



TOURISM SUMMIT 2015

Connecting and Empowering Stakeholders

30 July 2015 (Thursday)
Sunway Putra Hotel, Kuala Lumpur

Welcoming Remarks:

Tan Sri Ramon Navaratnam

Chairman, ASLI-CPPS

Group Adviser, Sunway Group

Tan Sri Ramon shared on the potential for tourism in ASEAN, citing its rich cultures and spectacular landscapes, and also pointed out that Malaysia needed to improve. He asked the audience to consider: "Why do we earn less in tourism receipts although we attract more in tourist numbers compared to Thailand and Singapore?"

He called for more concrete strategies to attract high net worth tourists, and suggested several strategies categorised under 'pull' factors. He then drew attention to 'push' factors that could drive tourists away such as safety and security issues, racial and religious tensions, and connectivity problems.

In concluding, he noted that Malaysia was the 2nd largest foreign exchange earner within ASEAN but we do not taking advantage of it, and implored the delegates to contribute towards addressing the challenges raised. He also took the opportunity to reassure Tan Sri Dr Ong that the Ministry of Tourism and Culture Malaysia has the support of the private sector, NGOs as well as general public.

Opening Keynote Address:

YB Dato' Seri Mohamed Nazri Abdul Aziz

Minister of Tourism and Culture Malaysia

(Represented by **Tan Sri Dr Ong Hong Peng**, Secretary-General of the Ministry of Tourism and Culture Malaysia)

Tan Sri Dr Ong began by extending warm regards from YB Dato' Seri Mohamed Nazri Abdul Aziz, Minister of Tourism and Culture Malaysia to the audience as YB Dato' Seri was not able to attend due to unforeseen circumstances. He then responded to Tan Sri Ramon's speech by reminding the audience that everyone: NGOs, private sector, government and the people must work together to address those challenges.

Tan Sri Dr Ong next mentioned that in 2014 tourism made up 5.7% of GDP, 13% of total employment and 6.8% of total investment. This is a strong reminder of the importance tourism to Malaysia, and is in line with the objectives of the Malaysia Tourism Transformational Plan 2020. He called upon all stakeholders to help in formulating and implementing strategies in the areas of efficiency, connectivity, sustainability and technology.

Besides praising Malaysia Airports' expansion to India and Turkey, and the country for being ranked as the 2nd best shopping destination in Asia Pacific, he highlighted that the government is focusing on medium-haul

markets such as China, Japan, and Korea to attract high net-worth tourists and reminded the delegates that we must not forget the social aspect of tourism, which is centred on people.

Tan Sri Dr Ong ended by sharing his hopes for the discourses at this summit to contribute significantly to developing Malaysia to be the top tourist destination, and congratulated ASLI for the timely organisation of this summit.

Session 1: Malaysia and ASEAN - what the future holds for tourism post-AEC 2015

Tan Sri Dato' Sri Dr Ng Yen Yen (Moderator)

Former Chairman of Tourism Malaysia

Former Minister of Tourism

Distinguished Visiting Professor of Josai International University, Japan

Tan Sri Dato' Sri Dr Ng first introduced the panel and commended them for their achievements before highlighting changes that will affect the tourism industry such as technology shifts and the burgeoning middle class in the Asia Pacific.

Tan Sri Dr Ong Hong Peng (Panellist)

Secretary-General, Ministry of Tourism and Culture Malaysia (MOTAC)

Tan Sri Dr Ong found the potential for ASEAN to benefit its member states to be an interesting topic. His presentation focused on tourism packages, human capital mobility, and tourism investments and incentives.

Big numbers represent even bigger potential: ASEAN received USD106.8bn and tourist arrivals increased from 96.8m in 2010 to 187m in 2014. As chairman of ASEAN, Malaysia launched the GOASEAN TV channel at the annual Davos' summit on 27th April. The channel, which appears in both television and online media, is divided into different segments such as shopping, business, medical, and religious tourism. He revealed that a main driver in regional tourism was the ASEAN tourism package bundle which jointly promoted cities in the 10 member states. The 'Visit ASEAN 2017' campaign is a similar initiative.

