

Malaysia

Introduction

Malaysia is located in South East Asia and borders Thailand, Indonesia, Brunei, Singapore, Vietnam and the Philippines. Malaysia is a very populous country with a total population of 27.5 million people (2010). Malaysia is also a culturally and religiously diverse country. Malays only make up 50.4% of the population, where Malaysian Chinese make up around 25% of the population and Indians make up 10% of the population. In terms of religion 60.4% of the population is Islamic, 19.2% Buddhists and 9.2% practice Christianity.

Tourism has recently become an area targeted for growth by the Malaysian government. As a result Malaysia has seen a burgeoning tourism industry over the last eight years. This expansion into tourism is now set to have a very positive effect on inbound tourism to New Zealand from Malaysia.

Economy

The Malaysian economy is one of the star performing economies of the South East Asia region. From 1957 to 2005 Malaysia's economy has grown at an average of 6.5%. Malaysia was one of the first Asian countries to recover from the Asian Financial Crisis in 1997, and was not significantly affected by the current global economic crisis. Forecasts by the International Monetary Fund (IMF) have put economic growth in Malaysia to exceed 5% each year for the next five years (to 2016).

Malaysia's economy has traditionally been largely export based, being an exporter of agricultural and natural resources such as petroleum, tin, rubber and palm oil. In a recent effort to diversify the Malaysian economy the Malaysian government has decided to focus and invest in a number of other industries including science, technology, finance and tourism. It is this focus on tourism that has led to a burgeoning tourism industry in Malaysia and subsequent significant increases in air travel capacity between Malaysia and New Zealand.

Outbound Travel

Outbound travel from Malaysia increased from 30.5 million trips in 2000 to 41 million trips in 2010. The most popular destinations for Malaysians are Thailand, China, Indonesia, Brunei and Singapore. Australia is also a popular destination for Malaysians coming in 8th in terms of outbound travel.

Air Asia has become a significant influence in the outbound travel patterns of Malaysians with the company offering some of the cheapest flights in the world to a large number of both short-haul and long-haul destinations. Air Asia's business model originally floundered until it was bought by a former Time Warner executive in 2001, who turned the company around to profitability by 2002.

The effect of the governments focus on tourism and Air Asia's success on Malaysia's tourism sector is most apparent in the growth of visitor arrivals to Malaysia which have increased 134% from 10.5 million arrivals in 2003 to 24.6 million arrivals in 2010.

Air Services to New Zealand

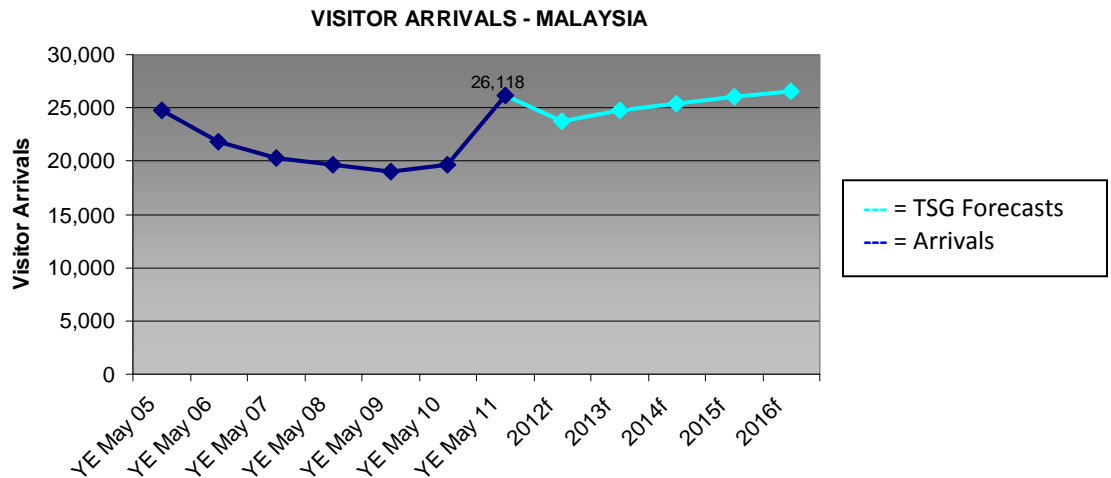
In April 2011 Air Asia X launched its four times weekly service between Kuala Lumpur and Christchurch. Although the service has only just recently been launched, and Christchurch's tourism industry has been reeling from the effects of two major earthquakes, arrivals into Christchurch from Malaysia have increased significantly. In May 2011 arrivals from Malaysia were up 128% on May 2010 and holiday arrivals were up 189% on May 2010. This sort of growth within such a short time frame and at a time when Christchurch's tourism industry has been seriously challenged suggests the launch of Air Asia X will significantly increase the number of Malaysians visiting New Zealand over the long term.

