Performance overview

In 2013, Malaysia was Australia’s seventh largest inbound market for visitor arrivals, the ninth largest market for total expenditure and 12th for visitor nights. It was the 17th largest market for total dispersed nights during 2013.

The October 2013 issue of Tourism Research Australia’s bi-annual Tourism Forecasts estimates that visitor arrivals from Malaysia will increase 11 per cent in 2013/14 and 6 per cent in 2014/15, with an annual compound growth rate of 7 per cent expected until 2017/18.

Aviation routes from Malaysia to Australia

Visitor profile in 2013

- 71% repeat visitors
- 80% of total arrivals are for leisure
- 20-34 years largest demographic
- $3,781 average spend
- 25 nights average stay
- Feb-Mar and Sep peak booking period
- Chinese New Year, Jul and school holidays peak travel period

$2–2.5bn Potential for the Malaysia market to be worth by 2020 (Tourism 2020)

$0.9bn total spend

278,100 arrivals

Malaysian visitor arrivals in 2013
(up 13.2 per cent on 2012)

6.1m total nights

Malaysian visitor nights spent in Australia in 2013 (down 10 per cent on 2012)

19% dispersed nights

Percentage of total Malaysian visitor nights spent outside gateway cities in 2013 (down 11 per cent on 2012)

Australia ranks 4th among all out of region outbound destinations for Malaysian travellers

Consumer research

For detailed research into how Malaysian consumers view Australia and what motivates them to visit the country, see www.tourism.australia.com/statistics/fact-sheets

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1. Dispersed nights refer to nights spent outside gateway cities of Sydney, Melbourne, Brisbane and Perth.
2. Source: CAPA - Centre for Aviation, Official Airline Guide (OAG), and Tourism Australia analysis.
5. Out of region travel from Malaysia excludes travel to South and South East Asia and the Middle East.
Malaysia Market Profile 2014

Arrivals trends

History of Visitors from Malaysia into Australia

Source: Australian Bureau of Statistics, Overseas Arrivals & Departures

History of Visitors from Malaysia by Purpose of Visit

Source: Australian Bureau of Statistics, Overseas Arrivals & Departures
MALAYSIA Market Performance

Visitor Arrivals by Purpose of Visit for 2003-2013

Source: Australian Bureau of Statistics, Overseas Arrivals & Departures

Visitor Arrivals by Age for 2003-2013

Source: Australian Bureau of Statistics, Overseas Arrivals & Departures
Expenditure trends

Visitor Spend by Purpose of Visit for 2003-2013

Source: International Visitor Survey (Tourism Research Australia)

Visitor Spend by Age for 2003-2013

Source: International Visitor Survey (Tourism Research Australia)
Malaysia Market Profile 2014

Visitor profiles

Holiday
Spend per trip $2,538
Stay 10.8 nights
Spend per night $236

Visiting Friends and Relatives
Spend per trip $2,793
Stay 21.8 nights
Spend per night $128

Leisure
Spend per trip $2,620
Stay 14.3 nights
Spend per night $183

Business
Spend per trip $3,555
Stay 13.2 nights
Spend per night $255

International Visitor Survey (Tourism Research Australia).
Note: Data refers to an average of 2009-2013
In the last two years there has been strong capacity growth on the Malaysia-Australia route, driven by AirAsia X and Malaysia Airlines increasing existing frequencies to Sydney, Melbourne, and Brisbane, and launching new services to regional destinations such as Darwin and Adelaide.

Further growth is expected in 2014, driven by the additional capacity added in late 2013. It is unlikely Malaysian carriers will launch any new routes in the short term as carriers focus on improving yields.

Despite strong capacity growth, average load factors have also increased to 82 per cent suggesting strong demand for these additional services. Average loads are particularly high (above 85 per cent) during Australian school holidays (January/February, July and October).

AirAsia X and Malaysia Airlines were the largest carriers of Malaysian visitors to Australia in 2013, carrying 80 per cent of all Malaysian tourists to Australia.

Capacity to Australia is currently capped under bilateral agreements between the Australian and Malaysian Governments. In July 2013, the two Governments expanded the agreement by 9,500 seats per week however by December 2013, both Malaysia Airlines and AirAsia X had already exhausted their full capacity allocations. Further bilateral talks are anticipated in 2014.

