

BDMX 8018 CONSULTATION PROJECT

**STRATEGIC SALES PERFORMANCE
IN PAHLAWAN LAKE RESORT**

**ADAM MOHD SAIFUDIN
NOVEMBER 2009**

**UNIVERSITY UTARA MALAYSIA
COLLEGE OF BUSINESS**



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Universiti Utara Malaysia

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**STRATEGIC SALES PERFORMANCE
IN PAHLAWAN LAKE RESORT**

**“A CONSULTANCY REPORT SUBMITTED TO THE COLLEGE OF BUSINESS IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
DOCTORATE IN BUSINESS ADMINISTRATION
UNIVERSITY UTARA MALAYSIA”**

BY

**ADAM MOHD SAIFUDIN (91193)
NOVEMBER 2009**

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**COLLEGE OF BUSINESS
DOCTOR OF BUSINESS ADMINISTRATION (DBA)
DMX8018 CONSULTATION PROJECT**

STRATEGIC SALES PERFORMANCE IN PAHLAWAN LAKE RESORT



Managed By :



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ADAM BIN MOHD SAIFUDIN (91193)**

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RINGKASAN EKSEKUTIF

Resort Tasek Pahlawan berada di bawah pengurusan Paka Utama Holdings Sdn Bhd, yang menumpu dan memprojeknya sebagai destinasi terbaik pelancongan luar bandar di Negeri Kedah dan hub pelancongan terbaik di Wilayah Utara Malaysia. Paka Utama Holdings Sdn Bhd diberi hak penyewaan sejak 15 March 2006 selama 20 tahun di Tasek Pahlawan, iaitu terletak 25 km jauhnya dari ibu negeri Kedah Darulaman, Alor Setar, dan hanya 5 km dari bandar Jitra. Sejak itu, aktiviti besar-besaran telah dirancang dan dilaksanakan. Pembinaan bangunan dan fasiliti telah dilakukan dalam tahun 2007 dengan perbelanjaan lebih RM 8 juta. In adalah untuk melancar atau menjenama semula dan menaiktarafkan resort bagi memenuhi harapan pengurusan sebagai sebuah destinasi pelancongan terbaik di wilayah utara. Pembinaan sepenuh fasiliti dan bangunan berkenaan dijangka siap sepenuhnya pada penghujung 2009. Dalam waktu yang sama, operasi perniagaan diteruskan walaupun ia menunjukkan prestasi yang kurang memberangsangkan. Pelbagai usaha telah dijadualkan termasuklah promosi dan pengiklanan terutamanya melalui internet, brosur dan rangkaian pelancongan. Prestasi yang kurang memuaskan ini amatlah menghairankan kerana terdapat peningkatan kemasukan pelancong luar ke Malaysia sejak 1998 hingga 2008 tetapi destinasi pelancongan Resort Tasek Pahlawan ini boleh dikatakan hampir tidak dikenali dalam konteks penarikan pelancong. Ini kemungkinan disebabkan oleh pelan perancangan dan perlaksanaan pelancongan dilaksanakan kerana jumlah jualan yang ditumpukan cuma mencapai 20 hingga 30 peratus saja sehingga kini.

Projek konsultansi ini bertujuan untuk menyediakan Resort Tasek Pahlawan dengan pelan dan strategi penjualan selepas mengkaji dan menganalisis Pelan Strategik 5 Kuasa Porter sebagai

model utamanya; dan faktor dalaman dan luaran - kekuatan, kelemahan, peluang dan ancaman (atau dikenali sebagai SWOT Analysis). Analisis dalaman terhadap kekuatan dan kelemahan akan mengkaji resort di segi aspek pengurusan, kewangan, sumber manusia, pemasaran, imej organisasi, kos, lokasi, fasiliti/infrastruktur, jumlah pelancong (tempatan, dalam negara dan luar negara) dan bantuan kerajaan. Sementara itu, analisis luaran akan mengkaji faktor peluang dan ancaman terhadap resort seperti ekonomi, persaingan, hala-tuju pelanggan, teknologi, perundangan dan struktur pemasaran.

Berdasarkan Model 5 Kuasa Porter dan analisis SWOT, didapati resort berkenaan tidak berupaya mengambil peluang yang ada dalam faktor luarannya jika kelemahan dalamannya dibiarkan tanpa diperbetulkan dan kekuatan dalamannya tidak ditingkatkan keupayaannya. Dengan itu, cadangan diberikan berdasar satu pelan strategi jualan dan kesesuaian pelaksanaannya. Sememangnya strategi berkenaan akan membantu resort sebagai satu hala tuju yang membolehkannya mencapai tumpuan destinasi pelancong yang digemari dan menjadi hub pelancongan terbaik di Wilayah Utara Malaysia. Ini membolehkan resort menjadi lebih berdikari di masa depan untuk sebarang pelan yang mereka ingin ceburi.

EXECUTIVE SUMMARY

Pahlawan Lake Resort, under the management of Paka Utama Holdings Sdn Bhd, is focused to project itself to become the best rural tourism destination in Kedah State and and best tourist hub for Northern Region of Malaysia. Paka Utama Holdings Sdn Bhd is awarded a 20 years leasing of land of Pahlawan Lake, a 25 km distance from Alor Setar, a capital of State of Kedah and a 5 km distance from Jitra township, dated 15 Mac 2006. Since then, major activities are planned and implemented with major ones are the building and facilities construction since 2007, with more than RM 8 million being spent to re-launch or re-branding and up-grading the resort to meet the expectations of the management as the best tourists destination for northern region. Full constructions of the facilities and buildings are expected to be completed fully by end of 2009. But as the business too need to be run at the same time, the sales progress are not encouraging even though much efforts are put into the promotions and advertisements, especially through the internet, brochures and tourism networks. It is ironic that there are an increasing flow of foreign tourists to Malaysia since 1998 to 2008 but the tourists' destinations such as Pahlawan Lake Resort is almost insignificant in the context of tourists' attractiveness. This caused some discontentment over the focused plan and how the plan is being implemented as only 20 to 30 percent of the total sales forecasted had been achieved so far.

Thus, this consultation project intends to provide Pahlawan Lake Resort with plans and strategies after carefully examine and analyze their Porter's 5 Forces of Strategic Plan as the main model of the study; and internal and external factors of their strengths, weaknesses, opportunities and threats (SWOT Analysis). The internal analyses of strengths and weaknesses would examine the

resort from the following aspects - management, finance, human resources, marketing, organizational image, cost, location, facilities/infrastructure, number of tourists (local, domestics and foreigners) and government assistant. Meanwhile, the external analyses would examine the resort opportunities and threats factors such as economy, competitiveness, customers' trend, technology, legal, and market structures.

