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MARKETING MALAYSIA TO INTERNATIONAL TOURISTS

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Abstract

The main purpose of this study is to examine the factors that influence the flow of tourists from different countries to Malaysia. We have endeavored to examine the profile of the international tourists and evaluate the economic impact of tourism upon Malaysian economy. Further, the study also involves an examination of the travel patterns and trends in the visitor arrivals, from divergent perspectives. The study involves an analysis of the strengths of Malaysia as an international tourist destination. The objective of the study is to offer appropriate marketing strategies for attracting international tourists to Malaysia.

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INTRODUCTION

International tourism is an activity that takes place when individuals cross the boundaries of a country, for leisure or business, and stay at a place for at least twenty-four hours. The primary advantages of international tourism are that it enables countries to generate foreign exchange earnings and provide employment. International tourism is a flourishing business that has been expanding at a fast pace worldwide.

Malaysia, with its strategic location, favorable climatic factors, and many attractions, seeks its share of the global tourism market. International tourism in Malaysia is based on its natural resources such as beaches, waterfronts, forests, wildlife, and other aesthetic, cultural, and historical assets.

International tourism is emerging as a major industry in Malaysia. The hosting of the Visit Malaysia Year in 1990 signaled the seriousness on the part of the Malaysian government to view it as a mechanism for regional economic development and as a source of foreign exchange. It has been contributing to the balance of payment favorably. It has also helped in generating employment opportunities for the local people in tourism related industries.

Malaysia experienced a strong 5 – 8% rate of economic growth in its Gross Domestic Product (GDP) in the early 1990s. With the desire of the government to maintain high rates of growth, more attention has been paid to inbound tourism developments. The prospect of declining oil reserves and ‘fluctuating’ prices of major export products like rubber and palm oil have added urgency to tourism developments (Asia Travel Trade, 1990: 32). The growth of tourism has overtaken many other traditional economic activities.

ROLE OF MALAYSIA’S TOURISM PROMOTION BOARD (MPTB)

Malaysian Tourism Promotion Board [MPTB], as the central agency for tourism promotion, endeavors:

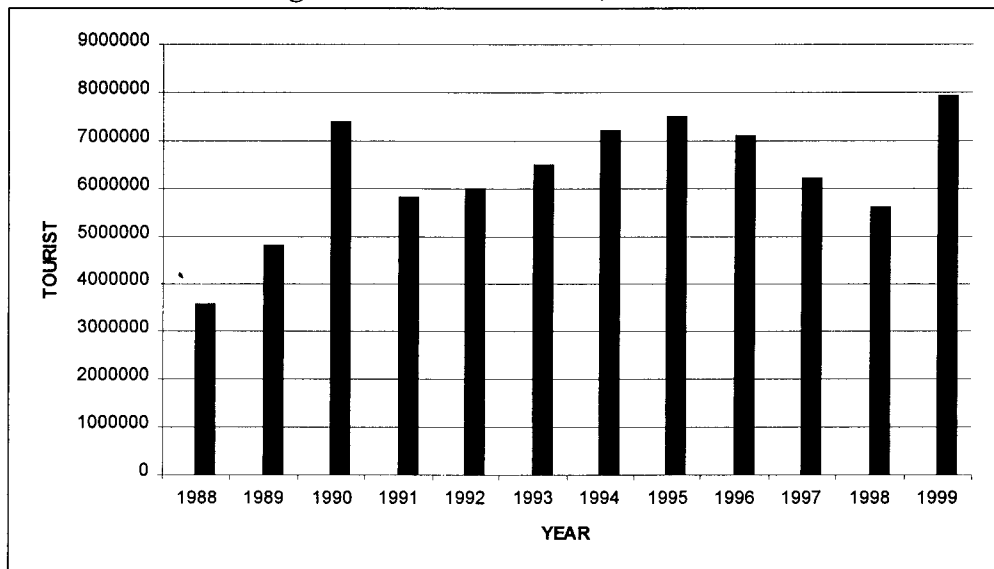
- To increase foreign tourist arrivals;
- To extend the average length of stay of tourists and increase tourism revenues;
- To stimulate the growth of domestic tourism;

- To increase benefits from the meetings, conventions and exhibitions market;
- To recommend and coordinate all tourism marketing and promotional activities.

