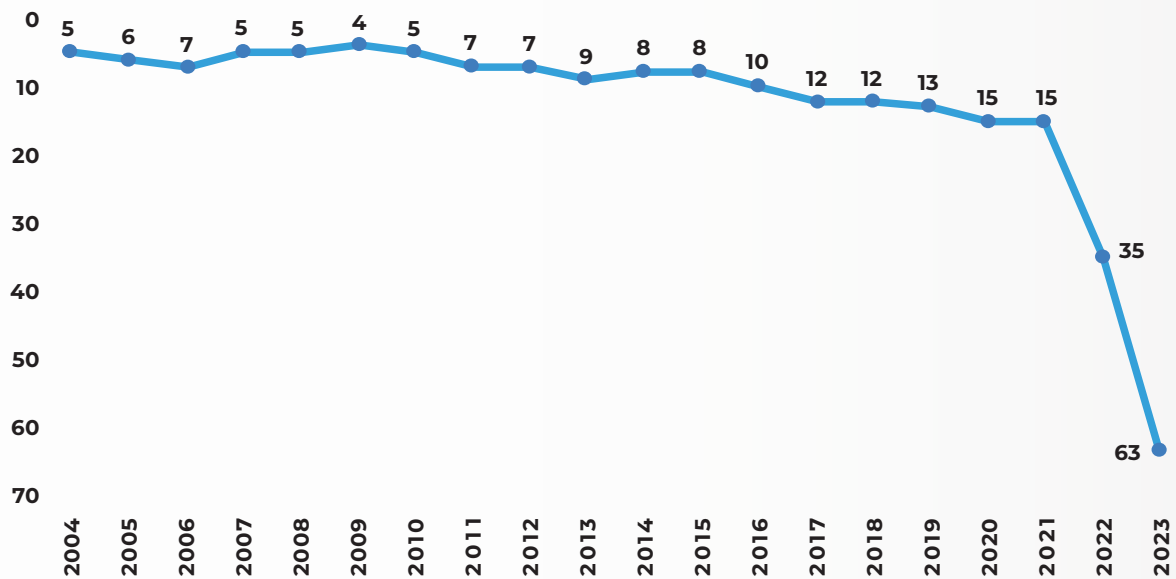
The Malaysian tourism ecosystem is relatively similar to other emerging markets worldwide. The ecosystem has expanded through various national initiatives, pressured by competing regional and global markets. Correspondingly, related supporting industries have aligned well in providing the basic infrastructure requirements. Facilities like the internet, public relations and media, banking services, and various advancements are upgraded to match visitors' needs and expectations. The ecosystem involves linking and connecting different touchpoints or segments within the tourism industry. Each touchpoint is complementary with one another and adds value to the entire value chain.

Figure 3 : Tourist Arrivals and Receipts in Malaysia, 2009 - 2022



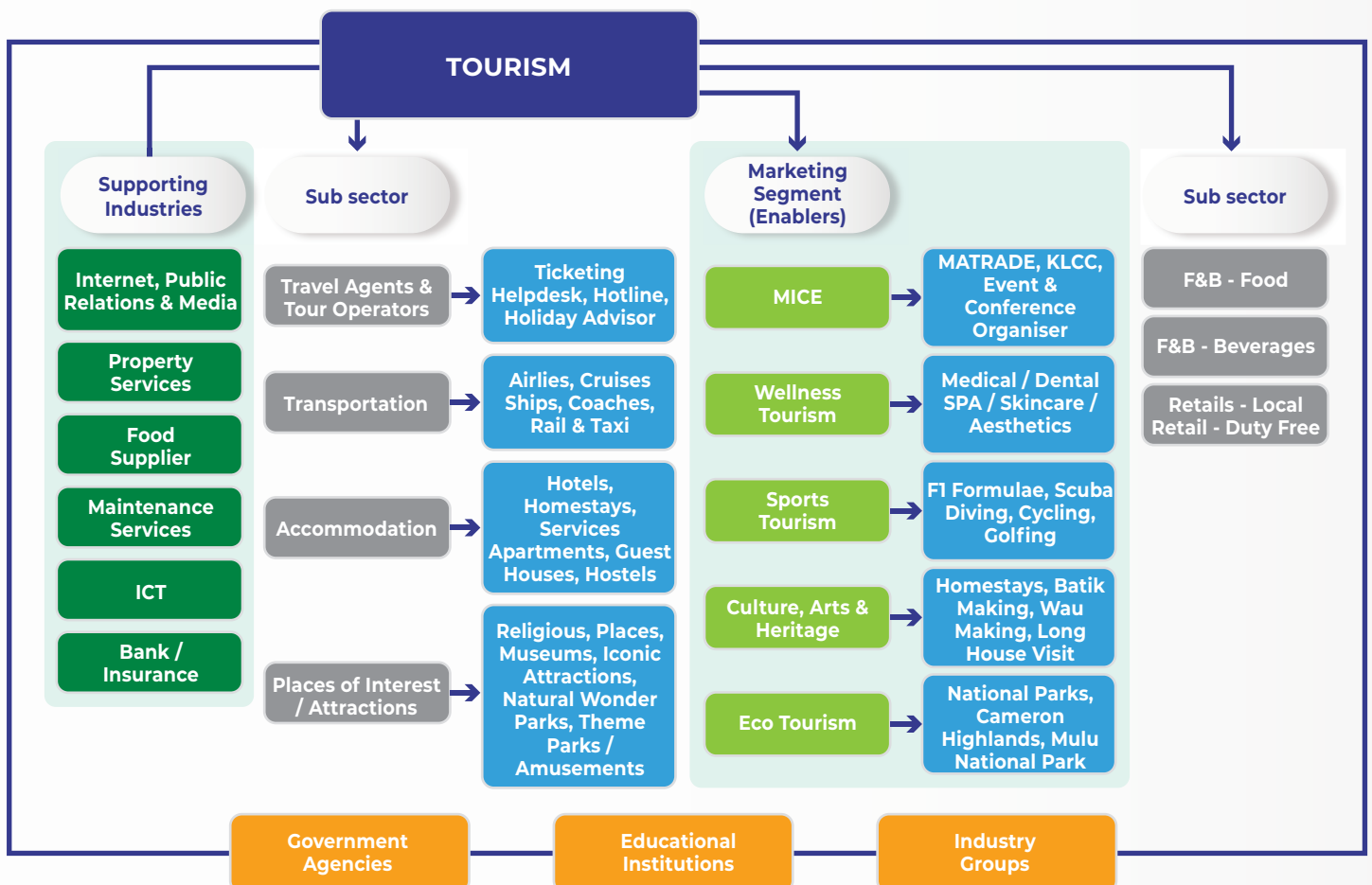
Source: United Nations World Tourism Organisation (UNWTO)

Figure 4 : Malaysia's Ranking in WCR Tourism Receipts Indicator, 2004 – 2023



Source: World Competitiveness Ranking (WCR) by the Institute for Management Development (IMD)

Figure 5 : The tourism value chain in Malaysia



Source: Tourism Productivity Nexus

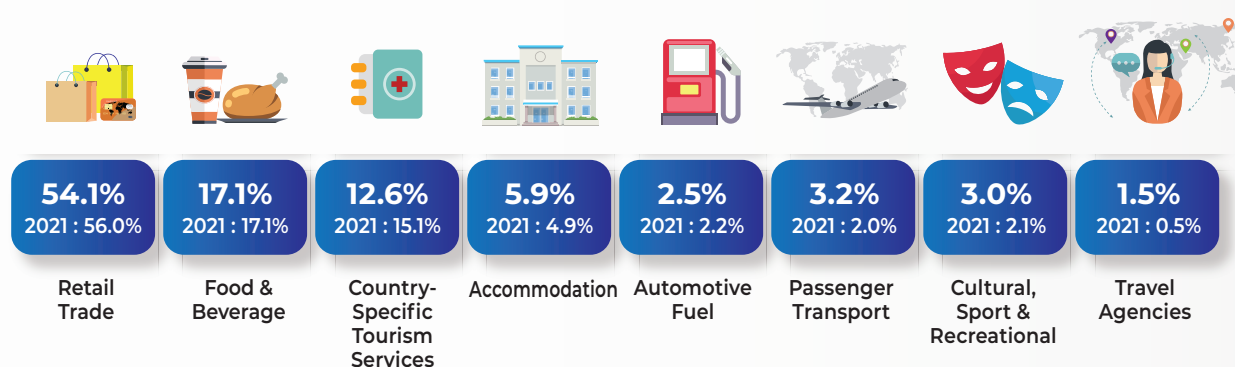
An industry value chain is a set of activities an establishment undertakes to add and create value for its customers. It is a process that entails different activities providing cost and differentiation advantages to an establishment. How the activities within a value chain perform and connect determines the costs of the product and services and, eventually, the establishment's profit. Understanding how an establishment creates value is critical in developing a competitive strategy. The value chain presents the profile of an industry.

In profiling Malaysia's tourism subsector, the Department of Statistics, Malaysia (DOSM) has identified eight industry activities to account for Gross Value Added of Tourism Activities (GVATI):

- 1 **Retail trade**
- 2 **Food and beverage**
- 3 **Country-specific tourism services**
- 4 **Accommodation**
- 5 **Automotive fuel**
- 6 **Passenger transport**
- 7 **Cultural, sports, and recreation**
- 8 **Travel agencies**

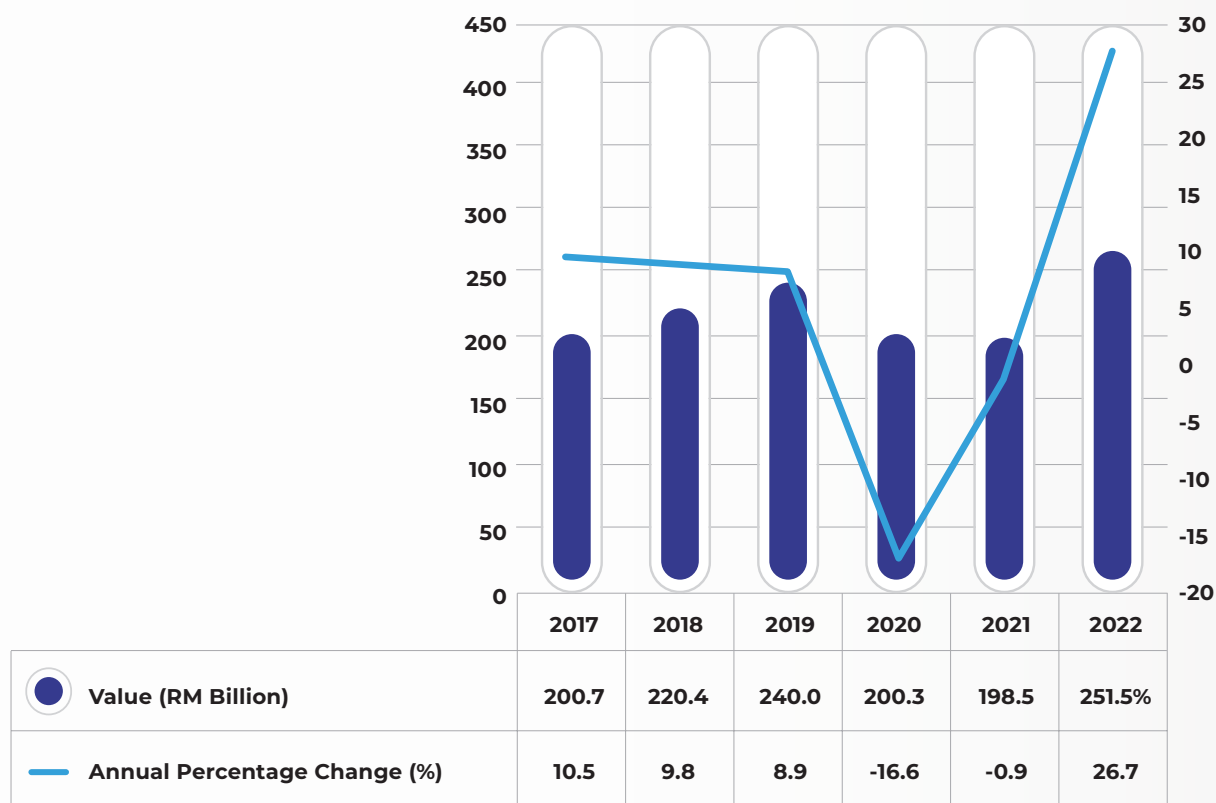
The tourism industry continues to be heavily influenced by the retail trade industry. In 2022, the retail trade industry commanded a substantial share of 54.1 per cent, exerting significant influence on the sector's overall performance. Food and beverage held a substantial share of 17.1 per cent, underlining their significant impact on the tourism sector. Country-specific tourism services also made a noteworthy impact, contributing 12.6 per cent and reinforcing their significance in shaping the industry's overall landscape.

**Figure 6 : Gross Value Added of Tourism Activities (GVATI) :
Percentage share of tourism industry, 2022 in Comparison with 2021**



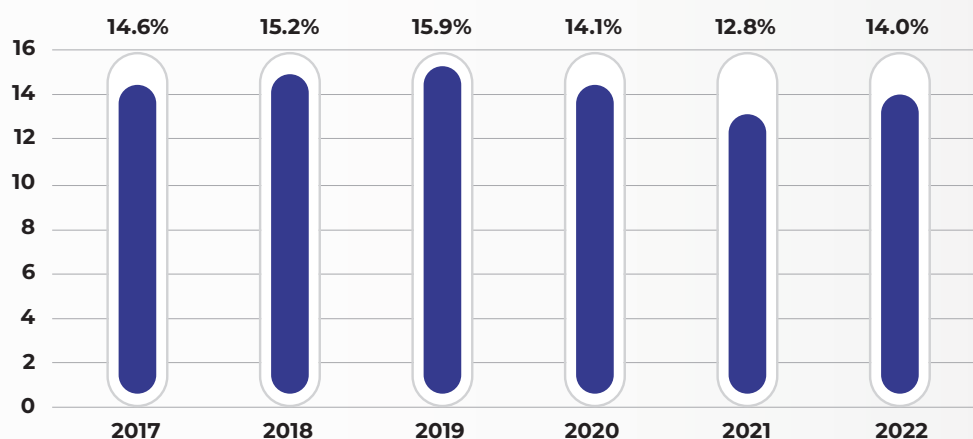
Source : Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)

**Figure 7 : Gross Value Added of Tourism Industries (GVATI) :
Value and Annual Percentage Change, 2017 – 2022**



Source : Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)

**Figure 8 : Gross Value Added of Tourism Industries (GVATI) :
Percentage Share to Gross Domestic Product (GDP), 2017 – 2022**



Source: Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)

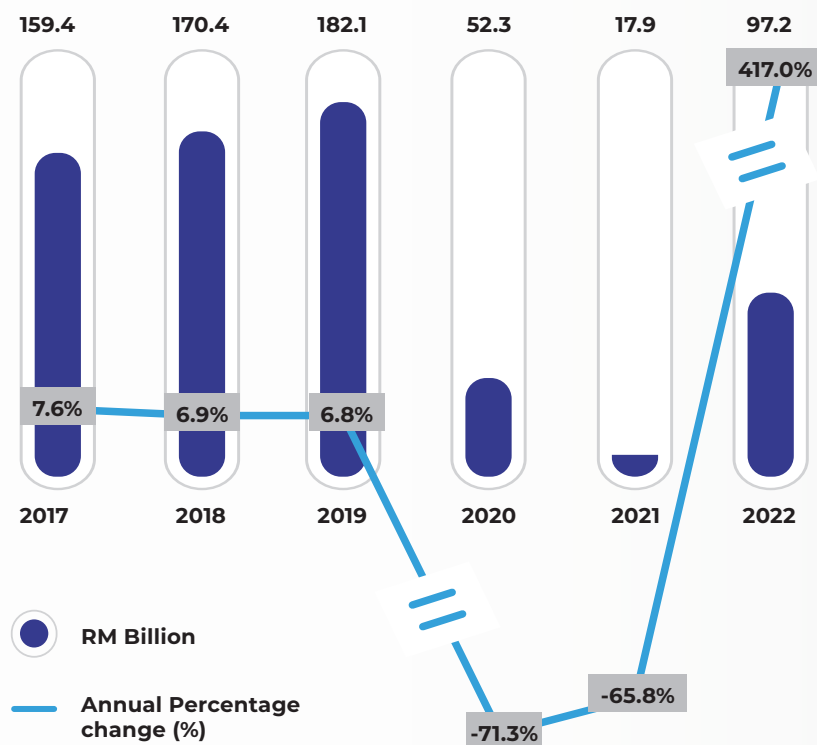
Internal Tourism Consumption consists of inbound tourism expenditure and domestic tourism expenditure. Inbound tourism comprises activities of non-resident visitors within Malaysia on inbound trips, and domestic tourism refers to activities of resident visitors within Malaysia either as part of domestic trips or part of outbound trips. Thus, internal tourism consists of domestic and inbound tourism, referring to activities of residents and non-resident visitors within Malaysia as part of domestic or international trips.

Internal tourism consumption declined substantially from RM182.1 billion in 2019 to RM52.3 billion in 2020. The number further declined to RM17.9 billion in 2021. Restrictions of movements and COVID-19 standard operating procedures to control the virus outbreak caused a continuous decrease. In 2021, domestic tourism expenditure outweighed inbound tourism expenditure as Malaysia's Government eased domestic and interstate travel.