Based on Porter's 5 Forces Model and SWOT analyses, it is found that the resort unable to seize opportunities available in the external environment if their internal weaknesses are left unattended and the internal strengths are simply not upgraded. Thus, recommendations are given based on its strategic sales planning and appropriateness of execution. Nonetheless, the recommended strategies would serve as roadmap for the resort to achieve as their favorite tourists' destination target and become the best tourists' hub for Northern Region of Malaysia. Thus this will provide the resort to become self-sufficient in future for any other plan that they intend to explore.

ACKNOWLEDGEMENTS

By the Name of Allah, the Most Gracious and the Most Merciful

I would like to express unreservedly and utmost gratitude to ALLAH, the most Beneficent, and the most Merciful, whom granted my ability to willingly start and complete this report without any problems. I am deeply indebted to my supervisor, Associate Professor Dr Faudziah Hanim Fadzil, for her continuous encouragements throughout the whole process in preparing this report, beginning from its initial development of the project to unwavering support and guidance till providing the constructive comments with positive feedbacks. The same goes to Associate Professor Syed Soffian Syed Ismail, who has given me the opportunity and continuous support to explore the knowledge in consultancy while preparing this report.

I am also grateful to the Managing Director of PUHSB, En Zamri Abdul Malik, for his willingness in allowing me to do the study of his company in fulfilling my DBA Consultancy requirements; PUHSB Account and Administration Executive, En Zulkiffli Abdul Malik, in providing me all the details of the materials of the company activities, including the site tour and interviews; and senior Kedah State Tourist Development Corporation (TDC) staff (anonymity) for sharing with me during the interview of the insight of Kedah tourism industry .

I would like to give my special appreciations to all my DBA lecturers, classmates and friends who have been all this while giving a lot of encouragements and supports to strive harder in achieving the goal in completing my DBA study in time to come. May ALLAH grant the wishes

and made the path easier for everyone of us. INSYALLAH.

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ADAM MOHD SAIFUDIN

NOVEMBER 2009

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LIST OF ABBREVIATIONS

BN	Barisan Nasional
MLVK	Majlis Latihan Vokesional dan Kemahiran
MOT	Ministry of Tourism
MTPB	Malaysian Tourism Promotional Board
NIE	National Institute of Entrepreneurship
PAS	Parti Islam Malaysia
PR	Pakatan Rakyat
PUHSB	Paka Utama Holdings Sdn Bhd
SWOT	Strengths, Weaknesses, Opportunities and Threats
TDC	Tourism Development Corporation

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CHAPTER 1: INTRODUCTION

1.0 Introduction and Problem Identification

Pahlawan Lake Resort is currently facing the challenged of poor receptions of visitors, participants and tourists, be it locally, domestics or foreigners; contributing to its poor sales performance ever since before its re-launching as a new resort destination or after its re-branding in 2006 as a new rural tourism potential hub for Northern Region of Malaysia.

Besides facing the challenges from its other competitors who are having almost a similar business plan and activities, the main contributing factors for its poor performances are due to its secluded destination (remote area in northern state of Kedah) and poor response to its promotions and advertisements.

In comparison, it is ironic to see that the tourism industry in the country has been and would continue to be a key economic sector with the number of tourist arrivals increased from 10.2 million in 2000 to 22 million in 2008. Accordingly, within those eight years, the receipts from tourism-related activities rose from MR17.3 billion to MR49.561 billion (refer to **Table 1.0**) (<http://www.tourism.gov.my/corporate/research.asp?>).

Based from the data provided, it is understood that the Malaysian Tourism Promotion Board (MTPB) has been aggressive in its global promotions, especially in its 'Visit Malaysia Year' campaign since 2007.

In fact, domestic travel and tourism maintains its growth momentum which saw strong growth in 2007, due to the government's aggressive efforts to develop this area in view of the increasing affluence of the population and the accompanied increase in demand for leisure activities. Moreover, it is being developed in order to cushion any vagaries in external demand (http://www.euromonitor.com/Travel_And_Tourism_in_Malaysia).

Table 1.0: Malaysian Tourism Data (1998 – 2008)

TOURIST ARRIVALS & RECEIPTS TO MALAYSIA		
YEAR	ARRIVALS	RECEIPTS (RM)
2008	22.0 Million	49,561.2 Million
2007	20.9 Million	46,070.0 Million
2006	17.45Million	36,271.1 Million
2005	16.4 Million	31,954.1 Million
2004	15.7 Million	29,651.4 Million
2003	10.5 Million	21,291.1 Million
2002	13.2 Million	25,781.1 Million
2001	12.7 Million	24,221.5 Million
2000	10.2 Million	17,335.4 Million
1999	7.9 Million	12,321.2 Million
1998	5.5 Million	8,580.5 Million

Source: (<http://www.tourism.gov.my/corporate/research.asp?>).

Better infrastructure and facilities are being developed and new destinations, such as Sabah and Sarawak for ecotourism, are being promoted. Promotional campaigns such as “Cuti-cuti Malaysia” and “Holiday Anytime, Anywhere” have encouraged locals who have begun taking holidays more frequently. More affordable budget airlines and better connectivity to several locations have made domestic holidays more affordable for the Malaysian population. In addition to the wide and varied range of travel retail products currently offered, the government

is also targeting niches such as ecotourism (due to the rich and unique rain forest in East Malaysia and marine diversity in the eastern islands of Malaysia's peninsular). Other key niches include medical tourism (due to the unique advantages of the country's economic prices; well-trained English-speaking internationally-comparable medical specialists and many health & wellness and spa facilities), golf tourism and honeymoon tourism.

(http://www.euromonitor.com/Travel_And_Tourism_in_Malaysia).

For Pahlawan Lake Resort, the achievements by MTB in promoting Malaysia as tourist destination is indeed a challenge in promoting the resort as one of its main tourist hubs for northern Malaysia and such opportunities should be taken in great stride with great temptation. Therefore, major plan and implementation of 'inventing and renovating' the resort with major budget expenditures to include some major facilities to be build in attracting the participants and tourists, which are now becoming the main focus to succeed. The resort management had been going all out to ensure that the business could pick-up even with the challenged from its competitors and up-and-down economy due to current global economics recessions and impact of swine flu (influenza A H1N1) that affected the business badly.

Currently, since the re-launch of Pahlawan Lake Resort in 2006, the sales are not improving with only 20% - 30% of income being generated to what the resort is targeting as according to the resort Sales Forecast (refer to Table 2: Source – PUSB Proposal Report, 2006). The actual sales figures are kept confidential by the owner of the resort and it only established the figure as the percentage given to the writer for this study.

With the deterioration condition of Pahlawan Lake area itself which is supposedly to be an excellent tourists destination with all sorts of activities that included the Village Traditional Crafts industry, Cattle breeding and natural environmental habitat attraction, a major re-establishment need to be done and it would start with the resort major activities. Since 2008, major constructions with expenditures amounted to minimum of RM 8 million are spent for new buildings, chalets and hostels, which are in currently in progress and next year (2010) should be major improvement in getting the business with hope that more participants and tourists are coming to the resort. It can be considered as a ‘strong and bold’ decision made by the management as to make things happened as planned and thus need a wise, gallant and decisive business decision. As described by their senior management staff, something is needed to be done as a show of seriousness and full of commitment as a sign of making Pahlawan Lake Resort into the best rural tourist destination and best tourists’ hub for Northern Region. It was not so before this and it is a challenged to make it happens now continuously with excellent progress.