PROFILE OF INTERNATIONAL TOURISTS

A lot of effort has been made to attract visitors to Malaysia. Consequently, visitor numbers have increased during the last ten years as shown in Figure 1.

Figure 1: Tourist Arrivals, 1988-1999.



Source: Annual Tourism Statistical Report 2000

From 1991 until 1995, Malaysia experienced an increase in its visitors' arrival. However, this increase tapered off in 1991 as a result of the Arabian Gulf War (August 1990-February 1991). This is evident in the fact that the arrival rate increased soon after the Gulf War in 1992. (Annual Tourism Statistical Report, 1993).

This fast growth of arrival rate was very encouraging to Malaysia's tourism industry. Malaysia must not be complacent about this trend. This trend must be supported by well-planned strategies to suit the changing market conditions. In order to accomplish it, an understanding of the composition of the visitors to Malaysia is essential. The following sections describe the characteristics of the visitors in terms of their country of residence, region, gender and personal income.

COUNTRY OF RESIDENCE AND REGION

The study of visitors by country of residence and region is essential for identifying growing and shrinking international tourists markets. This information can facilitate the planning of appropriate marketing strategies for different markets by both governmental agencies and private operators.

Table 1 shows the profile of visitors to Malaysia by their country of residence and region over the past 9 years. It is observed that the Asian region has been the top visitor-generating market for Malaysia during this period, making up more than 50% of the total annual visitor arrival figure, while the number of other groups of visitors has remained relatively low and stable.

Table 1: Distribution of Visitor Arrivals by Residence and Region 1990-1998

REGION	1998	1997	1996	1995	1994	1993	1992	1991	1990
ASIA	4,489,881	5,474,949	6,375,909	6,400,798	6,380,972	5,372,500	5,427,838	5,333,728	6,410,99
AMERICA	113,171	126,845	134,863	141,405	135,098	123,728	124,745	121,785	142,50
EUROPE	340,374	359,401	389,517	399,275	390,999	340,000	342,000	340,712	400,00

Source: Statistical Annual Report - Various issues

Within the Asian region, Association of Southeast Asia Nations [ASEAN] countries constituted the largest proportion of the overseas visitors to Malaysia (Tourist Promotion Board Malaysia, 1998). Being part of the ASEAN family, it is more economical to visit and easily accessible for the regional tourists. The ASEAN market is already well developed and will remain the country's biggest source for tourists for many years to come. The economic boom in other parts of Asia like Korea and Taiwan in early 1980s also contributed to the increase in the number of Asian visitors to Malaysia. China, the fastest growing country in Asia, was Malaysia's largest visitor-generating market in 1998 (Annual Tourism Statistical Report, 1998). The opening of trade in China has allowed the Chinese to travel abroad more freely. Despite the economic slow down in Japan since the late 1980s, Japan is still the market behind ASEAN (Annual Tourism Statistical Report, 1998). Malaysia will continue to receive more Asian visitors in the future as the economies in this part of the world continue to grow.

GENDER

Visitors' gender is an important area of study. As a basic segmentation variable, it guides the development of marketing strategies. A survey conducted by the Malaysian Hotel Association showed that in addition to security and service in hotels, women also look for amenities like well-equipped bathrooms. Table 2 shows the estimated number of male and female visitors who visited Malaysia over the 1989-1998 period.

Table 2: Distribution of Visitor Arrivals by Gender 1989-1998.

YEAR	MALE VISITORS (mil)	% CHANGE	FEMALE VISITORS (mil)	% CHANGE
1989	1.8		1.2	
1990	2.3	0.28%	0.8	-33%
1991	2.5	9%	0.7	-13%
1992	2.9	16%	0.6	-14%
1993	3.0	3%	1.0	67%
1994	2.8	-7%	2.0	100%
1995	2.9	4%	2.1	5%
1996	3.2	10%	1.9	-10%
1997	3.1	-3%	2.5	32%
1998	3.3	6%	2.7	8%
AVERAGE GROWTH		7%		16%

Sources: Various Issues of the Malaysian Statistical Annual Report

Table 2 also shows that average (percentage) growth of male and female visitors between 1989-98 was 7% and 16% respectively. In absolute terms, female visitors seem less promising. However, female visitors' growth rate has been more than double of that of male visitors.