Jetstar is another low cost carrier that will appeal to Malaysian tourists choosing to fly to New Zealand. Jetstar has set up Singapore as its Asian hub offering direct flights to Auckland Airport. Malaysians choosing to fly to New Zealand on Jetstar can connect between Kuala Lumpur or Subang Jaya for as little as NZ\$5.

Malaysian Airlines also continues to offer high quality service between Malaysia and Auckland Airport. In March 2011 Malaysian Airlines increased its number of direct flights to Kuala Lumpur from five to six flights per week in response to rising demand. This now means Malaysian Airlines provides a total weekly capacity of 1,680 seats in each direction. Malaysian Airlines is one of only six airlines worldwide to be accredited a “5-Star Airline” by Skytrax.

Situation and Outlook

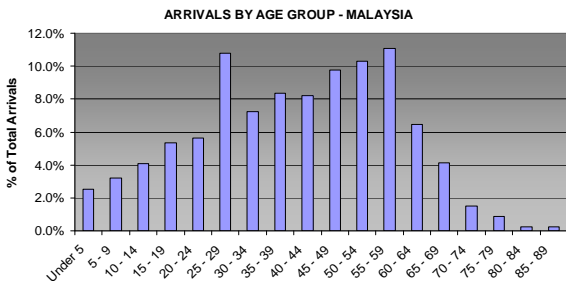
For the year ended May 2011 New Zealand received 26,118 short-term arrivals from Malaysia. This was significant growth (33%) on 2010 figures which largely relates to the large increase in existing and new capacity between Malaysia and New Zealand. The Tourism Strategy Group has forecast 23,690 arrivals from Malaysia in 2012, however these forecasts were produced before Air Asia X announced plans to enter the New Zealand market through Christchurch Airport. It is likely that New Zealand will build on the 26,118 arrivals seen this current year end in 2012 and beyond.



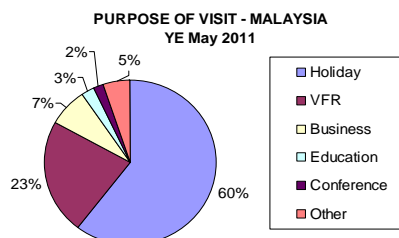
Source: Statistics New Zealand, International Travel and Migration Survey
YE May 2011

Malaysian Visitor Profile

Malaysian tourists are generally middle aged tourists. In fact over 65% of Malaysian tourists that travel to New Zealand are aged between 25 and 59. There are two sub-segments within this 25 to 59 year old segment; 25-29 year olds and 45-59 year olds. Both of these segments come to New Zealand primarily for holiday purposes, however a significant difference can be noticed between the types of activities and attractions and types of accommodation these sub-segments prefer with the 25-29 year age group seeking more adventurous product while the 45-59 year old age groups seeking a more passive, luxury holiday.