The COVID-19 pandemic changed the landscape of tourism expenditure in Malaysia. Before the pandemic, domestic and inbound tourism expenditures were almost at par. In 2019, the percentage of inbound tourism expenditure was 49.1 per cent of the total internal tourism expenditure, approximating domestic tourism expenditure at 50.9 per cent. As domestic tourism activities resumed after the reopening of state borders and the relaxation of some of COVID-19 protocols and the international border was still closed, domestic tourism expenditure dominated the tourism expenditure at 97.4 per cent in 2021.

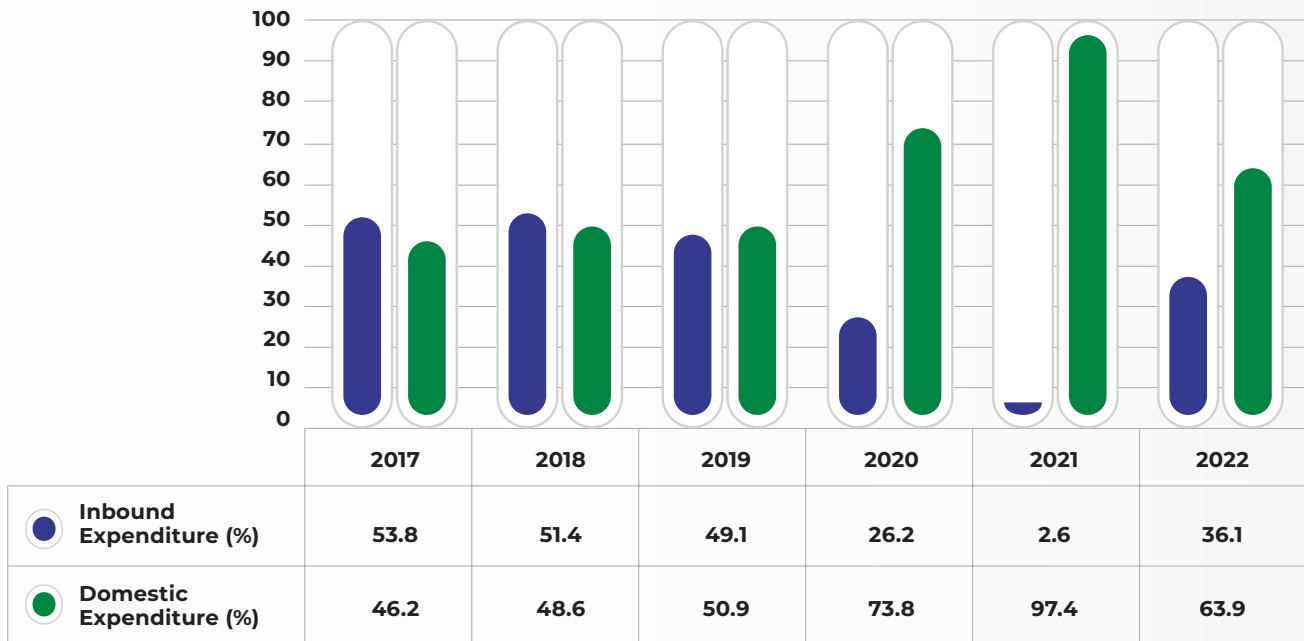
With more international tourist arrivals to Malaysia in 2022, the internal tourism consumption recorded a significant increase at 417 per cent with the value of RM92.7 billion.

Figure 9 : Internal Tourism Consumption : Value and Annual Percentage Change, 2017 – 2022



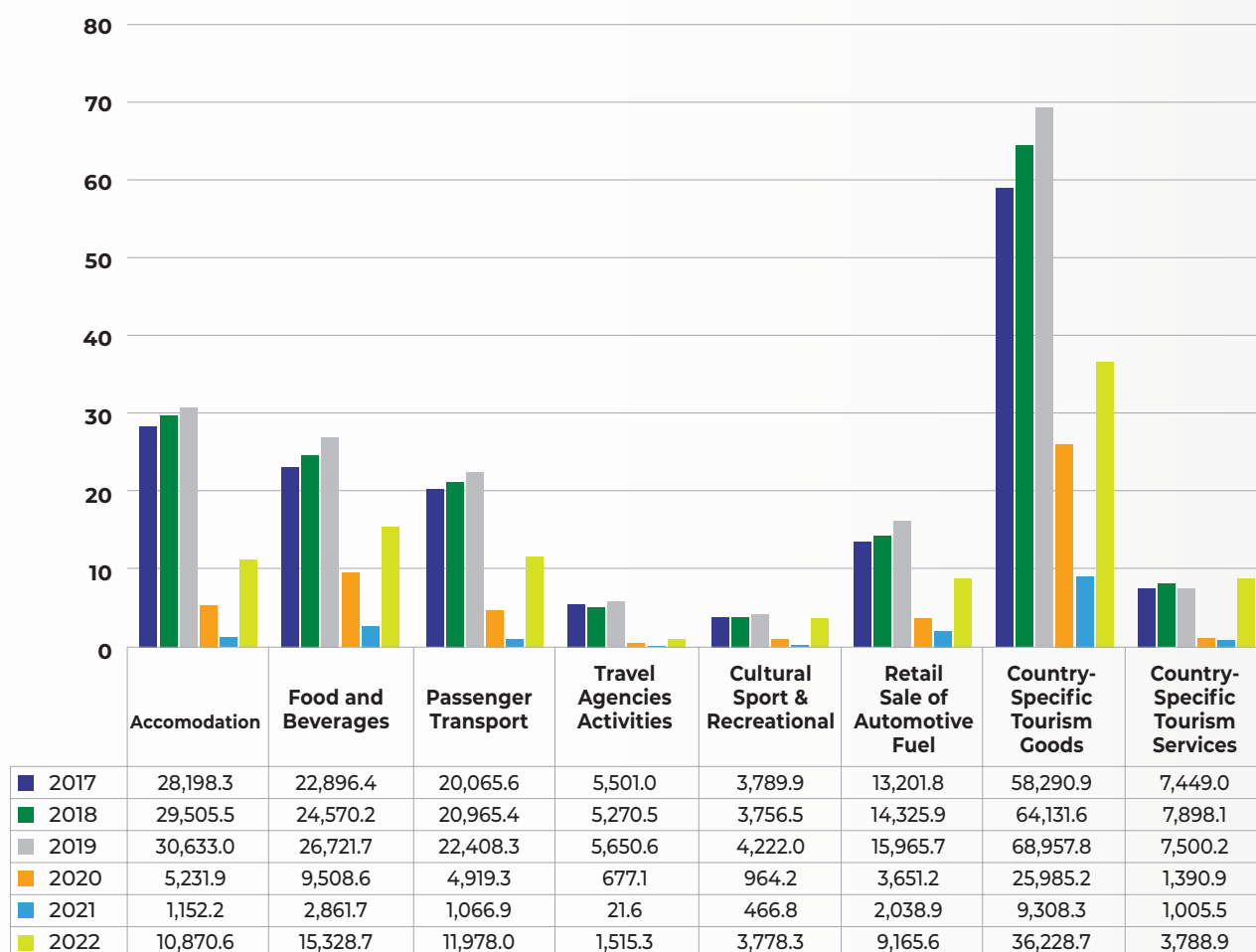
Source : Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)

Figure 10 : Percentage share of inbound tourism expenditure and domestic tourism expenditure to internal tourism consumption, 2017 – 2022



Source: Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)



Figure 11 : Internal Tourism Consumption of Visitors by Products (RM Million), 2017 – 2022

Source : Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)

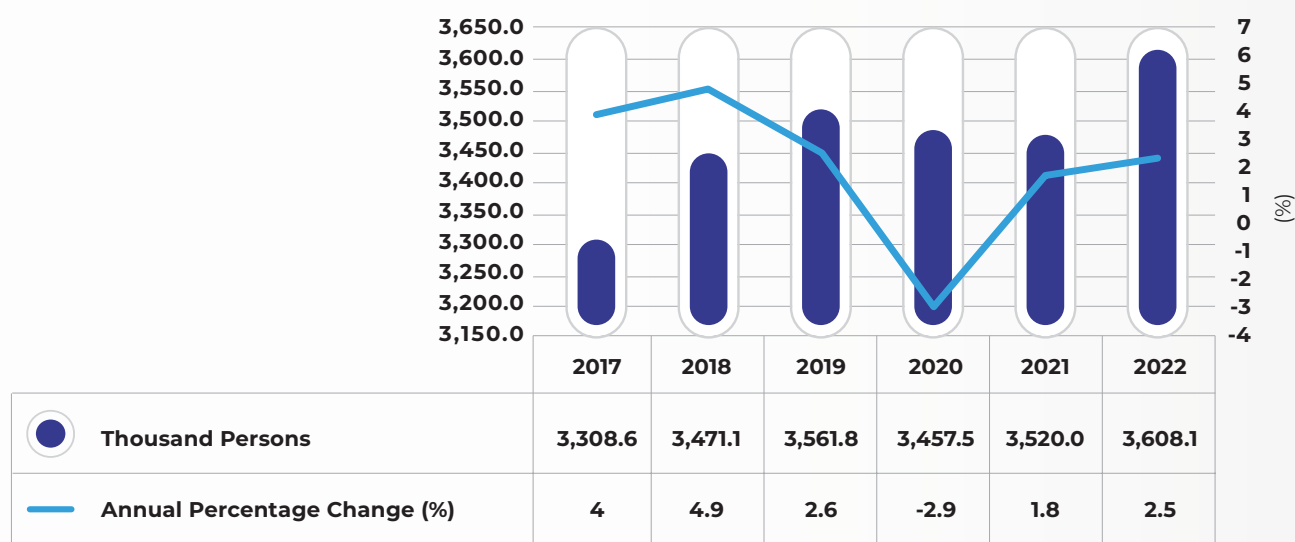
Country-specific tourism goods, which include shopping activities and retail trade of tourism-related products, were the major contributor to internal tourism consumption by visitors between 2017 – 2022, followed by food and beverage, passenger transport and accommodation. All tourism products recorded a massive decline in value and growth in 2020 and 2021 due to the pandemic impact, but they began recovering in 2022.

In tandem with the decrease in international tourist arrivals to Malaysia, inbound tourism expenditure plunged by -96.6 per cent to only RM0.47 billion in 2021, a further reduction from -84.7 per cent in

2020. In the pre-pandemic years between 2015 and 2019, inbound tourism expenditure growth was consistently upward from 74.6 per cent in 2015 to 89.4 per cent in 2019.

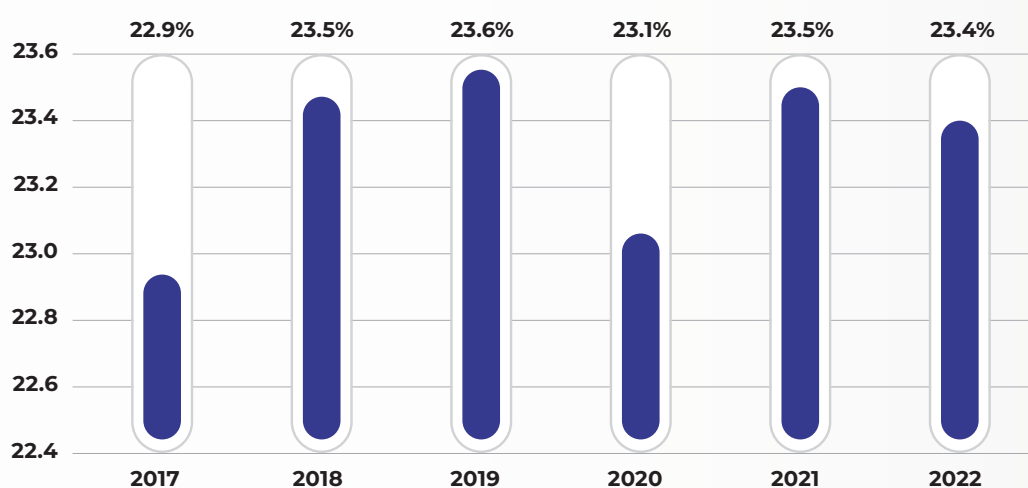
The number of persons employed in the tourism industry was on an upward trend from 2017 until 2019, signifying the vibrancy of the country's tourism industry. However, in 2020, the number declined to 3.46 million persons from 3.56 million persons in 2019. Employment in Malaysia's tourism industry increased to 3.52 million persons in 2021 and 3.6 million persons in 2022. Signalling an increase and resumption of activities, especially in domestic tourism.

Figure 12 : Employment in the Tourism Industry – Number of Persons in Thousand and Annual Percentage Change, 2017 – 2022



Source : Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)

Figure 13 : Percentage Share of Employment in the Tourism Industry to Total Employment (%), 2017 - 2022



Source : Tourism Satellite Account 2022, Department of Statistics, Malaysia (DOSM)

In 2022, the Food and beverage industry was the most significant contributor to employment in the tourism subsector at 35.1 per cent, followed by Retail Trade and Country-Specific Tourism Services, respectively at 33.6 per cent and 17.9 per cent.

THE TOURISM INDUSTRY'S PRODUCTIVITY STRONGLY REBOUNDED IN 2022

In 2022, Malaysia recorded a stronger-than-expected productivity recovery at 5.4 per cent growth with RM95,628 per employee, increasing strongly from 1.8 per cent growth at RM90,697 per employee in 2021. The rebound indicates that the Government's post-pandemic policies and interventions are effective in boosting Malaysia's economy. The Mid-Term Review of the Twelfth Malaysia Plan has revised Malaysia's productivity to grow at an annual average of 3.8 per cent between 2023 - 2025, contributing to 3.6 per cent productivity growth in the duration of 12MP.

The tourism industry's productivity was relatively low even before the pandemic compared to other subsectors and national productivity. Between 2017 and 2021, there was a significant difference between the productivity performance in the services (except in digital and ICT subsectors) and manufacturing sectors. The gap was even wider between tourism's productivity and selected subsectors in manufacturing, such as chemicals and chemical products and electrical and electronics..

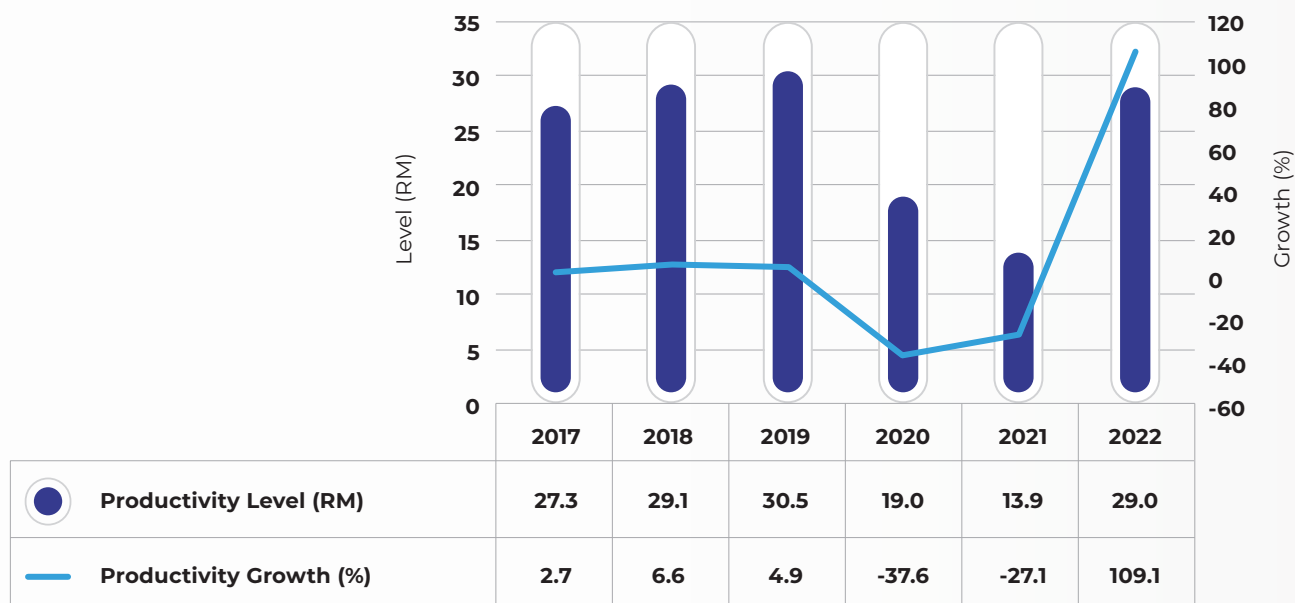
Between 2017 – 2019, labour productivity for the tourism subsector recorded a slow growth on an upward trend, from 4.2 per cent in 2017, 5.2 per cent in 2018, and 5.3 per cent in 2019. The productivity level increased from RM66,895 per employee in 2017 to RM74,092 in 2019. Then, the pandemic dragged the industry's productivity to negative growth in 2020 and 2021.

Malaysia's tourism industry's productivity performance rebounded strongly from the impact of the pandemic after registering two years of consecutive negative growth. In 2022, the subsector's productivity grew significantly at 109.1 per cent in value added per hour worked and 133.6 per cent in value added per employee. Its productivity level per employee in 2022 at RM67,832 approximated the pre-pandemic level of RM74,092 per employee in 2019.

2022 productivity performance implies a positive outlook for Malaysia's tourism industry. The commendable improvement in productivity denoted increased tourism activities. There is room for improvement to ensure the industry emerges stronger.

