



## Malaysian Market Intelligence Update for NSW Sellers Attending ATE 2009

### Economic Overview

- The Malaysian economy slowed in the fourth quarter to grow by 0.1% after a growth of 4.7% in the third quarter of 2008. The Services and Agriculture sectors continued to post positive growths. (Source: *Department of Statistics Malaysia*).
- Growth for the whole year of 2008 moderated to 4.6% compared with 6.3% in 2007 (Source: *Department of Statistics Malaysia*).

### Outbound travel trends

- Total visitors to NSW account for 38,800, which is 25.2% of market share.
- Low cost carrier (LCC), Air Asia X is an aggressive player in Malaysia driving new travel segments and numbers with its competitive airfares. This has led to Malaysian Airlines doing more frequent online promotion and airfare initiatives.
- Air Asia X started operating to Melbourne and Perth in November 2008 and celebrated its one-year anniversary flying to the Gold Coast. Air Asia X has also just launched its London flight operations in March 2009.
- Air Asia X added six new East Asian destinations to Tianjin, Chengdu, Chongqing and Xi'an in China and Kaoshiung in Taiwan. Currently they operate to Guangzhou, Guilin, Haikou, Hangzhou and Shen Zhen in China and Macau in Hong Kong.
- Agents are also taking opportunities to secure group seats at lower fares. Offline carriers like Qantas Airways (Malaysia) experienced group seat cancellation.
- Government is to start LCC expansion and be ready by 2011 to handle excess passenger loads. A rebate of 50% on landing charges will be given from 1 April to all airlines operating from Malaysia. Penang International Airport will also be expanded (Source: *The Star Online*).



- MATTA Fair (March 2009) – The current economic downturn does not appear to have affected consumers greatly. The MATTA Fair recorded a total of 81,000 visitors, a 10% increase from the same time last year. China and Indonesia were popular holiday destinations (*Source: The Star Online*).
- MAS Holidays (formerly Golden Holidays) took the opportunity to launch its new corporate identity and offered very attractive all inclusive one-way fares to both long and short haul destinations (Phnom Penh from RM270, Bali from RM310, Maldives from RM830 and Sydney from RM960).
  - MAS Holidays low-fare to Sydney helped to encourage first time visitors to consider visiting Sydney.
  - There are still many consumers who prefer to cover twin cities in one trip, either SYD-MEL or SYD-BNE.
  - Beijing was the top destination for Malaysia Airlines, followed by London, Shanghai, Kunming and Sydney.
- In February 2009, Air Asia X offered 500,000 seats to Bangkok, Jakarta, Kota Kinabalu, Hong Kong, Macau, Shenzhen, Perth, Melbourne and Hanoi with absolutely no fuel surcharge (Travel period 12 October 2009 - 31 January 2010).
- Agents reported strong demand for outbound traffic during November-December 2008 school holidays; Australia is one of the destinations selling well. Airline feedback indicated high load factors loads with most flights experiencing long waitlists.
- Australia is still the favourite destination for Malaysian travelers, ranked 3<sup>rd</sup> (20.2%) after Singapore (24.3%) and Thailand (22.0%) (*Source: MasterCard Worldwide Index of Travel Highlights, released July 2008*).



## Travel Industry Trends

- Inbound Tour Operators such as Experience Tours Australia (ETA) have opened a Malaysia office. WEL Travel has a Singapore-based representative to service Singapore and Malaysia inbound travel to Australia.
- **Increased competition and marketing activities from various tourism Bodies**
  - Korea Tourism Organisation (KTO) was heavily promoting winter experiences through print advertising and celebrity autographing sessions during the MATTA Fair.
  - Indonesia Tourism Board is aggressive in marketing World Heritage sites like Borobudur.
  - Tourism bodies are aggressively pursuing travel agencies by subsidising tactical ads, organised familiarisation tours for media and participating in most travel fairs.
- **Retail driven market:** Catering for most Free Independent Traveller (FIT) groups and incentive travellers. FIT market is on the rise. Agents are also promoting land-only packages (three night stay, with one tour).
- **Trade distribution:** Klang Valley is the key distribution network, with secondary areas Penang, Ipoh and East Malaysia.
- **Key Agents:** Group players - Golden Tourworld Travel, Malaysian Harmony and Reliance Holidays and new industry player – Golden Deluxe. Holiday Tours and Travel are still the market leader in FIT packages to Australia, and secondary agents such as MSL Travel, GEM Travel and Sunway Travel including newcomer Harpers Travel specialising in FIT.
- **Incentive Agents:** Companies such as CIT, BMC Travel and Harpers still play a key role in generating groups to Sydney. There is a need to engage them and revitalise Sydney as an incentive destination. Due to the economic downturn, incentive groups are shrinking in numbers.



