

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

A Study of Factors Affecting Consumer's Preferences on Travel Agencies in Malaysia: Case of Malaysian Students

FOR REFERENCE ONLY

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Abstract

According to UNWTO's data, in 2012 there is 7% increase for Asia and Pacific as the fastest growing region for arrivers' number, equivalent to 15 million more international tourist arrivals compare to the number on 2011. Malaysia was the NO.10 international tourist arrivals destinations around the world, also the most popular destinations in Southeast Asia. Tourism in Malaysia is huge number of tourism practitioners and broad market prospects.

The market prosperity in Malaysia does not mean there is no issue in tourism industry. Relative to the tourism agency, tourist's complaints on travel agency, government Economic Transformation Program ignored the development of the travel industry. And lack of academic research on consumer's preference on the travel agency. All reason above to make the study feasible and necessary.

According to the current situation in Malaysia tourism industry and travel agency, combine with researcher own conditions. We select Malaysia students as research population and sample. Try to examine the key factor among the student that affecting consumer's preference toward travel agency. And to identify the consumer's perception in order to effectively construct counter measure plan by travel agency. Based on the research objective, we will be via primary and secondary research to collect date, and using Quantitative, qualitative and Statistical methods to analysis. Finally we will give to our recommend.

Keywords: Malaysia tourism industry, travel agency, consumer's preference,
Malaysia students.

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CHAPTER 1: INTRODUCTION

1.1 research background

The growth trend of tourism market development is unstoppable right now. According to the World Tourism Organization (UNWTO) research, we were already welcoming 1 billion international tourists globally one year in 2012. It is a major milestone, can you imagine there is one in every seven people who travel transnational once a year right now. And in the Asia and the Pacific area, it is show the vitality exception of tourism industry. There is 7% increase for Asia and Pacific as the fastest growing region for tourism arrivers' number, which is led a new record compare to the average global growth in 4%. And in the project of UNWTO's long term outlook Tourism Towards 2030, the growth trend is accepted to maintain in 2013 and no less than 3% to 4% (UNWTO, 2013). It also shows the full confidence of the Asian tourism market future development.

Location	International Tourist Arrivals (million)			Market share (%)	Change (%)		Average annual growth (%)
	2010	2011	2012		11/10	12/11	
Asia and the Pacific	205.1	218.2	233.6	22.6	6.4	7.0	6.2
North-East	111.5	115.8	122.8	11.9	3.8	6.0	5.2

Asia							
South-East Asia	70.0	77.3	84.6	8.2	10.4	9.4	8.3
Oceania	11.6	11.7	12.1	1.2	0.9	4.1	1.4
South Asia	12.0	13.5	14.1	1.4	12.6	4.4	8.2
World	949	995	1035	100	4.8	4.0	3.6

Table 1 Source: World Tourism Organization (UNWTO). Data as collected by UNWTO June 2013

Refer to table1, compare to the global market. Asia and the Pacific was the fastest growing region in 2012 with a 7% raised, equivalent to 15 million international tourist arrivals increase compare to the 2011. It took 23% in the raises of the region's share of the world, which equivalent to total of 234 million arrivals. On the other hand, Asia and the Pacific earned 324 billion US\$ in international tourism incomes (+6% in real terms), representing 30% of the world total (UNWTO, 2013).

Combine to the continued strong intraregional demand, among Asian sub-regions, south-East Asia led the highest growth with 9% increase. In last year, apart from steady growth in traditional destination (e.g. Malaysia, Thailand and Singapore), Cambodia (+24%) and Vietnam (+14%) also posted strong double-digit growth. Myanmar leads the highest relative growth at all, with a surge of 52% (UNWTO, 2013). It's veritable to say that world Tourism

focuses on Southeast Asia.

International Tourist Arrivals						
Rank	Series ¹	Million		Change (%)		
		2011	2012*	11/10	12*/11	
1	France	TF	81.6	83.0	5.0	1.8
2	United States	TF	62.7	67.0	4.9	6.8
3	China	TF	57.6	57.7	3.4	0.3
4	Spain	TF	56.2	57.7	6.6	2.7
5	Italy	TF	46.1	46.4	5.7	0.5
6	Turkey	TF	34.7	35.7	10.5	3.0
7	Germany	TCE	28.4	30.4	5.5	7.3
8	United Kingdom	TF	29.3	29.3	3.6	-0.1
9	Russian Federation	TF	22.7	25.7	11.9	13.4
10	Malaysia	TF	24.7	25.0	0.6	1.3

Source: World Tourism Organization (UNWTO) ©

Figure 1 Top 10 international tourist arrival in 2012

Refer to figure 1; in 2012 there is 2500 million traveler visit Malaysia (UNWTO, 2013). And it is also the highest growth rates in expenditure on travel abroad came from emerging economies. Malaysia is ranked as NO.4 of source markets out of 10 most showing substantial growth country. In addition demand of domestic consumer, we can see huge market potential for the travel industry. And it is worth to look forward to the future of Malaysia tourism industry.