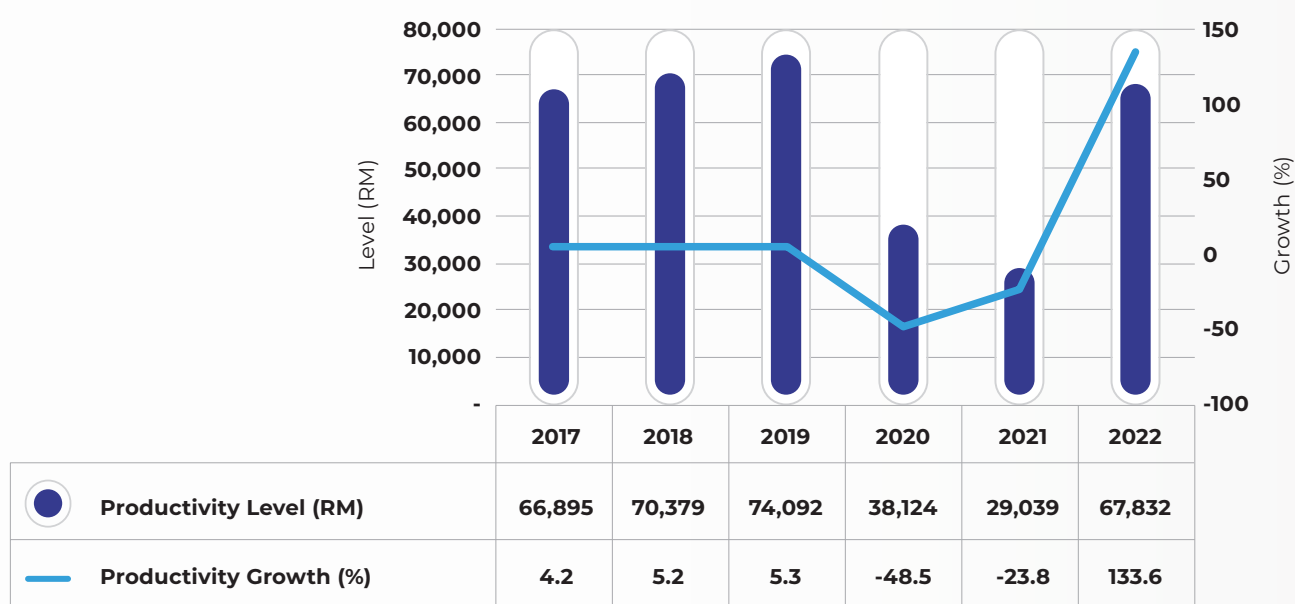
The relatively low productivity level in the tourism subsector compared to other subsectors and national productivity may imply the state of the workforce in the industry. It implied that the tourism industry might still depend on low-skilled labour. The number indicates that the tourism subsector is still a labour-intensive industry, denoting sluggish adoption of technology, automation, and digitalisation to replace some manual operations..

Figure 14 : Tourism Subsector's Productivity Performance Per Hour Worked – Level (RM) and Growth (%), 2017 – 2022



Source: Labour Productivity Second Quarter 2023, Department of Statistics, Malaysia (DOSM)

Figure 15 : Tourism Subsector's Productivity Performance Per Employee – Level (RM) and Growth (%), 2017 - 2022



Source: Labour Productivity Second Quarter 2023, Department of Statistics, Malaysia (DOSM)

TOURISM COVERS A VAST SPECTRUM OF ECONOMIC ACTIVITIES

Tourism in Malaysia covers diverse activities, which could catalyse businesses and income, leading to higher local socio-economic conditions.

Figure 16 : Types of Tourism Activities in Malaysia



Tourism activities in Malaysia can also be classified based on Malaysia Standard Industrial Classification (MSIC).

Figure 17 : Tourism MSIC Codes

Division 55	Accommodation
Division 79	Travel Agencies, Tour Operator, Reservation Service and Related Activities
Division 90	Creative, Arts and Entertainment Activities
Division 91	Libraries, Archives, Museums and Other Cultural Activities
Division 93	Sports Activities and Amusement and Recreation Activities

Source: Department of Statistics, Malaysia (DOSM)



PART II

TOWARDS BUILDING A GREAT TOURISM NATION





CHALLENGES IN REBUILDING MALAYSIA'S TOURISM IN THE NEW ERA

Declining Tourism Receipts

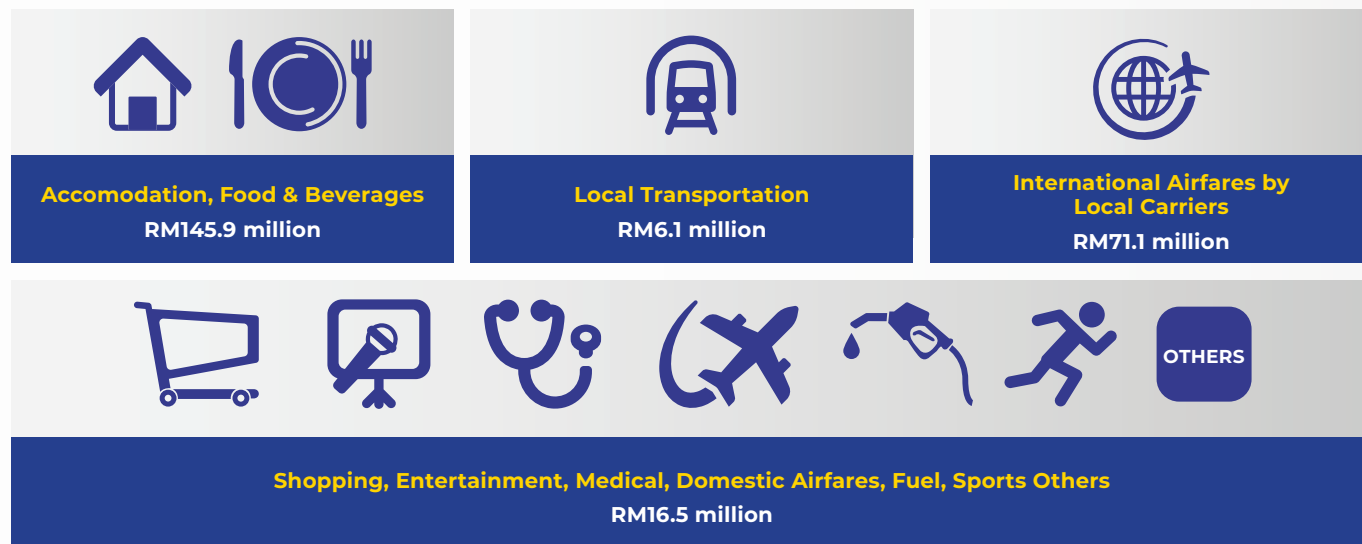
Malaysia's declining tourism receipts may lead to multifaceted repercussions extending beyond the tourism industry. As a significant contributor to the national economy, reduced tourism spending may result in declining revenue, job losses, and diminishing economic growth.

The downturn may also impact various tourism-related industries, from hospitality and transportation to local businesses that rely heavily on tourist patronage. Additionally, the decline in tourism receipts and its subsequent international ranking

can also affect the overall perception of Malaysia as a competitive global destination, potentially leading to a decrease in international visibility, and confidence and opportunities for economic diversification.

The significant decline in recorded tourism receipts underscores the urgency of addressing this issue seriously, implementing measures to facilitate industry recovery, and propelling it beyond the pre-pandemic levels. Consequently, addressing this decline is imperative for the revival of the tourism industry and the holistic economic well-being of the nation.

Figure 18 : Components of Malaysia's Tourism Receipts in 2021



Source: Malaysia Tourism Key Performance Indicator Report 2021, Tourism Malaysia

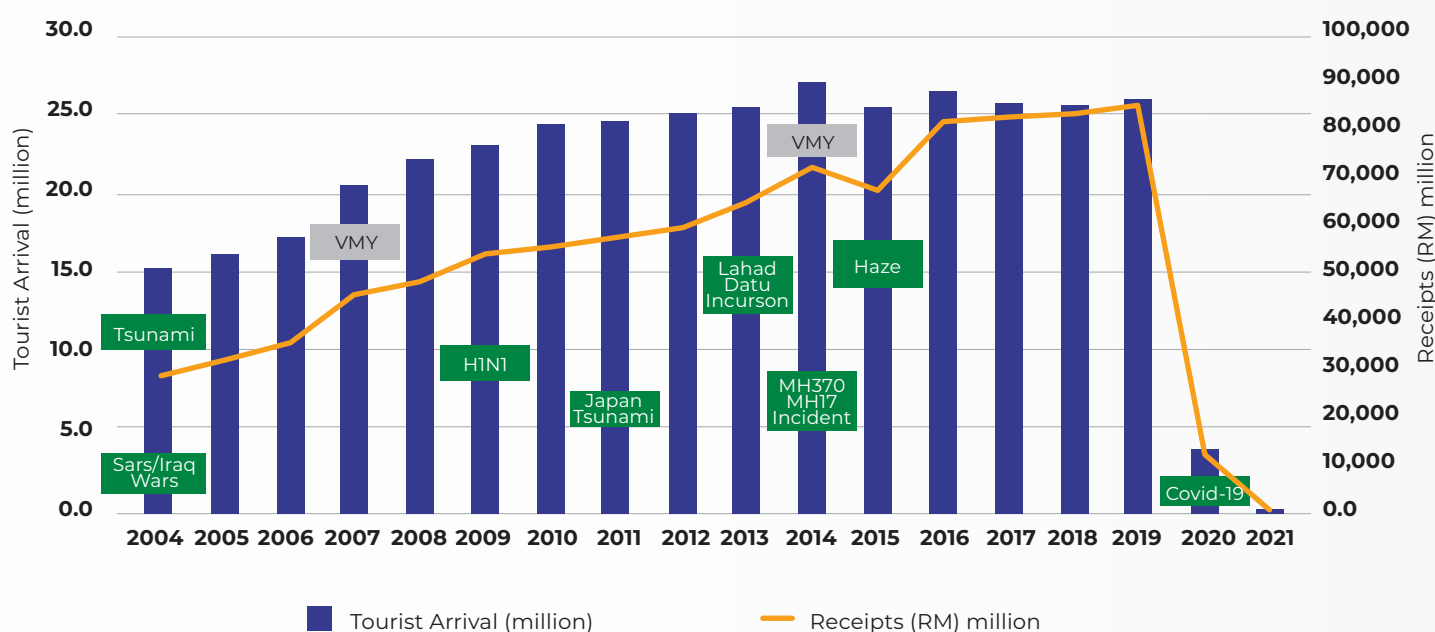
Lack of industry resilience

Malaysia's tourism industry is not immune to crises. Within two decades ago, the country's tourism was affected each time a travel-related crisis struck. MH370 and MH17 incidents, for example, impacted tourist arrivals and tourism receipts in 2015, defying the anticipated trend that tourism was more vibrant after the Visit Malaysia Year (VMY) event. 2015 was made worse by environmental haze.

The pandemic crisis substantiated Malaysia's tourism's lack of resilience when facing crises. Hundreds of travel agencies closed their operations, and thousands more ceased their businesses temporarily. 120 hotels closed down in 2020 and 2021. In 2020, more than 100,000 persons employed in the tourism industry lost their jobs and tourism employment contracted by -2.9 per cent. Much has to be done to ensure that the country's tourism can withstand challenges and crises, failing which will again impact industry players' livelihoods and the industry's growth.

While the pandemic has adversely affected the tourism industry, it has also sparked insights and interventions in policymaking and strategic plans to ensure the industry is resilient and future-proof to risks and crises. Tourism in the new era needs a different mould, and business resilience and sustainability are among the top priorities.

Figure 19 : Malaysia's Tourism Performance Against Major Crises



Source: Malaysia Tourism Key Performance Indicator Report 2021, Tourism Malaysia

Intense competition with the neighbouring countries

Southeast Asian countries have attracted tourists from all over the world. The region's global appeal, in cultural richness and diversity, natural beauty and adventure, culinary delights, accessibility and affordability, values and hospitality, and niche tourism products and services, presents unique and memorable experiences for travellers.

Maintaining a competitive advantage against the neighbouring countries in the region is essential for Malaysia to position itself as a preferred tourist destination and boost its tourism economic growth.

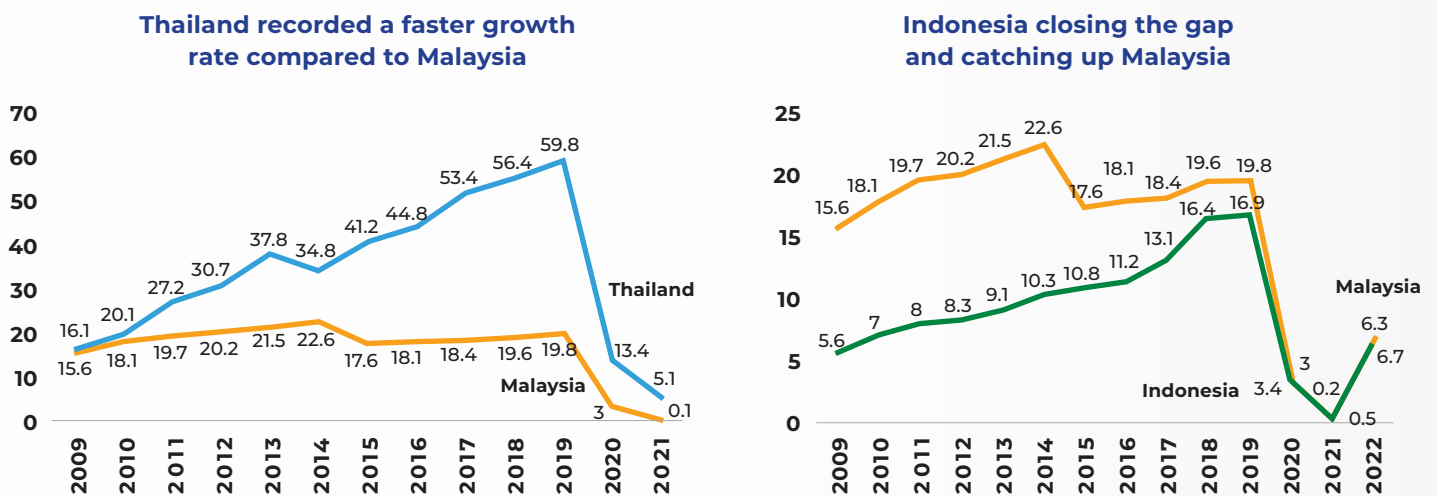
In 2009, Malaysia's and Thailand's tourism receipts approximated each other at around USD16 billion. Since then, Thailand's tourism industry has expanded and grown commendably, outpacing Malaysia. In 2019, Thailand's tourism receipts recorded a substantial amount of USD59.8 billion compared to Malaysia's at USD19.8 billion. Even during the pandemic in 2020, Thailand's tourism industry recorded USD13.4 billion in tourism receipts.

Indonesia emerged stronger and caught up with Malaysia's performance in tourism receipts in 2022. The tourism receipts gaps between the two countries were vast between 2009 and 2014. Since 2015, Indonesia's tourism industry has been growing to approximate Malaysia's performance.

Thailand and Indonesia strongly position themselves as the preferred destination in the Southeast Asian region. The comparison of Malaysia's tourism receipts with those of Thailand and Indonesia indicates the competitive landscape, which poses a significant challenge to Malaysia.

Intense competition from neighbouring countries and other global tourist destinations has led to the potential loss of market share and subsequent reduction in tourism receipts for Malaysia. Malaysia needs to evaluate its current standing and take action to improve its tourism industry.

Figure 20 : Comparison of Malaysia's Tourism Receipts to Thailand and Indonesia



Source: United Nations World Tourism Organisation (UNWTO)

Inadequate innovation in tourism products and services

Tourists are more likely to choose destinations that offer new and exceptional experiences. Lack thereof will reduce competitiveness and potentially lower tourist arrivals and tourism receipts.

Malaysia's tourism subsector has struggled with offering fresh and engaging experiences to visitors. The absence of innovative products and services has led to a lack of excitement for new and returning tourists. It limits Malaysia's ability to cater to diverse traveller preferences. This can lead to a decline in interest among potential visitors who seek unique and memorable encounters.

In a global market where tourism destinations continuously evolve, Malaysia's tourism product and service innovation stagnation places it at a competitive disadvantage against destinations that consistently introduce fresh and captivating offerings. Innovative tourism products and services are essential for creating deeper connections with tourists.

With such offerings, Malaysia can provide immersive experiences that resonate with tourist expectations and behaviour. The lack of innovation can impact the perceived value of Malaysia as a tourist destination.

Thailand and Indonesia, for example, consistently introduce fresh experiences, contributing to their image as vibrant and evolving travel destinations.

This challenge hampers Malaysia's ability to project dynamism and diminishes its competitiveness, subsequently impacting its tourism receipts. The lack of innovative products undermines the effectiveness of Malaysia's promotional campaigns, impeding its ability to distinguish itself amidst global competition. The insufficient emphasis on innovative tourism products and services can hinder its productivity.

Shifting away from emphasising niche products and high-yield tourism

Malaysia's tourism evolution indicates a decreased emphasis on promoting specialised, niche, and high-yields tourism products, services, and packages. This leads to missed opportunities to capture the attention of discerning travellers seeking distinctive and unique experiences.

Thailand and Indonesia, for example, have consistently invested in and highlighted their niche offerings, catering to specific traveller interests. This strategic focus allows them to attract higher-spending tourists willing to pay for specialised experiences.

The reduced emphasis on niche products and high-yield tourism has led Malaysia to lose its competitive edge in the eyes of travellers seeking exceptional and tailored experiences. The dilution in market appeal has impacted the country's ability to attract premium-spending tourists. Shifting away from promoting high-yield tourism directly affects Malaysia's tourism receipts.

To remain competitive, Malaysia needs to reevaluate its tourism strategy and realign with Thailand and Indonesia's successful approach. By refocusing on niche products and high-yield tourism, Malaysia will enhance its tourism receipts, and cater to the preferences of premium travellers.

