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THEMATIC

In this report:

Time is ripe for a tourism data bank

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Time is ripe for a tourism data bank

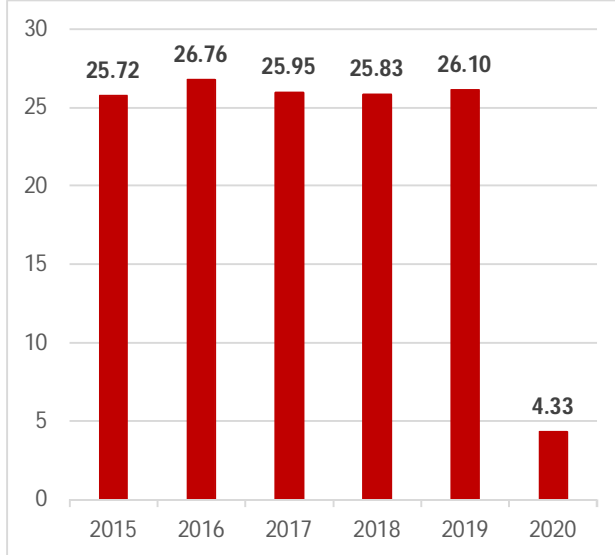
A crucial lesson from Covid-19 is the need for a multi-stakeholder collaboration in the travel and tourism industry. This crisis has forced the industry's business organizations, public institutions and other establishments to cooperate on the choice of destinations, at the national and international levels. Coordination with non-traditional entities like health agencies is vital. All these requires evidence-based information.

- The Covid-19 pandemic unveiled the global importance of the travel and tourism industry in relation to the economics and its interconnectedness with other industries. Unprecedented measures taken to contain the virus spread such as lockdowns, movement and border restrictions, and social distancing affected every business aspect related to this industry — from small tour operators to multinational hotel chains and major airlines.
- Prior to the Covid-19 pandemic, Malaysia set an ambitious target of attracting 30 million visitors in 2020 (26.1 million in 2019) with close to RM100 billion in tourism receipts through the *Visit Malaysia 2020* tourism campaign. But the pandemic health crisis has wrecked the 2020 target. By the end of 2020, tourist arrivals plunged by 83.4% on an annual basis to 4.33 million compared with the previous year. Tourist expenditure dived to RM12.7 billion or 85.3% on an annual basis while per capita expenditure dropped by 11.2% to RM2,931.20 on an annual basis in 2020.
- Unlike past crises where the tourism economy showed resilience, this time around with the combined economic downturn and health crisis, this is the first industry to be deeply impacted by the pandemic as a result of the unprecedented measures. The road to recovery will be much longer. And it is too early to say what the long-term implications of the crisis will be for the tourism economy and whether a return to business as usual is possible.
- While the recovery from the Covid-19 pandemic will be uneven across the various economic sectors, the risk of tourism economy to be among one of the last to recover is extremely high. This is despite signs of emerging recovery, supported by domestic travellers. Long-distance travellers are likely to stay away until confidence is restored on the safety of travel, which could probably happen in 2022. In the meantime, there will be consequences beyond the tourism economy that could impact many other business sectors, directly and indirectly.
- For the tourism economy to recover to pre-pandemic levels, the hope and confidence of the travellers must be restored. And much will depend on the deployment and effectiveness of vaccines. Other factors that will determine the industry's recovery momentum include the management of the pandemic, travel restrictions, travel behaviour, consumer confidence and the businesses' readiness throughout the tourism ecosystem to meet travellers' demand.
- On that note, the tourism industry's risk of facing the "stop-start" cycles is expected to last for some time. The longer the "start-stop" cycle remains, the more severe the impact will be, and the tougher it will be to rebuild the tourism economy. This will weigh on travellers' confidence' and the businesses' survival prospects. Prior to the pandemic, the tourism economy contributed 15.9% of GDP.
- With the recovery of the tourism economy more likely to lag behind many other industries, the travel and tourism industry now faces the question of whether it should continue operating "the usual way" or if the business operation mode should be changed.

