

Intensive Government's efforts to promote shopping in Malaysia

The Malaysian shopping sector has progressed from local to global, an outstanding feat, no less, since more than three decades ago. It has emerged from the back engine of Malaysia's economic growth to the forefront of the country's tourism industry, contributing the second biggest share of tourist expenditure after the accommodation sector in recent years.

In 2014, tourists spent RM21.6 billion on shopping in Malaysia, an increase of 9.3% compared to RM19.8 billion in 2013. Total tourist receipts for 2014 were RM72 billion, making tourism as the second largest foreign exchange earner for Malaysia (after manufactured goods). Today, the retail sector is one of Malaysia's most dynamic industries, thanks to the consistent efforts by the Malaysian Government through the Ministry of Tourism and Culture and the Ministry's agency Tourism Malaysia.

Recognising the potential of the retail sector to further boost tourist expenditure in the country, Tourism Malaysia formed Secretariat Shopping Malaysia 12 years ago in 2003 to streamline all efforts in intensifying the development of the shopping sector as a major component of Malaysia's tourism economy. The Secretariat's strategies, including development initiatives and collaborations with relevant parties, were instrumental in positioning the shopping sector to a higher level. By bridging the gap between government agencies and the private sector, the Secretariat continues to foster relationships crucial in positioning the Malaysian shopping sector on par with other world-renowned shopping destinations.

The relationship with industry players was built over time to promote shopping not only to the locals but also foreign tourists. One of the early initiatives was to increase the annual nation-wide Mega Sales Carnival from once a year previously to thrice yearly to spur shopping in Malaysia. The three national level annual campaigns are the 1Malaysia Grand Prix Sale in March, 1Malaysia Mega Sale Carnival from June to September and 1Malaysia Year-End Sale from November to January. These mega shopping seasons lure shoppers with big marked down prices, huge range of products, including duty-free goods, as well as value buys and numerous promotional activities. Shopping malls and retailers nationwide have continued to support these campaigns by offering highly attractive bargains, incentives and rewards for shoppers, including special shopping schemes for tourists, such as special redemptions and exclusive tourist privilege cards with a host of shopping benefits.

Shopping Malaysia eventually becomes a recognisable brand associated with top notch shopping. It is promoted in the country and overseas through all Tourism Malaysia's offices as well as via various online marketing platforms, including websites and social media that reach out to a worldwide audience. Tourism missions, dialogues and meetings at national and international levels encompass the promotion of Shopping Malaysia. These are part and parcel of strategies under the Malaysia Tourism Transformation Plan 2020 towards 36:168, which positions the Ministry of Tourism and Culture at the forefront to encourage innovation and creativity to achieve the target of 36 million tourist arrivals and RM168 billion in receipts by 2020. In 2014, Malaysia registered 27.4 million tourist arrivals and RM72 billion in receipts. Clearly a concerted effort must be put in place to achieve these targets. The Government henceforth introduced a detailed plan under the Economic Transformation Programme (ETP), which amongst others set the target for the tourism industry to raise its contribution to the Gross National Income (GNI) to RM103.6 billion by 2020 from RM36.9 billion in 2009. Achieving the target has also been spelt out in the Tourism National Key Economic Areas (NKEA) strategic plan with 12 Entry Point Projects (EPPs), three of which are related to shopping and clustered under the theme 'Affordable Luxury'. They are:

EPP 1 – Positioning Malaysia as a duty-free shopping destination: Competitive pricing has been used as a key driver to attract tourists and increase tourist expenditure on shopping. The abolishment of import duties results in tax-exempted products, making them more attractive for shoppers. Duty-free items include electronic gadgets, chocolates, fragrances and cosmetics as well as nearly 400 other items.

EPP 2 – Designating vibrant shopping precincts in Malaysia: This strategy has resulted in the formation of the BBKLCC Tourism Association in 2011, comprising of major shopping malls in the area. The joint efforts of Tourism Malaysia and the association has turned BBKLCC into one of Malaysia’s major shopping precincts with seamless connectivity via covered walkway and public transportation between shopping malls and hotels in the two areas. The association further drives the vibrancy of this shopping destination by organising top quality, world-class events and attractions involving various retail and service sectors, such as shopping malls, hotels, retailers and F&B outlets. In fact, the concerted efforts by the association and merchants in the area as well as the undivided support and guidance by Tourism Malaysia paid off when Kuala Lumpur received international accolades, as listed on page 3. The progress made in BBKLCC was one of the key reasons for the recognition of Kuala Lumpur as a world-class shopping destination.

EPP 3 – Establishing three new premium outlets in Malaysia: ‘Affordable Luxury’ has already been made available at two premium outlets in the country, namely Johor Premium Outlets (JPO) with 130 designer and brand stores clustered in Kulaijaya, Iskandar Malaysia, Johor, and Mitsui Outlet Park which features 127 outlets of top international and local brands. Mitsui Outlet Park is located 6km from KLIA in Sepang. Transit passengers are provided a shuttle bus service to and from KLIA and KLIA2, while flight check-in systems, flight information displays and free baggage storage service are also available at the park. A third premium outlet in Penang is on the cards to attract shoppers in the northern region particularly tourists holidaying in Penang as well as top Indonesian tourists en route to Thailand. A target has been set for Malaysia to earn RM900 million from these premium outlets by 2020 and help drive the national economy forward.