- **Travel agents carving out niche markets:** Malaysian Harmony (new online website: [www.12fly.com](http://www.12fly.com)) is targeting Muslim travelers. Golden Deluxe is active in print advertising, new product development and TV advertising.

### Consumer Trends

- Many consumers have purchased low cost airfares (travel period from March to September 2009) but have little knowledge of ground arrangements and/or itinerary planning. Some have made arrangements for up to ten days or more in one state, others want to cover two cities in seven days and purchase a one-way domestic pass (the fare that only allows point to point destination).
- **NSW Market Share:** Overall market share is down by 14% of all visitors to Australia who go to NSW out of Kuala Lumpur (*Source: ABS Report Dec 08*). However, arrival numbers into NSW on Air Asia X reflect a 22% market share, after Melbourne (28%) and Perth (26%).
- **Increasing FIT:** High repeat visitation to Australia (63.8%) (*Source: IVS Dec 08*).
- **Nights:** Malaysian visitors spent 943,000 nights in NSW, down by 13.4% compared with the previous year. However, the median length of stay for Holiday/Pleasure visitors is six days, an increase of one day (*Source: IVS Dec 08*).
- **Opportunities for growth:** TFC forecast 5.2% growth between 2007-2017.
- **Agent as key channel distribution:** Key sources of information used by Malaysian travellers in planning their trips were travel agents (57.2%), followed by internet (42.8%) and word of mouth/friend and families (30.6%) (*Source: MasterCard Worldwide Index of Travel Highlights, released July 2008*).
- **Booking patterns:** With LCC's free seats/low fare promotions, we now see early bookings for regional travel. With the travelling period extended until year end, consumers are taking their time to compare land package prices. Consumers are increasingly internet savvy but still rely on print media and travel agents.
- **Still Price/Value Conscious:** notwithstanding 30% exchange rate decrease (A\$1= RM\$2.4).



- Increase in visiting friends and relatives (VFR), family and mature segments travelling to Australia, especially those who have children studying in Australia.
- Emergence of younger travellers as a result of LCCs.
- **Niche segments:** Bumi market (middle income travelers) is a potential market, although they still need substantial education and encouragement to travel.

#### **Malaysian Visitors Demographics (IVS Dec 08)**

- The main age group are 45 to 54 years old (25.6%), followed by 35 to 44 years old (21.4) and 25 to 34 years old (20.2%)

#### **What buyers are looking for in terms of product?**

- Restaurants offering Halal meals, with Halal certification and located in the city centre. Hotels that have Halal restaurants located within walking distance should position this opportunity as a key strength.
- Accommodation ranging from three to five star and hotels/apartments that can cater for two adults and two children.
- Value-packed, new, unique, interesting Sydney products.
- Interesting themed itineraries for incentive groups.
- Targeted Segments: Muslim tours, kids educational focused tours, educational school groups.
- Family-friendly experiences and activities and farmstay experiences such as: feeding the farm animals, interacting with locals, fruit picking, staying in a farmstay/cottage.
- Affordable and convenient transfer options with regional experiences for non-self drivers.
- Easy and complimentary attraction and accommodation passes in regions.
- Beyond city experiences that are conveniently located within three hours drive of Sydney and are value-packed.
- Small gifts to welcome group travellers or incentive clients.



## Other information

- Agents appreciate brochure and small gift support from suppliers in the consumer shows.
- Agents appreciate face-to-face interaction. Conduct a market visit at least once a year to provide a product update.
- Bundling of experiences to make selling easier.
- Don't undercut pricing, especially over the internet.
- Agents appreciate support from suppliers in their tactical packages with strategic partners like banks, airlines, etc. Offers include one for one deals; for every two adults booking a child travels free; free upgrade; complimentary drink.
- Agents in Malaysia are more open to launch new itineraries via flyers and there are more opportunities for new suppliers to be involved.
- Social networking and viral marketing is increasing in Malaysia making word-of-mouth recommendations important in decision-making.