

The merits of e-tourism

Tourism represents an increasingly important sector of the Malaysian economy. The tourism industry has experienced rapid growth and has been identified as a key driver of growth in the services sector. The industry continues to be a key foreign exchange earner, contributing to GDP (gross domestic product) growth, investment and employment as well as strengthening the services account of the balance of payments. The expansion of the industry will also have an effect on the growth of other related service industries, particularly food and beverages, accommodation, transport, entertainment, shopping and other small and medium-sized industries.

Tourism industry creates employment in other related industries. According to the Ninth Malaysia Plan 2006-2010, tourism-related activities provided 492,000 jobs for employees in 2006, representing 4.4 per cent of the total workforce. This is an increase of 26 per cent compared to 390,600 jobs in 2000, accounting for 4.2 per cent of the total workforce. However, employment creation is even greater, if one takes into account the strong linkages tourism has with other segments of the economy, such as transportation, retail, utilities, food and beverages, as well as financial services. In addition, tourism also plays a crucial role in helping low-income groups improve their livelihood through involvement in tourism-related activities, such as rural homestay programme, eco- and agro-tourism tour guide activities as well as handicraft industries.

As the market for tourism relies on information, information and communication technology (ICT) can contribute immensely to the tourism business. ICT, especially the Internet, have substantially changed the playing field for tourism stakeholders, providing new challenges and opportunities in promoting and selling their products and services. The Internet has also dramatically changed the way in which consumers plan and buy their holidays. Using ICT to exchange information about products and services enables all actors involved in tourism to be aware of services offered.

According to the Internet World Stats, approximately over 1.4 billion people worldwide are using the internet. The region with the highest internet usage is Asia, with more than 578 million users, constituting almost 40 per cent of world population

that use the internet. Roughly 40 per cent of information that tourists retrieve is provided through the Internet, while more than 30 per cent of all bookings are done this way. Recent changes in tourists' behaviour and the growing importance of ICT mean that much more attention needs to be given to e-tourism.

With the Internet becoming the preferred media choice for many travelers to obtain travel information, Tourism Malaysia (TM) has tied up with Yahoo and MSN (MSN stands for Microsoft Network, an internet service provider that has many other different web-based services) as platforms to enhance the “Malaysia Truly Asia” brand visibility globally by showcasing Malaysia’s unique tourist destinations on both websites.

Through the online advertising campaign, Tourism Malaysia aims to engage potential travelers to see Malaysia as a value-for-money destination, and lead them to Tourism Malaysia’s official website so that they can sign up for packages to visit Malaysia. Online users will be able to view TM’s commercial visuals specially selected for the campaign.

There is also a great potential for ICTs implementation for tourism SMEs (Small and Medium Enterprises) operators and for homestay programme operators in remote areas. Tourism SMEs can have a comparative advantage in this sector, offering a wide variety of attractions to today's increasingly demanding and sophisticated travelers.

A tourism product in Malaysia that is becoming increasingly popular among local and foreign tourists is the homestay programme. To date, a total of 2,808 homestay operators from 142 villages throughout the country have been trained and licensed by the Ministry of Tourism Malaysia. In 2007, more than 68,000 tourists, both local and foreign, had a taste of the kampung lifestyle at the various homestay programmes offered in Malaysia. Since ICT enables direct communication with clients and improves efficiency and effectiveness of customer service therefore, e-tourism enables homestay operators who are in a position to exploit it. Homestay operators can access customers directly, with their websites offering authentic flavour, unique insights and specialized local knowledge.

With improved telecommunications infrastructure and enhanced skilled human resources, an information-only website can be transformed into a powerful marketing

tool. Well-designed websites can allow small companies to offer tourists a full package, including reservations, flights and currency exchange.

The future success of the tourism industry among the SME companies depends on its ability to grasp the opportunities provided by ICT. Failure to do so will mean loss of competitiveness and business opportunities.

The writer is a Senior Research Officer with the Malaysian Institute of Economic Research (MIER)