Less conducive regulatory framework for ease of doing business

The lack of agility in regulatory frameworks to boost the ease of doing tourism business hinders the growth potential of Malaysia's tourism industry. Cumbersome bureaucratic processes and rigid regulations can deter potential domestic and foreign investors, leading to a slower pace of development in tourism infrastructure and innovative products and services. In developing a tourism accommodation such as hotels, an investor or developer has to liaise with more than 20 authorities and regulators for licenses and permits before starting the business.

A more agile approach to regulatory delivery can facilitate the swift introduction of novel tourism experiences, encourage experimentation, and accelerate response to the industry's changing trends. Agile regulation can increase creativity and collaboration and enhance Malaysia's competitive edge in the global tourism market. Establishing a one-stop centre for tourism-related licenses and permits can also accelerate approvals.

Countries with agile regulations and streamlined business processes are better positioned to respond to evolving trends and seize emerging opportunities in a rapidly changing global tourism landscape. Malaysia's relative lack of agility can erode its competitiveness, causing it to miss out on potential advancements that could contribute to increased tourism receipts and economic growth.

The economic downturn and consumer confidence

The adverse economic impact of the pandemic, including job losses and financial constraints, has affected consumer confidence and caused discretionary spending. This reduces travel expenditure and lowers tourism receipts as people prioritise essential needs over leisure travel. Tourists travel independently or in small groups and choose to manage their itineraries and bookings on their own rather than engaging with tour operators and travel agents to minimise costs.

In post-pandemic travel, a country's safety, security, and health-related measures influence tourists' decisions. Perceptions of safety and health management directly impact a country's competitiveness as a tourist destination. If tourists perceive other countries as offering safer and more secure experiences, Malaysia may lose a larger share of the global tourism market, negatively impacting productivity and economic growth. Prolonged negative perceptions can lead to a longer-term decline in tourism demand, further hindering the industry's productivity. A weakened tourism sector can have cascading effects on related industries, leading to diminished economic growth prospects.

Sluggish technology adoption and business digitalisation

Slow technology and digital adoption among industry players hampers growth. At the forefront is awareness – or the lack thereof. Tourism industry players are still in the dark on how to take the first step to adopt digital technology in their business operations, marketing and promotion, and product innovation. There is no proper and comprehensive reference to guide the industry's digital transformation journey.

Secondly is the perception that digitalisation is expensive and that only the big players are entitled and capable of incorporating digitalisation in their businesses. Tourism industry players need to rethink and redesign their businesses and incorporate enablers in their business model by leveraging the availability of social media for a more substantial digital presence, mobile and cloud connectivity, data analytics, artificial intelligence, and cybersecurity. These are new emerging technologies that can propel the tourism business further. Digitalisation can help tourism micro and small businesses realise

productivity gains, enhance competitiveness, and better understand consumer behaviours. It is vital to encourage the digitalisation of more advanced back-end processes, including worker training and upskilling, to improve technical competencies and spur digitalisation.

The industry players welcome the Ministry of Tourism, Arts and Culture (MOTAC)'s commitment to review the Tourism Act 1992. The Act was developed when the internet, technology, and digitalisation were in their infancy. The entry of disruptive technology has changed the landscape of Malaysia's tourism. An area to be looked into is regulating the short-term rentals as advertised on many digital platforms such as Airbnb and Booking.com, rendering an uneven playing field with other tourism accommodations. Likewise, some guidelines need a fresh perspective as many travel agencies have moved from operating at physical offices. Digitalisation has enabled online travel agencies.

Shortage of workers

The subsector also faces a shortage of workers, affecting the quality of service and delivery. Many tourism and hospitality industry players left their employments, were retrenched, or closed their businesses between 2020 and 2021, forcing them to find other sources of income. Employers in tourism businesses needed more workers when tourism activities increased since 2021 year end.

Tourism industry players are strongly encouraged to leverage technology and digitalisation to address the shortage of workers, such as in tourist accommodation. Front desk personnel's tasks can be taken over by automated check-in and check-out, and human resources can be reallocated to other areas that require human intervention. Digital tools can also optimise the costs of doing business and the use of resources.

Lack of sustainable tourism awareness and practices

Sustainable tourism in Malaysia, like in many other countries, aims to minimise the negative impacts on the environment, society, and local communities while preserving values, culture, arts, history, and heritage; and, at the same time, ensuring visitors' memorable experiences. Lack of awareness and sustainable practices may lead to an imbalance between economic activities and environmental and societal impacts. There is a need to continually educate both tourists and local businesses about sustainability principles and practices, their impacts, and benefits to the planet and people.

Popular destinations in Malaysia sometimes receive more tourists than they can sustainably manage. This puts pressure on local infrastructure, ecosystems, and cultural and heritage sites. Over-tourism may lead to environmental degradation, such as in island tourism, can lead to pollution, littering, and damage to coral reefs and marine ecosystems. Likewise, wildlife tourism can harm animals if not appropriately managed. Unauthorised animal feeding and close human interaction can disrupt animals' natural behaviour.

Heavy reliance on air and land travel may also contribute to greenhouse gas emissions. Promoting more sustainable modes of transportation or offset programmes can reduce the industry's carbon footprint.

Other challenges in ensuring more robust sustainable tourism in Malaysia include commercialisation of culture, deforestation, global climate change, infrastructure development, and cross-cultural sensitivity. In terms of regulations and enforcement, while laws and guidelines are in place to protect Malaysia's natural and cultural resources, enforcement can sometimes be inconsistent.

A comprehensive approach involving government agencies, the private sector, local communities, and tourists is needed to promote sustainable tourism more vigorously. Proper education, incentives for sustainable practices, and stringent regulations and their enforcement are some tools that can help address the challenges.

TOURISM PRODUCTIVITY NEXUS (TPN) – ADDRESSING CHALLENGES TO INCREASE PRODUCTIVITY

The Tourism Productivity Nexus (TPN) is an industry-led establishment under the purview of the Malaysia Productivity Corporation (MPC), the Ministry of Investment, Trade and Industry (MITI), and the Ministry of Economy. Established as part of Malaysia Productivity Blueprint (MPB), TPN is the one-stop centre that assists enterprises in boosting productivity, increasing innovation, and capturing growth opportunities.

At the sectoral level, TPN's priority initiatives for the tourism industry based on MPB are:

- i. Strengthen collaboration efforts between industry and academia to match industry needs;
- ii. Establish a certification/accreditation programme for tourist sites to boost tourist volume and improve service delivery;

- iii. Review the pricing system of sites;
- iv. Review industry standards and regulations with the industry's input; and
- v. Align marketing strategy on targeted tourist segments.

However, the COVID-19 pandemic has changed the landscape of Malaysia's tourism industry, leading TPN to review its initiatives to fit the current issues and challenges. Nevertheless, TPN still focuses on the primary productivity drivers: talent, technology and digitalisation, business environment, industry structure, and productivity mindset.

5-year journey in increasing the tourism industry's productivity and competitiveness

Throughout its five-year journey from its establishment in 2017 until 2022, TPN conducted more than 30 programmes at the sectoral and enterprise levels. The programmes directly benefited more than 15,000 tourism industry players and companies.

Figure 21 : Programmes and Initiatives by TPN from 2017 – 2022

No.	Programme	Year	Impact
1.	Official launch of Tourism Productivity Nexus (TPN)	2017	Introduction of TPN and outreach to more than 200 industry players and government authorities.
2.	Showcasing Malaysia's Tourism Products (STP)	2018	Strengthening and widening marketing and promotion of 400 tourism products nationwide and sharing of productive best practices in the tourism industry.
3.	Tourism Productivity Day	2018	Enhancing awareness of productivity in the tourism industry to more than 300 industry players and government officers.
4.	Inbound Tourism Bootcamp (ITB)	2019	Strengthening and updating marketing and promotion of 500 tourism products nationwide and building a creative and productive network in producing 20 tourism star packages across diversified tourism products, services and attractions.

No.	Programme	Year	Impact
5.	25 th Asia Pacific Quality Organization International Conference and International Quality & Productivity Convention 2019 in Bali, Indonesia	2019	Receiving awards for creativity and innovation in tourism products.
6.	Inbound Destination Experts (IDEX)	2019	Building capacity and transfer of knowledge among 30 tourist guides and local hosts to productively promote unique destinations and attractions.
7.	East Coast Tourism Corridor (ECTC)	2019	Establishing tourism networking among Johor, Kelantan, Terengganu, and Kelantan industry players to promote tourism packages across the four states through productive, integrated marketing and promotion, benefitting more than 150 tourism product owners and operators.
8.	ECTC Business Tourism Exchange (EBEX)	2019	Strengthening and updating tourism products across the ECTC states, benefitting more than 50 tourism product owners and operators; and transfer of knowledge of tourism productivity best practices from other states in Malaysia.
9.	Easing Tourist Entry through Visa On Arrival (VOA) - MIRI	2019	Enabling easier and smoother entry of tourists through Miri and increasing productivity and effectiveness of processes and procedures.
10.	Easing Tourist Entry at CIQ Johor	2019	Enabling easier and smoother entry of tourists through CIQ Johor and increasing productivity and effectiveness of processes and procedures.
11.	Easing Tourist Entry in Collaboration with KTMB - Singapore-Malaysia in 5 minutes	2019	Enabling easier and smoother entry of tourists through Johor and increasing productivity and effectiveness of processes and procedures.
12.	Good Regulatory Practice for Public Owned Tourism Sites	2019	Streamlining pricing for government-owned tourist attractions for product and service sustainability.
13.	Directory of Tourism Products in Kedah	2019	Listing, marketing, and promotion of more than 500 tourism products and attractions in Kedah for tourists' easier access.
14.	Publication – Showcasing Malaysia's Tourism Heroes Volume 1 and 2 and Best Practices Videos	2019 - 2020	Sharing of tourism best practices by 40 productive tourism establishments and promotion of high-potential tourism products and services.

No.	Programme	Year	Impact
15.	Papers and issues presented to regulators and authorities	2019 - 2021	Advising regulators and authorities on policies related to adventure tourism operation, Tourism Act 1992, incentives and assistance for tourist busses and vehicles, sports tourism, and green tourism practices - 13 papers.
16.	TPN Virtual Advisory Clinic (TVAC)	2020 - 2022	Advising and facilitating more than 300 tourism industry players affected by the COVID-19 pandemic towards business recovery and alternative income generation during the pandemic.
17.	TPN Live Chats and Power Talks	2020 - 2021	Transfer of knowledge from captains of the industry and public figures to more than 500 tourism industry players.
18.	TPN Knowledge Enhancement Webinar Series	2020 - 2021	Transfer of knowledge from, skills, and expertise from experts of various tourism-related businesses and government bodies to more than 11,000 tourism industry players.
19.	TPN Virtual Tourism Summit	2020	Establishing the Tourism 5R Model to facilitate tourism business recovery – the model was adopted by MOTAC.
20.	Malaysia Virtual Experience (MyVXp) Mentoring Programme	2020	Empowering and supporting players in the tourism industry by offering guidance and mentoring to enable them to effectively present their tourism offerings through online sessions. This innovative approach broadened their reach and opened up new avenues for generating income from their showcases.
21.	Initiative Working Group Adventure Tourism Frontiers	2020	Strengthening adventure tourism network and services and development of guidelines for adventure tourism activities.
22.	Positioning Lenggong as an Ecotourism Destination	2020 - 2021	Development of the blueprint for Lenggong to elevate its status as an eco-tourism destination; strengthening and broadening marketing and promotion of 20 unique Lenggong-based tourism products and attractions to more than 1,000 tourism industry players, including travel agencies and tourist guides.
23.	Malaysia Virtual Experience (MyVXp) for Higher Learning Institutions (HLIs)	2021	Building the capacity of 12 HELP University students to develop, present, and promote virtual experience to more than 50 travel agencies; 5 students were invited to collaborate with tourism establishments.
24.	Reskilling Tourism Players as Virtual Business Event Organisers	2021	Transfer of knowledge and skills with 20 travel agency companies in reskilling them to be virtual business events organisers, leading to two virtual events attended by more than 300 participants.

No.	Programme	Year	Impact
25.	Malaysia Tourism Excellence (MaTEx) Business Certification Programme	2019 - 2021	Development of one industry-level certification programme, six industry-level standards – 192 companies have been certified complying with the MaTEx Certificate of Excellence; building capacity of 70 tourism industry players as trainers and assessors.
26.	Adopt and Adhere COVID-19 SOP Certificate of Compliance	2020 - 2021	Development of the COVID-19 protocols for the tourism industry players – more than 100 companies were certified with Certificate of Compliance; recognition from the state of Malacca.
27.	Digital Solution Directory for Tourism Industry	2021	Matching of 100 digital solution providers to the tourism industry players.
28.	Reviewing Social Pass for Seafarers	2021	Extension of social pass for seafarers, benefitting 16 marina operators.
29.	Malaysia Virtual Experience (MyVXp) Star Hosts	2021	Building capacity and enhancing the knowledge and skills of 50-star hosts to present and sell their live online experience attracted more than 1000 persons as an audience with ticket sales of an average of RM10 per person per 60-minute online showcase.
30.	Directory of Perlis' Tourism Products and Engagement Series	2021	Widening and strengthening 300 tourism products and attractions in Perlis and establishing a network between Perlis-based tourism industry players and tour operators, and travel agencies from other states to sell Perlis tourism packages through 5 engagement sessions.
31.	Directory of Kelantan's Tourism Products and Engagement Series	2021	Widening and strengthening 300 tourism products and attractions in Kelantan and establishing a network between Kelantan-based tourism industry players and tour operators, and travel agencies from other states to sell Kelantan tourism packages through 5 engagement sessions
32.	Special Approved Permit (AP) for Tourism Vehicles	2022	Obtaining approval for the special Approved Permit (AP) for industry players to acquire high-quality tourism vehicles.
33.	Development of Sayangi Malaysia campaign	2022	Developing the campaign's logo, theme, brand manual, and concept with the industry player's inputs towards sustainable and a great tourism nation.
34.	Tourism Accommodation Digital Roadmap	2022	Guidelines and suggestions of digital technology to be adopted by hoteliers to enhance business operations through technology and digitalisation.
35.	Productivity in Context of Hotels	2022	Awareness and understanding among employers and employees of their roles, responsibilities, and job descriptions in an organisation and how productivity and efficiency can be improved in the context of their functions.

TPN'S HIGH-IMPACT PROGRAMMES BOOSTED ENTERPRISE AND SECTORAL LEVEL PRODUCTIVITY

Inbound Tourism Bootcamp (ITB)

The Inbound Tourism Bootcamp (ITB), a collaborative three-day training programme with the Malaysian Inbound Tourism Association (MITA), aimed to provide tourism professionals with essential knowledge of the inbound tourism industry, especially in business digitalisation. This included the integration of new technologies and expanding their professional networks, both of which were essential for effectively marketing and selling local tourism offerings.

The ITB emphasised product branding and the importance of using digital platforms for promotion. Platforms like Lokalocal (based in Malaysia), Withlocals

(based in Europe), and Tourplus (operational in Malaysia and Singapore) were highlighted as resources to advertise tour packages. The programme stressed the need for a solid marketing strategy.

The programme was held nationwide with over 550 participants from the micro, small, and medium tourism industry players. They were travel agents, tour operators, experience hosts, influencers, product owners/operators, hotels, homestays, craft and souvenir operators, and gastronomy and food operators.

Figure 22 : Inbound Tourism Bootcamp (ITB) in 2019

No.	Location	Date	No. of Participants
1.	Langkawi	29 – 31 January 2019	45
2.	Pahang	11 – 13 February 2019	34
3.	Lahad Datu, Sabah	22 – 24 February 2019	38
4.	Kelantan	18 – 20 March 2019	42
5.	Johor	8 – 10 April 2019	47
6.	Terengganu	23 – 25 April 2019	33
7.	Selangor	17 – 19 June 2019	48
8.	Kuching, Sarawak	24 – 26 June 2019	28
9.	Kuala Lumpur and Putrajaya	8 – 10 July 2019	41
10.	Melaka and Negeri Sembilan	15 – 17 July 2019	30
11.	Kedah	22 – 24 July 2019	29
12.	Perak	29 – 31 July 2019	57
13.	Miri, Sarawak	24 - 25 September 2019	31
14.	Perlis	9 - 11 October 2019	31
15.	Semporna, Sabah	5 - 6 Ogos 2020	25
Total Number of Participants			559

The programme utilised five modules, emphasising the enhancement of inbound tourism performance. The initial session of the ITB introduced the inbound tourism industry, then delved into Malaysia's top niche tourism products like angling, yachting, shopping, diving, and homestay. In the third session, participants learned to design and craft attractive tour packages to draw prospective tourists. The fourth and concluding session zeroed in on digital tourism, advocating using platforms for marketing and networking.

Following the ITB, each company's performance was gauged using an online self-assessment named the ezBE Assessment Tool. This tool helped companies scrutinise their business excellence, facilitating the

augmentation of business efficiency and promoting sustainability through adopting best practices.

The ezBE Assessment Tool, which comprises 22 items, delves into four business performance dimensions: strategy and leadership, talent management, operational excellence, and customer and product experience. Upon completing the online evaluation, the results for the four dimensions are displayed in colours indicative of performance levels: red suggests the need for improvement, yellow signifies progression in the right direction, and green denotes alignment with best practices. The ezBE Assessment Tool also offers recommendations to bolster a company's business practices, ensuring the successful realisation of their business objectives.

