



NEWSLETTER

Prepared by:

**MAZREHA YA'AKUB; NURTI ASMARIA ASRIL
& OTHMAN MOHAMED**
BPP

DOMESTIC TOURISM

“Domestic tourism comprises the activities of resident visitor within the country of reference either as part of a domestic tourism trip or part of an outbound tourism trip” (IRTS, 2008)



Measuring Domestic Tourism in Malaysia

- Based on the recommendation by UNWTO (IRTS 2008), the domestic tourism data collection is conducted by DOSM using a household approach.
- The survey is conducted on an annual basis using stratified two stage sampling (Primary stratum: state in Malaysia; Second stratum: urban & rural strata).
- The survey covered residents living in private dwellings and excludes those living in institutions such as hotels, hostels, hospitals, prisons, military barracks and boarding houses.

Who is domestic visitor?

Resident/ those living in Malaysia (at least a year) including expatriate and non-citizen, who takes trip to a main destination outside his/her usual environment, for less than a year for the purpose of business, leisure or personal other than to be employed by a resident entity in the place visited.

There are two type of visitor which is excursionist and tourist.

Excursionist

Malaysia resident who travel in Malaysia for less than 24 hours (at least 4 hours)

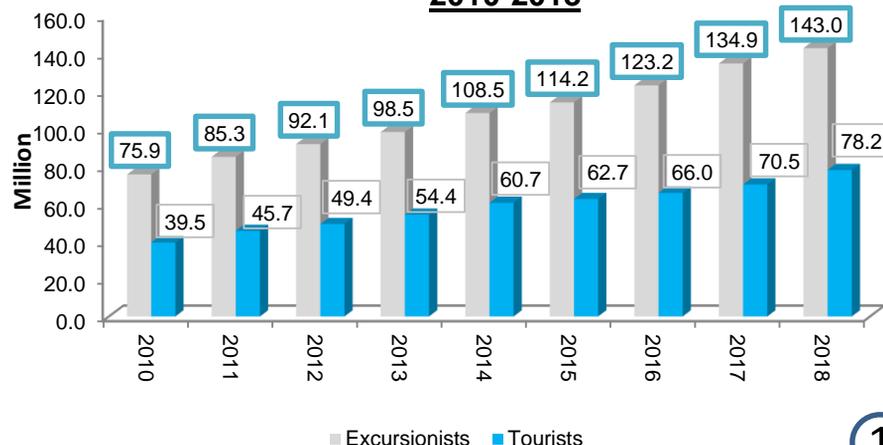


Tourist

Malaysia resident who travel in Malaysia for at least one night

Year	Number of Visitors (million)
2010	115.5
2011	131.0
2012	141.4
2013	152.9
2014	169.3
2015	176.9
2016	189.3
2017	205.4
2018	221.3

Chart 1: Number of Excursionists and Tourists, 2010-2018



Which trips is considered as domestic tourism trip?



Domestic tourism trip is defined as a visitor's trip to a destination outside his/her usual environment within Malaysia, for any purpose other than to be employed by a resident entity in the place visited.

There is two types of trip:

DAY TRIP

Trip from living quarters to a main destination for a distance of 50 km or more (round trip). For distances less than 50 km to and fro, the time taken has to be four hours and more (<24 hours), using tourism facilities such as transport/ f&b/ recreation.

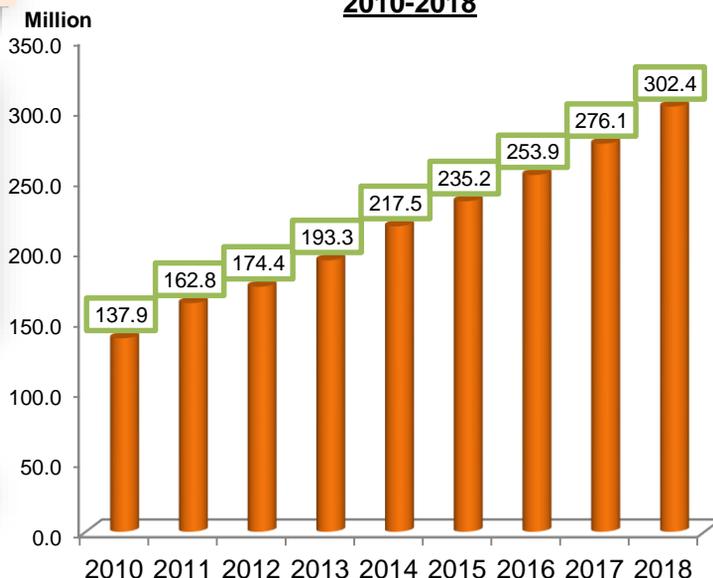
OVERNIGHT TRIP

A trip for at least one night.