Female arrival patterns were more unpredictable compared to male travelers. The number of female visitors remained relatively small in the earlier part (1989-1993); then it surged upward in 1994 by 49%. The number continued to grow in 1995. A dip occurred in 1990 despite the slight increment in the total visitors to Malaysia during the Gulf war. Perhaps women demand more security, and hence cut down their travel during this unrest. After the Gulf war, female visitor arrivals to Malaysia continued to grow steadily for the next 5 years.

Female travelers, a fast growing group, are emerging as a new market. The increasing earning power and educational level of the women are the main push factors to the growing number of female travelers (World Travel and Tourism Review, 1993). The richest female travelers come from the United States, United Kingdom, South Korea and Japan. They earn about RM140,000 –RM160,000 annually. At the lower end of the scale, female travelers from Taiwan, ASEAN and India earn between RM60 000 –RM80 000 annually. This information indicates that female travelers have high spending power. As female travelers tend to spend more on shopping, MTPB can plan for marketing strategies to make Malaysia attractive in terms of shopping facilities and retail competitiveness.

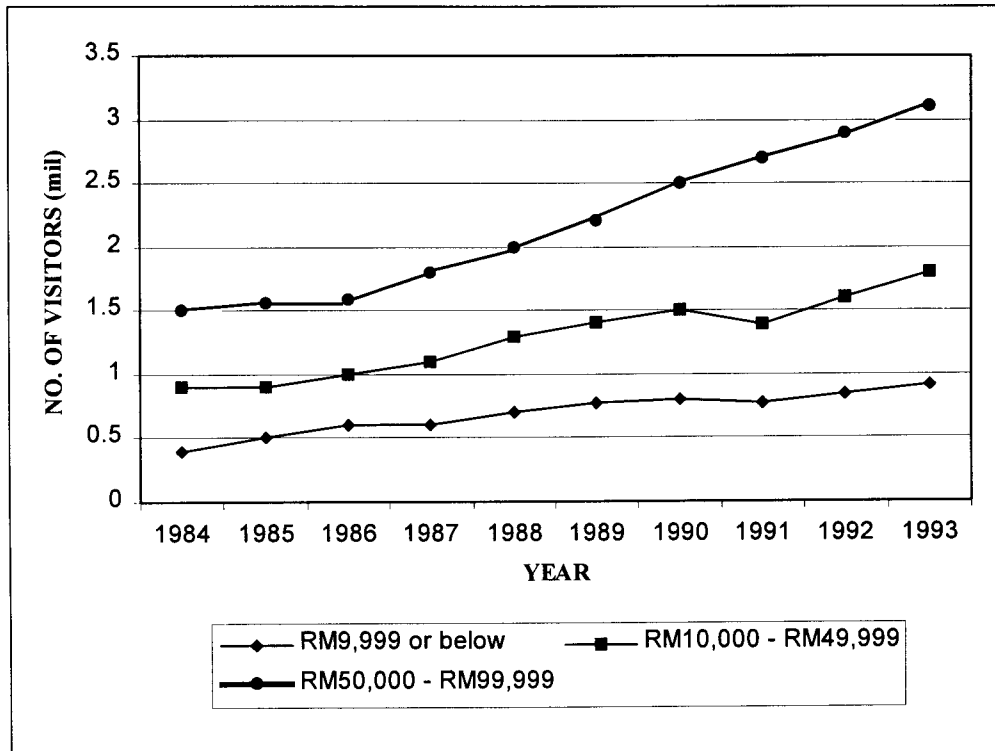
PERSONAL ANNUAL INCOME

The income of the visitors was indicated by their spending power during their stay in Malaysia. Accommodation accounts for the largest portion of visitor spending followed by shopping, food and beverage, local transport, organized tours, domestic airfares and entertainment and recreation. The distribution of Visitor arrivals according to three income groups is shown in Figure 2.

Interestingly, the increase in number of tourists corresponded to the increase in income of the respective category of tourists. The bulk of the visitors are from the income groups of RM10,000 to RM49,999 and RM50,000 to RM99,999. These middle income groups are increasing fast. The emergence of an affluent middle class will generate stronger demand for family and budget travel packages (Baldwin & Bridess, 1993). As this group of visitors is price conscious, they feel that group tours give value-for-money by including airfare, accommodation, meals and tours for the average 3-day stay in Malaysia. Thus, family and budget travel should be an area of focus

for the MTPB, as these travel patterns will persist in the future as well. In order to target specific markets, it is necessary to identify the visitors of the four income groups by their country of residence. Table 3 depicts the top 3 countries in each of the income groups over the standard period.