Malaysia Tourism Excellence (MaTex) Business Certification Programme

Establishing a certification or an accreditation programme for tourism products and sites was identified as a critical initiative to boost Malaysia's tourism industry, specifically to increase tourist volume and improve service delivery.

Tagged as a certification programme "by the industry, for the industry", the Malaysia Tourism Excellence (MaTex) Business Certification Programme was developed by TPN's Technical Working Groups. These groups comprised industry experts who specialised in the fields relevant to the standards. The development of the programme and its standards employed a bottom-up approach, ensuring every aspect of MaTex was guided by industry players.

MaTex fell under one of TPN's initiative outlined in the MPB, which aimed to establish a certification or accreditation programme for tourism products and sites, thereby increasing tourist volume by enhancing tourism products and service delivery. This initiative went through several stages before the official launch of the certification programme.



MaTex Official Launch Ceremony, 27 November 2019

The initiative was based on several gaps and challenges identified through engagements with relevant stakeholders:

- i. Inadequate standards and certification programmes to cover diversified tourism products and services and product owners/ companies at the industry and national levels;
- ii. Though there exist several standards and certification programmes (for example, MyTQA, relevant MS, MS ISO, and ISO standards), tourism product and service owners and operators did not subscribe to these standards and certification programmes because of a few factors:
 - a. Lack of awareness, information, and communication on the standards and certification programmes to the product/ service owners and operators;
 - b. Financial constraints on the product owners and operators as national-level standards and certifications require a sum of financial investment and resources for the process and implementing the standards;
- c. Rigid and stringent criteria/sub-criteria/ indicators in the standards; and
- d. Lack of tangible and compelling benefits and advantages for the product owners and operators upon subscribing to the standards and certification.
- vi. Inadequate tourism-related certification bodies to champion certification and accreditation programmes;
- vii. Inadequate industry-led development of standards and its related initiatives and efforts due to lack of finance and resources; and
- viii. Inadequate standards/guidelines and certification programmes to fit the operations of tourism micro, small and medium businesses.

The development of the programme started in April 2019. The framework for developing the programme was adapted from United Nations World Tourism Organisation (UNWTO) guidelines for establishing a certification programme.

Figure 23 : Implementation Timeline of MaTeX Business Certification Programme, 2019 – Present

Timeline	Activities
April 2019 Stakeholder Engagements and Research	Engagements with SIRIM, Department of Standards MOTAC, NIOSH Certification Body Desk research on best practices in Norway, Morocco, and Australia; and guidelines by UNWTO on standards and certification Lab 1.0: Engagement with Tourism Players and Relevant Organisations
May 2019 Development and Review	Lab 2.0: Technical Working Group (TWG) on Drafting Standards for Tourism Products and Services Lab 3.0: Pre-Pilot Simulation Exercise / Technical Working Group (TWG) on Communication and Promotion
July 2019	Applications opened for participation in the Pilot Project

August 2019	Soft Launch of Malaysia Tourism Excellence (MaTEx) Business Certification Programme
September 2019	Lab 1.0 HK and Lab 2.0 HK: Development and review of standards for homestays and kampungstays
	Lab 4.0: Establishment of the Certification Committee for Malaysia Tourism Excellence (MaTEx) Business Certification Programme and endorsement of standards for the Pilot Project
September – October 2019	MaTEx Pilot Project – Training sessions for selected assessors, trainers and companies Lab 3.0 HK: Pre-Pilot Project Simulation Exercise for Standard for Homestays and Kampungstays
November 2019	Endorsement of results for the award of certificate of excellence 27 November 2019 – Official Launch of Malaysia Tourism Excellence (MaTEx) Business Certification Programme by Minister of Tourism, Arts and Culture.
February 2020	Review of standards based on the experience, feedback, and observation from the implementation in 2019. Representatives from the industry conducted the review. In March, applications were open for MaTEx 2020.
July 2020	MaTEx 2020 began by introducing an improved certification process via online training and site assessments because of the COVID-19 pandemic. Due to various challenges due to the pandemic, only one-third out of 300 applications went through the certification process.
August – October 2020	71 online site assessments were successfully conducted for 2020 applicants. Additionally, 24 online site assessments only for GPPAC19 were successfully conducted on MaTEx companies certified in 2019. In total, 95 online site assessments were done in 2020.
November 2020	65 companies were certified under MaTEx, and 86 were certified under GPPAC19.
March 2021	MaTEx Sarawak to pilot the new certification process via full self-declaration began, piloting the process for category homestay/kampungstay owners/operators (HKO).
April – June 2021	15 homestays were certified under MaTEx and GPPAC19.
2023 onwards	Review of standards and programme operationalisation; Inclusion of ESG, SDG and Sustainable Tourism and introduction of SDG, Accessible Tourism, and Digital Tourism Badges.

The objectives of the standards under the MaTEx Business Certification Programme were to provide minimum guidelines and requirements for the operations and management of tourism products and services. The industry-level standards were expected to prepare tourism product and service owners to subscribe to superior national, regional, or international standards.

The objectives of the MaTEx Business Certification Programme were to:

- Recognise good quality tourism products and services;
- Support tourism micro, small, and medium businesses to boost their operations to the next level;
- Enhance quality service by the tourism product/service owners and operators;
- Increase consumer trust and confidence towards tourism products and services; and
- Help increase inbound tourist volume.

Outputs of the MaTEx Business Certification Programme 2019 - 2021 are listed below:

- One certification programme branded as Malaysia Tourism Excellence (MaTEx) Business Certification Programme;
- Six industry-level standards covering travel agencies, product and site operators, MICE and event venues, event management companies, adventure tourism, and homestays and kampungstays;
- Garis Panduan Patuh dan Amal* COVID-19 (GPPAC19);
- 192 companies certified under the MaTEx Business Certification Programme;
- 101 companies certified under the Certificate of Compliance TPN Adopt and Adhere Guidelines and Protocols for COVID-19 (GPPAC19);
- The improved certification process from the conventional approach to hybrid and online process by maximising technology;
- Capacity building of 20 trainers from among the industry players; and
- Capacity building of 50 assessors from the industry players.

Figure 24 : MaTEx Certified Companies by Category, 2019 - 2021

Categories	2019	2020	2021
Travel Agency Companies (TAC)	27	16	-
Product / Site Operators (PSO)	21	16	-
Adventure Tourism Operators (ATO)	38	-	-
Homestay and Kampungstay Owners / Operators (HKO)	-	17	15
MICE and Event Venues (MEV)	11	9	-
Event Management Companies (EMC)	15	7	-
TOTAL	112	65	15
192 companies certified			

The target group for the programme remains focused on the micro, small, and medium tourism industry players according to the standards category. The certification programme comprises six standards for six categories, as stated in Figure 24.

Each category has between 100 – 200 indicators in its standard, which subscribing companies must comply with to be certified under the certification scheme. One standard is different from the other. GPPAC19 has 60 indicators.

The end goal is to hand over the programme to the industry. A new business model is needed to ensure the industry can sustain the programme. TPN and MPC have identified three challenges in the process of handing over the programme to the industry:

- i. There are challenges in increasing the take-up or subscription rate of the programme by the industry players due to various reasons; the impact of the COVID-19 pandemic somehow has compounded the challenge as the industry players are just restarting their operations and focus on business survival;
- ii. The cost of running the programme via the conventional certification process is relatively high; each company costs around RM1,500 – RM2,000 to be certified via the conventional approach; and

- iii. The time taken for the certification process is relatively lengthy, i.e. around three (3) months, and this drags players into process fatigue due to many procedures and steps; the long process is also due to multiple levels of governance to adhere to the model of the certification ecosystem.

Recommendations to address the issues and challenges on the overall MaTEEx Business Certification Programme are:

- i. Programme to be entirely led by the industry to minimise governance and procedures;
- ii. The programme, especially the certification process, can be automated to minimise costs and resources and increase efficiency; and
- iii. Microlearning training can be adopted to minimise costs and resources in training the participating companies and to increase wider reach.

Feedback received from the industry players was divided - many would want to retain the traditional approach in implementing the programme, while others opined that technology and digitalisation must be maximised for efficiency and minimal cost. Nevertheless, all parties agreed that there must be a balance among the significant aspects of the programme's efficiency, cost and resource optimisation, integrity, and credibility of the MaTEEx Business Certification Programme.

TPN Adopt and Adhere Guidelines and Protocols for COVID-19 (GPPAC19)

TPN developed the Adopt and Adhere Guidelines for COVID-19 (*Garis Panduan Patuh dan Amal COVID-19 - GPPAC19*) to ensure that companies certified under the Malaysia Tourism Excellence (MaTEEx) Business Certification Programme complied with the government-issued standard operating procedures

(SOPs) during the pandemic period in 2020 and 2021. The guidelines provided additional recommendations for companies in starting or continuing their businesses in addition to the government-issued SOPs. In 2020 and 2021, 120 companies received the GPPAC19 Certificate of Compliance.

The objectives of the guidelines were to:

- i. Provide guidelines to the industry players who were restarting and continuing their tourism businesses in the context of the new normal impacted by the COVID-19 pandemic;
- ii. Support the Government's agenda in promoting safe and responsible tourism by complying with the issued SOPs;
- iii. Ensure the industry players adhered to specific guidelines and relevant government-issued SOPs in restarting or continuing their tourism-related activities;
- iv. Recognise the industry players who adhered to the guidelines and complied with the relevant government-issued SOPs;
- v. Enable the industry players to enhance tourist trust and confidence in their products and services by promoting safe, healthy, clean, and responsible tourism; and
- vi. Enable the industry players to use “Adopt and Adhere” Guidelines in their promotion and marketing efforts.

The guidelines were compulsory to be adopted by companies certified under the MaTEX Business Certification Programme. Adopting the guidelines gave an advantage to the companies through recognition of compliance via a certificate issued by TPN, supported by MPC. More importantly, adopting and adhering to the guidelines guaranteed that MaTEX-certified companies conduct tourism responsibly in the context of the new normal.

TPN Knowledge Enhancement Webinar Series (TPN KEWS) and TPN Virtual Tourism Summit (TPN ViTS)

TPN Knowledge Enhancement Webinar Series (TPN KEWS) and TPN Virtual Tourism Summit (TPN ViTS) comprised a series of webinars and virtual workshops aimed to strengthen the industry players' skills and knowledge.



Key insights from TPN KEWS and TPN ViS produced TPN 5R to Reset Tourism, a formula to reset the tourism industry impacted by the COVID-19 pandemic :

Reinvent Product

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| <ul style="list-style-type: none"> i. Global tourism was reshaped by COVID-19, necessitating the reinvention of tourism products, attractions, and destinations. ii. The uniqueness of each tourism product should be re-evaluated, and its brand should be strengthened. | <ul style="list-style-type: none"> iii. The "Malaysia Truly Asia" brand should remain at the forefront. While the core elements of this brand were unchanged, they required a fresh, creative approach in their presentation and execution. iv. The rise of virtual tourism experiences illustrated the power and necessity of product reinvention. |
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Research Target Market

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| <ul style="list-style-type: none"> i. A reinvented product required a segmented target market. Tourism offerings must align with specific market segments' behaviours, expectations, and preferences to be effective. ii. The pandemic diminished tourists' confidence in travelling. Initially, the domestic market | <ul style="list-style-type: none"> would be the first to rebound, with long-distance travel taking longer. It was crucial, therefore, to comprehend domestic tourist behaviours. iii. A product's success was determined by its appeal to its intended audience. |
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Remodel Marketing and Promotion

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| <ul style="list-style-type: none"> i. With products tailored to specific markets, marketing and promotional strategies must follow suit. Innovative campaigns, such as "Buy Now, Travel Later" and various online travel vouchers, arose in response to the pandemic. | <ul style="list-style-type: none"> ii. Emphasis should be on leveraging social media marketing, which was both cost-effective and impactful. Industry players should utilise platforms like Facebook and Instagram to penetrate their target markets. |
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Ride on Technology

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| <ul style="list-style-type: none"> i. One silver lining of the pandemic was accelerating technology adoption and digitalisation. From communication to marketing, the industry must swiftly transition online. | <ul style="list-style-type: none"> ii. Embracing online marketing, digital platforms, virtual experiences, and data analytics could significantly enhance the customer experience by delivering personalised services. |
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Recalibrate the industry

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|--|--|
| <ul style="list-style-type: none"> i. Sustainability is the key to resilience. The pandemic spotlighted the need for a solid industry foundation. This collective effort requires participation from both the private and public sectors. ii. Adhering to best business practices, maintaining financial transparency, and ensuring proper documentation were all crucial steps towards solidifying one's business foundation. | <ul style="list-style-type: none"> iii. Collaboration was essential. Strengthening ties, both locally and internationally, was crucial for recovery. iv. As the world adjusted to the new normal, the tourism industry must adhere to safety measures. Adherence to sanitisation standards, social distancing, and other safety protocols were non-negotiable during the pandemic. |
|--|--|

Figure 25 : TPN 5R Model for Tourism Recovery



TPN experimented with the formula in May and June 2020. Experience, observation, and feedback from the experimentation stage of the formula were applied to refine the implementation of the formula. TPN Virtual Advisory Clinic (TVAC) and Malaysia Virtual Experience (MyVXp) were the products of TPN 5R.

TPN Virtual Advisory Clinic (TVAC)

In response to the challenges posed by the COVID-19 pandemic, MPC and TPN introduced the TPN Virtual Advisory Clinic (TVAC). This remote consultation service, offered through video conferencing, was established to support and assist those in the tourism industry significantly impacted by the pandemic.

TVAC was timely, addressing the significant challenges faced by tourism industry stakeholders during the pandemic. By leveraging technology and location-

independent advisors, TVAC provided businesses affected by COVID-19 with critical recommendations. Crucially, it maintained the essential human touch through face-to-face digital interactions.

The pilot project boasted a 93% customer satisfaction rate. Initially focusing on the tourism sector, the model was expanded to encompass industries such as retail, F&B, digitalisation, professional services, chemical products, and engineering.

Emphasising the tourism sector, TVAC's objectives included:

- i. Offering a comprehensive understanding of industry structure, business operations, and financial management;
- ii. Supplying actionable recommendations to help industry players navigate challenges and expansion barriers; and
- iii. Enhancing the tourism industry's resilience and preparedness against the adverse effects of the pandemic.

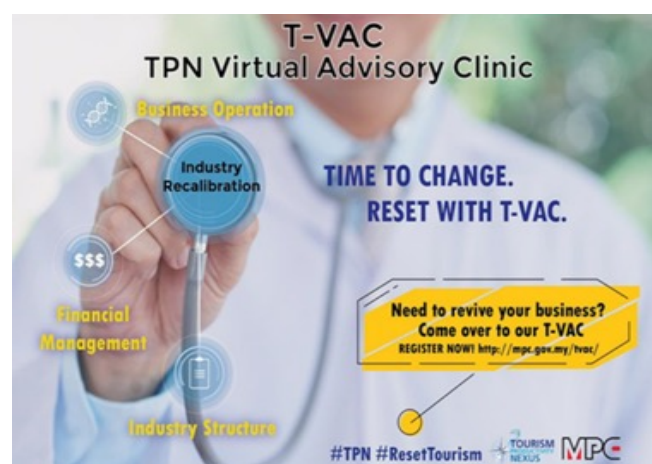
TVAC was positioned as the R5 in the TPN 5R Model (Figure 25). Its goal was to strengthen the industry's foundation, emphasising financial management, industry structure, and business operations. During the pilot, TVAC 2.0 identified three main advisory areas:

- i. **Financial Management:** Addressing challenges faced by tourism stakeholders concerning financial records and accounts management and the application of financial tools to maintain efficient cash flow;
- ii. **Business Operation:** Refining business models to align with current challenges. This covered value propositions, human resources management, and quality control; and
- iii. **Industry Structure:** Broader tourism industry's structural components and how individual companies could contribute to its fortification.

During the pilot phase, 136 virtual advisory clinics took place, followed by sessions for an additional 34 companies, bringing the total to 170 beneficiaries in 2020.

A survey of 136 companies revealed that nearly all were interested in further virtual consultations. This feedback highlighted the pressing need for digital and online marketing insights, underscoring the industry's recognition of technological adoption's importance.

Data collected also reinforced the prevailing sentiment that financial concerns were paramount. More than half the companies reported that continued economic downturns would result in almost total loss of income.



TVAC's participants comprised micro, small, and medium businesses within the tourism subsector. The businesses primarily grappled with financial management, product marketing, and promotion challenges. Key insights from the T-VAC programme include:

- i. High satisfaction ratings for TVAC implementation, with an average of 9.3 out of 10;
- ii. Feedback indicating sessions were concise yet effectively utilised;
- iii. Positive reception of the online format with appreciation for personalised interactions;
- iv. Recognition of TVAC as an ideal platform for discussing COVID-19 impacts;
- v. A need for continued promotion and marketing strategies;
- vi. A general sentiment of optimism, even with present challenges;
- vii. Participants found valuable knowledge on business expansion and received accurate mitigation strategies;
- viii. The "profit-first" approach to cash flow management was particularly highlighted;
- ix. Companies were directed to online marketplaces like Lazada and Shopee for potential business opportunities;
- x. There was high appreciation for advice on accessing government relief packages;
- xi. Digital marketing, social media advertising, and online travel agencies emerged as sought-after topics; and
- xii. The sessions expanded participants' horizons, emphasising modern communication methods.

Malaysia Virtual Experience (MyVXp)

Malaysia Virtual Experience (MyVXp) was a response to the new normal tourism affected by the impact of the COVID-19 pandemic. It was developed to help the local tourism industry players who had lost their income to regain some revenue.