1.1 Objectives of the Study

According to Liu (2006), tourism has not always been integrated well into the rural development strategies to contribute to the betterment of the rural communities. The development approaches for rural tourism tend to lean towards the collection of attractions and predominately operate based upon a vague concept of accommodation provision. Limited success of the tourism development approaches in rural areas arises because of failure to address the strengths and constraints represented by “rurality”. Essentially Kedah represents the case of

a rural society undertaking tourism functions at too aggressive a pace with little attention to the parallel development of the local capacity and cultural adaptability (Liu, 2006).

Therefore, an understanding of the local and domestic tourism is crucial in generating specific and right promotions of destinations. Weaver and Oppermann (2000) highlighted that the number of domestic tourists taking vacations is massive compare to international tourists in most countries and even on global scale. According to the Malaysian Ministry of Tourism, domestic tourism receipts were rising at an estimated 15% a year, and surveys done by the tourist office indicated that over 50% of hotel bed-nights were occupied by domestic tourists (Cockerell, 1994). It is important in this approach that the increased of local and domestics tourists and participants are important factors for Pahlawan Lake Resort to project its business sales performance. Specifically, the study is to determine of the following issues:

- Based on the data (refer to **Figure 1.0**) on the increased of foreign tourists to Malaysia, the consultancy project would determine why the attraction to Pahlawan Lake Resort as part of their tourists destinations in rural tourism are not attracted to or part of their target destination, thus decreasing its overall sales performance.
- Based on the local, domestics and foreign tourists' destination in rural tourism, Pahlawan Lake Resort attraction as one of its main destinations in northern region of Malaysia should be attributed to its sales promotions and advertisements networking. The consultation would determine the reason why the sales performance of the resort based on the data forecasted (refer to **Figure 2.0**) is only between 20% – 30% achievable.

1.2 Approach and Methodology of the Study

The case study is deemed appropriate to the study approach to achieve its objectives.

Instruments and methods used for data collection in this study are:

- in-depth interviews with relevant senior staff of PUSB and TDC
- tourist associations and public audience
- site visit
- company documents
- literature articles

The case study is the preferred strategy due to the reasons of basic objective in understanding the current activity and involvement of the company. It involved the questions such as the plan, efforts, roles required, benefits and its competitive advantages. There are an elements of 5 W (What, Which, Where, When and Why) and 1 H (How) in this study.

The study too is based on the analysis of selected data from the internet and other sources that are deemed to be suitable for the study. The interviews conducted are based and inclusive from selected senior management staff of the company and Kedah State Tourist Development Corporation or TDC (with anonymity). Selected and carefully prepared questions (refer to **APPENDIX 1**) were used which ensured uninformed approach and understanding as well as sufficient coverage of major aspects of the study.

CHAPTER 2: PROFILE OF THE COMPANY

2.0 Paka Utama Holdings Sdn Bhd (PUHSB)

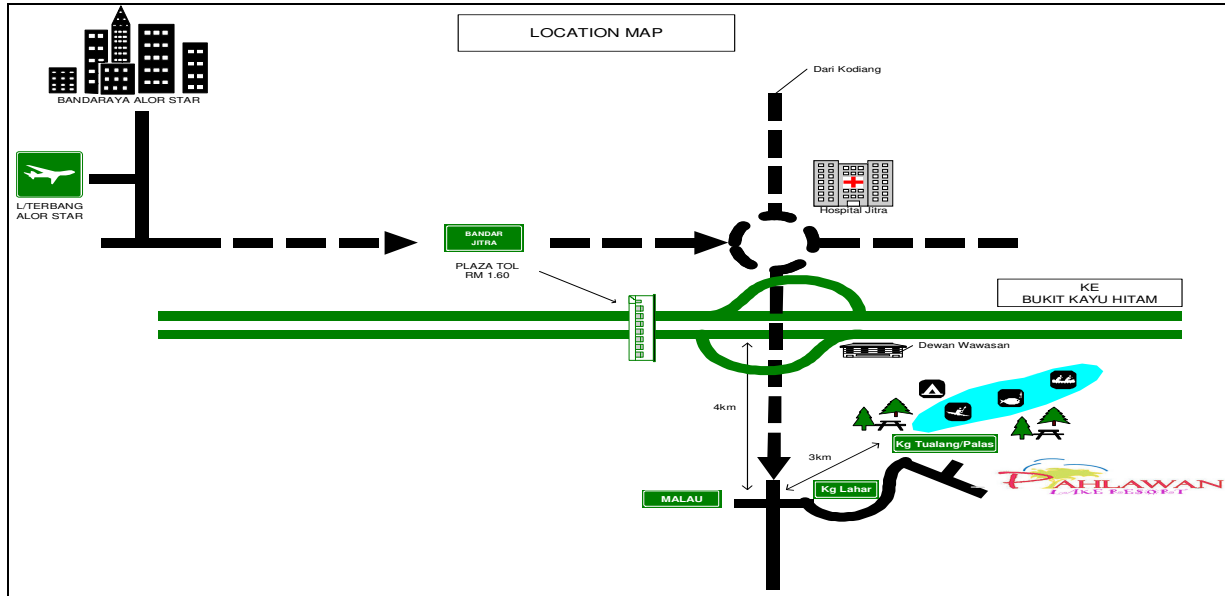
Pahlawan Lake Resort is managed by Paka Utama Holdings Sdn Bhd or PUHSB, a 100% owned Bumiputera company, registered on 22 June 2005 and also registered under the Ministry of Finance.

The company started the operations on August 2006 with business operations are to provide the facilities and services in conducting the motivational courses, camping and other outdoor activities such as kayaking, abseiling and flying fox. Paka Utama Holding Sdn Bhd is awarded 20 years period of leasing of Pusat Rekreasi Paya Pahlawan on 15 Mac 2006 by State Government company subsidiary, Seri Temin Development Corporation (M) Sdn Bhd.

Pusat Rekreasi Paya Pahlawan or known as Pahlawan Lake Resort, located at Mukim Bijal, Jitra, Kedah Darulaman (refer to **Figure 2.0 and Figure 2.1**), about 5 km from Jitra township and 25 km from Alor Setar city.