Under the Tourism NKEA, eight clusters of major shopping destinations have also been identified for high-impact development, namely (1) Klang Valley – Kuala Lumpur & Selangor (2) Penang (3) Johor (4) Malacca (5) Kota Kinabalu, Sabah (6) Federal Territory of Labuan (7) Kuching and Miri in Sarawak, and (8) Langkawi in Kedah. Additionally, Extended Shopping Zones with attractive shopping attributes have also been earmarked for development and promotion along with the major shopping destinations. The Extended Shopping Zones are Jalan Tuanku Abdul Rahman Heritage Shopping Zone, Kuala Lumpur (private sector participation in this area is driven by the Batu Road Retailers Association or BARRA, representing some 300 businesses at Jalan Tuanku Abdul Rahman); Bandar Utama, Bandar Sunway, Subang Jaya and Mutiara Damansara, Selangor; George Town, Penang; Malacca; Johor Bahru, Johor; and Kota Kinabalu in Sabah, and Kuching and Miri in Sarawak.

Going to the various shopping hubs in the country will be much easier with the newly launched Tourism Malaysia’s Shopping Malaysia Maps. There are four separate Shopping Maps covering Malaysia’s major shopping precincts with a high potential of attracting both foreign and local shoppers. The first map covers Kuala Lumpur, Selangor and Putrajaya; the second one highlights Penang; third – Johor and Melaka; and fourth – Sabah and Sarawak. Besides featuring a detailed map of each shopping precinct, various places of interest and a list of shopping malls in various locations are included, making it easy for tourists to identify and choose where to go. The maps also contain useful information on Malaysia’s Tourist Refund Scheme. A step-by-step guide is given to help tourists claim GST refund of 6 per cent on

shopping spend of at least MYR300, including GST in a single invoice or receipt. Refund validation counters are located at Kuala Lumpur International Airport (KLIA) and KLIA 2 as well as airports in Subang, Kuantan, Senai, Kuching and Kota Kinabalu. There are also approved refund agents in these locations to help tourists with their GST refund claims.

In line with the recent trends in shopping in major shopping capitals of the world, such as London, New York and Tokyo, Tourism Malaysia is also focusing on promoting experiential shopping packages in Malaysia. The promotion essentially highlights unparalleled shopping experiences with the elements of lifestyle that incorporates the enjoyment of culinary delights, entertainment, and rest and recreation for all age groups in integrated, contemporary shopping malls. In addition, places of significant interest surrounding the malls are also included in the total shopping experience packages.

In promoting a total retail and travel experience that enhances the modern lifestyle, less emphasis is given on the range of products and discounts. However, value buys and attractive promotions for a wide range of products, including duty-free goods, continue to be promoted to attract shoppers at large.

Another strategy is having more tactical campaigns instead of generic ones. Tactical campaigns to reach specific target markets, namely Indonesia, Vietnam, Brunei, Singapore, Thailand, China, Hong Kong, and Australia and New Zealand have already been initiated. The Tourism Malaysia offices in these countries have been mobilised to develop more specific shopping packages tailor-made for the specific country's target market in collaboration with both conventional and online travel agencies, as well as airlines.

Tourism Malaysia also holds regular dialogues with representatives of the retail industry and supporting industries. Dialogues are a platform to exchange information, raise concerns, and share ideas and solutions for the common goal of making Malaysia's shopping sector more dynamic than ever. Exchanging ideas, introducing best practices and updating each other on industry trends and performances will lead to the common goal of continuing to make shopping a lucrative and vibrant sector.

Continuous collaborations with the industry players and the steadfast commitment of the government to bring the performance of Malaysia's shopping sector to the highest possible level have brought rewards in recent years in the form of coveted international awards and accolades. These are:

- The second top position in the Muslim Travel Shopping Index for the category of the Best Shopping Destination 2015 for Muslims in the OIC Destination voted by CrescentRating and MasterCard. Kuala Lumpur is second only to Dubai but is ahead of Istanbul and Antalya in Turkey and Manama in Bahrain, thus making the top five on this international Index. Penang also made it to the Top 10 on this Index, securing the 9th position ahead of Sharjah, United Arab Emirates.
- Kuala Lumpur was voted by global news network CNN as the world's 4th Best Shopping City, after New York, Tokyo and London, and ahead of Paris, Hong Kong and Dubai, for two consecutive years – 2012 and 2013.
- Kuala Lumpur was ranked by Geneva-based Globe Shopper Index as the 2nd Best Shopping Destination in Asia Pacific in 2012, with a score that was only 3.5 behind Hong Kong. Kuala Lumpur beat Singapore, Bangkok, Sydney, Tokyo and Seoul. This ranking, together with the recognition by CNN, made Kuala Lumpur the best shopping destination in Southeast Asia and among the top in Asia.