Chart 2 shows the number of domestic tourism trips for the year 2010 to 2018. The number of trips increased over 100 million trips within eight years (2010-2018).

Chart 2: Number of Domestic Tourism Trips, 2010-2018

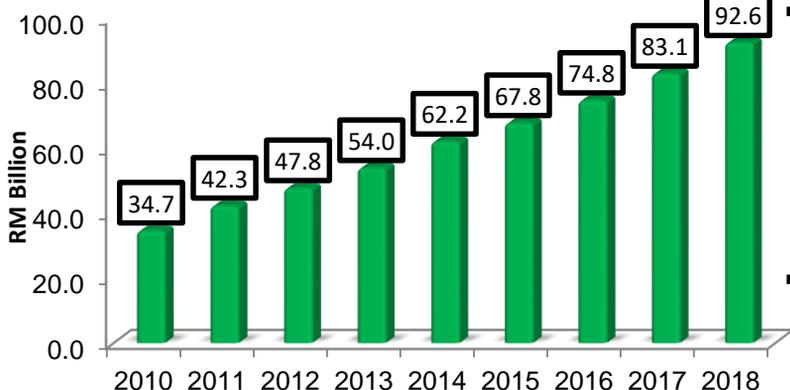


What is tourism expenditure?

Domestic tourism expenditure is defined as a visitor's expenditure for the acquisition of consumption goods and services, as well as valuables, for own use or to give away, for and during the tourism trips. It includes expenditure by visitor themselves, as well as paid or reimbursed by others within the economy reference.

Excluded: the purchase of financial and non-financial assets (excluding valuables); the purchase of goods for resale purposes, either on behalf of third party or own account.

Chart 3: Total of Domestic Tourism Expenditure, 2010-2018



- Tourism expenditure is an important measure of domestic tourism demand.
- The tourism demand is refer to tourism product and services such as transportation, fuel, accommodation, food & beverage, tourism package, entrance fee for recreational activity and other services/product related to tourism activity.
- Based on survey, the total expenditure for domestic tourism trip in 2018 was RM92.6 billion (Chart 3).

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COVID-19: GAME CHANGER FOR TOURISM INDUSTRY

- The COVID-19 outbreak has generated both demand and supply shocks reverberating across the global economy
- At the sectoral level, tourism and travel-related industries will be among the hardest hit as authorities encourage “social distancing” and consumers stay indoors.
- Based on WTTC (2019), the travel and tourism activities has a direct economic impact to commodities, industries and source of spending. Therefore, the impact of this outbreak will have a direct impact on the following aspect:

1 Commodities

- Accommodation
- Transportation
- Entertainment
- Attractions

2 Industries

- Accommodation services
- Food & beverages services
- Retail Trade
- Transportation services
- Cultural, sports & recreational services

3 Sources of spending

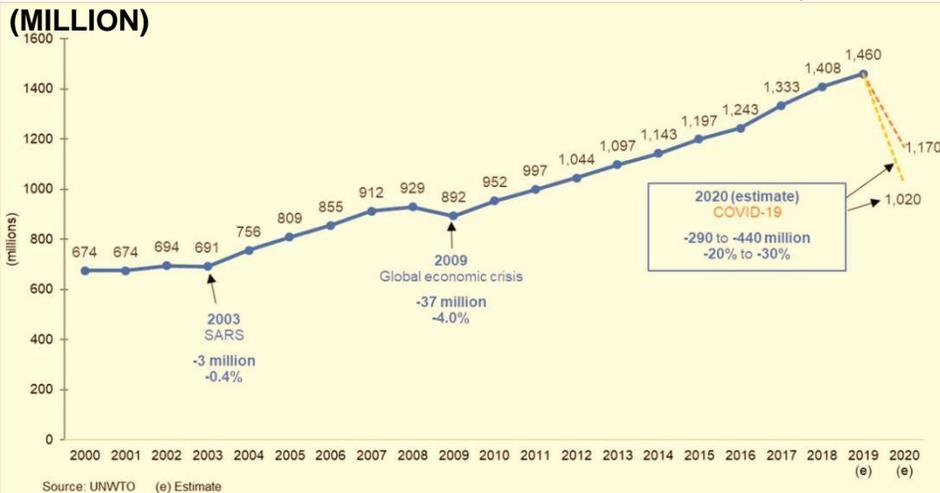
- Resident’s domestic T&T spending
- Businesses domestic travel spending
- Visitor exports
- Individual government T&T spending

2020: ESTIMATED GLOBAL IMPACT*

- International tourist arrivals decline by **20% to 30%**.
- International tourism receipts -**loss of 300 to 450 US\$ billion**.