Figure 2: Distribution of Visitor Arrivals by Income 1984-1993



From Table 3, it is evident that the portfolio of the countries is rather diverse. For discussion purpose, we can focus on the recent period i.e. from 1990 onwards. Visitors from the mid-range income groups are mainly from Singapore, Hong Kong, Taiwan, Japan, ASEAN, Korea, Australia, New Zealand and a few European countries. The fact that they are generally the small spenders must be considered by MTPB when formulating marketing strategies to promote Malaysia to these countries.

The lowest income groups are mainly from China, India, and ASEAN region. Although they have a small disposable income, they are more willing to spend compared to their counterparts in the mid-range income group. As China and India are growing economically, more Chinese and Indians are keen on travelling abroad. MPTB

Table 3: Top 3 Countries In The Stipulated Income Group

Year	RM9,999 or below	RM10,000- RM49,999	RM50,000- RM99,999	RM100,000 or above
1987	India Thailand Taiwan	New Zealand Taiwan Hong Kong	U.S.A. U.K. Australia	U.S.A. Switzerland Indonesia
1988	India ASEAN Taiwan	New Zealand Australia Scandinavia	Japan France U.K.	U.S.A. Canada Scandinavia
1989	India Taiwan ASEAN	New Zealand Australia Italy	Switzerland Canada Netherlands	U.S.A. Switzerland Canada
1990	India ASEAN Hong Kong	New Zealand ASEAN Taiwan	West Germany Netherlands France	U.S.A. Switzerland Canada
1991	India ASEAN Taiwan	Taiwan ASEAN Italy	Switzerland France U.K.	U.S.A. Canada France
1992	India ASEAN Italy	France ASEAN Taiwan	Switzerland Korea West Germany	U.S.A. Canada Japan
1993	India ASEAN Japan	Scandinavia U.K. Australia	U.S.A Netherlands Switzerland	U.S.A. Korea Canada
1994	India ASEAN Taiwan	Hong Kong ASEAN Taiwan	Switzerland Korea Canada	U.S.A. India Japan
1995	China India Italy	Taiwan Japan ASEAN	Scandinavia German Netherlands	U.S.A. Korea Germany
1996	China India ASEAN	New Zealand Australia Korea	Netherlands U.K. Korea	U.S.A South Africa France

Source : *Survey of Overseas Visitors to Malaysia, 1987-1996*

should also pay attention to these countries that have the potential to become excellent sources of inflow of tourists. The visitors with the highest incomes are mainly from USA, Canada, Korea, and South Africa. Since these visitors have the greatest purchasing power, MPTB should plan aggressive strategies to promote Malaysia to them.

In summary, we have identified the following trends in visitor arrivals to Malaysia. Visitors from Asia dominate arrivals. Female travelers are growing fast. We also observe the emergence of the budget conscious travelers.

Employment Opportunities Created By International Tourism

International tourism has been creating employment in the various sectors of the economy. The industry itself is labor intensive, employing about 6% of the workforce. For every million dollars of tourist spending, 27-33 jobs were created compared with the equivalent of 14 jobs in manufacturing in 1990. The primary areas benefiting from international tourism are hotels, tour operators, travel agents, taxis, airlines, charter companies, restaurants etc. The secondary beneficiaries are food suppliers, construction companies, material manufacturers, the financial services industry, market shops, and food stalls. Tourism employment also offers opportunities for people to learn internationally marketable skills. Thus, international tourism should be promoted across Malaysia as a means of improving the income and quality of life of Malaysians.

FUTURE TRENDS

International tourism is undergoing a rapid metamorphosis. International tourism is both people-oriented and people-dependent. On the demand side it depends on international visitors whose buying behavior is influenced by a myriad of variables such as exchange rates, marketing, national and international economies, and political stability (World Travel and Tourism Review, 1993). On the supply side, international tourism depends on competent and congenial hosts to meet the expectations of guests. In this regard, international tourism may be viewed as a labor-intensive industry with above average potential to create employment.