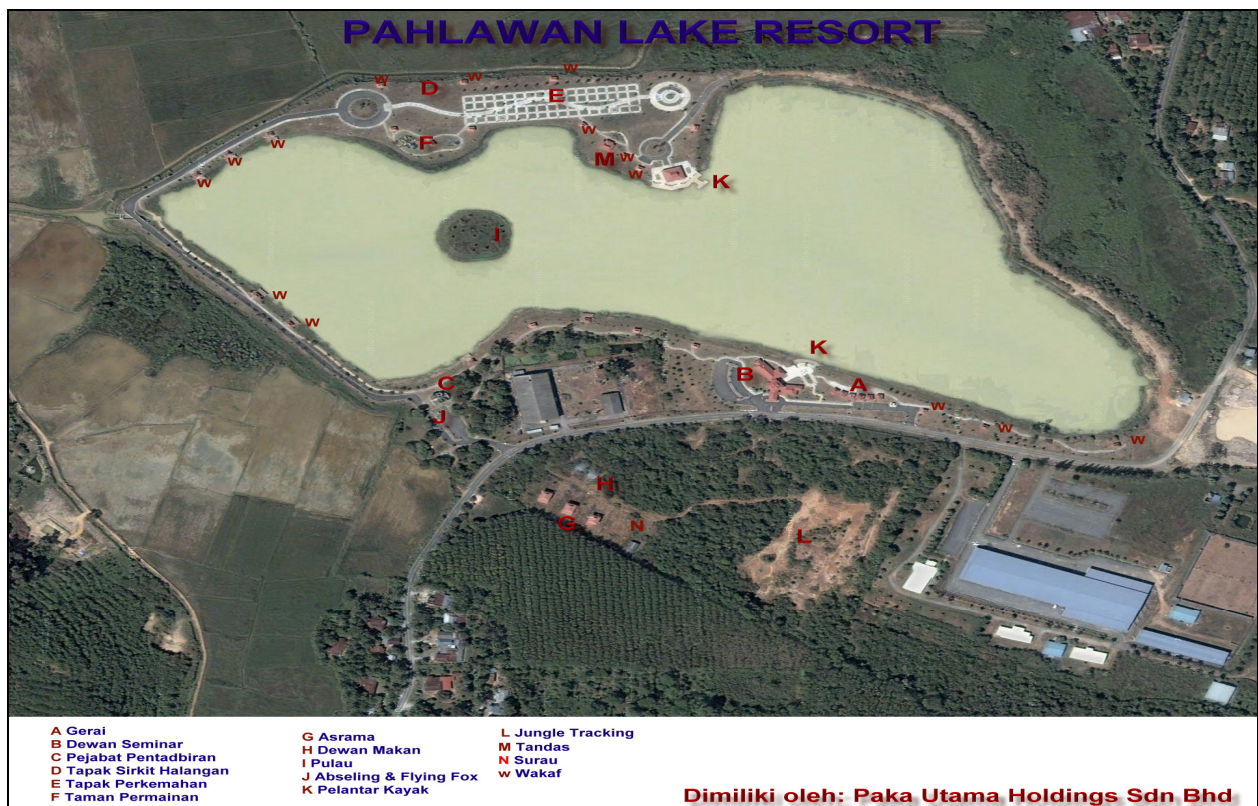
It has a size of 120 hectare, inclusive of the Pahlawan Lake, which has the size of 60 hectare. The lake can become the tourists' attraction especially for those who wanted to have water activities or rest and holidays. The resort can occupy up to 400 participants for camping activities and 170 participants for the hostel rooms at one time.

Figure 2.0: Direction To Pahlawan Lake Resort



Source: PUHSB Proposal Report (2006)

Figure 2.1: Pahlawan Lake Resort from the Aerial View

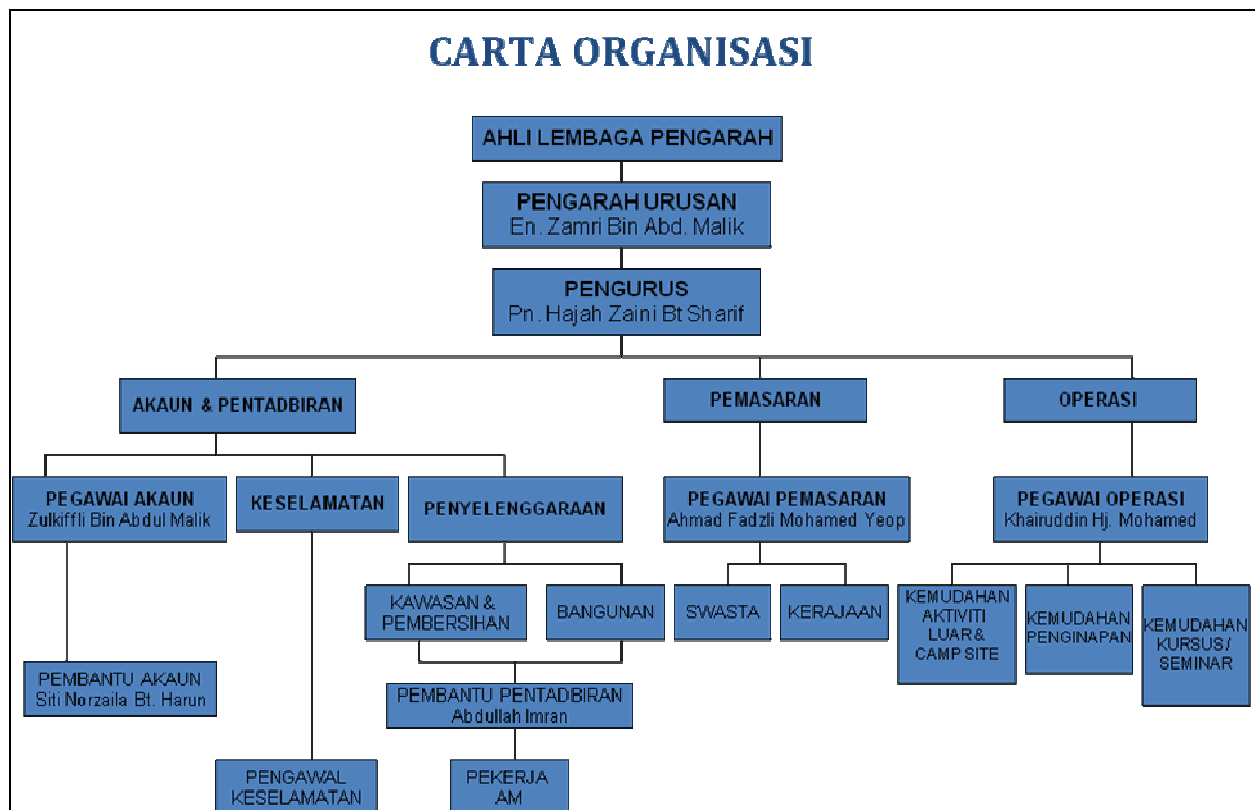


Source: PUHSB Proposal Report (2006)