In parting, he offered two key strategies moving forward: enhancing the competitiveness of ASEAN as a single destination and making tourism in ASEAN sustainable and inclusive.

Tuan Hj Mohd Taib Wahab (Panellist)

Deputy President, National Tourism Council Malaysia (NTCM)

Tuan Hj Mohd Taib Wahab shared that in 1988, Malaysia offered to set up the ASEAN Tourism Information Centre to encourage regional tourism but it was closed down eventually due to lack of funding. He criticised ASEAN's efforts as not being people-centred because everything was done high up at the heads-of-governments level, with little input from the ground.

He saw tourism as divided into two aspects: the journey and the destination, with countless activities within that huge spectrum. He exhorted that the 'bread and butter' of tourism is the initiative hence we must not wait for the government to give handouts even though funding allocation has increased, but rather we must do it ourselves to move forward.

Mr Aaron Chia (Panellist)

Executive Vice President, Resorts Operations, Genting Malaysia

Mr Chia's presentation was divided into three parts: the present tourism industry, its future, and Resorts World Genting's plans for 2016 and beyond.

On the present, he shared that Malaysia is one of the top 3 performers in terms of tourist arrivals in ASEAN despite its stagnating growth rate of just 3% from 2009 to 2014. However, the country attracts more intra-

ASEAN tourists than the ASEAN average. He also noted that Malaysia placed second in total receipts of low-yield tourists, which could possibly be due to the higher percentage of intra-ASEAN tourists.

On the future, he touched on political unrests, the haze, the impact of Millennials, the growing middle-class in Asia Pacific, the sharing economy, mobile roaming, and big data.

Lastly, he announced the Genting Integrated Tourism Plan which aims to bring in 30 million visitors by 2020 with the first ever Twentieth Century FOX Theme Park on the world, a new cable car system, and more hotels and outlets.

Session 2: Connectivity and Infrastructure - the lifeblood of tourism

Mr Edward Clayton (Moderator)

Senior Executive Director, PwC Consulting Associates

Mr Clayton gave an overview of the importance of connectivity and infrastructure in providing smooth and secure channels of transportation to tourists before introducing the speakers. He then briefly touched on open skies policy, air capacity management, and travel facilitation.

YB Datuk Hj Talib Zulpilip (Panellist)

Assistant Minister of Tourism, Sarawak

YB Datuk Hj Talib stressed on the need to increase the volume of tourists and yield. He believed that infrastructure plays a key role but it must be supported by facilitation, underscoring the point with his experience of poorly staffed immigration where there were only two personnel to process all the arrivals.

Moving on, he posed the question of whether we have enough flights. He felt that if people do not believe in an open skies policy, we should just stop talking about improving tourism. He used New Zealand and Singapore as examples to illustrate his point. In addition, he touched on the timing of flights, asking, "Why would you want a tourist to wake up at 4 a.m. to catch a flight at 6 a.m.?" and "Why make a tourist wait in transit for 5 hours?"

He concluded by questioning the wisdom and value of bailing Malaysia Airlines and quoting, "Productivity does not mean preserving a national airline. It means opening ourselves to other airlines to continue bringing people in."

Dato' Sri Azharuddin Abdul Rahman (Panellist)

Director General of Civil Aviation, Department of Civil Aviation Malaysia

Dato' Sri Azharuddin first introduced his role as a regulator, and shared statistics on the growth of passenger traffic. From 2005 to 2025, passenger traffic is forecasted to increase by 4.6% per annum worldwide and 5.8% per annum in the Asia Pacific. The trend for cargo, mail, and aircraft movements has been upwards. Compared to other modes of travel such as railway and road, air travel is the most formidable.

Touching on the previous speaker's remarks about open skies policy, he clarified that it does not necessarily mean being able to fly at any time to anywhere. "Local authorities need to be informed, permissions need to be granted, and specific details need to be given," he said.

Lastly, he announced that a new control centre will be built in Kuala Lumpur and a third runway is in the pipeline for KLIA2. It drew praise from Mr Clayton who noted that this development will make KLIA2 the only airport in South East Asia with 3 runways.