- And the obvious answer is “to adopt to changes”. This pandemic has started a virtuous cycle that tackles one of the tourism’s headline issues – overcrowding.
- There is a rise in public awareness on personal health safety and physical distancing. The prospect of being on a “shoulder-to-shoulder” environment may not be palatable again. Before the pandemic, millions of tourists would seek out the must-see places and must-go destinations at the peak of the must-visit months. All this came to a halt following the restrictive measures imposed to contain the virus spread.
- Looking at the future of this industry, it is important to acknowledge right from the start that it will be different compared to 2019. Hence, there is a need for policymakers to design strong and co-ordinated actions to mitigate the impact of the pandemic and support the recovery of the industry.
- For instance, this crisis has led to a growing trend of the information and communications technology’s (ICT) readiness and its capacity to attract a new breed of travellers. Digital technology is necessary to provide more efficient and touchless solutions at airports and other public spaces. Automation, backed by touchless fingerprint and document scanning, face recognition and voice control features, will be more prevalent in a post-pandemic world, further increasing the need for ICT readiness and a prudent governance of privacy information.
- Hence, industry players must work together and rethink all aspects – from marketing to managing visitor flows, spreading benefits to local communities and leveraging digitalization – for the sustainability of the industry. Failure to do so will weaken the resiliency of the sector, leaving it more vulnerable to other headwinds in the future.
- Policies must be designed to take opportunities on new technologies, implement green recovery strategies, drive new business models, explore new niches/markets and open up new destinations. At the same time, these also need to better balance environmental, social and economic impacts.
- There is a need to integrate the different tourism policy approaches, have policy clarity and take steps to limit uncertainty, strengthen multi-lateral co-operation, and develop collaborative systems across borders to safely resume travel. These will restore traveller and business confidence, stimulate demand and accelerate tourism recovery.
- Importantly, this crisis has led to the demand for more information and data sharing that can lay the foundation for better access on business sustainability and competitiveness. It will also help design policies that are more meaningful and effective, which will lead to efficiency, clarity and consistency.
- Evidence-based information will place the industry on a more solid footing and better prepared for future crises. For instance, while waiting for international borders to reopen, players should focus on domestic tourism — local and nature-based activities. It would lead to reduced overcrowding in urban areas and help spread economic benefits to local and rural communities.
- Besides, shorter-distance trips will reduce carbon emissions. It will also reduce the dependence on international tourists. But such growing interest into local and nature-focused trips will put additional burden on the already pressured environment.
- Hence, gathering information on outdoor activities in a comprehensive and coordinated manner will pave the way for better stewardship of the natural assets that fuel tourism demand. Detailed and meaningful information made available and utilised in a coordinated manner by federal, state, local council and market players will ease the process of rejuvenating the domestic tourism industry.

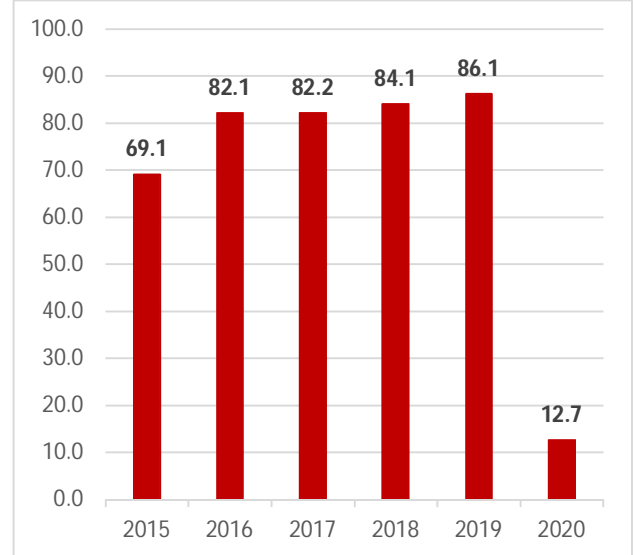
- It is timely to establish a tourism data bank that will house comprehensive information related to tourism and its related businesses at the industry, local council, state and national levels. The information must be coordinated and centralised at the national level and shared across all levels, including the market players.
- Having a centralised and well-coordinated tourism data bank will help spread more economic benefits created by this industry to the overall economy, directly and indirectly. It will assist both policymakers and businesses to find ways and means to address ongoing issues triggered by this pandemic. Some of these include preventing more job losses while creating temporary jobs within the industry, upskilling and reskilling of the workforce based on the new demand of the industry; and stemming the loss of talent among those who lost their jobs and switched to unrelated jobs such as Grab drivers, etc.
- The crisis, together with the recovery and reset plans, have all put in place a once-in-a-lifetime opportunity for the tourism industry to move towards a more sustainable and resilient development model. This is a golden opportunity to reboot the tourism economy on a stronger, fairer and more sustainable footing. The time is ripe for well-coordinated and comprehensive tourism data bank as an evidence-based approach is becoming increasingly important. It is crucial to seize the moment when collective actions can reach a critical mass and enable the change.