The delivery of the programme was based on the formula TPN 5R to Reset Tourism, which TPN coined based on the input from the programmes conducted during the imposed Movement Control Orders. MyVXp Mentoring Programme trained 850 industry players and onboarded over 200 live online experiences on various digital platforms.

The concept of MyVXp was based on the following:

- i. Live online experience showcase;
- ii. Audience paid to join the showcase;
- iii. Unlimited to local and international audiences;
- iv. Live online experience delivered in any customised method according to the products;
- v. Live online experience delivered in any language;
- vi. Unlimited tourism products; and
- vii. Did not require hosts to own the products.

The objectives of MyVXp were to:

- i. Develop skills, competency, and knowledge in showcasing a live online experience;
- ii. Transfer skills and knowledge of developing online experiences to tourism product owners/operators, travel agents, tourist guides, experience hosts, and other relevant individuals or companies;
- iii. Develop online experience packages as alternatives for experience tourism by adopting and maximising technological and digitalisation tools;
- iv. Expand customers' choice to experience tours and travels;
- v. Enable hosts to gain revenue via sales of online experience packages; and
- vi. Enable hosts to use online experiences as one of the marketing tools to upsell products, attractions, and destinations.



The development of MyVXp Mentoring Programme was timely, as many industry players had lost their income due to the restrictions in movement in 2020 and 2021. They equipped themselves with new skills and knowledge to enable them to gain revenue by marketing and promoting online live experiences based on their physical products.

During its pilot project, seven live online experiences were produced, which generated revenue between RM 800 – RM 1200 per one-hour show:

- i. Seloka Raya Sing-Along – 25 May 2020
- ii. Santai Hari Raya with Fredo Flybaits – 31 May 2020
- iii. The Untold Beauty of Semporna Island – 3 June 2020
- iv. Meet Min House Camp – 5 June 2020
- v. Live Art Stream Oil Painting – 6 June 2020
- vi. Make Your Own T-Shirt: Tie and Dye – 7 June 2020
- vii. Negeri Sembilan: Where Women Rule The Clan – 8 June 2020

The feedback, comments, experience, and observations from the MyVXp Pilot Project led to the MyVXp Mentoring Programme (MyVXp 2.0). The overall implementation mechanism of MyVXp 2.0 was by batch, in which each mentor coached up to 80 mentees with maximum of 10 mentees for each batch,

and total of 10 hours of mentoring sessions. Prototypes of online experiences were commercialised via ready and available platforms such as AirBnb Experience.

At the end of the 10-hour mentoring session, the participants were able to:

- i. Adapt digital tourism as a new normal in the tourism industry;
- ii. Gain the basic foundation and competency on how to develop online experiences;
- iii. Apply the art of storytelling, content flow and narration via digital presentation skills;
- iv. Identify the effective method of delivery for tourism virtual products;
- v. Determine a suitable marketing channel to sell virtual tourism products;
- vi. Identify and determine the effective selling platform for virtual products; and
- vii. Produce prototypes of online experiences.

In 2021, the MyVXp model was tailored to students of higher learning institutions (HLIs). It aimed to enhance their skills, competency, and knowledge in crafting digital tourism products, empowering them to harness technology for targeted virtual experiences. This programme allowed students to employ online platforms to disseminate their content.

By its conclusion, students acquired digital skills vital for the industry and foundational industry skills to prepare them for a career in tourism. A widespread application of this programme aimed to ensure graduates' industry readiness. Additionally, it sought to cultivate an adaptable workforce with digital tourism skills. Students who completed the

programme could also consider becoming online experience hosts to earn income.

The model was integrated into relevant courses for hospitality and tourism students. Delivering this programme addressed talent challenges, such as graduate unreadiness, talent mismatches, and a deficit in graduate digital skills. Successful delivery promised students the means to generate income upon graduation through MyVXp online packages.

The programme sessions included:

- i. Online Experience Talent Orientation
- ii. Content Development & Storytelling
- iii. Online Experience Marketing
- iv. Technology Onboarding
- v. Live Online Experience Execution

The MyVXp HLIs pilot project was a collaboration between TPN and HELP University's School of Hospitality and Tourism, involving nine students from various levels and nationalities. Before the training commenced, students were briefed on the project and its objectives. Pre- and post-tests gauged students' proficiency.

Industry experts, designated by TPN, conducted training from June to August 2021 via online platforms. The students produced diverse online experiences, from cultural to gastronomy tourism. Their pitching session drew 50 industry participants, who provided valuable feedback. These students demonstrated commendable ICT proficiency and entrepreneurial skills.

East Coast Tourism Corridor (ECTC)

The East Coast Tourism Corridor (ECTC) emerged as a brand to harness the tourism potential of Kelantan, Terengganu, Pahang, and Johor through cohesive marketing strategies. Historically, tourism marketing leaned towards individual states instead of the collective corridor. This cooperative approach promised benefits for all member states, setting them towards a more vibrant tourism landscape. The focus on ECTC's marketing rested on three main pillars:

- i. Recognising tourism assets within the ECTC states;
- ii. Analysing present and potential market segments; and
- iii. Setting forth clear marketing strategies.

These pillars centred around understanding the strengths, limitations, opportunities, and challenges of presenting the ECTC as a single tourism entity.

Figure 26 : SWOT Analysis of ECTC as a Tourism Corridor

Strengths	Weaknesses
<p>ECTC had the advantage of its tourism products within the four states, which were thematically categorised as nature and ecotourism, culture, history and heritage.</p> <p>ECTC had the support support from the Government.</p> <p>Many tourism players could communicate in English, enabling international tourist arrivals.</p> <p>Potential products and attractions:</p> <ol style="list-style-type: none"> 7 Mountains Challenge National Park Explorations East Coast Kite Festival Fishing Challenges Waterfall Myths & Wonders East Coast Birders Paradise Food and Fruit Festival East Coast Art and Culture Festival World War II Pillbox/Bunker Trail. Aboriginal Festival Top Spinning Challenge Island Escape Chinese Heritage Trail 	<p>Redundancies and inconsistencies in policies, procedures, and legislations respective to the four states might threaten the integrated tourism initiatives of ECTC.</p> <p>Lack of coordination among the federal, state, inter-agencies, and tourism players might make it difficult for ECTC to materialise - stakeholders' readiness in consolidating efforts to materialise the initiative.</p> <p>Collecting taxes might be one of the threats once the integration of products was implemented.</p> <p>Many industry players still needed to adapt to the use of information technology.</p> <p>Entry visa / E-NTRI was only through KLIA, hence deterring international tourists from entering Malaysia via other states.</p> <p>There should be more flights from the European countries.</p>
Opportunities	Threats
<p>ECTC poised an excellent market for tourists from European countries for the corridor's strengths in nature and ecotourism.</p> <p>ECTC, as a tourism corridor, might appeal to tourists from China, especially in terms of Islamic tourism.</p> <p>Affordable regional flights might allow inbound tourists via any of the four states.</p> <p>Malaysia's and the region's stability and security were a positive factor in attracting inbound tourists.</p> <p>The advancement of the digital economy (e-business) helped integrated marketing efforts in promoting ECTC.</p>	<p>Competition from the neighbouring countries which shared similar touristic traits.</p> <p>Pollution and global climate change might risk the attractions deteriorating and negatively impacting tourist arrivals to Malaysia.</p> <p>Overcrowding at CIQ Singapore might deter tourists from the country.</p> <p>Adverse reporting on Malaysia might hurt the country as a tourist destination.</p>

On 4 November 2018, the ECTC Summit culminated with a commitment from each state's Tourism Executive Council and TPN to support the ECTC initiative. This agreement solidified trust and highlighted the shared vision for the ECTC's transformative potential. The ECTC Summit further elaborated on the development strategies for implementing and executing the corridor.

ECTC aimed to link one destination to another, hoping to extend tourists' stay in the country, which could translate into increased hotel occupancy and spending. The vision extended beyond simply driving footfall; it sought a balanced economic distribution among the four states. ECTC endeavoured to highlight hidden gems - attractions with immense potential yet under-promoted. This approach paved the way for introducing new tourism products and packages.

Another focus was the enhancement of market segmentation to ensure attractions resonated with the right audience. Tailoring packages to specific market behaviours and preferences could drive higher tourist numbers to the ECTC states. An illustration of this was enticing nature and adventure-loving tourists from European nations to Taman Negara Pahang while promoting attractions in Kelantan that echoed similar themes.

In addition, a notable disparity existed in the socio-economic conditions across the four states. Despite their rich tourism potential, Terengganu and Kelantan lagged behind in tourist arrivals compared to Johor and Pahang. ECTC's promotion as a unified tourism corridor hoped to elevate industry revenues and open new business avenues, enhancing the region's socio-economic fabric. The overarching goal was to harmonise the socio-economic standing of all four states under the ECTC umbrella.

The following serves as the challenges in establishing and implementing effective ECTC brand, promotion, and activities:

i. **Tourist Behaviour Insights** - Tourist travel behaviour encapsulated tourists' actions and choices before, during, and post-travel. This encompassed their needs, personal traits, lifestyles, and preferences. Gaining a deep understanding of these behaviours

allowed for better alignment in product planning, marketing, and promotion, aiming to attract more visitors. Factors such as amenities, destinations, services, and experiences shaped tourist behaviours. Not recognising distinct tourist behaviours based on market segmentation could lead to ineffective product design and promotional strategies.

ii. **Cross-Cultural Challenges** - Beyond understanding tourist behaviours, a shortfall in comprehending tourist's culture, traditions, and norms could result in cross-cultural misunderstandings. Such missteps could lead to misjudgments.

iii. **Language Barriers** - A significant obstacle arose when there was a language barrier between tourism professionals and tourists. The inability of travel operators to communicate fluently in major languages, combined with tourists' potential unfamiliarity with Bahasa Malaysia, could lead to misunderstandings. This was accentuated in regions like Kelantan and Terengganu, which also had unique local dialects.

iv. **Connectivity Issues** - While Malaysia boasted commendable air connectivity linking states to primary tourist gateways, there was a noticeable deficit in overland connectivity. Buses and train services were not optimised for efficient tourist transit, compounded by subpar road conditions and limited access routes to specific destinations.

v. **Technological Adaptation Deficit** - The rise of online platforms for information access, bookings, and even dining recommendations underscored the region's need to embrace technology. Failure to adapt meant missing out on a large segment of self-planning tourists. Technology adaptability by industry players in some states in Malaysia was relatively low. Promotional content must be managed to fit digital marketing and online booking systems, proven to increase sales and volume. Social media could be leveraged to the fullest to reach a wider audience and segment the promotion of products and services according to the target market.

vi. **Pricing Dynamics** - International visitors might find travel to Malaysia relatively economical

due to favourable exchange rates, while domestic tourists – a significant segment of arrivals – were impacted by rising costs. For product owners and operators, lowering prices could compromise market competitiveness, service quality, and business longevity. While lower prices might boost demand, they could adversely affect service quality, sustainability, and innovation potential.

vii. Lack of Recognition for Quality Offerings - Many of the ECTC products, especially from micro and small businesses, were of top-notch quality but remained underappreciated. This reflected a broader issue in Malaysia's recognition or certification programmes. While larger businesses might pursue certifications like ISO to validate their quality, for smaller players, the associated costs could be prohibitive.

viii. Fragmented Initiatives - A significant obstacle in presenting ECTC as a unified tourism offering was the lack of coordinated efforts among stakeholders. This included industry bodies, government entities, service providers, and intermediaries like digital platforms and agencies. Factors such as the absence of a unified platform for ECTC, ideological differences, budgetary constraints, and inconsistent follow-ups could impede collective progress. Executing ECTC could encounter obstacles due to the involvement of multiple parties and the need for meticulous coordination. Given the multiple stakeholders involved, issues could also arise over pricing and the equitable distribution of earnings.

ix. Legislative Complexity - In addition to federal regulations, each state operated under unique by-laws and governance. These local regulations managed licensing, fees, and other pertinent rules. This diversity in regulations across localities could challenge intermediaries designing cross-state packages.

x. State-Centric Marketing - Each State Tourism Board adopted numerous strategies to bolster its individual state's tourism subsector. Instead of collaborative promotion as a corridor, the focus remained on independent state initiatives. Campaigns such as "Visit Pahang," "Visit Terengganu," "Visit Kelantan," or "Visit Johor" were executed with individual state resources.

Following the execution of various activities under the ECTC programme, the ensuing impacts were observed:

i. Boosted Productivity - The ECTC initiative might lead to heightened productivity, primarily driven by integrated marketing strategies, especially through digital platforms. TPN's programmes like ITB, Inbound Destination Experts (IDEx), and MaTeX catalysed this growth.

ii. Discovery and Enhancement of Tourism Offerings - Through ECTC and its associated ventures like ITB and IDEx, previously unexplored tourism products and services were brought to light and existing ones were enhanced-this empowered the industry participants with accurate information to market their offerings and boost sales. The rising trend of "experience hosts" was identified as a beneficial evolution in the tourism subsector, supported by digital platforms such as Airbnb Experience, TripAdvisor, Lokalocal, Show Around, and Klook.

iii. Empowerment of micro, small and medium-sized businesses - By interlinking tourism products across states, micro, small, and medium-sized businesses had the opportunity to broaden their reach and tap into diverse market segments. If executed effectively, ECTC could lead to an uptick in tourist arrivals, resulting in heightened revenue for industry stakeholders.

Based on the achievements and outputs of the ECTC initiative, it had solid foundations. However, the foundations set were in isolation. The dots were scattered within ECTC states, and the task was to connect the dots. One recommendation was to launch a pilot project to test ECTC as a corridor. The following were the recommended steps in building an ECTC package:

Step 1: Building ECTC tourism packages by combining potential individual products from two or more states, starting from tourists' main entry points based on specific target markets. The package could use different approaches which catered to different target markets, for instance:

i. Multiple Theme Approach: For instance, combining heritage and cultural-based products with luxury travel, integrating adventure activities with nature and cultural products, and mixing history with gastronomy;

ii. Niche Market – Single Theme Approach: For instance, combining adventure-based locations of one state with another, such as the 7 Mountains Expedition, which combines Pahang and Kelantan; package a trail such as a historical trail from Kelantan to Pahang; island and beaches vacation such as for Terengganu and Pahang;

iii. Family-Oriented Mixed Age Approach: Quite similar to the multiple themes approach, the package built may cater specifically to family-oriented travel, for instance, combining products that appeal to all age groups rather than just one age group. Another example is combining retail and gastronomy destinations as they are of interest to all age groups; and

iv. Country-specific packages such as China or India-ready packages.

Step 2: Connecting the packages to the target markets may be done effectively via digital platforms and social media marketing. Alternatively, experience hosts or travel agents may promote the packages. The same packages may be promoted by many to ensure better reach. The Government may play a role in enhancing the promotion of packages through MOTAC and Tourism Malaysia.

Step 3: Executing the packages through proper coordination among parties, including state offices and various authorities, product owners or operators, and experience hosts or digital platform providers or travel agencies.

Special Approved Permits (AP) for Tourism Vehicles

Tourism Accommodation Digital Roadmap

TPN developed the Tourism Accommodation Digital Roadmap in 2022 to guide hoteliers and tourism accommodation operators in embarking on the digital transformation journey to remain productive and competitive in the market. The roadmap is part of TPN's holistic Sayangi Malaysia: Building a Great Tourism Nation campaign to elevate Malaysia's tourism industry and reposition the country as the preferred destination.

Development of the roadmap aimed to improve the productivity of the hotel industry players through digital adoption, provide a roadmap as a guideline for hotel industry players to adopt and adapt digitalisation, and enable hoteliers to emulate best practices according to specific sub-sectors in adopting technology and digitalisation.

The roadmap comprises guidance for tourism accommodation digitalisation, covering the following areas or departments:

- i. Front Office
- ii. Housekeeping
- iii. Food & Beverage (F&B)
- iv. Engineering
- v. Security
- vi. Sales & Marketing
- vii. Human Resources
- viii. Finance

The roadmap also provides insights into cross-departmental digitalisation and the need for digital talent to enable swift digital transformation. In addition, it highlights business capabilities in cybersecurity.

The roadmap enables hoteliers and tourism accommodation operators to evaluate their digitalisation levels and readiness. From the roadmap, they could identify whether they are at the basic level, getting ready for the digital economy, or at the intermediate level, growing in the digital economy. Knowing where they stand would facilitate strategising the next course of action. The roadmap provides recommendations of digital solutions for hotels to increase productivity and efficiency.



Scan to download the Tourism Accommodation Digital Roadmap

ONGOING INITIATIVES, 2023 AND BEYOND, IN BUILDING A GREAT TOURISM NATION

In 2022, TPN reevaluated and restructured its establishment to align with the current and future tourism industry landscape and changes. TPN rallied the support from various organisations from the public and private sectors to form the Working Groups covering the pertinent aspects of tourism industry recovery. Each Working Group is led by a main relevant stakeholder. The Working Groups are responsible for implementing TPN programmes, supported by MPC.

