

Malaysia

Key Market Message

A sum of RM176.9 billion; an increase of 10.9 per cent from previous year is being appropriated in the 2008 budget with the aim of spurring economic growth by encouraging consumer spending. The new budget strategies would focus on enhancing the nation's competitiveness, strengthening human capital development and ensuring the well-being of all Malaysians.

1. Key Market Results and Achievements

- Demand for luxury goods and services is predicted from the glittering silver market, with triple digit growth expected from the older premium consumers (top one-third by net household assets of those +60 years of age) and the young premium (young singles under 35 and young married under 35, with no children who belong to the top one-third of the income bracket) in markets in Asia Pacific (Australia, Japan, Korea, China, Taiwan, Hong Kong, Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam, India) over the next decade. These two segments will account for approximately 83 per cent of the US\$258.7 billion spent on luxury goods and services by 2016. The greatest growth in demand for luxury goods and services from the older premium segment will come from Malaysia, which is expected to increase 350 per cent from 2006 to 2016. *Source: The MasterIndex of Travel.*

2. Australian Travel Market

2.1 Market performance

- ABS Malaysia visitor arrivals to Australia for the month of July were 11,100, down by 2.6 per cent on the same month 2006. Year to date (seven month to July) figure is 86,700, up by 8.2 per cent relative to the previous year.

2.2 Airline Issues/Changes

- Jetstar International reported strong demand for their new Sydney-Kuala Lumpur-Sydney services and aims to fill at least 70 per cent of its planes over the next 12 months from the growing demand from Australia and Malaysia. Jetstar is also planning to fly to southern Europe via an Asian hub, and Malaysia is one of the four countries under consideration, along with Singapore, Vietnam and Thailand.
- Malaysia Airlines will introduce a fifth weekly frequency on Tuesdays on the Kuala Lumpur-Adelaide (additional 282 seats per week) during the peak period effective 4 December to 6 February 2008 and a third weekly evening frequency on Kuala Lumpur-Perth (additional 282 seats per week) every Wednesday from 5 Dec to 7 February 2008.
- MATTA Fair 2007 from 7 – 9 September at Putra World Trade Centre attracted 70,000 visitors. Malaysia Airlines, Singapore Airlines, Qantas Airways and Royal Brunei Airlines offered 10 per cent - 20 per cent discounts for airfares to all major Australia's gateways.

2.2 Trade Information Summary

- As at 20 September 2007 there were 196 Aussie Specialist agents from 47 agencies.
- The 'Best of Australia' phase VI coop campaign targeting family segment by offering City Fun and Country Escape packages to all states launched at the MATTA Fair will be continued till March 2008.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Activity	Description	Partners	Timing
Kids Zone Campaign	Initiated discussions with potential media & event partner	TA	Mid December

3.2 Trade Marketing:

Activity	Description	Partners	Timing
Jetstar International – Trade Update	Introduce airline's product and sales briefing to engage trades' support.	Jetstar International	10 September
Best of Australia Phase VI	Co-op campaign to promote Australia packages targeting family segments.	9 Aussie Specialist Agents + 7 STOs	September – November

Oz TRIP	Assist operators to co-ordinate product update for trade partners in Penang and Kuala Lumpur.	12 operators	3 – 5 October
Aussie Specialist Familiarisation	To showcase and experience Australia product	14 Aussie Specialists	23 – 30 October
East Malaysia market visit	Sales call and product update to Sabah & Sarawak.	STOs + TA	November

4. Media/PR

- Organised VJP to Gold Coast and Cairns targeted at the Experience Seekers including family segments to capitalise on the AirAsia-X's announcement of its first international destination to the Gold Coast by end October/November. Media invited are News Straits Times, China Press, Utusan Malaysia and Travel3Sixty (Air Asia's new in-flight magazine).

4.1 Major stories generated as a result of VJP and PR activities

Date	Journalist	Publication	Headline
24 August	Aidid Marcello	TV3 – "Malaysia Hari Ini" morning show	MY Australia Adventure II Prize Giving Ceremony

4.2 Major stories on Australia

Date	Title	Publication	Article Summary
August	Sydney Australia	GTN Magazine	Focus on what Sydney offers to Malaysian visitors and highlights on places of interests, recommended accommodation and 'halal' eateries.

5. General Travel Outlook

5.1 Political and Economic Outlook

- A sum of RM176.9 billion; an increase of 10.9 per cent from previous year is being appropriated in the 2008 Budget with the aim of spurring economic growth by encouraging consumer spending. The new budget strategies would focus on enhancing the nation's competitiveness, strengthening human capital development and ensuring the well-being of all Malaysians.
- Exchange rate: MYR = US 3.4820 or AUD 3.0410.

5.2 Outbound Travel - Competition

- Singapore has welcomed a record 951,000 visitors in July, representing a growth of 4 per cent as compared to July 2006. This was the highest ever visitor arrivals recorded. Malaysia (51,000) was one of Singapore's top five visitor-generating markets. Singapore Tourism Board continues their focus on thematic experiences and events through print and TV advertising campaigns.
- India is expected to welcome an additional 50,000 Malaysian travellers to its shores this year, a 50 per cent increase from 100,000 in 2006 and expects a 25 per cent increase in 2008 since India Tourism taken a proactive tourism strategy in April 2007. Malaysia is currently on the top 10 highest arrivals list. Special packages were launched to introduce to attract more tourists at the recent Incredible India Travel Fair at the Bangsar Shopping Centre, 11 – 13 September. 300 tour packages and 500 air tickets were targeted to be sold at the fair.
- AirAsia will add a second frequency to its direct flight to Shenzhen from KL International Airport's low-cost carrier terminal (LCCT) from 2 October 2007. The services which commenced less than two months ago on 15 July 2007, has recorded extremely high loads of over 90 per cent, prompting the airlines to add another brand new Airbus A320 flight. Meanwhile, AirAsia would enhance its connectivity in the region by launching direct flight from Kota Kinabalu to Shenzhen.
- AirAsia has signed an agreement with Vietnam's largest shipbuilder to establish a joint venture no-frills carrier; Vina AirAsia in Vietnam. If approved by the authorities, the joint-venture partners intend for the new low-cost airline Vina AirAsia to operate domestic and international services. AirAsia is currently operating daily Hanoi-Kuala Lumpur services. There is an increase of 161.8 per cent amounting to 84, 373 Malaysians travelling to Vietnam over the last 7 months in comparison to the same period last year.
- Cebu Pacific will have an increase of 20 per cent seat capacity from 3 November on their Manila-Kuala Lumpur services by upgrading the aircraft to A320 from A319. Malaysia is ranked 11th top contributor to Philippines tourism with 36,704 visitors, and a growth of 26.6 per cent.