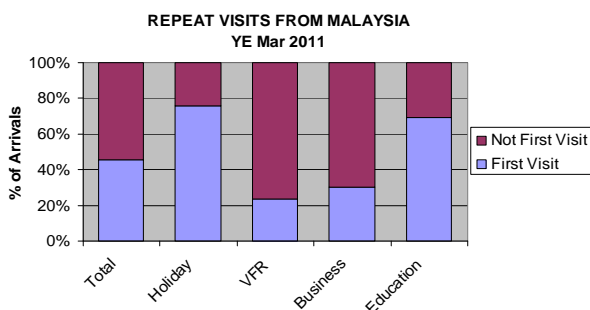


Source: Statistics New Zealand: International Travel and Migration Survey, 2011

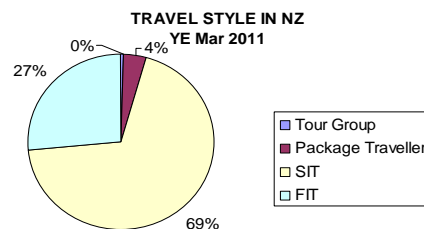


Holiday is the most common reason for Malaysians choosing to visit New Zealand with 60% of all Malaysian arrivals being for holiday purposes. The next most common purpose of visit is for visiting friends and family (VFR) which accounts for 23% of arrivals. Together holiday and VFR account for 83% of all Malaysian arrivals.

Following the launch of Air Asia X's services between Christchurch and Kuala Lumpur there was a 189% increase in holiday arrivals from Malaysia in May 2011 compared to the same month in the previous year. It is likely that Air Asia X will increase the already high share of holiday tourists coming to New Zealand from Malaysia.



Source: Statistics New Zealand International Travel and Migration Survey, 2010



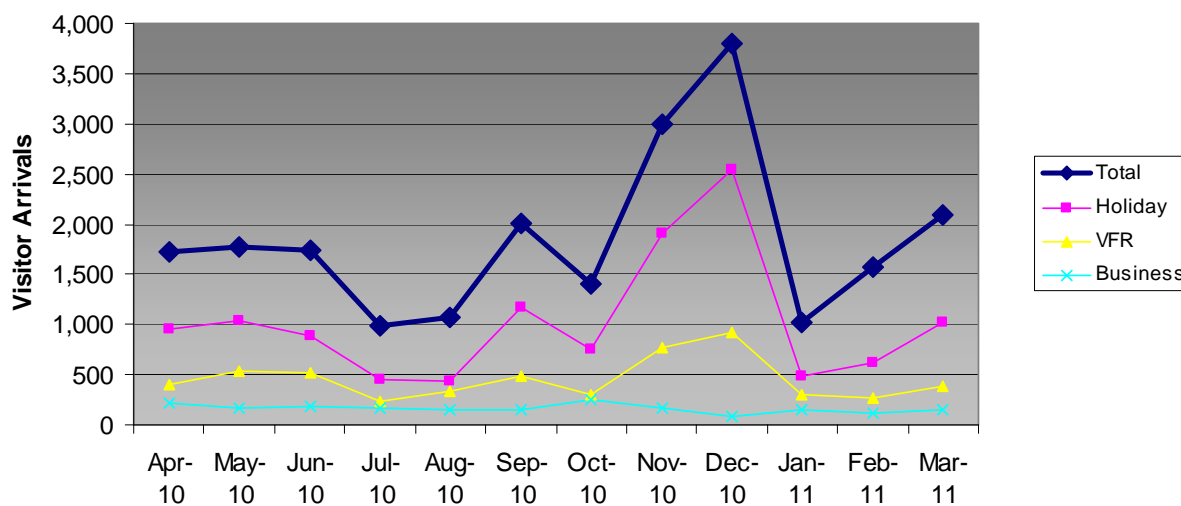
Just under half of Malaysians have travelled to New Zealand before. There is a clear difference between holiday tourists and VFR tourists in terms of repeat visitation. Holiday tourists from Malaysia are predominantly (76%) on their first visit to New Zealand, where the inverse is the case for VFR tourists where 76% have already travelled to New Zealand before.