Numerous delays in the construction of Kuala Lumpur’s second International Airport 2 (KLIA2) could be impacting the growth of Malaysian carriers. The terminal commenced operations in May 2014.

While capacity growth is expected to continue to focus on Kuala Lumpur, access is also expected to improve from Kota Kinabalu. In December 2012, Malaysia Airlines resumed Kota Kinabalu-Perth services and AirAsia X has stated it is keen to develop a low cost hub in Kota Kinabalu.

Malaysia is expected to become a more important hub as Malaysia Airlines and AirAsia X expand services into North Asia.

In February 2013, Malaysia Airlines joined the oneworld alliance which will enable better connections within Australia on oneworld partner Qantas going forward.

### Key airlines and share of passengers

<table>
<thead>
<tr>
<th>Airline</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>AirAsia X</td>
<td>41%</td>
<td>46%</td>
<td>42%</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>Malaysia Airlines</td>
<td>36%</td>
<td>26%</td>
<td>32%</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>Singapore Airlines</td>
<td>10%</td>
<td>12%</td>
<td>12%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Emirates</td>
<td>1%</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
<td>12%</td>
<td>11%</td>
<td>10%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Table includes direct and indirect capacity

Source: Department of Immigration and Border Protection
### Direct aviation capacity from Malaysia to Australia

![Graph showing aviation capacity growth](image)

*Source: Department of Infrastructure and Regional Development
Note: (F) is a forecast based on Tourism Australia analysis, chart includes direct services only

### Weekly services to Australia

<table>
<thead>
<tr>
<th>Operating Airlines</th>
<th>Flights per week</th>
<th>Route</th>
<th>Alliance/Codeshare partner (on route)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia Airlines</td>
<td>21</td>
<td>Kuala Lumpur-Sydney*</td>
<td>KLM, Sri Lankan Airlines, Alitalia, Virgin Australia</td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>Kuala Lumpur-Melbourne*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Kuala Lumpur-Perth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Kuala Lumpur-Brisbane*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Kuala Lumpur-Adelaide</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0–4</td>
<td>Kuala Lumpur-Darwin*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1–2</td>
<td>Kota Kinabalu-Perth*</td>
<td></td>
</tr>
<tr>
<td>AirAsia X</td>
<td>14</td>
<td>Kuala Lumpur-Melbourne^</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>Kuala Lumpur-Perth^</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>Kuala Lumpur-Brisbane*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Kuala Lumpur-Adelaide^</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Kuala Lumpur-Perth^</td>
<td></td>
</tr>
<tr>
<td>Emirates</td>
<td>7</td>
<td>Dubai-Kuala Lumpur-Melbourne</td>
<td>Coyne Airways</td>
</tr>
</tbody>
</table>

Table includes direct services only

* Malaysia Airlines increased frequencies from Kuala Lumpur to Sydney and Melbourne to triple daily in late 2013 and early 2014. The airline also increased Kuala Lumpur-Brisbane frequencies from five per week to daily and Kota Kinabalu-Perth frequencies from once to twice per week during September 2013, and launched five weekly Kuala Lumpur-Darwin services on 1 November 2013.

^ AirAsia X launched four weekly Kuala Lumpur-Adelaide services on 31 October 2013, increasing to five per week at the end of November 2013. During the December quarter 2013, the airline also increased frequencies from Kuala Lumpur to Sydney, Melbourne and Perth to double daily and increased Kuala Lumpur-Gold Coast services from five services per week to daily.

Source: CAPA- Centre for Aviation and OAG, Tourism Australia analysis
Malaysia Distribution

Online bookings are growing rapidly in Malaysia among the Free and Independent Traveller (FIT) segment, particularly for flights, accommodation, car rental, day tours and entrance passes. The online environment is providing consumers with extensive destination information, and the ability to conduct price comparisons. Social media is also fast gaining popularity with Malaysians for sharing information. The distribution system has become more complex as consumers use a combination of traditional and online channels to plan and book travel. The preference for last minute travel purchases remains entrenched for most Malaysian travellers.

