

Industry Analysis

Review of Domestic Visitors During Transition Phases of Endemic

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Abstract

The endemic phase is the process of the industries recovering and rebuilding after a few years of the business being interrupted by COVID-19. During Covid-19, all the movement of visitors from local and outside has been controlled and restricted in Malaysia. This crisis has impacted the tourism sector, and 2021 is the year for the tourism sector to re-open the border in Malaysia to allow tourists into Malaysia. Therefore, this study aims to investigate the visitor trend to Malaysia after the COVID-19 pandemic. Secondary data from 2020 to 2020 has been retrieved from the Department of Statistics Malaysia (DOSM), and the numbers of visitors, activities by the tourists, and revenue generated in phases of endemic have been analyzed. The implication of this study is to assist the government and tourism industry in strategizing to promote more tourists to Malaysia.

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Introduction

Tourism is one of the biggest economic employers worldwide, and it is one of the leading contributors to GDP in developed countries such as Malaysia. Domestic tourism has always become one of the main reasons for the economic support where our countries are welcome as the year's host (Blanza, 2023). For Malaysia, as the year passes, each state will become the host of the tourism year. However, tourism performance dropped after COVID-19 hit Malaysia in March 2020. Regrettably, these thriving activities and businesses have been put on hold due to the current pandemic. Due to the limitations on movement and business operations, tourists last visited natural tourism destinations a year ago. Domestic tourism in Malaysia is one of the significant sources of revenue for the government, which requires accurate and updated data on domestic trips and travels across the different states of Malaysia. Tourism is also one of the primary drivers of economic transformation and is vital to national growth and development (Nasir et al., 2020). This makes the tourism industry one of the backbones of annual Malaysian revenue earnings.

The tourism industry, on the other hand, is highly dependent on the visibility of the tourism industry on domestic travel. Domestic tourism has always become one of the main reasons for the economic support where our countries are welcome as the year's host. For Malaysia, as the year passes, each state will become the host of the tourism year. However, tourism performance dropped significantly after Covid-19 hit Malaysia in March 2020 (Karim, Haque, Anis, & Ulfy, 2020). Regrettably, these thriving activities and businesses have been put

on hold due to the current pandemic. Due to the limitations on movement and business operations, no tourists have visited natural tourism destinations for more than a year. There was no money for business, and there was little left in savings to hold onto until Malaysians banded together to provide food and clothing to those in need. With the critical role of domestic tourism in Malaysia, more can be done to ensure that more people are willing to travel domestically. There is more potential in the domestic tourism industry that Malaysia still needs to tap. Furthermore, the tourism industry can aid the well-functioning of the aviation, food and beverage, accommodation, and tail industries, among others. Therefore, this study aims to review the trend of domestic visitors and activities during the visits from 2018 to 2022.

The Trend of Visitors

The analysis was extracted from 2018 to 2022. As shown in Table 1 below, the selection of 2018 shows the data of the domestic visitors before the crisis of the COVID-19 pandemic. The number of domestic visitors in 2018 was 221,272 million and started to increase to 239,121 million in 2019. The percentage changes were increased to 8.1 % compared to the previous year. This trend indicates that Malaysia has an increased number of domestic visitors in Malaysia. From 2018 to 2019, Selangor had the highest number of domestic visitors, 30,179 million, followed by Sabah at 20,360 million, Sarawak at 19,380 million, and Kuala Lumpur at 19,165 million. These destinations have been identified as the most attractive places to visit in Malaysia.

However, in 2020, the number of visitors decreased drastically due to the COVID-19 crisis. From the total of 239,121, the number of domestic visitors dropped to 131,660, which is negative (-44.9%), showing that the restriction of the movement orders limits the domestic visitors to visit other states in Malaysia. The decrease number continued to the following year, which is 2021. In 2021, the total number of domestic visitors dropped to 65,976 million, negative 49.90 percent. This happened due to the movement control order (MCO), and the government restricts visiting other states. The purpose is to minimize the effects of the diseases on other states in Malaysia. Even though the trend of domestic visitors dropped critically, Selangor remained the highest number in 2020 and 2021, with a number greater than 10 million. Selangor has a large population in Malaysia, and the movement to Selangor has allowed people to work in offices after the announcement by the Malaysian government to re-open the state border.

Selangor had the most significant domestic visitor arrivals in 2019, with 33.6 million. Selangor's tourist authorities actively promote the state's offerings and attractions through various offline and online marketing initiatives. These initiatives are beneficial for increasing awareness and bringing more tourists to Selangor. Moreover, the increasing number of domestic visitors to Selangor in 2019 is due to domestic tourists having easy access to Selangor due to its central location and well-developed transit infrastructure. Visitors can easily travel to and within Selangor because the state is well-connected by highways, railways, and public transit networks. Throughout the year, Selangor conducts many events, conferences, and exhibitions. These events draw visitors from domestic and foreign countries, increasing the number of visitors. Besides, Selangor has a rich food culture, including native and foreign cuisines. From street food stalls to high-end restaurants, Selangor also offers an eating destination that appeals to domestic tourists wanting to taste Malaysian food. (Department of Statistics Malaysia, 2020). After two years, the trend of domestic visitors has dropped; in 2022, the number of domestic visitors increased to 160.1 percent, totaling 171,603 visitors in Malaysia. This is the starting year when all the domestic visitors can access and visit the other states. However, there is a non-drastic pattern to review in 2022 because the situation is at the pre-caution level, where visitors only take the initiative to visit for the primary purpose. Figure 1 depicts the line chart of domestic visitors in Malaysia from 2018 to 2022.

