

A Review on Covid-19 effect in Malaysia's Tourism Industry

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Abstract. Covid-19 has become a serious problem around the world. Its already infecting a lot of population around the world and had caused a serious health problem. In many countries, hospitals have been overwhelmed and many economic activities had to be stopped to reduce the Covid-19 outbreak. In Malaysia, the government had introduced movement control order (MCO) and this caused all non-essential services were not allowed to be in business. This has affected a lot of business especially hotel industries. In this paper, we present how Covid-19 has affected tourism industry. The future of tourism post MCO are also discussed in this paper.

Keyword: *Tourism industry; Hospitality; Covid-19*

Introduction

Coronavirus

Coronavirus disease (Covid-19) was first identified in persons that had visited to the wet market in Wuhan, Hubei Province, China (Perlman, 2020). It spread rapidly through droplets or respiratory aerosols and very highly infectious (Li et al., 2020). It had cause pandemic with 29,444,198 cases including 931,321 deaths as updated by World Health Organization (WHO) on 16 September 2020.

Tourism Industry in Malaysia

Hotel industry is one of the biggest contributors to Malaysia's economy. It is recorded that there are 4880 hotels including budget hotels that are registered with the Tourism, Arts and Culture Ministry which is almost double compared to in 2009 which are 2373 units. Malaysia has hosted four "Visit Malaysia Year" (VMY) campaign and first launched in 1990 highlighted the best of what Malaysia has and to offer as a leading tourist destination in Asia. The fifth VMY will be held in 2020. Malaysia government had targeted 30 million tourist arrivals and 100 billion Malaysian ringgits in tourist receipts in year 2020 (Hirschmann, 2020).

The Effect of Covid-19 in Tourism Industry

To stop the Covid-19 from spreading in Malaysia, government has restricted Chinese nationals and travelers from the city of Wuhan and surrounding Hubei province China, from entering Malaysia since 27 January 2020 (Reuters, 2020). The restriction was expanded to Zhejiang and Jiangsu provinces starting on 9 February 2020 (Rahim, 2020). Due to this, many tourists and businessmen from China had to cancel their booking in the hotel and resulted in losses for hotel industry in Malaysia.

On 16 March 2020, Malaysia government has imposed movement control order (MCO) starting on 18 March 2020 that put restriction on non-essential services to closed for business including hotel industry (Bernama, 2020). This had caused a total big loss for hotel industry resulted with some hotel have to cease their operation forever (Mokhtar, 2020) such as 5-star Ramada Plaza Melaka Hotel, GTower Hotel that have been operated for a decade in Kuala Lumpur and others.

Travel bans also have caused MATTA Fair to reschedule twice and the cancellation of VMY 2020. Although Tourism Malaysia has promoted VMY 2020 campaign at the international fair, the cancellation is important to give priority to the safety, health and well-being of the people.

Results and discussions

Loss in Tourism Industry

From figure 1, we can see significant loss in the number of tourist arrival in Malaysia. In January 2020, the number of tourist arrivals decreased by 1.42% compared in January 2019. While for February 2020, the number of tourist arrivals decreased further with 35.46% and it decreased more than half which is 71.26% in March 2020 compared with March 2019. What makes it worse, travel restriction had resulted the number of tourist arrival from April 2020 onwards dropped compared to last year (Chan, 2020).

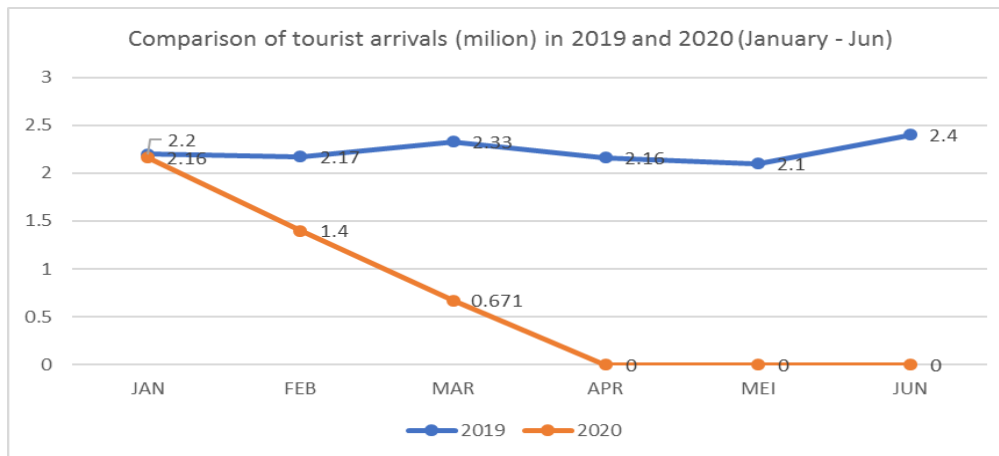


Figure 1. Monthly Comparisons of Tourist Arrival in Malaysia (Number in Millions)

Future of Malaysia Tourism Industry

Minister Dato' Seri Nancy Shukri said that international tourist is not allowed to enter Malaysia until the second quarter of next year (Kumar, 2020). However, starting from 10 June 2020 under the recovery MCO (RMCO), most of the businesses including hotel industry can start operating again.

Besides, according to forecast done by Trading Economics using their econometric models, the number of tourist arrivals is estimated to stand at 1 million at the end of 2020 and projected to increase 0.55 million in 2021. So, it shows that in the long-term, Malaysia tourist arrivals will increase and cause tourism revenues will increase too.

Tourism Malaysia and Malaysian Association Hotel (MAH) also has encouraged local to travel domestic during RMCO to boost local economy and a new campaign will replace VMY 2020 campaign, and it will run in a long-term (TIN Media, 2020).

Conclusions

The spread of Covid-19 has hit hard especially in tourism industry since there is no sign of settling down in outside nation. This has made oversea travelers seem impossible. So, the participation from local tourist are crucial during this time.

After Prime Minister Muhyiddin Yassin declared that RMCO will take place starting on 10 June 2020 which allowed most of the domestic tourism to reopen, the strategies by Tourism Malaysia had encouraged local to travel domestic. However, all of the businesses must follow SOPs set by authorities and visitors have to maintain a new normal (Teoh, 2020). Dato' Seri Nancy Shukri said that the weekly trend for accommodation is increasing which shows a positive indication (Bernama, 2020).

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