Distribution System

Wholesalers/ Large Agents
Commission Level: 10% to 15%

- There is no formal distinction between wholesalers and retails agencies. A few large travel agencies such as Airlink Travel, Golden Deluxe, Golden Tourworld, LKW Travel, Malaysian Harmony, PNL Travel and Reliance take reservations from consumers through their own retail network. Some also take reservations from smaller travel agencies which have limited access to inbound tour operators (ITOs) and do not undertake consumer advertising.

Retail Agents
Commission Level: 5% to 10%

- As of February 2014, there were approximately 1,300 retail travel agencies in Malaysia, with 230 agencies actively promoting Australian packages. The majority of agencies are small to medium sized, independently-owned enterprises.
- With increasing FIT interest and improved economic conditions, more travel agencies are organising their own tour packages to meet customers’ needs and demands, rather than relying solely on packages developed by the larger agencies and ITOs.
- Familiarity with Australia and active engagement by State and Territory Tourism Organisations, ITOs and Australian suppliers has made Australia a very ‘modular’ destination. This has enabled many small travel agents to offer their own holiday packages to specific destinations within Australia for leisure, incentives and semi-packaged FIT trips.

Online
- All major retail agencies have an online presence, and online business is growing. However, the number of direct consumer enquiries and visits to offline agents still remains high.
- Airline sites are increasing in popularity for flight and accommodation bookings, especially those with popular services to Australia such as AirAsia X, Malaysia Airlines, Singapore Airlines, Emirates, Scoot, Tiger Airways and Jetstar.
- Group purchasing sites have begun setting up travel specific pages for customers to purchase travel products, an example is Groupon Getaways.

Aussie Specialists
- The Aussie Specialist Program is the primary platform for Tourism Australia to train and develop retail agents to sell Australia.
- As at 28 April 2014, there were 151 qualified Aussie Specialists in Malaysia and a further 104 agents in training. The majority of agents are located in the Klang Valley (Kuala Lumpur and surrounds), Penang, Ipoh, Johor Bahru, Kuching and Kota Kinabalu.

Inbound Tour Operators
Commission Level: up to 20%
- Inbound tour operators (ITOs) remain a key link in the distribution of product in the Malaysian market place. However, there is a noticeable trend to direct deals with hoteliers and operators, in particular for accommodation and day tours.
- ITOs also handle a large proportion of FIT and non-group itineraries.

Business Events
- The primary business events segment in Malaysia is the incentive market, with the key industries being life insurance, direct marketing and automotive, as well as small to medium enterprises.
- Business events operators in Malaysia include: BMC Travel, Corporate Information Travel, Corporate Incentive Travel Planners, Harpers Travel, Holiday Tours, Mayflower Acme, Mitra Travel, My Vacation, Prime HTT, Sedunia Travel, Sunway Travel, Tetsin Travel and TravelBiz.
- Some traditional leisure agents are also working in the business events sector, with dedicated incentive departments. These include: Airlink Travel, Chan’s World Leisurelink Travel, Malaysian Harmony Travel and Parlo Tours.
- Decision makers are looking for new products and experiences for event programs in Australia. Particularly for clients who have hosted events in Australia previously.
- Group sizes are relatively small with an average of 30 to 60 passengers per trip.
Distribution

Trends

- The increased competition in the Malaysian aviation sector has resulted in:
  - Travellers becoming increasingly price sensitive as airlines offer competitive airfares on a regular basis.
  - Travellers booking airfares online, due to attractive website promotions and increasing acceptance of online purchasing.
  - Some travellers planning and purchasing earlier, especially in the FIT segment, to take advantage of ‘early bird’ airfare deals and promotions.
- Due to competitive pricing, group package tours are still the basis for outbound travel for new destinations. For repeat visitation, FIT travel is more common.
- There is increased consumer interest in the cruise market. Major cruise lines operating in Malaysia are Royal Caribbean Cruise, Crystal MSC, Princess and Star Cruise.
- Consumer travel fairs organised by the Malaysian Association of Tour and Travel Agents (MATTA) occur in March (Kuala Lumpur, Ipoh and Johor), July (Penang and Johor), and September (Kuala Lumpur and Ipoh). There are also additional consumer travel fairs organised by the Malaysian Chinese Tourism Association (MCTA/MITM), which occur in July (Penang & Johor) and October (Kuala Lumpur).

