The Application of the Micro Cluster Concept in the National Ecotourism Plan 2016-2025

INTRODUCTION

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1 The need for game changers in Malaysia’s ecotourism industry

2 The cluster approach as a tourism planning tool

3 The application of the cluster approach in Malaysia’s National Ecotourism Plan
CONTEMPORARY CHALLENGES

- ‘Tired’ ecotourism products
- Lack of innovation
- Poor story telling
- Growing competition from ASEAN neighbours
- Managing irresponsible tourist behaviour due to influx of domestic tourists to national parks
- Changing social construct of national parks from wilderness/tranquility to a ‘good place for merriment with family and friends’
- Developing resilience in the face of climate change
THE NEED FOR GAME CHANGERS

• Expanding the market
• Attracting investments in an increasingly competitive world
• Unlocking the economic potential of ecotourism
• Harnessing synergy between ecotourism and conservation
• Optimising economies of scope through the cluster approach
WHERE DOES ECOTOURISM TAKE PLACE?

• In Protected Areas especially IUCN Category II – National Parks

• In rural and often remote areas

• At the urban fringe (urban ecotourism)
PORTER’S DIAMOND

- Porter’s Diamond as a tool to analyse national/regional competitiveness
- introduced by Michael Porter in 1999
- Used in macro/regional planning
- Descriptive rather than prescriptive
MICRO CLUSTERS

- Micro clusters and networks applied in rural tourism planning from mid 2000 (Michael, 2007)
- More appropriate for ecotourism planning
- In rural and remote destinations
DEFINITION OF TOURISM CLUSTER
“a critical mass of competitive (and/or complementary) tourism products including one or more major attractions in a concentrated geographical area”

ISSUES
• High cost of providing infrastructure
• Lack of economies of scale
• Lack of local capacity

CLUSTER APPROACH AS A PLANNING TOOL
CLUSTER APPROACH IN PRACTICE

In Australia, the cluster approach used in formulating the Tourism Strategy for Tasmania with the different clusters being **linked by themed touring routes.**

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<thead>
<tr>
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<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>a potential cluster; (four)</td>
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<td>2</td>
<td>an embryonic cluster; (one)</td>
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<td>3</td>
<td>an emerging cluster; (four)</td>
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<td>4</td>
<td>a cluster comprised of a single iconic attraction with second tier additional resources/attractions; (two)</td>
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<td>5</td>
<td>mature cluster with multiple well developed resources (four).</td>
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CLUSTERING AS A PROCESS

INCREASING ECONOMIES OF SCALE AND SCOPE

Co-location  Clustering

Pooled market  Common strategies  Common tactics

Co-Operation & networking

Co-location to clustering – a continuum (Michael, 2007)
THREE TYPES OF CLUSTERING

1. **Horizontal Clustering**
   - **Characteristic:** Involves operators in a similar stage of the value chain co-locating in the same geographical area.

2. **Vertical Clustering**
   - **Characteristic:** Occurs when operators at different stages in the tourism industry’s supply chain co-locate in a geographic area to form an integrated linkage between the different components of the tourism supply and the tourist experience.

3. **Diagonal Clustering**
   - **Characteristic:** Involves operators in a similar stage of the value chain co-locating in the same geographical area.
Horizontal Clustering

Horizontal clustering involves operators in a similar stage of the value chain co-locating in the same geographical area.

Operators benefit from sharing the costs of providing infrastructure, labour supply, marketing/promotion pooling thus increasing the potential customer base and total sales.

Example of Horizontal Clustering: Gopeng Eco-Adventure Cluster

- Pioneer operator started resort offering white water rafting in the 1990s
- Currently more than 10 resorts
Vertical Clustering

Vertical clustering occurs when operators at different stages in the tourism industry’s supply chain co-locate in a geographic area to form an integrated linkage between the different components.

Fresh flowers industry at Cameron Highlands.

Operators in this highland tourism destination have developed specialised roles:

- **Fresh Flower Operators**
  - supply orchids to hotels
  - transporting them to outside markets
  - providing storage facilities
  - displaying and selling them to tourists.
Diagonal Clustering

The integration of products and services provided by different operators but promoted and sold to tourists as a single item

e.g. accommodation, transportation, eateries, eco-adventure activities, souvenirs and other services

But no outlet offering foot massage and reflexology at service town for weary climbers descending Mount Kinabalu
In the case of Muang Village in Phuket, the setting up of the Tiger Muaythai Training Center initially triggered horizontal clustering in the form of similar MMA training centres in the small village.