Chart 1: Annual Tourist Arrival (mil person)



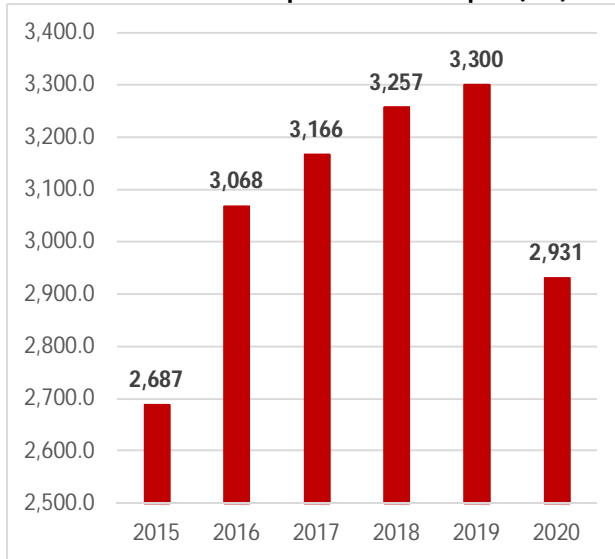
Source: CEIC/ AmBank Research

Chart 2: Annual Tourist Expenditure (RM'bil)



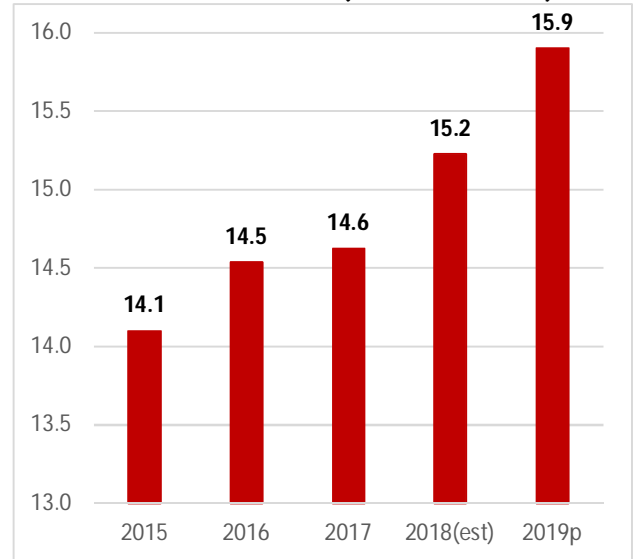
Source: CEIC/ AmBank Research

Chart 3: Annual Tourist Expenditure Per Capita (RM)



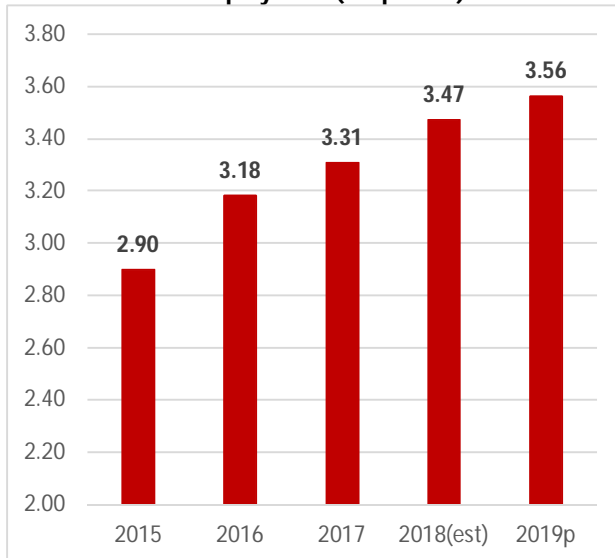
Source: CEIC/ AmBank Research

Chart 4: Tourism Contribution (% of Nominal GDP)



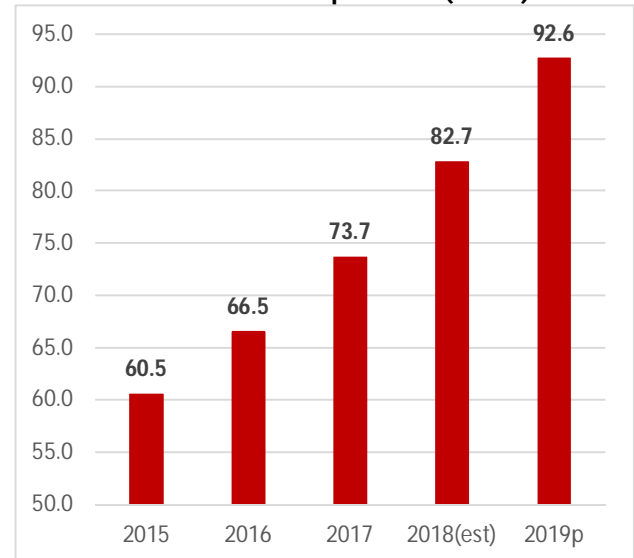
Source: CEIC/ AmBank Research

Chart 5: Tourism Employment (mil person)