Mr Mohamed Sallauddin (Panellist)

General Manager Marketing, Malaysia Airports Holdings

Mr Mohamed began with updates on air connectivity developments: KLIA2's additional runway, Penang's terminal upgrade, Langkawi's new VIP Annexe Complex, Kota Kinabalu's runway and taxiways expansion, and Kuching's domestic transfer corridor expansion.

He highlighted that these developments are due to Malaysia Airports being ahead of the curve in their planning. To drive home his point, he compared Kuala Lumpur's (KUL) capacity of 70mn with Singapore's (SIN) of 66mn and Thailand's (BKK) of 64mn. However, BKK serves 109 carriers and 39 domestic destinations while KUL serves 57 carriers and 15 domestic destinations.

In concluding, he shared that Malaysia Airports must continue to progress in order to stay competitive, and lauded Malaysia Airlines' membership in the "oneWorld" airline alliance as benefiting Malaysia by extending air connectivity from over 100 destinations to over 1000 destinations.

Ms Aude-Lise Combier (Panellist)

Country Manager, Air France-KLM

Ms Combier began by introducing Air-France KLM, a combination of two airlines. She then took the audience through how tourists choose a destination, the vast networks in South East Asia and Europe, and Malaysia Airlines' increased potential through its membership in an airline alliance.

Using Amsterdam's Schiphol and Paris' Charles De Gaulle as examples, she illustrated various ways to multiply connections and minimise waiting times in response to an earlier speaker's points on the adequacy and timing of flights. She also explained the workings of codeshare agreements, illustrating that such an agreement between Air France-KLM and Malaysia Airlines would enable people in Peru and Mexico to fly to Malaysia.

She concluded her presentation with a simple emphasis on price. There would not be any point no matter how easy the access or how flexible the package if the price level is not right.

Session 3: Promotion – Maximising Returns from Tourism Development

Mr Reginald T Pereira (Moderator)

President and CEO, Aariana Hospitality International

Mr Pereira began with an overview of the need to shift our focus from visitor numbers to yield while balancing the maximisation of economic and social returns in the promotion of tourism developments.

Prof Amran Hamzah (Panellist)

Centre for Innovative Planning and Development, Universiti Teknologi Malaysia

Prof Amran noted the importance of remembering that Malaysia is very successful in promoting tourism based on visitor numbers, with 27.4mn arrivals in 2014. Greater numbers translate into greater social and environmental impact.

However, yield is relatively low hence there need to be more focus on value creation in order to improve yield. Value creation could be more stringent safety standards or higher service quality, for example in Langkawi the common practise of providing rental cars with almost empty fuel tanks could be switched to full fuel tanks.

Other ways to improve yield is to target higher spending niches. He gave the example of "glamping" or luxury camping in Indochina which cost around MYR4500 per night, which is not happening in Malaysia. He proposed for Malaysia to work on scaling up community-based tourism with more variations of homestays such as 'annex' homestay and 'kampung' homestay.

In conclusion, he called for enablers such as financial incentives in order to nurture innovation.

Mr Robert Basiuk (Panellist)

Environment & Tourism Management Consultant, Borneo Adventure

Mr Basiuk focused his presentation on maximising the benefits of the tourism industry. He explained that 9% of global GDP and 1 in 11 jobs worldwide come from tourism. From 2011 to 2020, tourism is projected to grow from MYR53bn to MYR168bn annually. He then asked, "Are we just chasing numbers?"

Next, he contested the definition of yield - is it sustainable yield or visitor yield or tourism experience or financial yield? There are lessons to be learned from an Australian study. Australia is good at promoting niches by segmenting their market up into various categories such as Japanese honeymooners, UK repeat visitors, German holidaymakers and backpackers, from which they work out the yields for each segment in order to identify where best to invest their efforts and resources. He proposed for Malaysia to adopt similar measures.

He highlighted that we need prevent leakages and to spread tourism's benefits across country, as well as channel some towards the preservation and protection of the environment. In addition, rural tourism brings opportunities for women to participate in the workforce. He cited the Annah Rais Bidayuh community in Kuching as example.

