

Malaysia

Market Summary

The pulse of the market has been more dynamic since the end of the Hari Raya Aidil Fitri holidays in late September. Feedback from trade partners, including airlines, indicates steady pick up in outbound traffic, with some partners commenting that the market has “rebounded fast” following the global financial downturn and H1N1 concerns. Trade partners also reported a shortage of seats for Australian sectors due to shorter lead times for bookings and high demand for seats from Europe/Middle East through traffic (and possibly India traffic) hubbing via Kuala Lumpur.

1. Market News

- **Malaysia GDP could hit 6 per cent by 2012**

Malaysia's gross domestic product (GDP) may rise to 6 per cent by 2012, driven by Government reforms and apparent recovery of the global economy. This is achievable as reforms have encouraged more private sector participation and greater productivity. The Government expects the GDP to expand 3 per cent in 2010, against a forecast of 4.1 per cent by the World Bank. It also sees the economy shrinking 3 per cent this year, less than an earlier forecast of a contraction of 4 to 5 per cent to.

Source: thestar.com.my, 18 November 2009

- **2010 budget highlights**

The Malaysian government plans to spend RM192 billion, about a tenth less than 2009, but will still cut the deficit to 5.6 per cent of the economy, reflecting its responsibility of keeping the country's finances in good shape. Highlights include the reduction of personal income tax to 26 per cent from 27 per cent, Employees Provident Fund's contribution to return to 11 per cent from 2011, extension of RM500 special bonus to staff from Grade 41 to 54 and those on mandatory retirement and the expected benefit to the local tourism sector from government spending of RM899 million to boost tourism.

Source: News Straits Times, 24 October 2009

- **Vast potential to further boost Australia-Malaysia relations**
Australian High Commissioner to Malaysia, HE Penny Williams described the current bilateral ties to be very strong in commercial and educational relations and quoted that tourism was an important sector for both nations, noting the improvement of flight connectivity between the two countries.
Source: bernama.com (Malaysian national news agency), 2 November 2009
- Exchange rate: AUD1.00 = MYR3.133 (up 11% since July 2009) or USD1.00 = MYR3.376 (Down 6 per cent since July 2009)

2. Consumer Insights

- Alternative media other than print appears to be making an impact on consumer media usage habits:
 - AirAsia's "One million free seats" campaign generated record sales with more than 300 million hits registered on its website within 11 hours of the campaign launch. Blogs and social network platforms were leveraged as over 100,000 Facebook users and over 10,000 Twitter users helped pass the word on about the promotion.
Source: NST, 14 November 2009
 - According to Nielsen's 2008 Shopper Trends, hypermarket and supermarket shoppers spend the most per visit, with an average of 2.9 to 3.2 visits per month. This provides an alternative to reach consumers on the suspended television screens located throughout the shopping areas, or through trolley advertising.
Source: Nielsen 2008 Shopper Trends; Carat media update October 2009
- Malay language radio station, Hot FM is Malaysia's new number one ranked radio station. This radio station launched in February 2006 and has been competing in a market dominated by another Malay language radio station, ERA FM. This is an interesting media trend as it will help inform Tourism Australia's media buys targeting the growing Malay traveller segment.
Source: Nielsen Radio Audience Measurement; Carat media update October 2009
- Malaysia Airport is seeing a growing trend of passengers who self-connect between the Main Terminal Building and Low Cost Carrier Terminal at KLIA. A feasibility study revealed that the existing landside bus transfer service between the two terminals sees at least 500 'self connect' passengers per day (or 1000 passenger movements), representing an annual market of over 180,000 passengers. If interest in connecting between the legacy carriers and low cost carriers increases as the ease of connecting between the terminals increases, this may require a change in package offers and partnership marketing.
Source: traveldailyasia.com, 14 September 2009

- Malaysian consumers grew more confident of economic recovery, improving from its previous all time low Nielsen Global Consumer Confidence Index record of 81 earlier this year by seven points to 87 in June / July 09.