2.1 Organizational Chart

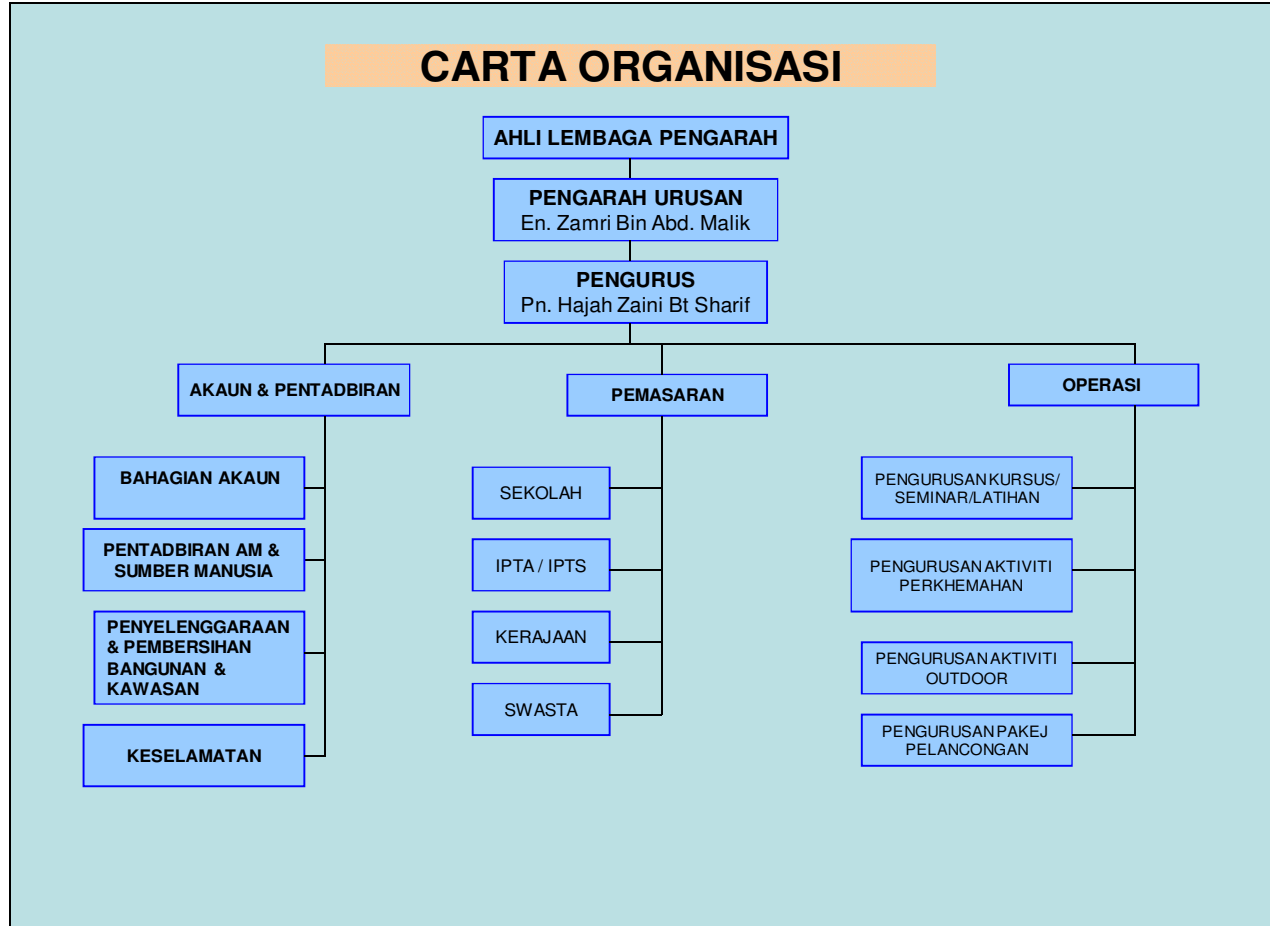
Paka Utama Holdings Sdn Bhd is managed by its Managing Director and owner of the company, Encik Zamri Abd Malik and assisted by its Manager, Hajah Zaini Sharif. The company has three (3) boards of directors and they are: Encik Zamri Abdul Malik, Puan Liza Aishah Shahidan and Encik Aman Khan Md Hussein. The company has three (3) departments that are: Account and Administrations, Marketing and Operations (refer to **Figure 2.2**). Currently they have a total of 50 staffs and contract workers to operate Pahlawan Lake Resort (refer to **Figure 2.3**).

Figure 2.2: Organization Chart – Paka Utama Holdings Sdn Bhd



Source: PUHSB Proposal Report (2006)

Figure 2.3: Organization Chart – Pahlawan Lake Resort



Source: PUHSB Proposal Report (2006)

2.2 Business Focus

Pahlawan Lake Resort focused on its collaborations with organizations and educations sector to provide learning and training facility such as:

2.2.1 Camping

2.2.2 Training / Team Building

2.2.3 Seminar Courses

2.2.4 Carnivals

2.3 Business Products

2.3.1 Students

- Motivational Program Package
- Outdoor Package
- Camping Package

2.3.2 Government Sector

- Motivational Program Package
- Seminar/Courses Package

2.3.3 Private Sector

- Motivational Program Package
- Seminar/Courses Package

2.3.4 Recreation and Occupancy – Open to public.

2.3.5 Visiting Package to all Malaysia Northern Tourists Spots.

2.3.6 Package to carry foreign and local tourists in experiencing the various Malay customs and traditions.

2.3.7 Food Catering Services

2.4 Facilities

Pahlawan Lake Resort is offering a 3 Stars room, fully air-condition with a single and Queen's size beds, wash-room, TV, writing table and wardrobe. For those attending the seminar and courses, the resort also provide the seminar room and food/drinks packages. Other facilities provided are

2.4.1 Office

- 2.4.2 Surau
- 2.4.3 Class room and theater (refer to **APPENDIX 8**)
- 2.4.4 Multi-Purpose Hall (refer to **APPENDIX 3**)
- 2.4.5 Dorm (refer to **APPENDIX 4**)
- 2.4.6 Wakaf
- 2.4.7 Camping Site (refer to **APPENDIX 5**)
- 2.4.8 Flying Fox (refer to **APPENDIX 6**)
- 2.4.9 Abseiling (refer to **APPENDIX 6**)
- 2.4.10 Kayak (refer to **APPENDIX 7**)
- 2.4.11 River Crossing (refer to **APPENDIX 7**)
- 2.4.12 Jungle Tracking
- 2.4.13 Tele-match Ground

The resort is now under major construction for its implementation to have 75 chalets, multi-purpose hall (refer to **APPENDIX 3**), terrace and semi detached houses (refer to **APPENDIX 1 and 2**), hostels rooms, swimming pool and other requirement infrastructures under its master plan (refer to **Figure 2.4**). The chalets building that they intend to expand could accommodate 204 participants at one time, which cover 4,182 square feet with constructions cost of RM 8,059,000.00. It is expected to complete by end of 2009.