In closing, he noted that tourism provided substantial economic benefits but we need to ensure that these benefits are spread out, constant and sustainable.

Mr K. Mohanachandran (Panellist)

Director, Rimba Mulia

Mr Mohanachandran spoke about the Belum rainforest, which is perhaps Malaysia's best kept secret. It is 130 million years old, older even than the Amazon. The Belum rainforest is home to more than 12000 types of flora, Mr Mohanachandran said. And, it is also Malaysia's newest eco destination and potential world heritage site (four times the size of Singapore). It is home to many endangered species, including the elephant, tiger, tapir, seladang, hornbill and rafflesia.

Within the Belum rainforest is Banding island, which offers various types of accommodation and nature-based activities. His company has been trying to put it on the map for the last 7 years despite many problems faced with external and internal stakeholders.

In closing, he noted that his company can only lead by example and offer advice but the decisions are up to the state government and other stakeholders.

Session 4: Innovation - Thinking out-of-the-box in tourism**Tuan Hj Mohd Taib Wahab (Moderator)**

Deputy President, National Tourism Council Malaysia (NTCM)

Tuan Hj Mohd Taib Wahab perceived that the impact of innovation is felt more widely online than on the ground. He called for Malaysia to adapt to ground-breaking shifts in the tourism industry such as online travel agencies and sharing-centred companies.

Mr Vedanarayanan V. (Panellist)

Head of Marketing, Stayzilla

Mr Vedanarayanan began by introducing Stayzilla, the biggest online marketplace for accommodation in India.

He then highlighted the stay-cation industry's potential in India. Penetration rate is a mere 2% compared to air (60%), rail (40%), and bus (10%) even though it created significant value globally with the likes of Airbnb,

Agoda, and Booking.com. Entrepreneurs could capitalise on stay-cation as more than 8 million foreign tourists visit India each year, and 0.9 billion people travel by train while 1.14 billion people travel inter-state. He also emphasised that the actual market size and potential is far more significant than reflected in available data.

On trusts issues that often arise for both tourists and accommodation providers, Stayzilla's concierge service resolves them through chat support, preferences support, and check-in/check-out support.

In conclusion, he called for regulations to promote stay-cation which would increase the choices of homestays in India and make the country an example to the world.

Mr Prashant Pathmanaban (Panellist)

Technology, Telecommunications and Tourism Head of Google Malaysia

Mr Prashant first shared that Google is a partner of Tourism Malaysia, working with them on projects and solutions for the tourism industry.

He then presented the audience with a mathematical equation to describe the tourism industry: Challenge x Insights x Solution = Magic. The choice to multiply is to reflect the significant difference that a zero would make to the equation.

Next, he explained that the challenge for the industry is that travellers are undecided. 65% of leisure and 70% of affluent travellers start by researching online before they make any decision on where or how to travel. Therefore, the internet is essential for inspiring them. The internet actually ranks just below family, friends, or colleagues as important inspiration sources.

In ending, he shared about the creative marketing campaigns created by Google such as the YouTube 360 degree Virtual Reality Traveller and the Turkish Airlines advertisement featuring Lionel Messi and Kobe Bryant.

Ms Jenny L. Shabudin (Panellist)

Chairman, Tourism Focus Group, Malaysian International Chamber of Commerce and Industry (MICCI)

Ms Jenny based her presentation on the premise that "Life changes every day", noting that there will always be technological changes and new challenges to adapt to. To illustrate her point, she compared typewriters and fax machines with servers and notebooks.

To inspire the audience to think out-of-the-box, she stressed that people deemed crazy by the majority are usually the ones who come up with new ideas that shift the world, and called for them to step out of their shoes. She pointed out that the challenge of taxi drivers overcharging has given birth to Uber and MyTaxi.

In ending, she shared about the Floating City Project by the Seasteading Institute to create permanent, innovative communities floating at sea, which she opined to truly encapsulate out-of-the-box thinking.

