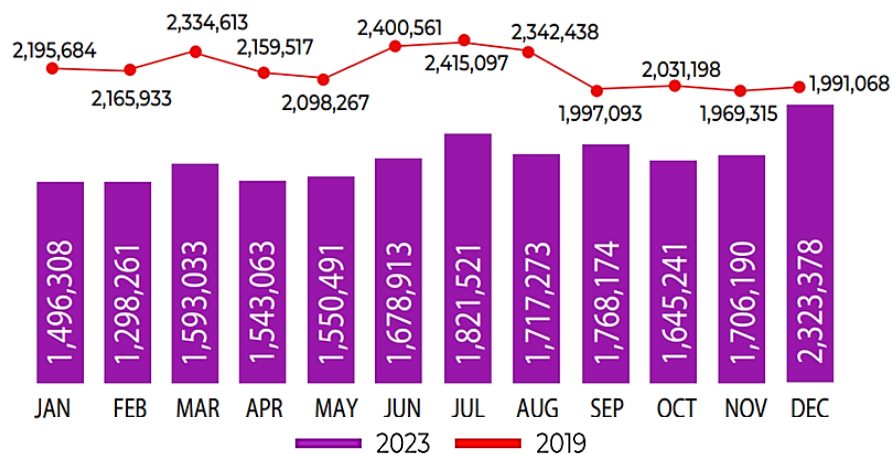


Tourism Enigma: Are We Missing the Low-Hanging Fruit?

By Mohd Khairul Ramli

For decades, Malaysia's economic fortunes have been tied to the volatile tides of commodity prices. This overreliance on a narrow range of exports leaves us vulnerable to external shocks and hinders sustainable long-term growth. However, a glimmer of hope emerges from an unexpected source: tourism. The recent surge in tourist arrivals, with a staggering 32.5%¹ increase compared to last year, presents a golden opportunity we cannot afford to miss. This is not just about generating revenue; it's about seizing a low-hanging fruit to revitalize our economy and strengthen the Ringgit.

Figure 1: Tourist Arrivals, Jan-Dec 2023



Source: Malaysia Tourism Statistics, 2024

The current scenario presents a perfect storm for a tourism boom. The 30-day visa exemption for Chinese and Indian tourists has demonstrably boosted arrivals², highlighting the immense potential of these vast markets. However, compared to regional competitors like Singapore and Thailand, Malaysia lags far behind in air travel arrivals. This stark reality exposes a critical flaw – a lack of government support for this burgeoning sector.

Our government seems content to watch from the sidelines while our tourism industry struggles to access the resources it desperately needs. Obtaining the necessary facilities and permits is an arduous task, riddled with bureaucratic hurdles. In contrast, smaller tourism operators, the backbone of the industry, often lack the capacity to meet the stringent registration requirements set by tourism authorities. This bureaucratic labyrinth stifles innovation and discourages new entrants, hindering the sector's ability to scale up and meet the growing domestic and international demand.

¹ <https://www.thestar.com.my/news/nation/2024/04/30/malaysia-sees-325-more-tourists-in-first-quarter-of-2024-says-tiong>

² <https://www.reuters.com/world/asia-pacific/malaysia-allow-visa-free-entry-china-india-citizens-dec-1-pm-2023-11-27/>

Unfortunately, Malaysia has a glaring absence on the big-ticket entertainment scene. Unlike neighbouring countries that regularly host major concerts by international artists, Malaysia frequently misses out. From Taylor Swift's complete bypass to Coldplay's extended Singapore run, the trend is clear: global stars are overlooking Malaysia. This not only diminishes the entertainment experience for Malaysians but also loses out on the significant revenue and tourism boost such events generate.

However, the government's current approach resembles a gardener neglecting their most fertile patch of land. While Singapore and Thailand boast impressive air arrival rates exceeding 79% and 84.5% respectively, Malaysia languishes at a meagre 36.7%.³ This disparity is a stark indictment of our government's misplaced priorities. We need a paradigm shift, moving away from the traditional, resource-dependent model and embracing tourism as a vital pillar of our economic future.

INSAP believes that the low Ringgit exchange rate presents a unique advantage. Tourists get more bang for their buck, making Malaysia an incredibly attractive destination. This is the opportune moment to capitalize on this currency advantage and reinvigorate the tourism sector. But simply sitting back and hoping for the best is not enough. We need a proactive and multi-pronged approach.

Firstly, financial institutions must be incentivized to provide easier access to credit for tourism businesses. This will empower them to invest in infrastructure upgrades, marketing campaigns, and staff training. Furthermore, collaboration with airlines to increase accessibility and seat capacity is essential step in enhancing the tourist experience.

Secondly, the government should take the lead in creating demand and increasing tourist traffic. This can be achieved through targeted marketing campaigns, particularly in the digital space, leveraging influencer marketing and compelling content creation in international setting. By opening our doors to international concerts and events, we create a vibrant atmosphere that attracts not just music lovers, but also a wider range of tourists seeking a complete Malaysian experience.

Thirdly, we must move beyond generic marketing tactics and tailor our approach to specific markets and regions within each state. Developing unique tourism products and packages catering to niche interests like nature-based tourism, cultural immersion, and responsible travel experiences will broaden our appeal. This requires close collaboration with local communities and stakeholders who possess the "been there, done that" knowledge and expertise.

Fourthly, sustainability initiatives are paramount. We must address the challenges faced by smaller operators in meeting sustainability requirements. This requires a shift in the government's approach, moving from a punitive stance to a collaborative one, offering practical solutions and guidance to overcome these hurdles. Striking a balance between environmental protection and responsible tourism development is key to attracting a growing segment of eco-conscious travellers.

³ <https://www.thestar.com.my/news/nation/2024/04/30/malaysia-sees-325-more-tourists-in-first-quarter-of-2024-says-tiong>

Finally, INSAP believes that a well-defined national tourism strategy is essential. This comprehensive plan should set realistic targets, articulate a captivating tagline, and establish a clear visual identity through a logo and mascot. Effective communication of this strategy is vital to ensure buy-in from all stakeholders, both domestically and internationally. The current tourism boom is a golden opportunity for Malaysia to diversify its revenue streams and unshackle itself from the shackles of commodity dependence. Let us seize this moment, embrace the potential of tourism, and usher in a new era of prosperity for Malaysia.