(* the estimation is based on the worst-case scenario.
(Source: UNWTO)

2020 FORECAST - INTERNATIONAL TOURIST ARRIVALS, WORLD



Est. impact on air transport

Region of airline registration	Est. on impact pass. Revenue 2020 vs 2019 (US Bil.)
Africa	-4
Asia Pacific	-88
Europe	-76
Latin America	-15
Middle East	-19
North America	-50
TOTAL INDUSTRY	-252

HIGHLIGHT: IMPACT OF COVID-19 ON SELECTED COUNTRIES

INDONESIA

The number of international arrivals for January to February decline to 2.16 million with a negative growth of 11.8% as compared the same period last year (2.45 mil.)

(Jakarta Post)

INDIA

- The estimated of total loss is ₹85 billion due to travel restrictions imposed on foreign tourists.
- 38 million of job will affected (70 per cent of tourism industry workforce).

(Bussines Taveller)

THAILAND

Tourism industry in Thailand lose \$3.05 billion due to the drop in Chinese tourists numbers (Jan-Apr).

(Time)

EUROPE

- Number of airline passengers would drop by 4.8 per cent for the year 2020.
- The estimated of total loss is 26 billion euros (value of the global business).

(Euronews)



Impact of COVID-19 Outbreak on Malaysia Tourism Industry

Total loss: RM3.37 billion*

Source: MOTAC, MalayMail, 13 March 2020

*refer to January – February 2020

Total loss: RM50 - RM60 billion*

Source: estimated by Affin Hwang Capital

*Assumption: 60% decline in number of tourist arrivals (first half 2020)

HIGHLIGHT: IMPACT OF COVID-19 ON TOURISM INDUSTRY

Accommodation

- **Revenue loss:**
 - Before MCO: RM75.69 mil.
 - During MCO: RM560.72 mil.
- **Average occupancy rates** projected to fall to 11%. (break even: > 40%).
- **Employment:**
 - 17% laid off
 - 9.0% pay cut
 - 17.0% unpaid leave

Source: Survey by Malaysia Hotel Association (MAH), (The Star, 26 March 2020)

Retail trade

- Although, the trip for purpose of shopping is limited due to MCO, the retail transaction can be made online.
- According Malaysian Digital Association, there is significant growth of online transaction in the third week of March as compared with the first two weeks of the month”
 - i. Jaya Grocer and Happy Fresh (grocery delivery services) : +600%;
 - ii. Mydin: +540%; and
 - iii. Tesco: +450%.

(Source: Free Malaysia Today, 7 Apr 2020)

Cultural, sports & recreational

- During restriction on movements, all the business (non essentials) including sports, social and cultural activities are required to shut down temporarily.
- The closure of the business operation will affected total revenue of the company.
- Furthermore, the declining of number arrivals also affected all the business related to cultural, sports and recreational

Source: MOTAC media statement & Malay Mail, 18 March 2020

Passenger Transport

- Revenue: Airline industry faces an estimated US\$3.32 billion* loss in revenue.
 - In 2019, passenger traffic decline 34.4 per cent year on year (YoY) to 6.24 mil. (Feb 2019: 8.15 mil.)
 - Estimated growth of total passenger in 2020 is - 12% (2019: 4%) – Kenanga Research
 - Employment: affected (unpaid leave)
- *estimated by IATA with assumption: 3 month of travel restriction

Source: NST, 30 March 2020 & The Edge, 3 April 2020

Travel agencies

- Travel agencies face potential liability of around RM500 million from customers seeking compensation, regardless of cancellation and refund policies of various service providers.
- MATTA projected a total of RM150 million in losses during the school holidays due to the Covid-19 outbreak. Out of total, RM52.5 million worth of potential losses for umrah travel.
- Travel agent also had a potential of RM100 million loss in outbound travel during the two-week May school holidays.

Source: The Star, 12 Mac 2020 & FMT, 12 March 2020

Food & beverage

- Restaurants and food delivery services are allowed to operate during MCO.
- For the second phase of MCO, all the business allowed to operate between 8am to 8pm.

DISCLAIMER: The article in this newsletter is the initiative of DOSM officers based on ad-hoc observation and collection of brief information in the field during the Movement Control Order. It does not meet the country's official statistics released standards. Therefore, the content of this newsletter cannot be interpreted as DOSM's official statistics.