The WTO forecasts a growth rate of 3% a year as the probable pattern of growth of international tourism. Combined with an anticipated 4 to 5% annual expansion for next five years, an overall average annual rate of growth of 3.7% or slightly higher is predicted for ten years. This would mean that worldwide arrivals would increase from 449 million in 1991 to 637 million by the end of the year 2001. The share of arrivals for the Asia-Pacific will increase from 11% to 18% during this period, and will be the fastest-growing region in generating and receiving international tourists. International consumers are growing more sophisticated and more demanding. They are tired of traditional mass-market tourism products and resorts. They are looking for new products and new destinations. The World Travel and Tourism Council con-

cluded, "travel is not a luxury", it declared, "rather it is a necessity for business and a basic right for all people in our democratic world.

Trends in the Visitor Arrivals

The WTO's prediction for Malaysia, is that the arrivals from Asian markets will expand at a faster rate than from United States [US], European Union [EU], and Oceania in the short term. ASEAN, Taiwan, Korea and Hong Kong, which are already large markets, will continue to enjoy a larger market share. Emerging markets that show potential are China, South Africa, and the Middle East countries. The International Air Transport Association expects the number of international scheduled passengers to Malaysia to double from 14 million in 1991 to 28 million by the end of the year 2001 at an annual growth of more than 7%. This growth rate is 2 to 3% higher than the worldwide arrival growth rate. Intra-regional travel across Asia Pacific and to Malaysia is expected to continue growing over the short and medium term as trade within the region will expand and people will have more disposable income and more time to travel.

Although the international tourism market is buoyant, Malaysia is likely to experience some changes in the profile of the tourists. As discussed earlier, Malaysia will face a growing number of overseas visitors from Asia. There will also be more female travelers and budget conscious travelers. The two largest groups of visitors will still be the holiday and business visitors.

An attempt has been made to examine the growing share of some of the special market segments in following sections. These special market segments are basically Asian visitors, women travelers, budget travelers, business visitors, elderly visitors, and student visitors.

Asian Visitors

Singapore

Singapore accounted for 53% of arrivals in 1997 and is even today Malaysia's largest single market. For Malaysia, it is an opportunity when the government set the Ringgit Malaysia at 3.8 against the US dollar. As Singaporeans seek better value for

money, shopping in neighboring Malaysia will be more attractive due to the devaluation of the Malaysian Ringgit against major world currencies, and against Singaporean dollar.

Japan

The tastes and consumer behavior preferences of Japanese tourists are changing with the globalization of the Japanese society. While a majority of them still rate shopping as an important activity, many also rate nature and scenery, regional history, culture and society as major considerations for tourism decisions. Museum Negara, ethnic areas, festivals, nature reserves, resorts, cruises, and easy access to Malaysia will become more important for this market.

Taiwan

Shopping and Malaysia's multiracial culture are two reasons why Taiwanese are coming to Malaysia in large numbers. Taiwan is one of Malaysia's top 10 visitor markets and it will continue to grow. The number of Taiwanese travelling abroad has been increasing by more than 25% annually. The number heading for Southeast Asian countries has grown by 35% each year. With increasing per capita income, more Taiwanese are splurging on travel and shopping overseas. Malaysia is one of their major destinations due to greater awareness of its attractions and increasing air capacity between Taiwan and Malaysia. Some of Taipei's 600 travel agents have started promoting Malaysia more aggressively to their locals.

China

As China is opening herself to the world, outbound travel is growing at an explosive rate. Malaysia is high on their travel list because it is easy to obtain visas. Chinese tour groups are usually large, comprising of 30 to 40 people. The Chinese are enthusiastic sightseers, but are generally not big spenders. The average Chinese tourist spent just about RM387 in 1998. In contrast, the average Japanese tourist spent about RM1423 in the same period. This pattern of group touring will not last forever. With greater travel sophistication and experience, the Chinese will break away from groups, and would start traveling individually.

Female Travelers

Female travelers, as a fast-growing group, are emerging as a new market, particularly in Malaysia and the rest of the Asia-Pacific. Their number, particularly business travelers, will continue to grow globally as more of them rise through the corporate ranks. Women account for more than a fifth of the Asia-Pacific region's workforce in business, professions, government and education. With this trend, MTPB and the local tourism industry should pay more attention to the specific needs of female travelers as it is growing in size globally.