Table 1: Number of Domestic Visitors by State Visited, 2018 - 2022 ('000)

State	2018	2019	2020	2021	2022
Johor	13,487	14,274	7,243	3,658	12,376
Kedah	14,480	14,831	10,108	4,023	11,186
Kelantan	9,846	10,986	6,058	1,921	6,627
Melaka	13,123	13,979	7,275	3,878	11,757
Negeri Sembilan	12,802	13,303	7,918	5,485	11,490
Pahang	18,111	18,498	9,905	3,405	13,189
Pulau Pinang	14,450	15,411	8,929	5,061	10,003
Perak	17,553	21,070	13,173	4,489	14,567
Perlis	2,156	2,088	1,193	407	1,669
Selangor	30,179	33,589	19,715	10,212	21,990
Terengganu	13,742	14,158	7,420	3,719	10,233
Sabah	20,360	22,035	10,337	3,815	12,589
Sarawak	19,380	19,793	9,393	6,511	15,465
W.P. Kuala Lumpur	19,165	22,633	12,435	9,116	16,913
W.P. Labuan	545	524	107	54	244
W.P. Putrajaya	1,892	1,949	451	223	1,306
Total	221,272	239,121	131,660	65,976	171,603
Percentage Changes (%)	7.7	8.1	-44.9	-49.9	160.1