In terms of travel style in New Zealand almost all (96%) Malaysians are either free independent travellers (FIT) or semi independent travellers (SIT). Very few Malaysians travel as part of a tour group or as a package traveller. For the year ended March 2011 most (69%) Malaysians were SIT tourists, although the ratio of FIT tourists is likely to increase as Air Asia X grows its share of the Malaysian/New Zealand market.

Seasonal Pattern and Length of Stay

Malaysians have a reasonably traditional seasonal pattern. Peak season for Malaysian tourists to New Zealand is November and December. Just under 31% of Malaysians travelling to New Zealand choose to do so during these two months. Malaysian arrivals have a shoulder season during October and September as well as from February through to June. Low season for Malaysian tourists is confined to July and August. Strangely January (normally a peak season for tourists to New Zealand) is a very weak month for Malaysian arrivals which is possibly due to price constraints.

VISITOR ARRIVALS - MALAYSIA



Source: Statistics New Zealand International Travel and Migration Survey, YE Mar 2011

Malaysians tourists stay in New Zealand for a relatively long period of time with an average length of stay of 28.7 nights. This length of stay is heavily influenced by the Malaysian education market which experiences very long lengths of stay. A better measure of Malaysians length of stay in New Zealand is the holiday segment which stays for an average of 17.4 nights and the VFR segment which stays for an average of 16.9 nights.

Tourism New Zealand Research Malaysia

Tourism New Zealand has recently undertaken two key pieces of work in the Malaysian market designed to deepen our understanding of the Malaysian traveller market and the opportunities they present to the New Zealand tourism industry. The summaries below are results and insights from these pieces of work and provide an overview of how Malaysian visitors found their holiday experience in NZ, what they enjoyed and what they thought we needed to improve on.

Visitor Experience Monitor

The Visitor Experience Monitor is designed to measure international visitor satisfaction with their recent trip to New Zealand and the factors that influence this. Annually 4,500 international visitors who visited New Zealand for a holiday or to visit friends and family are surveyed within a week of them returning home.

VISITOR EXPERIENCE MONITOR RESULTS

Generally Malaysian tourists are very satisfied with their trip to New Zealand. On average, taking everything into consideration including accommodation, food and beverage, the activities and attractions they did etc Malaysian tourists rate their trip to New Zealand an 8.6 out of 10. While this is a high level of satisfaction, this is slightly less satisfied than the average visitor to New Zealand (9.0/10). This suggests there are some areas where New Zealand can improve on its visitor experience for Malaysian tourists.

Particular areas where New Zealand can improve on for Malaysian tourists include;

- Accommodation
- Food and beverage
- Activities and Attractions
- Experience at i-SITEs

The table below provides further detail on how satisfied Malaysian tourists were with different aspects of their trip to New Zealand;

VISITOR EXPERIENCE MONITOR RESULTS		
	Malaysia	All Other Markets
Overall	8.6	9.0
Overall Accommodation Experience	8.1	8.5
Overall Food and Beverage Experience	7.8	8.2
Overall Transport Experience	8.2	8.4
Overall Activity Experience	8.6	9.0
Overall i-SITEs Experience	8.4	8.7
Overall Environment	9.0	9.0
Overall Safety	8.7	8.8
<i>Sample size</i>	<i>227</i>	<i>4,542</i>

Product Development Research

With Asian economies continuing to grow and the establishment of air links between Asia and New Zealand, opportunities exist to significantly increase growth from these markets.

In order to capitalise on this projected growth and ensure that the New Zealand holiday experience delivers well to visitors from these markets, Tourism New Zealand undertook product development research specifically focused on international visitors from Malaysia, China, Singapore and India in order to:

- Investigate whether New Zealand's current product offering meets consumer market demand and expectations; and
- Identify those sectors or products that require further development or refinement in order to ensure high visitor satisfaction from those markets.

The study was designed to provide useful and practical information to Tourism New Zealand and the New Zealand tourism industry.

What is the opportunity?