This was followed by diagonal clustering exemplified by the mushrooming of massage centres, outlets selling healthy food and supplements, laundry, souvenir shops and medical services, etc.
CRUCIAL ROLE OF ACCELERATORS

- Outside investors accelerate the clustering process
- Spread economic benefits to rural communities
- Establish strong partnerships with CBET

Case Study:
Accelerator: Terrapuri Heritage Resort

- Outside investors accelerate the clustering process
- Spread economic benefits to rural communities
- Establish strong partnerships with CBET
Case Study 2: Accelerator: Pasir Belanda

• Accelerators created optimisation in diagonal clustering
• Through specialisation by local operators and artisans

Case Study 3: Accelerator: Min House
NETWORKS AND NETWORKING

- Networks and networking crucial to clustering process
- A network could be formal or informal
- Elements of communicative planning

![Diagram of Cluster Network Types]

**FORMAL**
- Established by PA agencies
  - Mulu Special Parks Committee

**INFORMAL**
- Association established by tourism operator
  - Kuala Tahan Tourism Operator Association
  - Kinabatangan-Corridor of Life Tourism Operator Association
- Association/cooperative established by local communities
  - Kunita
  - Pewanis
  - Kopel
  - PILA

- Product development
- Self help
- Joint promotion
- Conflict resolution
THE DYNAMICS OF CLUSTERING

Cluster Management & Support

1. The role of outside investors in creating accelerator effects

2. Access to capital and micro credit facilities

3. Local tourism cooperatives as ‘network within a network’

4. Expanding the market and size of economic pie
INTERVENTIONS

• Create pro-business environment for investors
• Scale up tourism SMEs through better access to micro credit
• Capacity building
• Destination management
• Integrated marketing and promotion
MALAYSIA’S NATIONAL ECOTOURISM PLAN
2016-2025

Ecotourism Clusters in Malaysia

- **Perlis**: 1 cluster
- **Kedah**: 3 clusters
- **Penang**: 2 clusters
- **Perak**: 4 clusters
- **Selangor**: 4 clusters
- **Melaka**: 3 clusters
- **N. Sembilan**: 4 clusters
- **Johor**: 6 clusters
- **Pahang**: 6 clusters
- **Kelantan**: 3 clusters
- **Terengganu**: 7 clusters
- **Sarawak**: 9 clusters
- **Sabah**: 8 clusters
Proposed 60 Ecotourism Clusters

Divided into 2 types of clusters

**Proposed DETAILED CLUSTERS (Action Plans)**

- 6 Ecotourism Clusters

**Content**

- Keystone
- Supporting Product
- Tourist Flow
- Market
- Issue/Gap
- Prospect

**Action Plan**

- Product Development
- Human Resource
- Marketing
- Infrastructure Development

**Proposed CONCEPTUAL CLUSTERS**

- 54 Ecotourism Clusters

**Content**

- Keystone
- Supporting Product
- Tourist Flows
- Market

**CLUSTER TOOLKIT**

- Design (base map, boundary, etc.)
- Populate
- Database (revenue, arrival, inventory etc.)
- Issues/gaps identification
- Etc.
Example of Ecotourism Clusters:
Tasik Kenyir-Ajil Ecotourism Cluster

Key Stone:
① Tasik Kenyir

Main Activities:
- Island hoping
- Angling
- Trekking
- Wildlife watching
- Boating

Supporting Products:
- Kenyir Water Park
- Kenyir Elephant Village
- Elephant Rehabilitation Centre
- Kelah Sanctuary
- Duty Free Zone
- Sekayu
- Gua Bewah

Existing Market:
- Family Leisure Groups
- Special interest (birding, anglers)
- Student groups

Local Community Participation:
- Kg. Basung (boatmen, food stall operators, etc)

Tourist Flow:
- Pengkalan Gawi as ‘gateway and ‘honey pot”

Themes/USP:
- Lake side soft ecotourism
Example of Ecotourism Clusters:
Merang-Penarik Ecotourism Cluster

Keystone
- Setiu Wetlands

Main activity
- Boating
- Fishing
- Researching

Supporting Product

Eco-Adventure/Recreational
- Setiu River Safari
- Turtle Sanctuary & River Terappin
- Pengkalan Gelap Mangrove Reserve
- Bukit Bidong