Figure 27 : TPN Working Groups, 2023

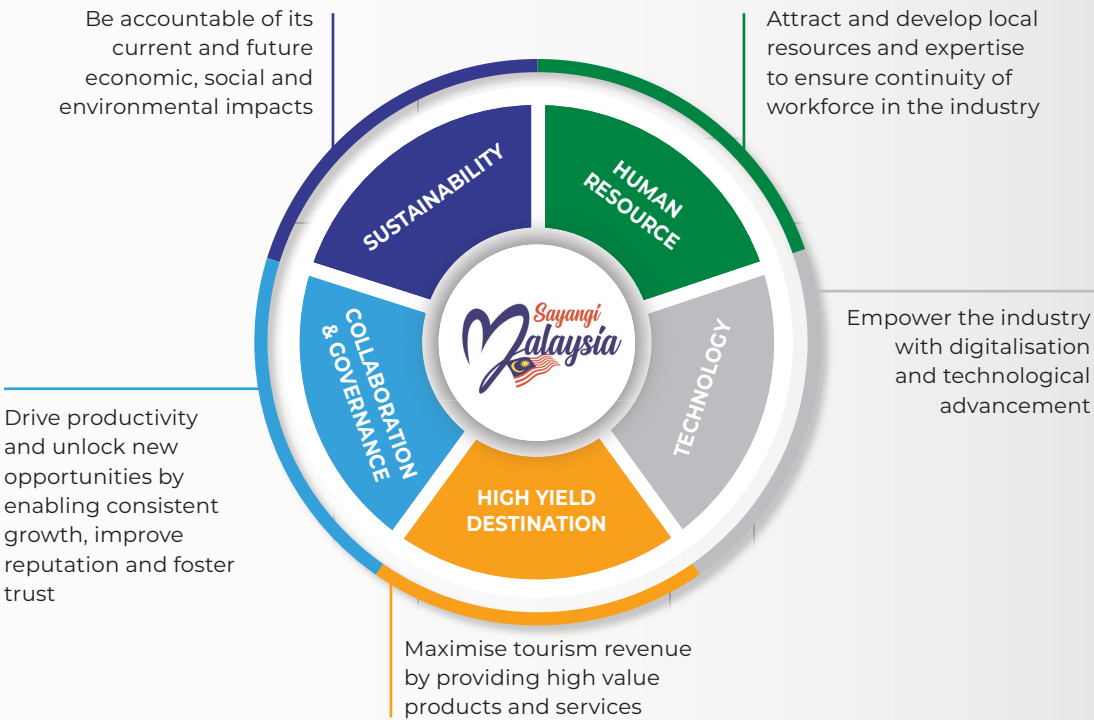
Talent & Workforce	Destination Marketing & Management	Sustainable Tourism	
<div>MEF HR Hotel Practitioners' Association</div> <div>Malaysian Tourist Guides Council (MTGC)</div> <div>Digital Travel Technology Association of Malaysia (DiTTAM)</div> <div>Tourism Educators Association of Malaysia (TEAM)</div> <div>Association of Hotel Employers (AHE)</div> <div>UOA Group</div> <div>UDA Holding Bhd</div> <div>Universiti Teknologi MARA (UiTM)</div> <div>Jabatan Pendidikan Politeknik dan Kolej Komuniti</div>	<div>Malaysia Chinese Travel & Tours Agent Association of Malaysia (MCTA)</div> <div>Malaysian Tourist Guides Council (MTGC)</div> <div>Malaysia Tourism Agency Association (MATA)</div> <div>Islamic Tourism Centre of Malaysia (ITC)</div> <div>Asia-Pacific Network on Accessible Tourism(APNAT)</div> <div>Sabah Tourism Board (STB)</div> <div>Malaysia Airlines (MAS)</div> <div>Association of Malaysian Spas (AMSPA)</div> <div>Malaysia Healthcare Travel Council (MHTC)</div> <div>Lembaga Pembangunan Langkawi (LADA)</div> <div>Malaysian Indian Tour & Travel Association (MITTA)</div> <div>Persatuan Pengusaha Bas Persiaran</div> <div>Pahang Barat Plus</div>	<div>Batu Batu</div> <div>Ecotourism & Conservation Society of Malaysia (ECOMY)</div> <div>Tourism Planning Research Group (TPRG)</div> <div>Universiti Utara Malaysia (UUM)</div> <div>Malaysia Scuba Diving Association (MSDA)</div> <div>Kelab Alami Tanjung Kupang</div> <div>Fuze Ecoteer</div> <div>Ping Anchorage</div> <div>Kementerian Sumber Asli, Alam Sekitar dan Perubahan Iklim (NRECC)</div> <div>Universiti Sultan Zainal Abidin (UniSZA)</div> <div>Universiti Malaya (UM)</div>	
Accomm, Business Event & Attractions	Digitalisation	Governance, Fund and Investment	Accesible Tourism
<div>Malaysia Budget Hotel Association (MyBHA)</div> <div>Malaysia Convention & Exhibition Bureau (MyCEB)</div> <div>Malaysian Association of Convention and Exhibition Organisers and Suppliers (MACEOS)</div> <div>Malaysian Association of Theme Parks & Family Attractions (MATFA)</div> <div>Malaysian Association of Hotels (MAH)</div> <div>Kampungstay dan Homestay Malaysia (MKHA)</div> <div>AnCasa</div>	<div>MyDigital Corp.</div> <div>Malaysia Digital Economy Corporation (MDEC)</div> <div>Malaysian National Computer Confederation (MNCC)</div> <div>Tourism Malaysia</div> <div>Token Builder</div> <div>MD Green Eco Leisure</div> <div>Interim Financial House</div>	<div>PATA Malaysia Chapter</div> <div>Felda Investment Corporation</div> <div>Malaysian Investment Development Authority (MIDA)</div> <div>Northern Corridor Economic Region (NCER)</div>	<div>Asia-Pacific Network on Accessible Tourism (APNAT)</div>

Sayangi Malaysia: Building a Great Tourism Nation

In 2022, TPN strategised the holistic Sayangi Malaysia: Building a Great Tourism Nation programme to revitalise the industry's vibrancy and boost its recovery. This programme continues into 2023 and is expected to gain robust momentum in 2024. The programme is an industry-driven campaign through crowd marketing, supported by MPC, MOTAC, numerous government bodies and industry associations, and Malaysia's tourism industry players. The programme supports the Malaysia MADANI whole-of-nation agenda, which acculturates sustainability, prosperity, innovation, respect, trust, care and compassion as its core values.

Sayangi Malaysia is an all-inclusive programme to boost inbound and domestic travel, focusing on digitalisation, sustainability, talent development, and quality service and delivery. It aims to rally all Malaysians and tourists to promote and vouch for the country as the preferred tourist destination by advocating Malaysia's unity and uniqueness in diversity. The programme propagates respect for Malaysian history, heritage, culture, values, and tradition, instils civic-mindedness, and raises environmental awareness. This multi-pronged sustainability campaign aims to reach out to industry players, private and public sectors, students and academia, tourists, and the general public to love Malaysia.

Figure 28 : Sayangi Malaysia: Building a Great Tourism Nation Framework

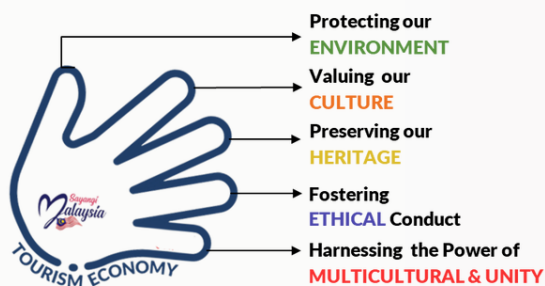


As a tourism nation, Malaysia brings tourism to the people and the people into the tourism industry. Malaysia has what it takes to build a prosperous tourism nation – from our natural environment, history, culture, values, heritage, arts, and tradition to its political, societal, and economic stability. A tourism nation welcomes tourists as much as it embraces investors, traders, and businesses. Tourism has multiplier effects on a country's economy and growth. High-impact investments, foreign exchange earnings, and increased revenues at the local authority, state, and national levels are huge potentials when a country positions itself as a credible tourism nation. Malaysia will gain so much by positioning itself as a tourism nation.

At the core of Sayangi Malaysia is the catalytic nature of the tourism industry to benefit the national economy, offering a wide range of growth opportunities for Malaysia and its citizens. Tourism and its related activities enable millions of employment opportunities and offer a platform to foster national unity. Tourism creates jobs and related income-generating opportunities, from food and craft, and small-scale entrepreneurship to large multinational corporations. The industry promotes intercultural exchange, allowing people to meet, learn about, and appreciate other cultures and ways of life. This cultural exchange increases understanding, tolerance, and respect among people of different backgrounds and nationalities, thereby promoting global peace, harmony, and cooperation.



Figure 29 : Sayangi Malaysia's Five Pillars



*Sayangi Malaysia is based on five pillars :
Environment, Culture, Heritage, Ethics,
and Unity.*



With the five pillars, TPN promotes the Malaysian way of greeting by placing the right hand to where the heart is to welcome tourists to Malaysia.

Broad-based sustainability is the essence of Sayangi Malaysia, echoing 17 SDGs and ESG principles. The programme charts the sustainability journey for the industry through its ABCDE approach:

Figure 30 : The ABCDE of Sustainable Tourism



Managing workforce issues and shortage of workers in the tourism industry

The future outlook is promising as Malaysia's tourism industry is on the right recovery track. Tourism activities have been increasing, and hotel bookings and reservations keep increasing.

Nevertheless, this has created a mounting challenge in getting enough manpower to cater to the increasing number of tourists and tourism activities. The industry faces a shortage of workers across the value chain, affecting the quality delivery of tourism products and services. Many tourism industry players left their employments, were retrenched, or closed their businesses between 2020 and 2021, leading to the issue at hand.

The solution to the shortage of workers in the tourism industry is to attract more talent to work in the hotel, hospitality, and tourism-related industries and retain the current and new employees.

In 2023, TPN focuses on the shortage of workers in the hotel industry as it affects tourism directly. TPN focuses on four areas as the root causes that keep talents away from the hotel industry:

- i. Challenges in attitude, aptitude, awareness, perception, interests, and outreach;
- ii. Inflexible working hours and less desirable working environment;
- iii. Lack of digitalisation and automation in industry practices, training and education; and
- iv. Unattractive and non-competitive remuneration and compensation package.

The root causes were identified as relevant to the primary target group for tourism employment – the Sijil Pelajaran Malaysia (SPM) school leavers, Generation Z, the millennials, and the young generation, who are characterised mainly by the extensive use of technology and digitalisation, being financially-minded, work-life balance, connectivity, and self-expression.

Addressing the four factors, short-term interim measures are identified:

- i. Focus on digital content and delivery to broaden outreach;
- ii. Conduct short courses and localised roadshows for awareness;
- iii. Conducts Tourism Job Camps in hotels;
- iv. Focus on part-time, gig, and freelance tourism workers;
- v. Develop a tourism career portal;
- vi. Develop a Tourism Reward System (TRS) by benchmarking the Productivity Linked Wage System (PLWS); and
- vii. Organise webinars and seminars to garner support and interest from hoteliers and associations.

The projects and short-term interim measures shall contribute to the long-term objectives:

- i. Resilient and industry-ready talent with a genuine interest in tourism;
- ii. More attractive and more innovative working hours, with predictable shifts and rotation and work-life balance;
- iii. Establishment of a digital platform to match demand and supply in the tourism workforce comprising comprehensive information including the database of freelance tourism workers, hotels etc., information on the jobs available, guidelines for employment etc.; and
- iv. Enhanced employee wages, benefits, and compensation.

Tourism Job Camp

Malaysia's tourism industry faces challenges in the talent's attitude, aptitude, awareness, and outreach in building a sustainable workforce. As an interim measure towards building a resilient, sustainable, and industry-ready workforce, a high-impact Tourism Job Camp is crafted to introduce the excitement of the tourism industry to SPM leavers and students in the upper secondary level.

The 5 - 7-day programme serves as the first introduction to the tourism industry and career path, exposing the young generation to the values of Malaysia's tourism industry. Tourism Job Camp targets school leavers, particularly post-SPM individuals and upper secondary-level students. The programme will involve close collaboration with hotels, preferably stand-alone hotels in Malaysia, and the Ministry of Education (MOE).

Upon the proliferation of the Tourism Job Camps at hotels nationwide, the government-industry-academia triple-helix collaboration is expected to manage the issue of the shortage of workers and dependency on foreign workers in the hospitality industry. The programme will involve close partnerships with hotels, preferably stand-alone hotels in Malaysia, and the Ministry of Education (MOE).

Development of Tourism Job Portal

Attracting the young generation to be employed in the tourism industry requires criteria that fit the generation's characteristics. Technology, digitalisation, and more innovative and flexible working arrangements are among the factors to be considered in making the tourism industry more appealing to the young generation.

Developing a tourism career portal may be the solution as potential talents can access and choose employment according to their preferences via an online channel familiar to and preferred by them. The Tourism Portal targets users from among the young generation. The Tourism Portal allows easy access to job opportunities according to user's preferences. The

The industry-driven Tourism Job Camp entails the following process:

- i. Identify hotels to participate in the programme and house the participants throughout the programme duration;
- ii. Identify schools, students, and SPM school leavers to participate in the programme through engagements with MOE and secondary schools and via social media promotion;
- iii. Develop modules via industry-government collaboration to be endorsed by MOE, MOTAC, and tourism industry associations; and
- iv. Conduct an e-profiling assessment or post-programme survey upon the completion of the programme.

The programme's pilot project will be executed with 10 SPM school leavers who are expected to participate in the pilot project involving a stand-alone hotel within Kuala Lumpur or Selangor. Data, observation, and experience from the pilot run will be used to improve the operationalisation and module of the programme before scaling it to more hotels.

programme will involve close collaboration between the public and private sectors, from MPC, MOTAC, Malaysia Digital Economy Corporation (MDEC), MAH, MAHQ, and MyBHA. The Tourism Portal is divided into four main segments:

- i. Reasons to join the tourism industry – to change the mindset and influence youth to work in the tourism industry;
- ii. Matching of demand and supply for tourism workforce;
- iii. Educational materials to enhance awareness and widen outreach; and
- iv. Marketing and promotion of tourism products and services.

The industry-driven Tourism Job Portal entails the following process:

- i. Develop a framework for the portal, including governance and administration of the portal;
- ii. Engage with industry associations to leverage the portal;
- iii. Engage with relevant authorities for endorsement;
- iv. Test user acceptance of the portal and pilot the utilisation of the portal;

- v. Promote the portal to the target groups for registration as freelance tourism workers;
- vi. Enable access to Digital Roadmap for Hotels for hoteliers to adopt business digitalisation; and
- vii. Sustain and update the portal.

The output from the project includes the number of employers and potential workers registered on the portal, the portal's traffic, and the number of users.

Tourism Reward System (TRS)

The issue of attracting and retaining talent has been a critical challenge for the tourism industry because of the lack of supply (i.e. graduates and non-graduates). Thus, the industry resorts to foreign labour.

It will disrupt business operations and eventually affect the tourism industry. It will also impact the enrolment into academic institutions, ultimately disrupting the process of producing future captains of industry. Another issue is the low salary and unattractive remuneration package perceived by the future workforce. In responding to these challenges, TPN will develop and propose a new reward system to accommodate the current and future workforce aspirations.

Introducing the Tourism Reward System (TRS) may solve the lack of interest because it will attract local talent at a very young age to join the industry and retain the existing employment. The TRS aims to attract SPM leavers from the B40 group. Implementation of TRS will attract new talents and retain them in employment.

TRS proposes attractive remuneration and compensation packages, recommending justifiable salaries, incentives and bonuses, and extended benefits. Realising TRS necessitates collaboration and involvement from hoteliers, hotel associations (MAH, MAHO, and MyBHA), relevant policymakers from MOTAC, Jabatan Tenaga Kerja, Ministry of Human Resource (MOHR), MPC, academicians, higher learning institutions, and the National Union of Hotel, Bar and Restaurant Workers (NUHBR).

Developing TRS entails the following key activities:

- i. Develop a holistic TRS framework;
- ii. Engage and consult with relevant stakeholders from the private and public sectors and academicians;
- iii. Request endorsement from the relevant authorities and industry associations;
- iv. Develop and distribute a booklet on "Guidelines for Total Reward System" intended for the tourism industry players as users;
- v. Promote TRS nationwide through engagement series, on-site and virtually.

TRS involves short- and long-term execution in phases. The early stage consists of the development of the framework and booklet. Future stages may include piloting TRS at selected tourism establishments before scaling its implementation nationwide.

The TRS pilot project will involve a selected hotel or tourism establishment. The pilot run may require several months, including promotion and outreach programmes and the hiring of employees.

TRS' effectiveness in retaining employees can only be determined after an appropriate duration from the initial hiring date. Upon firming the model, TRS will be presented in a booklet, ready for printing and distribution.

Hotel Step-up Productivity

Hotels nationwide are experiencing a sudden increase in bookings since the rise of domestic travel and Malaysia's international border opening. Efforts must be in place to optimise the use of resources in managing the rising operating cost while still providing the best services to guests.

Hotel Step-up Productivity focuses on three main areas: energy efficiency, technology and digitalisation, and management practices. The programme's implementation is delivered through close collaboration between the private and public sectors.

Electricity cost has been high vs. operating cost and it is second highest in hotel operating cost due to operation necessary to business requirements. With the reduced occupancy rate post-COVID-19, utility bills are much reduced, but it gives no difference to the operating cost, in some cases even higher. Inefficient use of electricity ranged from 9% - 20% of the operating costs in the hotel industry, thus TPN is executing the following strategies to address the issue:

- i. Collaboration with Suruhanjaya Tenaga (ST) and Sustainable Energy Development Authority (SEDA) for Energy Audit Conditional Grant (EACG);
- ii. Set target;
- iii. Conduct an energy audit to understand the current usage; and
- iv. Propose and implement recommendations.

In terms of technology adoption and management practices, TPN has identified that the hotel industry is marred by low digital adoption, high dependency on low-skilled workers, and inefficient management practices. In managing these challenges, TPN works with Technology Centres to execute the following strategies:

- i. Identify gaps and assess hotel digital adoption and management practices;
- ii. Design intervention for a specific pain point; and
- iii. Implement a workable solution and measure its impact.