Figure 2.4: Lake Pahlawan Resort Master Plan



Source: PUHSB Proposal Report (2006)

2.5 Marketing

- 2.5.1 More towards “Complementary” rather than ‘Competencies’ because the current facilities available are insufficient and less attractive. But it could be sufficient by end of 2009 or early 2010.
- 2.5.2 Market available: Schools, Higher Learning Institutions and Government Departments.
- 2.5.3 Make the Pahlawan Lake Resort area as the Tourism hub for northern Malaysia.

- 2.5.4 Coordination centre to manage the short terms courses / training or long term courses for government and private sectors.
- 2.5.5 To propose outsourcing for all government departments in ‘job-on-training’.
- 2.5.6 To collaborate with IPTA and local IPTS in preparing language training / courses or ‘Experience Campus Life’ to local / foreign students before enrolling into IPTA or local IPTS.

2.6 Future Prospects

- 2.6.1 To establish training centre that offer quality services with low and reasonable rate.
- 2.6.2 To find an oversea market opportunity to introduce the local culture.
- 2.6.3 To support the government tourism policy and actively involve with their programs.
- 2.6.4 To assist in economics development of Paya Pahlawan.

2.7 Business Plan

- 2.7.1 Motivational Program: Students from schools, IPTA and IPTS.
- 2.7.2 Outdoor Program: Students from school, IPTA and IPTS.
- 2.7.3 Courses, Seminar and Training: Government and Private sectors.
- 2.7.4 Attractive Tourists Package
- 2.7.5 Training Provider for National Institute of Entrepreneurship.
- 2.7.6 Training Provider for MVLK under the Human Resources Ministry.

2.7.7 Organization chart is re-organized to meet the business plan specifically for Pahlawan Lake Resort (Refer to **Figure 2.3**).

2.8 Target Customers

2.8.1 Students (Primary and Secondary): Minimum of 50 persons per group.

- Motivational Package (3 days 2 nights) – Estimated 2 times a month.
- Outdoor Package (3 days 2 nights) - Estimated 2 times a month.
- Camping Package (3 days 2 nights) – Estimated 2 times a month.

2.8.2 Students (IPTA and IPTS): Minimum of 50 people per group.

- Motivation Package (3 days 2 nights – Estimated 2 times per month.
- Outdoor Package (3 days 2 nights) – Estimated 2 times per month.
- Camping Package (3 days 2 nights) – Estimated 2 times month.

2.8.3 Government and Private Sectors: Minimum of 50 people per group.

- Seminar/Courses and Training Package (2 days 1 night) – Estimated Once a month.

2.8.4 Tourist Package: Minimum of 20 people per package – Estimated of Once a month.

- Inclusive of Kedah State tourists' destinations package.
- Other groups package from overseas: Eg – Thailand and Korea.

2.8.5 Training Provider: National Institute of Entrepreneurship (NIE)

- Minimum of 20 people (RM 420.00/per person) – 6 days (2 times/month).

2.8.6 Training Provider: MLVK (Ministry of Human Resources)

- Minimum of 30 people (RM 5,000.00/per person) – 6 Months.

2.9 Sales Forecast

Three (3) years sales forecast have been forecasted related to its major market segment that comprised mainly the schools, polytechnics and universities as in **Table 2.0** below:

Table 2.0: Sales Forecast (3 Years)

	Targeted Customers	Forecast Sales		
		Year 1	Year 2	Year 3
1	Northern University of Malaysia (UUM)	125,000.00	137,500.00	151,250.00
2	University Malaysia Perlis (UNIMAP)	45,000.00	49,500.00	54,450.00
3	Kedah Matriculation College	45,000.00	49,500.00	54,450.00
4	Muadzam Politechnic, Kedah	45,000.00	49,500.00	54,450.00
5	College Community Bandar Darulaman	37,500.00	41,500.00	45,375.00
6	Darulaman Teachers Institute	37,500.00	41,500.00	45,375.00
7	Industrial Training Institute	25,000.00	27,500.00	30,250.00
8	Kedah State of Education Department	90,000.00	99,000.00	108,900.00
9	Penang State of Education Department	90,000.00	99,000.00	108,900.00
10	Kedah State Government Departments	108,000.00	118,800.00	130,680.00
11	Kedah State Primary Schools	390,000.00	429,000.00	471,900.00
12	Kedah State Secondary Schools	440,000.00	484,000.00	532,400.00
13	Non-Governmental Agencies	45,000.00	49,500.00	54,450.00
14	Walk-in-Customers	72,380.00	79,618.00	87,579.80
Total Sales Estimation		1,595,380.00	1,754,918.00	1,930,409.80

Source: PUSB Proposal Report (2006)

2.10 Financial Forecasting (5 Years)

A financial forecast for 5 years has been established to support the business plan (refer to **Table 2.1**).

Table 2.1: Financial Forecast (5 Years)

PAKA UTAMA HOLDINGS SDN BHD UNJURAN ALIRAN TUNAI BAGI TEMPOH 5 TAHUN					
	TAHUN 1	TAHUN 2	TAHUN 3	TAHUN 4	TAHUN 5
<u>ALIRAN MASUK</u>					
Baki Awal	-	130,155.60	333,604.56	617,676.22	990,432.84
Jualan	1,595,380.00	1,754,918.00	1,930,409.80	2,123,450.78	2,335,795.86
JUMLAH ALIRAN MASUK	1,595,380.00	1,885,073.60	2,264,014.36	2,741,127.00	3,326,228.70
<u>ALIRAN KELUAR</u>					
Pembayaran untuk perbelanjaan Operasi :					
Emolumen Gaji	415,740.00	457,314.00	503,045.40	553,349.94	608,684.93
Kos Penyelenggaraan bangunan	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Kos Penyelenggaraan kawasan	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Kos Penyelenggaraan Elektrik	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Belanja pembersihan	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Belanja Katering (makanan/minuman)	47,861.40	52,647.54	57,912.29	63,703.52	70,073.88
Guest Room Item	31,907.60	35,098.36	38,608.20	42,469.02	46,715.92
Belanja Utiliti	31,907.60	35,098.36	38,608.20	42,469.02	46,715.92
Belanja Promosi & Pengiklanan	15,953.80	17,549.18	19,304.10	21,234.51	23,357.96
Pembelian Aset	-	-	-	-	-
Pembayaran Pinjaman	602,778.00	602,778.00	602,778.00	602,778.00	602,778.00
JUMLAH ALIRAN KELUAR	1,465,224.40	1,551,469.04	1,646,338.14	1,750,694.16	1,865,485.77
Baki Aliran tunai bersih	130,155.60	333,604.56	617,676.22	990,432.84	1,460,742.92

Source: PUBS Proposal Report (2006)

2.11 Conclusion

2.11.1 To establish the training centre that offer quality services with low and reasonable rate.

2.11.2 To involve actively with Malaysia and Kedah State tourism development.

2.11.3 To support national tourism policy and actively participating in their programs
(Eg: Malaysia Campaign As Second Home For Foreign Tourists)

2.11.4 To assist the economic development of the area (Jitra dan Paya Pahlawan).

For the overall company perspective, it is important to note that its business direction in rural tourism is tied with the relationship marketing and strategic planning on how to stimulate and enhancing the sales of the business in making the resort as the hub of tourism for northern region. In this case, customer satisfaction and trust is a major determinant of commitment in the resort business. Thus, Pahlawan Lake Resort would be the core of identity and philosophy that the organization desires to form a long term relationship with its customers (McCort, 1994). According to PUHSB senior staff, some of the perspective plans related on how the Pahlawan Lake Resort could contribute to the development of the economics and social surrounding the lake have been discussed with the Kedah State government and in principles they agreed how it should be done.