The launch of Air Asia X's service between Kuala Lumpur and Christchurch as well as increases in capacity of existing services between Malaysia offers a significant opportunity for New Zealand. Air Asia X is well regarded as the cheapest airline operating in not only Asia, but the world. As a result wherever Air Asia X opens new routes excellent growth in tourism generally follows. It is highly likely that Air Asia X's service will significantly increase the number of Malaysian's coming to New Zealand. If New Zealand can not only meet but exceed the expectations of this influx of Malaysian tourists, this will help guarantee a consistent stream of Malaysian tourists coming to New Zealand.

Coupling with the opportunity that Air Asia X presents to New Zealand is the fact that the Malaysian economy is booming. The Malaysian economy was relatively speaking minimally affected by the global financial crisis and its growth for the next five to six years is expected to be very positive. This will mean that a good percentage of the

influx of Malaysian tourists coming to New Zealand over the next few years will be high spending, high net worth tourists, that are willing to spend in New Zealand

Some things we can develop or improve

Overall visitors from Malaysia were highly satisfied with their New Zealand holiday experience. However, we can improve on many aspects of the experience we provide.

Malaysian tourists come to New Zealand seeking to experience New Zealand's very unique culture and way of life. They want to experience New Zealand's lifestyle first hand. They are interested in exploring provincial towns, farm visits, wildlife/sealife, snow and exploring scenic and natural attractions. But often they are not getting the real experience they are after. Malaysians come to New Zealand to experience untouched, pristine 100% Pure New Zealand as well as our culture and they want to experience this at 'zero distance'.

Malaysians are also after a very peaceful, stress-free experience in New Zealand. Malaysia is a very crowded, populated country so just the openness and greenness of New Zealand can be a treat in itself. We need to deliver on these sorts of passive, relaxing holidays and give Malaysians the opportunity to pamper themselves. Even just the ability to view the night sky can be the sort of passive unique experience Malaysians are interested in.

Other areas where we can improve include:

Service

- Our service levels can certainly be improved for Malaysians visitors. Malaysian tourists expect fast, courteous service and we are not always delivering on these expectations, especially for the prices we charge in relation to the cost of living in Malaysia. Service is the one area where our 'she'll be right' attitude is not a novelty.

Food

- We are under delivering on food experiences. Food and beverage is relatively cheap in Malaysia, yet when Malaysian tourists are served fresh, high quality New Zealand cuisine they leave the country highly satisfied. This is the sort of experience Malaysians are coming to New Zealand for. When they experience mediocre food, with poor levels of service, Malaysians can often feel like they are not getting the value they expect. Options to consider include:
 - Direct Malaysians to restaurants you would recommend to your own friends and family. The best restaurants in town, at the most reasonable rates.
 - Around 60% of Malaysians are of Muslim faith and need halal food options while in New Zealand. Tourism stakeholders in Canterbury, Queenstown and Auckland regions in particular need to ensure they can point Malaysians to the nearest halal food providers.
 - Make sure New Zealand specialties are part of the menu. Our lamb, seafood and dairy products are world class and this is the level of experience Malaysians are interested in.
 - Don't assume Malaysians want Asian food here in New Zealand. They can get much better quality Asian food in Malaysia.
 - Malaysians are price sensitive in terms of food and beverage. For the price we charge in New Zealand for food and beverage Malaysians expect the very best.

Activities and Attractions

- With the exception of the 25-29 year age group, Malaysian tourists are generally interested in passive tourism experiences. They like exploring small unique regions and are very open to recommendations. Malaysians also absolutely love exploring our natural and scenic destinations as they don't have access to these sorts of destinations in their home country. Options to consider include;
 - Make sure Malaysians get directed to our scenic and natural attractions. Malaysians are very underwhelmed by our cities, so it is important they get to see the '100% Pure New Zealand' we promise.

- Ensure safety is always ensured
- Give them the opportunity to get up close to nature. Malaysians are interested in passive adventurous tourism where they get to see and do activities they can't at home.