Source: CEIC/ AmBank Research

Chart 6: Domestic Tourism Expenditure (RM'bil)



Source: CEIC/ AmBank Research

Table 1: Tourism Industry Breakdown (RM'bil)

	2015	2016	2017	2018(est)	2019p
Accommodation services	19.8	21.3	22.9	24.7	26.7
Food & beverage serving services	26.4	29.4	33.2	37.8	43.3
Passenger transport services	7.3	7.8	8.4	8.8	9.4
Travel agencies & other reservation services	2.9	3.1	3.5	3.8	4.2
Cultural, sports and recreational services	9.0	9.4	9.9	10.5	11.4
Retail sale of automotive fuel	3.2	3.5	4.0	4.5	4.7
Retail trade	74.8	82.6	92.8	102.5	110.9
Country-specific tourism characteristic services	22.6	24.5	26.0	27.8	29.6
Total gross value added from tourism industry	165.9	181.7	200.7	220.4	240.2

Source: DOSM/ AmBank Research

Table 2: Inbound Tourist Expenditure (RM'bil)

	2015	2016	2017	2018	2019p
Accommodation Services	17.7	20.1	21.0	21.6	21.8
Food & beverage serving services	10.1	10.6	11.4	11.8	12.0
Passenger transport services	14.0	15.1	15.5	15.8	16.5
Travel agencies and other reservation services	4.2	4.6	4.2	3.9	4.0
Cultural, sports & recreation services	2.2	2.4	2.6	2.4	2.5
Country-specific tourism characteristic goods	23.8	25.9	28.1	29.4	29.7
Country-specific tourism characteristic services	2.7	2.8	2.9	2.9	2.8
Total tourism expenditure	74.6	81.6	85.7	87.7	89.4

Source: DOSM/ AmBank Research

Table 3: Domestic Tourist Expenditure (RM'bil)

	2015	2016	2017	2018	2019p
Accommodation services	6.1	6.6	7.2	7.9	8.6
Food and beverage serving services	9.3	10.3	11.5	12.8	14.7
Passenger transport services	4.6	4.9	5.2	5.8	6.4
Travel agencies and other reservation services	1.1	1.3	1.3	1.4	1.6
Cultural, sports and recreational services	1.0	1.1	1.2	1.4	1.7
Retail sale of automotive fuel	11.5	11.9	12.6	13.7	15.5
Country-specific tourism characteristic goods	23.2	26.4	30.1	34.8	39.0
Country-specific tourism characteristic services	3.8	4.1	4.6	5.0	5.1
Total	60.5	66.5	73.7	82.7	92.6

Source: DOSM/ AmBank Research



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Table 4: Outbound Tourist Expenditure (RM'bil)

	2015	2016	2017	2018	2019p
Accommodation Services	8.2	8.2	9.1	9.6	10.1
Food & beverage serving services	3.4	3.9	4.7	5.5	5.8
Passenger transport services	11.8	12.2	13.8	13.0	14.2
Travel agencies and other reservation services	0.8	1.0	1.2	1.5	1.6
Cultural, sports & recreation services	0.7	0.9	1.0	1.3	1.6
Country-specific tourism characteristic goods	5.8	7.4	8.6	9.7	10.9
Country-specific tourism characteristic services	0.3	0.4	0.5	0.6	0.6
Total tourism expenditure	31.1	34.0	38.9	41.1	44.8

Source: DOSM/ AmBank Research

Table 5: Tourism Sector Employment ('000 person)

	2015	2016	2017	2018(est)	2019p
Accommodation services	184	207	211	222	234
Food & beverage serving services	913	1003	1087	1183	1238
Passenger transport services	159	165	163	171	177
Travel agencies & other reservation services	33	36	40	39	41
Cultural, sports and recreational services	76	75	79	81	81
Retail sale of automotive fuel	33	33	34	35	35
Retail trade	993	1106	1105	1148	1158
Country-specific tourism characteristic services	509	557	591	592	599
Total employment in tourism sector	2899	3182	3309	3471	3562

Source: DOSM/ AmBank Research

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