Cultural/Food
- Homestay Rhu 10
- Kg. Mangkuk Traditional Fishing Village
- Kg. Fikri Fishing Village
- Handicraft Pengkalan Gelap
- Terrapuri Resort
- Traditional Massage
- Ikan/Sotong Celup Tepung
- Kerepok

Cluster USP/Theme
- Cradle of traditional Malay way of life
Example of Ecotourism Clusters:

**Taiping-Kuala Sepetang-Anak Kurau-Bukit Merah Ecotourism Cluster**

**Keystone**
- Matang Mangrove Reserve
  - Firefly watching
  - Boating
  - Researching
  - Team building
  - Visiting

**Supporting Product**

**Eco-Adventure/ Recreational**
- Kuala Gula
- Bukit Larut
- Batu Kurau
- Kg. Dew Firefly
- Lake Garden
- ATV Park
- Equine Park
- Zoo Taiping
- Orang Utan Island
- Kolam Air Panas Trong
- Ethno Valley
  - Bird watching
  - Researching
  - Trekking
  - Boating
  - Visiting

**Heritage**
- Kota Ngah Ibrahim
- Charcoal Factory
- Port Weld
- Pekan Ahad
  - Visiting
  - Shopping

**Culture (Local community)**
- Bukit Gantang Homestay
- Kg. Anak Kurau
- Kuala Sepetang Fishing Village
  - Visiting
  - Angling
  - Dolphin watching

**Theme Park**
- Bukit Merah Lake Town Resort
  - Visiting

**Cluster USP/Theme**
- Urban ecotourism destination

**Legend:**
- Main Town
- Key Stones
- Supporting Product
- Main Road
- Boundary
National Ecotourism Plan 2016 - 2025

5 FOCUS AREAS

1. Investment in Ecotourism
2. Tourism Concessions
3. Synergy between Ecotourism & Conservation
4. Ecotourism Marketing
5. Ecotourism Clusters

18 STRATEGIES
84 ACTIONS
FOCUS AREA 1: Investment in Ecotourism

3 STRATEGIES 12 ACTIONS

• Two prong approach
• Strategies and actions aimed at creating a conducive environment to attract international and local investors
• Enhancing existing facilitation system and process to scale up small-scale ecotourism operators
FOCUS AREA 2: Tourism Concessions

- A national protocol for tourism concessions
- Creation of a sustainable financing system for protected areas (esp. national parks)
- Public private sector partnerships
FOCUS AREA 3:
Synergy Between Ecotourism & Conservation

6 STRATEGIES
32 ACTIONS

- Mainstreaming Community Based Ecotourism
- Setting up of a Malaysian CBT Network
- Strengthening resilience of ecotourism industry
FOCUS AREA 4: Ecotourism Marketing

- Customising ecotourism experiences
- Targeted marketing
- Use of social media and the technology as promotion tools
FOCUS AREA 5: Ecotourism Clusters

1 STRATEGIES

5 ACTIONS

- Tool for (eco) tourism planning
- Clusters as basis for developing thematic circuits/corridors
- Self drive route planning
- Creation of Destination Management Organisations (DMOs)
Resources, Products and Patterns

- Consists of 12 main tourism products
- Royal Belum State Park as the primary product supported by Lenggong Archaeological Valley and Kuala Kangsar Royal Town
- Existing informal scenic route between Kuala Kangsar to Gerik

Key Stone: Royal Belum State Park

- Products: Rainforest, Temenggor Lake, Orang Asli, Biodiversity
- Main Activities: Trekking, Boating, Team building, Bird watching

Supporting Product: Lenggong Valley

- Products: Archaeological sites, Lata Kekabu, Homestay Kg. Ben, SMEs, Waterfall
- Main Activities: Visiting, Researching
- Experiences: Educational, Leisure
- Facilities: Accommodation, Jetty, Camp Site, Team building centre, Research centre

Kuala Kangsar Royal Town

- Products: Historical buildings, Handicraft workshops, Food
- Main Activities: Visiting
- Experiences: Educational, Leisure
- Facilities: Accommodation, R&R, Banking

Existing Market Segment

- Family Leisure Groups
- Special interest (birding, anglers, history buffs)
- Student groups
- Small MICE
## Existing Plans and Proposals