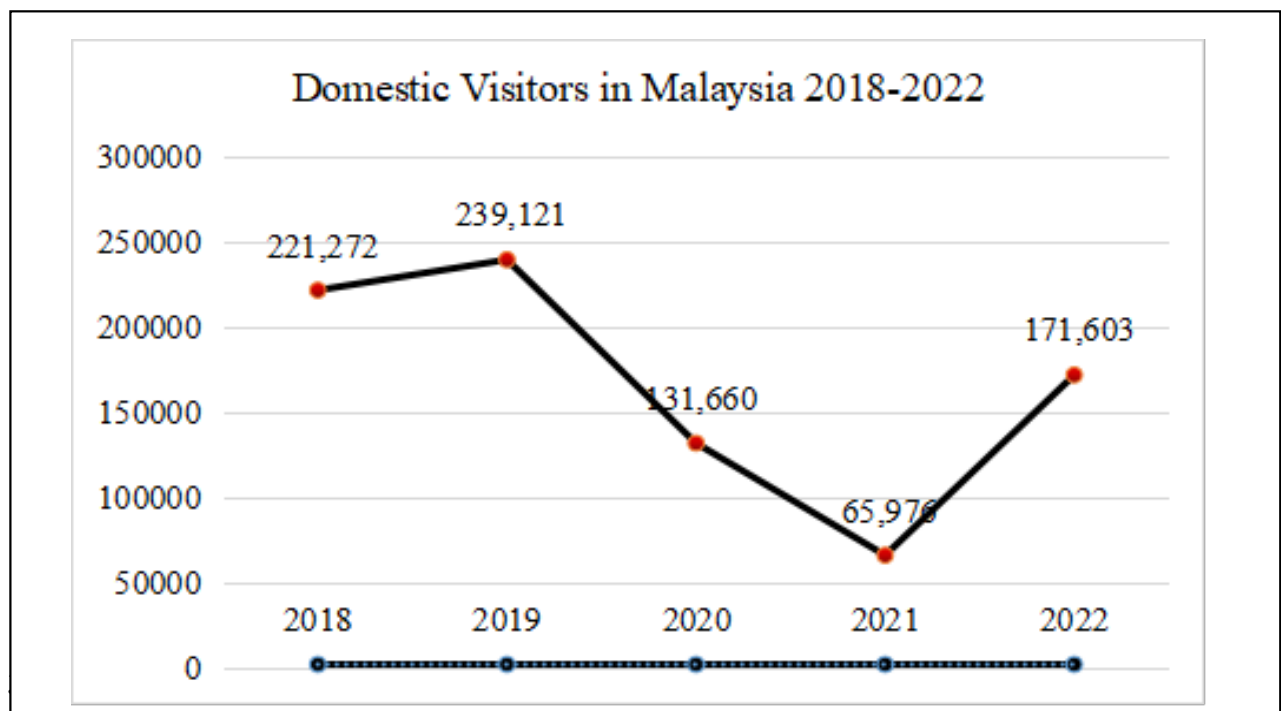


Figure 1. Trendline Domestic Visitor in Malaysia 2018-2022

Activities of Tourists in Malaysia

Visitors may come for various purposes, including visiting family and friends, shopping, leisure, tourism, or business. As shown in Table 2, domestic visitors had significant activities from 2018 to 2022. The activities are visiting relatives and friends, shopping, holidays, incentive travel, medical treatment, entertainment, attending special events or sports events, official business or education, and religious or visiting places of worship. The analysis found that the activities of domestic visitors traveling to visit their relatives and friends are the major activities of their visiting. However, the trend from 2018 shows that the activities started to decrease by 10 percent after 2020 when the movement control order (MCO) did not allow domestic visitors to another state. All the states' borders are closed unless there are reasonable reasons and permission from the authorities to pass the travel. In 2022, during the phases of the endemic, the border was re-opened for domestic traveling, and the number continues to increase by 9.5 percent. The total of traveling for visiting relatives was 33.7 percent. Furthermore, shopping is the second most significant activity by domestic visitors. The shopping trend 2018 was 34.7 percent, increased to 35.4 percent in 2019, and continued to 42.3 percent in 2020. However, in 2021, domestic visitors decreased to 36.4 percent and dropped to 29.9 percent. The trend shows that the endemic phases have changed shopping activities. The probability of this happening is due to replacing online shopping platforms. Visitors nowadays buy online and are willing to spend less time traveling for shopping.

In the subsequent analysis, the visitors targeted for holiday activities reviewed that in 2018, the percentage was 10.4 percent, and in 2019, the percentage was 9.0. However, in 2020, the percentage increased to 16.9 percent and slightly dropped by 15.5 percent due to restricted holiday travel. In 2022, the numbers will increase by 16.4 after the endemic phases. This shows that holiday activities continuously contribute to the purpose of domestic visitors in Malaysia. Moreover, the entertainment of attending special events or sports events is one of the activities for domestic visitors. The trend of entertainment activities dropped from 5.2 percent to 4.0 percent in 2019 and continuously dropped to 1.7 percent in 2020. Starting in 2021, the percentage increased by 5.4 percent; in recent years, the statistic dropped by 4.4 percent. The trend is stagnant as event activities are practiced online, and some activities have now started to include physical events in Malaysia. So that domestic visitors could spend their time traveling nationwide to attend entertainment, special events, or sports events in Malaysia.

Domestic visitors also usually travel for medical treatment, incentive travel, office or education business, and religious worship. These activities are included in the listing of activities, and overall, the activities are maintained at a percentage that can be reviewed as having a minor impact during pandemic and endemic phases. For instance, in 2018, 4.6 percent of the visitors traveled for medical treatment, slightly decreasing to 4.0 percent and 4.2 percent in 2020. However, in 2021, the percentage drastically increased to 10.3 percent and dropped to 5.0 percent in 2022. The trend indicates that in 2021, they will be traveling to get treatment for the diseases. While incentive travel, official business, and religious worship continuously increase the percentage from 2018 to 2022.

Table 2: Number of Activities by Domestic Visitors 2018 - 2022 (%)

Activities	2018	2019	2020	2021	2022
Visiting relatives and friends	40.8	42.3	32.0	24.2	33.7
Shopping	34.7	35.4	42.3	36.4	29.9
Holiday/ leisure/ relaxation	10.4	9.0	16.9	15.5	16.4
Entertainment/ attending special events/ sports	5.2	4.0	1.7	5.4	4.4
Medical treatment/ wellness	4.6	4.0	4.2	10.3	5.0
Incentive travel/ others	1.6	2.8	1.4	6.6	8.9

Official business/ business/ education	1.5	1.4	0.9	1.2	0.9
Religious worship/ visit places of worship	1.4	1.1	0.6	0.4	0.8

Conclusion

The tourism industry in Malaysia has been a significant driver of economic growth, contributing to the country's national income and attracting millions of visitors. However, the COVID-19 pandemic has devastated the industry, causing a decline in tourist arrivals and revenue. To recover from this crisis, the Malaysian government has implemented various policy measures to revive the tourism sector and attract more tourists. Malaysia must focus on sustainable development in the tourism industry, considering the socio and environmental aspects while promoting growth (Hidayat, Arafah, Perwita, Rahmanita, 2023). By diversifying tourism offerings and exploring new avenues for recovery, Malaysia can adapt to the industry's changing landscape and ensure a resilient and sustainable future. One of the critical steps towards the recovery of Malaysia's tourism industry is to adapt to the new normal brought about by the COVID-19 pandemic. This includes implementing strict health and safety protocols to ensure the well-being of both tourists and local communities. Collaborating with health authorities, tourism businesses can reassure visitors by implementing thorough sanitization measures, practicing social distancing, and conducting regular testing. Additionally, Malaysia can tap into domestic tourism to revitalize the industry. With international travel restrictions still in place, encouraging Malaysians to explore and support local attractions can provide a much-needed boost.

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