Source: *my.acnielsen.com*, 25 August 2009

For the latest in visitor arrivals, please visit 'Research & Statistics' at www.tourism.australia.com

3. Trade Update

- Trade partner feedback indicates demand for leisure travel has improved since mid September, with a significant pick-up in bookings for tours to China, Europe, Japan, Hong Kong and Australia. There's also pent-up demand for destinations such as Turkey and Egypt for year-end holidays. Despite the higher currency exchange, Australia remains a favourite destination as it is perceived as a value for money destination by most Malaysians.
- An increase in meetings and incentives enquiries for Australia has been noted in the market.
- The 'Best of Australia Journeys' campaign launched early September in conjunction with MATTA Travel Fair has recorded 959 passengers for the period up to October. This is above the target set for 800 passengers.
- Tourism Australia partnered with Holiday Tours at the Australian Wine Tasting & Selection Evening organised by Austrade. Food and wine travel packages were promoted at the event, with more than 70 key corporate and diplomatic staff in attendance.
- As at November 2009, there were 266 Aussie Specialist agents from 63 Agencies of which 112 were fully qualified.

4. Airline News

- AirAsia's website registered more than 300 million hits in the first 11 hours of its *One million free seats* campaign. A new international sales record of 402,222 seats sold within the first 24 hours, followed by another 489,000 seats sold in the next 24 hours. China's gateways, Taiwan and Dubai were among the top destinations.

Source: *NST*, 14 November 2009

- Malaysia Airlines responded with its *MH Global Sale* promotion, offering all-inclusive fares from as low as RM183 (A\$58) to ASEAN destinations, RM698 (A\$221) for Australian destinations and RM1,948 (A\$615) for destinations in the Americas. London, Shanghai and Melbourne were the top three destinations sold while Perth was among the top ten best selling gateways.

- AirAsia X is set to increase its Kuala Lumpur-Melbourne flights from 11 to 14 flights weekly commencing 2 February 2010. The new frequency will add on 1,176 seats weekly.
- AirAsia X CEO, Azran Osman-Rani, stated he is confident the carrier will obtain approval from the Malaysian Government to launch services to Sydney by the end of 2009 after parent company, AirAsia resolved its airport charges issues with Malaysia Airports Holdings Bhd recently. Mr Osman-Rani added that upon approval, the service will launch sometime in 2010.

Source: Travel Weekly, 19 November 2009

- Malaysia Airlines is seeing a steady pick up in passenger traffic to Australia. Two direct flights weekly between Kuala Lumpur and Brisbane will be introduced on 28 March 2010, adding 556 seats weekly to current seats available on the KUL-SYD-BNE flights.
- AirAsia X has launched four times weekly Kuala Lumpur-Chengdu flights, further boosting their vast China network to more than 160 flights weekly. AirAsia has recorded an overwhelming response with average 80 per cent load factor as the city has become increasingly popular among overseas visitors and the Malaysian trade is promoting Chengdu as a gateway to Tibet. Malaysian Tourism Minister, Datuk Seri Dr Ng Yen Yen, has requested AirAsia to consider increasing Kuala Lumpur-Chengdu frequency from four times weekly to daily services, due to high demand for the service

Source: Bernama, 23 November 2009

- AirAsia launched daily direct flights to Kolkata, Kochi and Thiruvananthapuram (Trivandrum) in India from Kuala Lumpur effective 12 November 2009. Following a successful launch from the South Indian city of Trichy last year, AirAsia now offers an unbeatable all-inclusive fare from as low as RM 129 (A\$41) all in fares one way. These fares were valid for booking from 15 to 20 October 2009 for travel from 12 November 2009 to 31 July 2010 for Kochi, from 16 November 2009 to 31 July 2010 for Thiruvananthapuram (Trivandrum) and from 19 November 2009 to 31 July 2010 for Kolkata.
- The Prime Minister Dato' Sri Najib Tun Abdul Razak announced the granting of landing rights for AirAsia X in Paris by the French government during his four-day official visit to France. The French government's approval places AirAsia in a significant position, in line with the plans by AirAsia X to expand their operations in Europe and being in position to compete on the Kangaroo route. The downside of this happening would be less seats available for Malaysians intending to travel to Australia.
- From 1 December 2009, SilkAir, the regional wing of Singapore Airlines, will take over the operation of services between Singapore and Penang. Singapore Airlines currently has a daily morning flight while SilkAir has twice-daily frequencies to Penang. By taking over the Singapore Airlines flight, SilkAir will serve Penang three times daily, with a morning frequency in addition to the