Budget Travelers

The increasing number of budget conscious tourists visiting Malaysia has given rise to the need to cater to this new segment. These include plans for diversification of accommodation, with more budget hotels for the increasing stream of visitors from China and the ASEAN countries. The tourist pattern is changing and it is projected that there will be an acute shortage of accommodation in the no-frills budget categories (room rates ranging from between RM90 and RM130 a night). The development of mid-range accommodation in the 3-star to no-star categories is the answer to the needs of budget conscious tourists.

Business Visitors

Kuala Lumpur is fast becoming a business traveler's favorite city for doing business. In a survey conducted by Business Traveler Asia-Pacific in September 1995, 1,000 respondents reported taking an average of 26 flights and staying 40 room nights abroad in the 12 months prior to the survey and earn an average annual income of RM265, 000. They cited Kuala Lumpur as their favorite destination for doing business because of its friendliness, ease of transportation and visual appeal. With rising costs in Singapore and Hong Kong, an increase in business travelers who use Malaysia as a springboard to size up prospects in the Pacific area is anticipated.

Elderly Visitors

The post-war baby boom in the 1950s will cause the world population to “grey” rapidly in the near future. The international tourism industry will see an emerging market among the elderly travelers. Table 4 shows the percentage of the elderly (defined as above the age of 60) in the population of selected countries.

**Table 4: Aging in Selected Countries Aging
in Selected Tourist Generating Countries**

Country	Life Expectancy	Tourist Arrivals 1999	60+ (%) in Population (mil)	
			1990	2025
Singapore	77	4900084		
China	71	190851	8.9	19.1
Hong Kong	78	66981	12.9	31.9
Japan	79	286940	17.2	29.9
Indonesia	63	307373	6.3	13.6
Thailand	67	498578	6.2	15.5
India	60	46537	7.1	12.3
Germany	77	43316		
Australia	77	134311	15.2	23.7
The UK	77	136398		
The USA	76	83260	16.9	26.5

Sources: (1) *Straits Times, Singapore, June 12, 1992*
(2) <http://www.tourism.gov.my>

The general trend is that all countries would double their population of elderly citizens by the year 2025. Hence, it is presumed that there would be more elderly tourists in the years ahead. This will be a good market to tap as they will have the physical and financial capability to travel. With the infrastructure of Malaysia and its low crime rate, these “silvery” tourists will definitely seek Malaysia. Attractions should be adapted to suit the needs of this market segment.

Student Visitors

Another emerging market is that of international students coming to Malaysia for higher studies. This is due to development of Malaysia as a center of education in the

ASEAN region. The proportion of students visiting Malaysia has risen significantly, from 5% in 1987 to 8% in 1997 (Malaysia Tourist Promotion Board Annual Report, 1987/88 & 1997/1998). As the youth traveler of today has the potential of returning as a high-spending repeat visitor of the future, MTPB must target youth travelers and encourage them to come for education, on school excursion trips, or for leisure travel. With a greater understanding of Malaysia, these foreign students can then be cultural ambassadors for Malaysia when they go back to their own countries.

MARKETING TARGETS AND GROWTH STRATEGIES

Malaysia has the ability to attract growing number of tourists from both East and West. This can be attributed to the quality and diversity of its tourism products that have achieved a unique blend of Asian traditions and culture with modern comforts and infrastructure.

This section discusses the major marketing and strategic plans for the promotion of international tourism in Malaysia. These marketing and strategic plans have been formulated for ensuring continuity as well as to enable lead-time for the industry to respond to market changes. This includes cultivating niche markets like educational tourism, and family travel, stepping up convention promotions, developing world class events, and forging alliances with airlines and national tourist organizations.

Market Segmentation

Market segmentation involves attempts to divide the total tourist market into segments of consumer groups with similar needs and characteristics in order to allocate resources efficiently. By appealing to individual market segments with a clearly differentiated products or services custom-designed for them, benefits will be better positioned specifically for the target markets (Asseal, 1987).

Conventions

Malaysia's status in global conventions continued to strengthen over the recent years. Aggressive marketing campaigns have helped to maintain Malaysia's place among the world's most popular conference and exhibition centers. In 1997, Malaysia played

host to the Incentive Travel and Conventions, Meeting Asia (IT&CMA 97), the region's largest travel trade conference and exhibition. This is in line with Malaysia's strong push to become a destination for meeting, incentive, convention and exhibition activities [MICE] across the region. Although hoteliers have their own strategies, government support is needed to boost room occupancy, in view of an impending room glut especially in the luxury category.