Mr Raj Kumar (Panellist)

Vice President of Global Consulting, UCSI Consulting Group

Mr Raj shared a systematic way to solve the tourism industry's problems through a chart. The chart with six utility levels (productivity, simplicity, convenience, risk, fun and image, and environmental friendliness) divides travellers' experiences into stages to help businesses identify pain points and transform them into opportunities.

From a consultant's perspective, the tourism industry is centred on micro groups of 2 to 3 people. Their experiences in the planning, comparing, booking, preparing, travelling, and adjourning stages must be taken into account by holiday providers. Pain points in any of the stages represent opportunities. For example,

vendors could work on making the process less time consuming. He also introduced the concept of an auction platform to enable travellers to post their needs and accept bids from hotels or other service providers.

Lastly, he cautioned that disappointment usually arise due to disparity between expectation and reality. He cited Room 77 as an example to narrow the expectation versus reality gap by offering simulated room views and visual floor plans to help travellers make more informed decisions. The key takeaway from his presentation was to identify and resolve travellers' pain points.

Session 5: Sustainability – A Joint Responsibility in Greening Tourism

Mr Anthony Wong Kim Hooi (Moderator)

Group Managing Director, Asian Overland Services Tours and Travel

Mr Wong noted that sustainable development in the tourism industry can be achieved through sincere and proper monitoring as well as education. He commended MAH for taking a lead role alongside the state in this area.

YB Elizabeth Wong Keat Ping (Panellist)

State EXCO for Tourism, Consumer Affairs and the Environment

YB Wong noted that the sad picture revealed by Prof Amran in the previous session is the unfortunate reality that we face especially in trying to encourage businesses to invest in tourism.

Opportunities for tourism to help communities become more sustainable rely heavily on proper planning and execution, which is where the government comes in. Rules and regulations are important, and so is enforcement. The government can encourage ecotourism by empowering local communities to execute it through proper regulations.

She argued that 'greening' tourism made good economic and financial sense, and commended MAH for being ahead of the curve in this endeavour. She also highlighted the conflict between quality and quantity in the preservation of tourist attractions. Even though growth is important, the ever growing number of tourists poses huge problems in terms of sustainability.

Mr Cheah Swee Hee (Panellist)

President, Malaysian Association of Hotels (MAH)

Mr Cheah first gave an overview of MAH, which started in 1974 and now has over 800 members in 13 chapters. It is committed to exacting standards of service quality, and partners with the government and the private sector.

The general perspective of going green is to ensure sustainability, to change the ecosystem and to have corporate social values to ensure that our resources will not be depleted as we cater to ever larger numbers. In supporting this view, he referred to the Rio+20 UN Conference on Sustainable Development themed "The Future We Want" which requires sustainable tourism to meet the needs of both people and planet.

MAH has taken various initiatives to contribute to sustainable tourism, such as the Green Building Index (GBI); the annual Green Hotel Seminar; and the "Value Food, No Waste" campaign.

He noted that the high rate of rural-urban migration in ASEAN, which has a population of 600mn, is adding to the challenge of sustainable cities. Furthermore, coastal areas face a lot of pressure in terms of carrying capacity as tourists love the beach and ocean. A key challenge for tourism is to enable tourists to experience nature sites without harming the environment. He provided the example of Selangor, which may become the first state to put up a bill to stop the public from feeding wildlife.

Assoc Prof Dr Vikneswaran Nair (Panellist)

Programme Leader, Responsible Rural Tourism Network, Centre for Research & Innovation, School of Hospitality, Tourism & Culinary Arts, Taylor's University

Dr Vikneswaran believed that sustainable tourism centres upon social, environmental and economic aspects. There is a new wave of tourists rejecting mass tourism's effects on the environment, and we need to cater to them. That is what responsible tourism is all about.

He asked the audience to ponder about what happens when things go wrong. For example, golf courses' developers encroaching on rice paddies or impact of tourist activities on coral reefs. Also, water is scarce especially for island hotels. Factor in the widespread use of chemicals and then think about where the waste water is channelled to. He also touched on overfishing, beach development, encroachment of community land and economic inequality.

Next, he pointed out the leakages. Studies have shown that as much as 50% of the money leaves the country, and that becomes even higher with all-inclusive tours and holidays.