CHAPTER 3: ANALYSES OF INDUSTRY AND COMPETITORS

3.0 Introduction: A Review

Rural tourism has been receiving the much needed attention in the recent past due to the benefits it can give to rural areas in terms of alternative source of income, community development and nature preservation. Urban consumers are get benefitted from rural tourism by the way of enriched experienced and unique cultural experience (Rajesh and Anil, 2008). Ideally, tourism in remote areas is developed using the inherent characters and resources of the locality which typically include “their attractive natural environments, original local culture and traditional systems of land use and farming” (Bramwell, 1994, p. 3). Cartier’s (1998, p. 154) observation of the massive development scale for tourism in Malaysia, indicates otherwise: “more regularly transforming agricultural land rather than reworking urban industrial landscapes and some natural resource sector companies, especially in the plantation and mining sectors, have restructured to take advantage of property development opportunities as opposed to manufacturing”.

Furthermore, many decisions pertaining to tourism are embedded with a recurring ideological motif, e.g. enhancing national pride and commitment or engendering awareness of national identity (Khalifah and Tahir, 1997; Musa, 2000). Thus, the creation of tourism landmarks and a series of international events that have consumed most of the government’s tourism effort do not present a promising prospect for the future course of rural tourism development (Liu, 2006).

3.1 Industry and Competitive Analysis

The market structure of the rural tourism industry or in this case those who are related to the lake resort industry (specifically refer to Pahlawan Lake Resort), are an open market business but influenced by the New Economic Policy (NEP), launched in 1971 (Liu, 2006). Malaysia's tourism industry reflects general equity of the NEP that emphasizes indigenous access to and control of Malaysian tourism, as a key policy objective. In the 1980s, the promotion of greater representation of native Malays in the tourism industry was prioritized in the government agenda for tourism development (Musa, 2000). The need to promote greater local participation in tourism was further stressed in the Seventh Malaysia Plan 1996-2000 (Government of Malaysia, 1996).

A study by Liu (2006) concluded that:

- Tourist arrivals in Kedah are expected to increase from about 380,000 in the 1990s to 1.6 million in the early 2000s and to 4.9 million by 2010.
- Langkawi Island, example which has evolved as a self-contained international resort destination with overwhelming accommodation capacity (about 7000 rooms or 77 per cent of Kedah's total supply) and accessibility, disperses few spill-over benefits to the mainland (interviews with tourism planner and local scholars).
- The tourism industry's material needs and staffing requirements depend substantially on external sources outside of Kedah due to a lack of the human and technical resources.
- Likewise, the North-South Expressway running through the Malaysia peninsula reaching the Thai border directs few tourists into Kedah. Informants from a local travel agency

indicate that metropolitans from Kuala Lumpur and Penang and even the Kedahans themselves, bypass what Kedah has to offer and head directly to Haadyai in Thailand, which is perceived to have more entertainment options and better value for money.

- This mirrors the observations of Hall (1997) and Musa (2000) who point out that facilities for domestic tourism are generally lacking and Malaysian travelers always want the best at the cheapest price. The craft-level or indigenous-based industry is being depressed by consumption decisions and falls prey to modernization plans created by corporations and state bureaucracies.
- One of the major deficiencies in Malaysia's approach for tourism development is the absence of devising useful mechanisms for encouraging local participation (Din 1982, 1997a, b). The government has made a positive response to correct this by identifying indigenous tourism as part of Kedah's tourism priority. Indigenous involvement as depicted in the tourism development plan in 2001 was asserted to be a core component.

According to Liu (2006) study, Kedah has great expectations for prospective tourism income to improve its underprivileged condition. At the same time, the leadership believes that tourism can serve as a lever to overcome rural sluggishness and as a facilitator to infuse urban culture into the rusticity. Nevertheless, given the dominance of a large, rural based and Muslim population, promoting tourism as a mainstream economic activity evokes questions of fundamental skill deficiencies and of villagers' cultural adaptability to tourism. These are due to:

- Kedah's tourism interests in rural areas are somewhat different than the commonly accepted concepts and ideas pertaining to rural tourism—an integrated, local resources-based and locally empowered approach for constructing tourism.

- Common development imperatives of rural tourism are characterized by small-scale initiatives that emphasize the integration of tourism, environmentally, economically and socio-culturally within the local community's capacity (see also Lane, 1994; Gannon, 1994; Page and Getz, 1997; Roberts and Hall, 2001).
- The most conspicuous anomaly is a resort based mega-project in the Pedu Lake area, where infrastructure lags far behind and is insufficient to support two international standard resort establishments. Notions of economic diversification need which often bear little linkage to rural conditions might actually demoralize the nurturing of local entrepreneurs.
- Rural tourism is better situated to be a complement to an existing rural economy (Butler and Clark, 1992) rather than a competing agent for resources. The lack of substantial involvement of rural residents stems from a combination of their remoteness, inexperience and limited exposure to non-rural environment. Home-stay facilities in several Malay villages, which have a fairly short history in the official tourism plan, are creations of resourceful local elites rather than small entrepreneurs. The case of a home-stay program illustrated the training need and stronger support from government required for sustaining a vital rural tourism economy.

For the rural resorts tourism, the study (Liu, 2006) found that the resorts are positively:

- Equipped to appeal primarily to a corporate clientele for meetings and to visitors who are interested in nature, adventure and other outdoor pursuits.

- Both resorts are fully equipped and self-contained, comprising conference and training functions, outdoor facilities and activity arrangements and a variety of food and beverage outlets.
- Such a self-sustained system permits resorts to meet tourists' demands and to arrange their activities within the resorts' self-demarcated domain.