With a growing MICE market, more tour operators will hopefully be encouraged to become professional conference organizers to handle events of international stature. The convention market is very important to Malaysia, as these visitors tend to spend more than the leisure travelers do. Malaysia must be attractive to these business visitors in terms of its convention infrastructure, conducive business environment, and high quality services to make it a popular convention destination.

To encourage the growth of high value trade fairs and other international events, the pursuance of intensive marketing campaigns to attract conventions and exhibitions to Malaysia are important. Cooperation between MTPB and other authorities such as the Malaysian Trade Development Board is needed.

Improving Malaysia's Attractiveness to the Overseas Tourists - Enhancing the Quality of Tourism Experience

Service and quality will gain greater importance in international tourism in the future. MTPB must concentrate its efforts on service improvement not only to enhance the experience of a visitor but also to address the manpower issues in the industry. There should be adequate focus placed on improving service and value offered to tourists, thereby inducing them to recommend Malaysia to their friends on their return. Enhancing the quality of service and professionalism of the industry's personnel is of paramount importance. With shopping consistently listed as one of the premier tourist attractions, MTPB also needs to safeguard Malaysia's reputation as the top value shopping destination.

In order to improve the quality of service, while keeping up with the dynamic environment of international tourism, the international tourism industry should be well informed of the changing characteristics of tourism. In this aspect, MTPB can assist

the industry members in their decision-making process by making their publications user-friendly, and conducting more workshops to train and inform them about the contemporary global trends.

Training the workforce will not only improve industry standards, but also help to alleviate the manpower shortage by improving productivity and inducing the retention of trained personnel in the industry. The MTPB has been and should continue to launch training programs and seminars for tourist guides, travel agents and retail staff. It also needs to continue to upgrade the professional standards of tour guides by introducing license renewal tests and advanced guiding.

Protecting Visitors

MTPB should continue to look for ways to safeguard the welfare of the international visitors. MTPB needs to take a tougher stand against errant retailers. It also needs to make it easier for international tourists to shop by making it mandatory for retailers to display price tags.

Educating Malaysians

In the final analysis, an average Malaysian is the best ambassador for the country. Efforts should be initiated to increase Malaysians' awareness of the importance of tourism to the economy and to instill pride in those working in this industry. Some of the programs may include distribution of tourism fact cards to the public, preparing tourism educational kits to be used for classroom lessons, holding educational exhibitions, awarding scholarships, and staging programs to inform and educate the public about promoting Malaysia as a preferred international tourist destination.

Establishing Malaysia as a Venue for World Class Events

The MTPB aims to bring in world-class events to Malaysia, especially those with high international awareness and appeal such as Formula One and the Commonwealth Games. In events development, MTPB needs to pursue a two-fold strategy: to gain international recognition for local events like Wau competition, Penang Bridge Run, Asian Boat Federation Championship, International Flora Fest; and to develop

new, large-scale events with the potential to attract a strong international profile. MTPB should continue to encourage and support the staging of world-renowned arts and cultural performances across Malaysia. The strategy of improving existing events and adding new ones needs to be pursued vigorously.

Improving Malaysia's Tourism Infrastructure

The MTPB must be involved in the nationwide IT programs focussing upon future opportunities. They should establish Leisure Information and Reservation System, as a basis for the national tourism database and booking service. It will portray Malaysia's tourism products and services, and support Malaysia's tourism marketing efforts. It will also provide a valuable new service for Malaysians.

The Malaysian Tourist Card, a "Smart Card", that could be used as an electronic "purse" to purchase goods and services at participating retail outlets, providing more convenience and services to the visitors is proposed. By using it, the international tourist can, for instance, find out more about events, tours, attraction and hotels across the country. If the smart card materializes, an international tourist could obtain it when he/she checks in. He/she then can use the card to visit attractions, pay for his shopping and other services. Apart from benefiting tourists, the information system can, among other things, be used by travel agents and conference organizers to make bulk hotel bookings through the computer. The Tourist.net terminals are to be placed in such locations as hotels, travel agencies, airport counters, and in MTPB information officers across the country, and overseas. This will prove to be a great advancement in the provision of quick quality services to the tourists. However, the success of this project is highly dependent on the commitment of the international tourism industry. MTPB also needs to improve the competitive advantage of Malaysia as an international business destination, working with the Malaysian Hotel Association and Telecommunication Authority of Malaysia to reduce the surcharges imposed on hotel guests for telephone and fax transmissions.