In closing, he exhorted on the need to support local communities as well as to rethink how we travel and reward operators that take care of the environment. We have to cater to the growing demand for better quality. He also emphasised on the need to be committed to local employment.

Session 6: Collaboration with other industries - building bridges in niche tourism**Mr Edward Clayton (Moderator)**

Senior Executive Director, PwC Consulting Associates

Mr Clayton introduced the niche industries of medical tourism, culinary tourism, and shopping tourism which although small in size have made significant impact on the Malaysian economy.

Ms Sherene Azura Azli (Panellist)

Chief Executive Officer, Malaysia Healthcare Travel Council (MHTC)

Ms Sherene shared that medical tourism in Malaysia is an end-to-end high quality experience of consultation, treatment, wellness development and recovery.

She also introduced the MTHC and proudly announced that the International Medical Travel Journal recently recognised Malaysia as the Medical Travel Destination of the Year 2015, giving the country top scores in the global category for healthcare. She attributed this success to quality regulation and astounding facilities and services, as well as the fact that all hospitals in the country are 'Halal' certified.

Taking the opportunity, she called on greater support especially from airlines in order to sustain medical tourism. "No patient would want to stop in transit when requiring urgent treatment. Any reduction in flights will severely hamper medical tourism," she added.

In concluding, she shared about the MTHC's goal to make Malaysia the number one destination in Asia for healthcare by 2020.

Dato' Dr Chan Kok Ewe (Panellist)

Medical Director, Island Hospital

"Foreign patients come to Penang because they need treatment, not because they want it," Dato Dr Chan stated. He then showed figures which saw the number of foreign patients in Penang growing since 2008.

He also shared a more comprehensive definition of medical tourism: It refers to people travelling from their country of residence to another country in search of fulfilling their medical needs which are perceived as not

being readily available at home. “Why did 360,000 people come from Indonesia, Java, Sumatera and other places to Penang last year? Because their medical needs have not been addressed in their own country,” he said.

In his opinion, a place does not become a medical tourism destination by chance, but from suitably aligned resources and factors which include a wide range of service providers, travel connectivity, funding, quality, and cost-effectiveness. He ended by applauding Malaysia’s ability to balance cost and quality sufficiently to be able to cater to most patients’ needs.

Dr Souji Gopalakrishna Pillai (Panellist)

Head, School of Hospitality & Tourism, HELP University
EXCO Member, Tourism Educators Association Malaysia (TEAM)

Dr Souji praised the diversity of Malaysian food, which managed to harmonise a myriad of contrasting tastes to create delicious cuisines that have made Malaysia a food haven.

He explained that many elements are involved in composing a culinary identity. Examples include geography, culinary etiquette and history. Then, he shared that Malaysia’s biggest problem in culinary tourism is poor marketing and proved his point through a comparison with Singapore. The city-state’s aggressive marketing efforts have established it as the ‘Food Capital of Asia’ internationally. He also cited Japan and Spain as other examples of good marketing.

In concluding, he called upon local industry leaders to help by organising gourmet festivals similar to MyFEST 2015 and adopting more comprehensive promotional strategies.

Mr Kevin Tan Gar Peng

Chief Operating Officer, Sunway Shopping Malls

Mr Tan highlighted that Malaysia was ranked on CNN Travel as the 4th best shopping destination globally in the years 2010, 2013, and 2014. “Kuala Lumpur is on par with Tokyo, New York, and London”, he said. He then revealed that three of the top ten largest malls in the world are in Malaysia: Sunway Pyramid, Mid Valley Megamall, and 1 Utama Shopping Centre.

He then used Sunway Pyramid as example of building synergy amongst shopping malls, hotels and theme parks since these elements are highly interlinked. He also referred to Genting who is attracting more and more people with new premium outlet openings in his comparison of different types of shopping such as premium outlets, shopping villages, and middle class outlets.

As a conclusion, he called on all stakeholders in the tourism industry to work together. He also noted that niche industries rely heavily on connectivity and government efforts to attract more visitors from the burgeoning ASEAN middle class.