Huge market demand also bring the challenges to the tourism market, according to the tourism.gov.my (2013), there is 3729 Registered travel agents and operators provide different products and service in Malaysia. This figure

only includes the licensed corporation, and population which involved in the tourism industry is countless. The practitioners form different backgrounds should be bring the confusion to the tourism market in the Malaysia. Thus will be affecting the consumers buying experience for tourism product, Malaysia tourism market still have uncertainty factors exist.

1.2 Travel industry in Malaysia

As the country's major sources of income and economic development impetus, government surely cannot ignore the tourism industry development. In order to realize Malaysia's aspiration of becoming a high-income country by 2020, Malaysia launched the Economic Transformation Program (ETP). Tourism industry has been identify as one of Malaysia key economic development area to propel economic transformation, In this regard, in order to tap the growth potential of tourism industry, the Malaysia Tourism Transformation Program (MTTP) was formulated to achieve the targets of attracting 36 million international tourists and generating RM168 billion in terms of tourist receipts. Which means 3 times additional exchange earning, it would contributing 1 billion US\$(RM 3 billion) revenue per week in 2020. This strategic ambition will be achieved through the 12 Entry Point Projects (EPPs). The Tourism NKEA based on proposed under the themes of affordable luxury; nature adventure; business tourism; family fun; and international events, sports and spa.

A. international tourist arrivals and receipts

		Number of Tourists Arrivals (million)	Total of Tourist Arrivals (%)
Singapore		13.01	51.99
Indonesia		2.38	9.52
China (including Hong Kong & Macau)		1.56	6.23
Thailand		1.26	5.05
Brunei		1.25	5.03
India		0.69	2.76
Philippines		0.51	2.03
Australia		0.5	2.03
Japan		0.47	1.88
United Kingdom		0.4	1.61

Source: Tourism Malaysia

Figure 2 Top 10 tourist arrivals by country of nationality 2012

Refer to figure 2 and UNWTO's data, in 2011, On the UNWTO top-ten list of countries with highest tourist arrivals, Malaysia registered 24.71 million tourist arrivals, it make Malaysia placed as the 9th on the lists. Compare to the 2011.in 2012 Malaysia recorded a total of 25.03 million arrivals compared to 24.7 million arrivals for the same period. This represents tourist arrivals increased 1.3%.

And to the country ranking, according to the figure 2, Singapore was the biggest contributor to Malaysia's tourist arrivals with 13.01 million (51.99%) in 2012. Indonesia, Thailand, Brunei and Philippines were the other top ten country which from short-haul markets. They were share 21.63% and total

5.41 million tourist arrivals. And the key medium-haul markets such as China (1.56 million), India (0.69 million), Australia (0.51 million) and Japan (0.47 million) contribute a lot as well. Their market potential and consumption capacity cannot be ignored. And based on the history reasons United Kingdom (0.40 million) is the only long-haul market in the top 10 list. And according to the Malaysia ETP report, Malaysia's tourism sector is anticipated to maintain its prominence as the country's third largest foreign exchange earner to the economy. The tourist receipts for 2012 increased by 3.9%, generating RM60.6 billion to the economy as compared to RM58.3 billion in 2011.

B. Domestic tourism

Year	Domestic Excursionist (mil)	Percentage (%)	Domestic Tourist (mil)	Percentage (%)	Total Domestic Visitors
2009	42.93	57.46	31.78	42.54	74.71
2010	75.92	65.75	39.54	34.25	115.46
2011	85.27	65.09	45.73	34.91	131.00

Source: Malaysia Tourism Satellite Account

*Tourist: If his / her trip includes an overnight stay

**Excursionist: If his / her trip takes less than 24 hours

Figure 3: Domestic tourism in Malaysia

According to the Malaysia tourism satellite, in the figure 3 showed the comparison of domestic tourists and excursionists. Compare to the 2010, the number of domestic visitors increased 13.4 %, which increased 15.5 million from 115.5 million to 131.0 million visitors in 2011. About two thirds or 88.4 million were tourists from the urban areas, and the rural areas were