Increasing Malaysia's Share In Existing Key Markets and Tapping New Markets

MPTB has to increase the awareness of Malaysia as a holiday destination in all foreign markets, with an emphasis on growing regional market segments. Currently,

Malaysia has only 5 regional offices and 17 overseas offices to execute its marketing strategies. MTPB needs to have tourist offices in China and India in order to tap into these emerging lucrative markets. A key strategy to increase its share of the tourism market would be to forge strategic alliances with other competitors such as Singapore. While continuing to work closely with the Malaysian Airline System (MAS), MTPB should also look for new marketing and promotional opportunities with other airlines, particularly those opening new routes to Malaysia. Besides alliances with airlines, MTPB needs to ally with a number of other competing tourism organizations such as Singapore Tourism Board for mutually rewarding relationships. Malaysia needs to continue to forge close links with its neighbors in order to exploit the opportunity of twinning Malaysia with beach resort destinations like Batam, Bintan, Bali (Indonesia), and Phuket (Thailand).

Promotion of Malaysia as a Site for Regional Headquarters

Because of the opening up of Vietnam and China, Malaysia can bank on its strategic location and its present infrastructure to promote itself as a site for foreign businesses to set up their regional headquarters. These foreign businesses could then use Malaysia as a springboard to China, Vietnam, and other emerging markets. Besides this, MTPB can work actively with MAS and other airlines to start routes to these countries with a stopover in Malaysia.

CONCLUSION

The international tourism industry has helped Malaysia to grow its economy. International tourism has become an integral part of Malaysia's development plans. Just as international tourists are charmed by Malaysia's unique blend of the East and West, Malaysians too have been enriched by the inflow of international tourists in many ways.

The international tourism industry faces many challenges. There is increasing competition from developing countries within the region itself, such as Vietnam, Cambodia, China, and India. At the same time, well-known industry players such as Thailand, Hong Kong and Singapore are launching aggressive campaigns to attract more western tourists.

As the Won, Yen, Baht and Rupiah struggle through the regional currency crisis; there will be a decline in tourist arrivals into Malaysia from South Korea, Japan, Thailand and Indonesia. On the other hand, the international tourism industry has yet to benefit from the depreciation of the Ringgit as a "top value for money destination" since there is a time lag between promotional efforts and decisions by international tourists.

Since the tourism sector is private-sector driven, companies involved in tourism would have to make painful adjustments during this critical period. To facilitate the recovery of the sector, the following measures are recommended:

- More emphasis should be placed on the strategic markets that are less affected by major economic turmoil, such as Australia, Hong Kong, Taiwan, India, China, Europe, the United States as well as the Middle East.
- To optimize the effectiveness of promotion budgets, states and Federal Tourism Boards should team up with MAS to jointly promote tourist resorts.
- Aggressive promotion campaigns should be undertaken with respect to domestic tourism in order to increase local awareness of tourist facilities in the country.
- Tourism Malaysia should make more effective use of electronic media to reach international consumers.
- To promote Malaysia as a shopping paradise, there should be tax liberalization on luxury goods. The promotion of shopping should be linked to the marketing of local products.
- Government departments and agencies as well as local private institutions should be encouraged to host international meetings and conventions across Malaysia.
- The development of tourist resorts on mountains or hill tops, should be of low density to retain the cool temperature as the main attraction of these locations.
- Security measures must be enforced at all times.
- Taxi operators should be better educated and controlled, so that they do not overcharge tourists.
- Treasury should review the budget reduction of the Ministry of Culture, Arts and Tourism as well as Tourism Malaysia that adversely affects the promotion of international tourism. In addition, computerization of the new Immigration Control System should include the input data on tourist arrivals.
- Visa application process of strong potential major markets such as China and India should be expedited without jeopardizing national security.
- The Malaysian Ministry of Home Affairs and the Immigration Department should consider granting a more liberal transit visa such as extending the 72-hour transit visa to a 6-day visa for genuine international tourists.

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