### National Level

#### National Tourism Policy
- Develop Kuala Kangsar-Lenggong-Royal Belum tourism cluster
- Transform Gerik into service town and gateway to Royal Belum
- Enhance interpretation at Lenggong Archeological Museum (Perak Man)
- Develop ‘royal tours’ at Kuala Kangsar Royal Town

**MOTAC, 2012**

#### National Ecotourism Plan 2014
- Provision of infrastructure and facilities to support existing ecotourism development and activities

**MOTAC, 2014**

### Regional Level

#### NCIA Master Plan
- Transform Gerik into service town and gateway to Royal Belum
- Enhance interpretation at Lenggong Archeological Museum (Perak Man)
- Develop ‘royal tours’ at Kuala Kangsar Royal Town

**NCIA, 2010**

### State Level

#### Perak Tourism Strategic Action Plan
- Organise hallmark events at Royal Belum
- Market Royal Belum to international tourists
- Encourage local participation in ecotourism

**UPEN Perak, 2010**

### Local Level

#### Lenggong Special Area Plan
- Proposed thematic archeotourism trail
- Proposed to develop archaeological research center
- Revitalise existing exhibition center

**Malaysia Heritage Dept. 2013**

#### Integrated Master Plan For Belum Temengor Tropical Rainforest
- Re-brand Royal Belum destination
- Proposed infrastructure and facilities development
- Enhance existing activities to create the depth of tourist experience
- Proposed efficiency of connectivity to Royal Belum

**Integrated Master Plan For Belum Temengor Tropical Rainforest**

### Vision

- To transform Royal Belum into a biodiversity hub in the region by 2020
- To transform Royal Belum as the top ecotourism destination in Malaysia
- Royal Belum as one of the State’s Icon and as a catalyst for the local economy
- Develop Lenggong Valley as a National Edu-Archeotourism Destination
- To lift up Royal Belum as a must visit ecotourism attraction in the region
### Stakeholder Views

#### Product Development
- Need to provide more family fun based attractions within the cluster to attract mainstream tourists (UPEN Perak), especially from the family market segment.
- Need to take into account traditional medical within the cluster as one of the supporting products (Perak State Park).
- Need to include Lenggong traditional food within the existing tour packages.

#### Destination Management
- Need to establish an advisory unit for “hand holding” of local entrepreneurs.
- Need to utilise digital information such as mobile apps, GPS, etc. to provide tourism information within the cluster (Yayasan MK).
- Provide tourist information centre at Sg. Perak R&R.
- Need to set up a Royal Belum Tourism Committee.

#### Local Community Participation
- Engage local youths to participate in tourism development through special incentives (YDP Gerik).
- Lack of opportunities given to locals (YDP Lenggong).

#### Marketing & Promotion
- Need to target mainstream tourists for the cluster to create critical mass (MOTAC Perak).
- Avoid conventional marketing and promotion tools to reach target markets (TM, Perak).
- Need to focus on targeted market segments.

#### Human Resource
- Engage institutions with good track records to be master trainers for front liners (Persatuan Bot Tasik Banding).
- Assist local entrepreneurs with obtaining micro credit.

#### Infrastructure Development
- Expedite redevelopment process at Tasik Raban R&R.
- Provide clear signposting along the Lenggong to Royal Belum route.
Issues & Opportunities

Issues/Impediment
- Difficulty in preventing moon light activities at Royal Belum due to lack of resources for monitoring
- Slow approval of permission entry permits to Royal Belum
- Lack of supporting infrastructure such as proper R&Rs
- Bad impression to tourists due to logging activities along the road heading to Royal Belum from Gerik
- Low readiness of the Orang Asli local community at Kg. Temi to be involved in tourism as guides

Opportunities/Initiatives
- High willingness and readiness of the local community including Orang Asli to be involved in tourism services
- Rich Perak traditional food
- Committed development by NCIA to revitalise Tasik Raban
- Committed development for the upgrading of Baling-Gerik federal road
- Financial donation from Yayasan MK to commence tourism educational programme for locals.
CONCLUSIONS

• The cluster approach facilitates consultative planning (Healy, 1997)
• Spatial rural/ecotourism planning decided by strategies developed via participatory process
• No one size that fits all
• Clusters devoid of a strong network will fail
• Clusters do not produce magic results
• They provide the platform for integration and reduce working in solo