30 hotels are participating in the programme due to complete by the end of 2023.

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Nature-Based Tourism for Sustainability at Wang Kelian, Perlis

In 2023, TPN initiated the effort to develop a nature-based tourism (NBT) product in Perlis, the northernmost state of Peninsular Malaysia, as part of the initiative towards promoting sustainable tourism development in the country. The proposal first came to light during a discussion between MPC and the Ministry of Economy and was seen fitting into TPN's overall framework of the Sayangi Malaysia programme.

NBT is a growing global trend focusing on green practices while travelling to natural destinations and facilitates income generation for the local population. The initiative has its basis in the findings from the World Bank on the potential of NBT in Malaysia, which has received an increasing demand from tourists, domestically and internationally, indicating a vast market for NBT-based destinations, activities, and products. Malaysia is behind its regional competitors in developing a successful NBT, although the World Bank estimated that NBT in Malaysia has the potential to grow to USD14.4 billion by 2027.

Wang Kelian in Perlis is selected for the pioneer project due to its rich natural resources and abundant flora and fauna within the Nakawan range. This project identifies the gaps in promoting Wang Kelian, which is still lacking as a renowned eco-tourism destination in Perlis, Malaysia.

Wang Kelian remains an unexplored region in the country which boasts a variety of rare species, which is suitable to be promoted to high-end niche tourists. There is also a growing need to protect and preserve natural resources and avoid over-tourism as part of the country's initiative towards sustainable tourism development.

The pioneer project aims to achieve the following five main objectives:

- i. Understand and evaluate the potential of Wang Kelian as an NBT destination;
- ii. Identify the gaps and opportunities of Wang Kelian's location as an NBT destination in Malaysia;
- iii. Design proposal to develop Wang Kelian as an NBT destination;
- iv. Implement, monitor and measure recommendations to be implemented; and
- v. Analyse and review project implementation for replication in other potential locations in Malaysia.

The pioneer project is expected to produce the following impact upon successful execution:

- i. Increase in productivity;
- ii. Increase in tourist arrivals and tourism receipts;
- iii. Government-endorsed accommodation establishments;
- iv. Sales of local products, food and beverages;
- v. Sales of entrance tickets; and
- vi. Collection of Tourism Tax for visitors and international tourists.

A technical visit to Wang Kelian was conducted from 21 – 23 June 2023 to deep dive into the location's potential for NBT and design a framework to develop the area as one of the leading NBT destinations in Malaysia. Wang Kelian's Strengths, Weaknesses, Opportunities, and Threats as an NBT destination were discussed during the visit.

The framework designed for the pioneer project in Wang Kelian is drafted based on the 17 SDG principles, tourism policies and 5 Pillars of Sayangi Malaysia, incorporating ESG principles in its action plan.

Figure 31 : SWOT Analysis on Wang Kelian as an NBT Destination

Strengths	Weaknesses
<p>Rich in biodiversity</p> <p>Thailand Bordertown</p> <p>The tourist attractions are nearby and accessible</p>	<p>The readiness of product and infrastructure (restaurants, tourism packages, accommodations, logistics, family-friendly products, internet connectivity)</p> <p>Lack of visibility promoting the location (signages, billboards, social media promotion)</p> <p>Accessibility and connectivity (lack of public transport, last-mile connectivity)</p> <p>Lack of motivation and local awareness</p>
Opportunities	Threats
<p>Statutory requirements and involvement</p> <p>Investment Opportunities / Privatisation (in terms of new tourist attraction)</p> <p>Awareness</p> <p>Improvement, maintenance, digital enhancement, accessibility</p>	<p>Public perception of Wang Kelian due to historical news</p> <p>Thailand – superior product services and hospitality</p> <p>Lack of funding to operate, hire and maintain the venue</p> <p>Pollution human activities against nature</p>

Figure 32 : Proposed Action Plan for Wang Kelian

Economy	Environment	Social	Governance
<p>Transform Arked Niaga to a One-Stop-Centre.</p> <p>Implement agro-tourism economy.</p> <p>Open duty-free shops, R&R, stalls, retail shops.</p> <p>Establish friendly facilities for all (Family, OKU, senior citizens).</p>	<p>Increase awareness of recycling and waste management among local communities and tourism stakeholders.</p> <p>Ensure new development does not affect the river and water bodies.</p> <p>Implement green initiatives such as solar panels and rainwater harvesting.</p> <p>Protect the rich biodiversity of the area.</p>	<p>Increase job opportunities through the tourism industry</p> <p>Improve the infrastructure and facilities</p> <p>Establish TVET, upskill & reskill, training centre, KEMAS</p> <p>Respect the local community (culture & heritage)</p> <p>Involve locals in responsible farming</p>	<p>Involve all parties and communities in community-based tourism</p> <p>Adapt technology for a wider market</p> <p>Encourage CSR programmes by organisations</p> <p>Establish a dedicated agency to produce local craft</p> <p>Enhance collaboration with the private sector and related government agencies</p>

Sustainable Tourism Roadmap

TPN is developing the Sustainable Tourism Roadmap, which emphasises the importance of sustainable tourism practices to ensure a resilient and sustainable tourism industry. It provides guidelines on sustainable tourism practices for destination operators, attractions, products, and tourism services. The roadmap encourages these practices to boost productivity. Development of the roadmap aligns with Malaysia's commitment to the SDGs as a guide towards resilient, inclusive, and sustainable national development.

The main objectives of this roadmap are to:

- i. Impart understanding and awareness of the significance of sustainable tourism practices;
- ii. Provide guidelines for sustainable tourism to stakeholders, including destination operators, attractions, and tourism services; and
- iii. Promote sustainable tourism practices to enhance productivity.

According to the UNWTO, sustainable tourism is defined as the tourism industry that cares and is accountable for the impacts of tourism activities on the economy, society, and environment, both now and in the future. This encompasses addressing the needs of tourists, the industry, the environment, and the community.

Post-pandemic, with the reopening of international borders, Malaysia expects a surge in tourist numbers. This influx boosts the nation's economy but will directly impact the social fabric, natural environment, heritage assets, and culture. Uncontrolled land development for tourism, overconsumption of resources, poorly managed waste disposal, deterioration of cultural and natural assets, and various forms of pollution are potential adverse outcomes. Hence, emphasising sustainable tourism is crucial to ensure the industry remains resilient while benefiting local communities. Upon its completion, TPN expects that the roadmap will facilitate the industry players to mitigate the negative impact of tourism activities on the environment and society.

Sustainable Tourism Microsite

MOTAC and TPN are collaborating to develop a sustainable tourism microsite as a platform for sharing activities, information, and best practices on sustainable tourism in Malaysia. The microsite aims to raise awareness and understanding about sustainable tourism activities and encourage tourism industry players and the public towards sustainable practices.

The microsite enables the industry players to share their best practices in sustainable tourism. They can send videos and descriptions of activities to be uploaded to the microsite. The microsite would also serve as a reference point for the industry players to access information on grants, funding, and incentives for sustainable practices.

Collaborative efforts with the Ministry of Tourism, Arts and Culture (MOTAC)

Since 2022, TPN has been working very closely with MOTAC on several areas. Programme-wise, MOTAC has endorsed and supported the implementation of Sayangi Malaysia initiative. The programme is seen as timely as to prepare the country before launching the next Visit Malaysia Year (VMY).

In materialising and supporting the National Tourism Plan (NTP) 2030, TPN co-chairs MOTAC's committee for sustainable tourism and human capacity building, as well as sits in the tourism investment committee. The committee is responsible for executing NTP 2030.

TPN has been contributing to MOTAC's requests in aspects related to rebuilding Malaysia's tourism industry, such as in preparing the 2024 budget and promoting and developing accessible tourism.

The close collaboration with MOTAC enables TPN to contribute more to the industry at the national level, and enhance TPN's involvement in tourism policymaking.

RECOMMENDATIONS AND THE WAY FORWARD

TPN will move forward in its pursuit of enhancing the productivity of the tourism industry and providing a platform for the public and private sectors to collaborate and synergise efforts.

TPN is steadfast in its mission to address the need of the Government, tourism businesses and associations to boost the tourism economy, which will be delivered through:

- i. Building partnership - develop close partnerships among public & private organisations through Governing Committee & Working Groups
- ii. Realigning strategic plans - Realign government policies and blueprints to ensure Government & industries work together towards the same goal; and
- iii. Addressing current challenges towards building a foundation to implement a new era of tourism and towards building a great tourism nation.

Quick-wins interventions in reviving the tourism industry

Tax exemption for Special Tourism Approved Permit (AP)

MITI has approved a special AP for Tourism vehicles to source high-quality vehicles for high-yield tourism. The industry players can benefit from import duty and sales tax exemption for purchasing the vehicles. The government can potentially encourage businesses to invest more in high-quality tourism vehicles through these import duty and sales tax exemptions. This could lead to improved transportation services for tourists, enhancing their overall experience.

Tourism Mapping and Coordination

Developing a comprehensive tourism map and coordinating efforts across various government departments and agencies can enhance the overall tourism experience. Tourism Malaysia can coordinate effectively to enhance tourism offerings for Malaysia and integrate marketing plans across the value chain. This initiative will involve different stakeholders along the tourism chain. This will create a more integrated and seamless tourist experience, leading to a spillover effect where benefits spread to various sectors.

Ease of doing business and governance

The industry needs to be stimulated for increased investment. The Government needs to streamline the business processes for potential investors. Establishing a centralised one-stop centre dedicated to processing permits, licenses, and approvals could significantly reduce bureaucratic complexities. Creating a business environment conducive to investors, including smoother interactions with financial institutions and enhanced governance practices, could foster higher private sector engagement.

Digital Adoption and Grants

The Government could allocate grants to promote digital adoption within the tourism industry. These grants could facilitate the modernisation of operational processes and elevate the overall visitor experience. Specific digital initiatives, such as implementing destination QR codes, could offer tourists convenient access to pertinent information, thereby enhancing their travel and exploration experiences.

Sustainable Certification

The industry could benefit from the development of a national sustainable certification aligned with global standards, such as GSTC, BCorp, and IBCCES. This certification symbolises confidence for environmentally conscious travellers, showcasing the destination's commitment to sustainability. By establishing a more accessible and cost-effective certification process, the industry could attract a greater number of eco-conscious tourists.

Workforce Development and Salary Issues

Investing in human capital development, which involves initiating training and skill development programmes tailored to the needs of the local workforce, may strengthen the industry's workforce. Such programmes could result in improved service quality, enhanced professionalism, and a more rewarding tourism experience for visitors. Addressing salary concerns within the workforce contributes to a motivated and highly dedicated workforce, leading to elevated service standards.

Strategic recommendations for building a great tourism nation

Enhancing Destination Competitiveness and Readiness

- i. **Diversify Tourism Offerings:** Develop a comprehensive tourism product portfolio that appeals to a wide range of niche markets, including eco-tourism, adventure tourism, cultural heritage tourism, medical tourism, and luxury tourism. Expand and update existing offerings and identify emerging trends to ensure Malaysia remains competitive in a dynamic global tourism market.
- ii. **Infrastructure Development:** Continuously improve tourism infrastructure, including transportation networks, airports, roads, and public amenities, to enhance accessibility and convenience for visitors. Develop strategic partnerships with the private sector to invest in world-class tourism infrastructure projects supporting key tourist destinations' growth.

- iii. **Destination Marketing:** Implement targeted destination marketing campaigns highlighting Malaysia's unique attractions, cultural diversity, and natural beauty. Leverage digital platforms and social media to reach a global audience, engaging with potential tourists through captivating storytelling and personalised experiences.

Strengthening Industry Collaboration

- i. **Public-Private Partnerships:** Foster stronger collaboration between the government, tourism industry stakeholders, and private enterprises. Establish regular dialogue and knowledge-sharing platforms to align strategies, address challenges, and collectively drive initiatives that enhance tourist experiences and increase expenditure.

ii. **Tourism Clusters:** Develop tourism clusters that facilitate collaboration among related industries, such as hospitality, transportation, food and beverage, and retail. Encourage cross-sector partnerships to create integrated tourism experiences and packages, maximising visitor spending across various sectors.

iii. **Capacity Building:** Invest in human capital development initiatives to ensure a skilled and knowledgeable workforce within the tourism sector. Establish training programs that enhance service quality, language proficiency, cultural awareness, and hospitality skills to deliver exceptional experiences that encourage higher tourist spending.

Improving Visitor Experiences

i. **Service Excellence:** Promote a culture of service excellence across the tourism industry, emphasising personalised and memorable experiences for visitors. Implement certification programs and recognition schemes that incentivise businesses to exceed customer expectations, leading to positive word-of-mouth and repeat visits.

ii. **Digital Innovation:** Embrace digital technologies and smart solutions to enhance visitor experiences and streamline processes. Develop user-friendly tourism apps, digital guides, and interactive platforms that provide real-time information, personalised recommendations, and seamless connectivity throughout the visitor journey.

Leveraging Nature-Based Tourism (NBT)

According to the World Bank, the key global NBT trends validate the pursuit of NBT as a growth and resilience strategy. The trends such as low impact and customised travel itineraries, giving back to the society and environment, being at one with nature, cultural and arts immersion, local hosts as guides, wellness and mindfulness call for NBT proliferation domestically and globally. NBT, as a part of sustainable tourism, is a growing global trend. In a survey conducted by Booking.com, 72 per cent of travellers believed that people should make sustainable travel choices, and 53 per cent of travellers said they were more likely to book eco-friendly accommodations.

Expanding High-Yield Tourism Markets

i. **Targeted Marketing Strategies:** Identify and prioritise high-yield markets based on their spending potential and alignment with Malaysia's tourism offerings. Develop tailored marketing campaigns in collaboration with tourism industry stakeholders to attract affluent travellers from key source markets, focusing on experiential tourism and unique selling points.

ii. **Business and MICE Tourism:** Promote Malaysia as a preferred destination for business events, conferences, and meetings. Invest in state-of-the-art convention centres and provide attractive incentives to attract international organisations and corporate travellers, who often have higher spending capacity.

iii. **Air Connectivity:** Strengthen air connectivity by forging strategic partnerships with airlines, expanding flight routes, and attracting new carriers to provide direct access to key source markets. Streamline visa procedures and explore visa facilitation agreements to encourage more visitors, including high-spending travellers.

The World Bank estimated that NBT in Malaysia was valued at up to US\$4.8 billion in 2019, and its global value was estimated at up to US\$825 billion in 2021. Malaysia's NBT market is vast, with a demand pool of 43.8 million potential nature-based tourists. 43 per cent of these tourists are considering or planning or have booked a trip to Malaysia.

Given Malaysia's vast potential for the NBT market, the country is underperforming on key NBT competitive measures. Malaysia is not considered a leader in NBT relative to its competitors. According to the World Bank's findings;

i. Only 2 per cent of respondents thought of Malaysia first or second when they thought about NBT destinations compared to 22 per cent for Australia, 6 per cent for Thailand and 5 per cent for Indonesia;

ii. Only 4 per cent named Malaysia as an NBT destination without prompting compared to 33 per cent for Australia, 11 per cent for Thailand and 10 per cent for Indonesia; and

iii. 25 per cent recognised Malaysia as an NBT destination when prompted, compared to 52 per cent for Australia, 38 per cent for Thailand and 32 per cent for Indonesia.

Malaysia's potential priority source market for NBT comes from the United Kingdom (18 million), Japan (15.8 million), Australia (6.8 million) and Singapore (3.2

million). While the UK is the largest and Singapore is the smallest, Singapore has the highest penetration of nature-based travellers in the market at 61 per cent of the country's total 18+ population.

The World Bank further indicated that nature-based travellers have the vast potential to bring significant value to Malaysia. They can contribute to sustainable growth by having a smaller environmental footprint yet greater economic and employment impact.

High-value travellers (HVTs) make up 41.6 per cent of the total NBT Market for Malaysia across four priority source markets, with 30.6 per cent actively considering, or already planning or having booked a trip to Malaysia. By 2027, NBT in Malaysia could grow up to US\$14.4 billion.

Broad-based sustainable tourism through Whole-of-Nation effort

TPN is committed to working with all tourism stakeholders towards building a great tourism nation through broad-based sustainable tourism. It embodies an inclusive approach that balances economic growth, social fairness, and environmental conservation. This requires a united, whole-of-nation effort from the government, local communities, educational institutions, non-governmental organisations, and industry stakeholders. By integrating education, promoting community involvement, and enacting policies that prioritise environmental and cultural protection, Malaysia can build the foundation for a sustainable tourism industry that triggers widespread growth.

At the heart of this is inclusivity, ensuring that the benefits of tourism reach every societal level. Strengthening ties between tourism and other sectors like agriculture, manufacturing, and services creates a beneficial cycle of growth. When Malaysia emphasises local products and experiences, it boosts its internal economy and provides tourists with genuine, enriching experiences.

Looking towards the future of tourism, leveraging technology becomes essential. Digital tools can play a crucial role in minimising environmental effects, optimising resources, and understanding evolving tourist preferences. Online platforms can bridge the gap between tourists and local communities, highlighting lesser-known destinations and thereby reducing congestion at popular sites. By combining sustainable practices with technological innovation, Malaysia can pave the way for a resilient and prosperous tourism industry.

Strengthening the industry's workforce, technology and digital adoption, business and regulatory environment, and industry structure, as well as boosting tourism products, services, and destinations through the whole-of-nation effort will bring Malaysia's tourism to its deemed glory.