Planning and purchasing travel

- Tourism Australia’s Consumer Demand Research found that when researching a trip to Australia, Malaysian respondents would mostly use general internet searches and travel advice websites, followed by talking to friends and relatives who have visited. The use of social media was higher than the average across all markets, suggesting it would leverage well amongst Malaysian consumers.
- Consumers in Malaysia are value conscious and actively review a range of destinations and information sources, seeking favourable deals before making travel purchases.
- There are a significant number of consumers who will purchase airfares directly from airlines and secure ground arrangements later.

Planning a visit to market

Top tips for sales calls

- Malaysian travel trade partners value personal relationships and loyalty. Persistent visits and contact can assist in this process.
- Tourism Australia has an office in Kuala Lumpur. Make your first call to the Tourism Australia office to receive the latest market information and provide a product update.
- Avoid sales calls on Monday and Friday mornings and a week prior or during major holidays, school holidays and travel fairs.
- Malaysian travel trade partners prefer printed collateral and high resolution images on a USB drive.
- Value-add or competitive pricing offers during the low season travel period (March to August) are useful to trigger tactical campaigns with travel agents in particular consumer travel fairs in March.
- The best time of year for sales calls is after Chinese New Year, April and June to October.
- The key market centres to visit are Kuala Lumpur and the Klang Valley, which accounts for 65 per cent of outbound travel to Australia. The key secondary markets are Penang, Ipoh and Johor.
- For more general information on sales calls and planning a visit to market, please see Tourism Australia’s Planning for Inbound Success ebook at www.tourism.australia.com/inboundsuccess

Seasonality

- The peak booking periods for travel to Australia are prior to Chinese New Year (January/February), March and September (coinciding with the MATTA consumer travel fair), before Hari Raya (July), and prior to the school holidays (April, May, August, October and November).
- The peak travel periods to Australia are Chinese New Year (January/February), Hari Raya (July) and the school holidays (March, May to June, August and November to December).

7. Tourism Australia, Australian Consumers Demand Research, conducted by BDA Marketing Planning, 2012.
Malaysia Distribution

Seasonality of visitors from Malaysia

Source: Overseas Arrivals & Departures, Australian Bureau of Statistics

Key trade and consumer events

<table>
<thead>
<tr>
<th>Event</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>MITM Travel Fair</td>
<td>Various</td>
<td>July 2014 and October 2014</td>
</tr>
<tr>
<td>MATTA Travel Fair</td>
<td>Various</td>
<td>September 2014, March 2015 and July 2015</td>
</tr>
<tr>
<td>New Product Showcase</td>
<td>Kuala Lumpur</td>
<td>September 2014</td>
</tr>
<tr>
<td>Business Events South East Asia Showcase</td>
<td>TBC</td>
<td>May 2015</td>
</tr>
<tr>
<td>Australian Tourism Exchange (ATE)</td>
<td>Melbourne, Australia</td>
<td>21-25 June 2015</td>
</tr>
</tbody>
</table>

Where to find more information

Tourism Australia’s activities in Malaysia are managed from its Kuala Lumpur office. For more information visit Tourism Australia’s corporate website at www.tourism.australia.com.

Tourism and Events Queensland also operates in Malaysia.

Also see:

Malaysia Country Brief published by the Department of Foreign Affairs and Trade at www.dfat.gov.au/geo

For the latest arrivals statistics, visit: www.tourism.australia.com/statistics/arrivals

For the latest International Visitor Survey statistics, visit:
www.tourism.australia.com/statistics/international

Please note: In March 2014, the Australian Bureau of Statistics (ABS) released revised estimates (covering the period from July 2004 to December 2013) for international visitor arrivals and departures in its Overseas Arrivals and Departures (OAD) publication. The changes reflect major revisions to the methodology for inputting missing traveller data, which led to substantial downward revisions for business travel and numerous markets. The International Visitor Survey (IVS) statistics incorporate the ABS changes to visitor arrival statistics from the March quarter 2005. Tourism Research Australia (TRA) advise that there is now a break in series for the IVS statistics from the March quarter 2005, and that previous editions of the IVS should be used with caution. For more information, please refer to the ABS and TRA websites, www.abs.gov.au and www.tra.gov.au.