

**HOTELS**

*The additional six-month waiver until 31 December 2020 is welcomed by hoteliers keen to recoup losses after Malaysia's three-month lockdown*

## Hotel fees waiver, domestic travel surge bring respite to Penang trade

By Natalie Joy Lee | Aug 05, 2020



Hard Rock Penang is seeing a significant rise in domestic road trippers from other Malaysian states.

Hospitality players in Penang are finding some relief in the upsurge of domestic tourists to the state and the series of tax relief measures rolled out for a sector deeply cut by the Covid-19 crisis.

The Malaysian State of Penang has waived hotel fee charges until 31 December 2020, following earlier tourism boosting measures which included waiving the 6% Sales and Service Tax, exemptions on Tourism Tax for non-Malaysians until 30 June, 2021, as well as Local Council Tax exemption of RM3 (US\$0.71) until the end of 2020.

Expressing support for this latest six-month hotel fee waiver, Alison Fraser, general manager at Eastern & Oriental Hotel, Penang believes other measures local hoteliers would welcome are "partial subsidisation of flight tickets or hotel stay charges to key markets by the government" once the country's international borders reopen in order to entice more visitors.

The industry can also expect "an upcoming tourism incentives programme which will be introduced in stages to continuously attract domestic tourists throughout the coming months until the end of the year", said State Tourism, Arts, Culture and Heritage Committee chairman Yeoh Soon Hin.

Domestic visitors are now flocking to Penang, beefing up business for the hotels on the island after Malaysia permitted domestic travel in the country from June 10.

"Penang and Langkawi are now at the top of everyone's list as the preferred destinations in Malaysia, [not forgetting the] other efforts in place such as attractive packages to help the local tourist attractions and the launch of domestic tourism recovery plan Cuti-Cuti Malaysia travel plan," said John Primmer, general manager, Hard Rock Penang.

Malaysia's movement control order, in place from March 18 until June 9, has also resulted in a number of hotels ceasing operations during the three-month lockdown period.

"Most of them are either small players in the market or establishments that have been facing financial challenges to sustain the business before the global pandemic situation. Hence, those that survived the pandemic are now enjoying a bigger share of the pie and this helps to cover the heavy losses from the past months," said Primmer.

### **Riding on road trip high**

As the country resumes business again, hoteliers in Penang observed that out-of-state travellers are favouring road trips to reach the state.

"Local travellers, especially those from Kuala Lumpur, have always been at the top of our list. Since the recent lifting of interstate borders in Malaysia and the recovery of the pandemic situation, we now see a steep surge of local travellers who prefer to drive to their destinations instead of flying," noted Primmer.

E&O Penang, whose business used to comprise a 50:50 mix of business and leisure guests in pre-pandemic days, also saw this figure shift towards domestic staycations at a 20:80 ratio in the past four months since March, Fraser told Travel Weekly Asia.

According to her, local Penangites and residents take up the majority of rooms on weekdays for staycations, while domestic travellers from other Malaysian states dominate weekend demand.

Likewise, the 310-key Parkroyal Penang Resort, run by Pan Pacific Hotels Group (PPHG), has seen encouraging mid-week occupancies, with weekends exceeding 90% since reopening, said Gino Tan, vice-president, operations at PPHG.

"Our key markets [pre-Covid] were long-haul guests including Australia, United Kingdom and Middle East," he shared. "In this period, it'd be desirable for Malaysia Tourism Board to invest in destination marketing for domestic markets...since Penang with its diverse offerings and as a beach getaway within the country would be a strong draw for fellow Malaysians living outside this city."