current evening frequencies. SilkAir also flies to four other cities in Malaysia, namely Kota Kinabalu (six times weekly), Kuching (three times weekly), Langkawi (six times weekly) and Kuala Lumpur (30 times weekly). Although SilkAir will take over operations of most Singapore-Malaysia flights, these flights will continue feeding into Singapore Airlines' network via Changi Airport, including Australian routes which are in general, quite popular with Malaysian travellers.

- Malaysia Airports launched the world's first 'Next Generation Hub' which will introduce facilities to enable passengers to connect seamlessly between all types of carrier and between different types of terminals. This is to provide passenger with tools to plan an itinerary that suits his or her needs, as well as integrate the physical infrastructure and enable seamless connections between full service carriers and low cost carriers.

Source: traveldailyasia.com, 14 Sep 2009

5. Competitor News

- South Korea has launched a three-year campaign to attract 10 million visitors by 2012. The Korea Tourism Organization (KTO) hopes the "Visit Korea" years 2010-2012 will bring in US\$10 billion in tourism revenue and catapult the country into the ranks of the top 20 most competitive countries in tourism. Key target markets are Japan, China and South East Asian countries.

Source: TTGTravelHub.Net, 12 November 2009

- With AirAsia X launching four times weekly Kuala Lumpur-Chengdu flights, the options for Chinese destinations have increased. The 80 per cent average load factor achieved on this route is a clear indication of strong interest from the consumers and serves as a reminder of the wide range of value-for-money destinations Air Asia X has made available to the Malaysian travellers in recent years.

Analysis based on news item reported by Bernama, 23 November 2009

6. Key Campaigns and Activities in Market

October and November campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
3 September 2009	31 January 2010	<i>Best of Australia Journeys Campaign</i> Tactical campaign with 7 STOs and 11 ASP partners to promote self-drive touring routes from Lonely Planet in-line with the 'Great Australian Journeys' campaign.	Repeat Experience Seekers - Singles/Couples and Families	ACT,SATC,TAS, TNSW,TQ,TVIC, TWA and 11 ASP partners
6 October 2009	24 November 2009	<i>The Great Australian Road Trips Contest with NST Travel Times</i> A consumer contest jointly with MSL Travel and New Straits Times celebrating 10 th anniversary with Travel Times to promote 8 self-drive touring routes from Lonely Planet in-line with the 'Great Australian Journeys' campaign.	Repeat Experience Seekers - Singles/Couples and Families	MSL Travel & New Straits Times
9 November 2009	18 November 2009	<i>iFeel Magazine & My FM Radio budget travel journeys themed IMHP:</i> In-line with the impending 'Great Australian Journeys' campaign launch, the IMHP media experiences budget travelling journeys in Brisbane, Gold Coast and Melbourne.	Repeat Experience Seekers - Singles/Couples	Tourism Queensland, Tourism Victoria
15 November 2009	21 November 2009	<i>China Press self-drive themed IMHP:</i> In-line with the impending 'Great Australian Journeys' campaign launch, the IMHP media takes on a self-drive journey from Launceston to Hobart in Tasmania, with a focus on nature and food and wine experiences.	Repeat Experience Seekers - Singles/Couples	Tourism Tasmania

Upcoming Campaigns and Activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
30 Nov 2009	04 Dec 2009	East Malaysia Market Visit	Key trade partners / Airline & ASP agencies	TQ (pending confirmation)
January 2010	March 2010	<i>Great Australian Journeys Campaign:</i> Campaign aimed at creating preference for Australia as a self-drive holiday destination. Channels of consumer engagement include social media platforms and affinity partners.	Repeat Experience Seekers, Young affluent couples and singles	STOs, proposed consumer brands, ASP, Trade