On the other hand, the study (Liu, 2006) too found that the resorts are negatively looked as:

- Less sensitive to local needs. Since all the activity arrangements are a matter of unilateral decisions by the resorts, the locals have no access to the tourist dollars other than seeking employment at the resorts.
- Declined local scholars' suggestions concerning the inclusion of local folklore as a part of their resort attractions.
- Major economic linkages established by the resorts are with the large distributors rather than with the rural suppliers. All the purchasing is done in Alor Setar. Local sources of supply are not considered.
- This is obviously at odds with the principles of tourism development in a rural area in that its spillover effects should provide opportunities to rural households and promote the consumption of local produce.
- Resorts managements have shown little interest in enhancing training at their workplace, simply because locating veterans was much easier than the enormous effort required to teach the locals, who typically have only primary education or less.

- Other than complying with the stipulated training levy programs, very limited effort or commitment were found on the part of the employers to enhance the provision of training.
- Lack of attachment to the rural communities is also a factor that impacts on the level of enthusiasm of the employers to promote career progression opportunities for their local employees.
- Certainly, dismal financial performance plays a major role that explains the employers' reluctance to invest more in in-house staff training.
- The degree to which tourism can be an effective development tool in rural areas depends greatly on the degree of linkage between the concerns related to meeting tourist demands and the capability of the service providers. Conversely, resort development that is not compatible with local.
- In a local context, the officials sketched the tourism development directions in a pure rural form with close connections to rural functions, history and the primitive form of settlements. The economic prospects of tourism induced in people a vague expectation regarding the nature of tourism activities, ignoring the way that they could be affected. This sketch an “up-scale destination” that would be competitive and, most importantly, attain international standards. Yet the quest for high sophistication to achieve international standards is conspicuously incompatible with the local situation, given the inherent backwardness and economic sluggishness of the rural setting.

The study (Liu, 2006) has concluded that:

- Tourism has yet to flourish. The pressure created by the need to boost tourism, however, has created an increased sense of vulnerability on the part of the locals.
- Outsiders' idea for staging local lifestyle also raises concerns about manufacturing or misinterpreting indigenous culture, while a legendary vampire character that residents found to be representative of local folklore was questioned both about its marketability and disgrace.
- Transforming existing residences into home-stay facilities is a common strategy for generating extra household income for rural dwellers. In a destination area, home-stay facilities generally emerge in immediate vicinity of sophisticated tourism establishments and depend greatly on surrounding attractions. They provide not only an alternative choice for cheaper accommodation to the tourists but also a supplementary source of income to the hosts.

For Pahlawan Lake Resort, it is a challenge to overturn such study and transform the rural tourism into a successful reality. It is understood that problems faced by the rural resorts industry as indicated in the study (Liu, 2006) are 'true and clear picture' of what happening not only to Pahlawan Lake Resort but also to other competitors too (Source: Interviewed with Kedah State Tourist Development Corporation Senior Staff). This too has been confirmed during the interview with PUHSB Senior Staff about the problems they are facing. However, as the tourism industry in this country is in excellent condition, the challenge is now being taken to make the rural tourism in resort industry as part of the most important components in the tourism industry. Indeed bigger and longer plans are required to sustain and develop the rural resort industry into a success with excellent relationship between the participants, tourists and resort owners, as

customers and their suppliers tend to believe that long term relationship is a decisive source for competitive advantages (Ganesan 1994). In this case, it refers to commitment as improve quality and process performance as well as access to valued resources and technologies (Anderson and Weitz ,1992), where suppliers benefit from the long term customers through higher repeat sales and cross selling opportunities as well as new product ideas, information on competitive activities and products. Morgan and Hunt (1994) used commitment as to ‘being committed’. Thus it produced excellent customer values where they perceived preferences for and evaluation of those product attributes, attribute performances, and consequences arising from the use that facilitate (or block) achieving customer’s goals and purposes in use situations (Woodruff, 1997).

Conclusively, it is indeed a real challenge for Pahlawan Lake Resort and its main competitors - **Pendang Lake Resort, Pendang; Dusun Minda Resort, Kuala Nerang and Hosba Valley Resort, Napoh** - on how to sustain the competitive advantages and regaining its long term relationship with the participants, visitors and tourists in the rural tourism business in Kedah State and generally for northern region of Malaysia. Based on the study and interviews, as a consultant for Pahlawan Lake Resort, it is important to note that the existing markets for resort rural tourism is very much active and competitive among the competitors, which I would explain in length in **Chapter 4**, but even though that the opportunities and expansion depending very much on the expansion programs, facilities and services rendered by respective resorts to capture the visitors or tourists attractions. Government assistant is very much relying on the performance of the resorts themselves and their own capabilities in ensuring that they could perform beyond their own expectations (Source: Interviewed with the Kedah State Tourist Development Corporation Senior Staff) .

There are so many activities that could be carried out but that too depending solidly on the government support (especially the state government) while the federal government could provide their national programs incorporated into their own programs. The facts that made it clear are that for resort rural tourism, a lot needs to be done in the markets and support from all related government departments (state and federal), non-governmental organizations, private sectors, tourism operators, ordinary people and business concern people. Only after the resorts become so successful, then we can see the follow-up in the markets and the competitions not only healthy but giving a spawning effect to the economics and social development. Thus, this gives a perfect solution to the actual competitiveness of the market and strong healthy competition among the competitors.

Other related factors that may affect such development is the actual strong support from the state government, especially after the last March 2008 general elections that saw the Kedah State government changed hand from the Umno led Barisan Nasional (BN) to Pas led Pakatan Rakyat (PR) component parties. There are not much development since then on the prospects of rural tourism in the state as compared before that and only the programs by Ministry of Tourism (MOT) that seemed to be active in gearing up all the tourism activities in the country. But it's too early to make any further comments and only time will tell what the progress could be whether the resorts rural tourism could develop as what being planned before that. (Source: Interviewed with the Kedah State Tourist Development Board Senior Staff).

CHAPTER 4: PROBLEM ANALYSIS

4.0: Firm Analysis (The Porter's 5 Forces and SWOT Analysis of Pahlawan Lake Resort).

Abraham (2006) in analyzing and assessing the internal environment of the company viewed that there are several purposes and most important information about this internal environment that must be identified are the company's:

- Recent-past financial performance and current financial condition.
- Strengths and weaknesses.
- Opportunities and threats.
- Capabilities – and determining which, if any of them, are core competencies that would give the company a competitive advantage.
- Competitive strength.
- Current strategy – and determining whether it is working or needs to be changed.
- Corporate culture.
- Management and leadership capabilities.

In this study, as a consultant for this study, I emphasized on its four key factors to be considered in determining the limits of what the company can successfully accomplish, namely **Strengths, Weaknesses, Opportunities and Threats**. The company's strengths and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological posture, brand identification and so on. Strengths and weaknesses combined with values

determine the internal (to the company) limits to the competitive strategy a company can successfully adopt. The external limits are determined by its industry and broader environment. Industry opportunities and threats define the competitive environment, with its attachment risks and potential rewards. Societal expectations reflect the impact on the company of such things as government policy, social concerns, evolving mores, and many others. These four factors must be considered before a business can develop a realistic and implementable set of goals and policies (Porter, 1985).

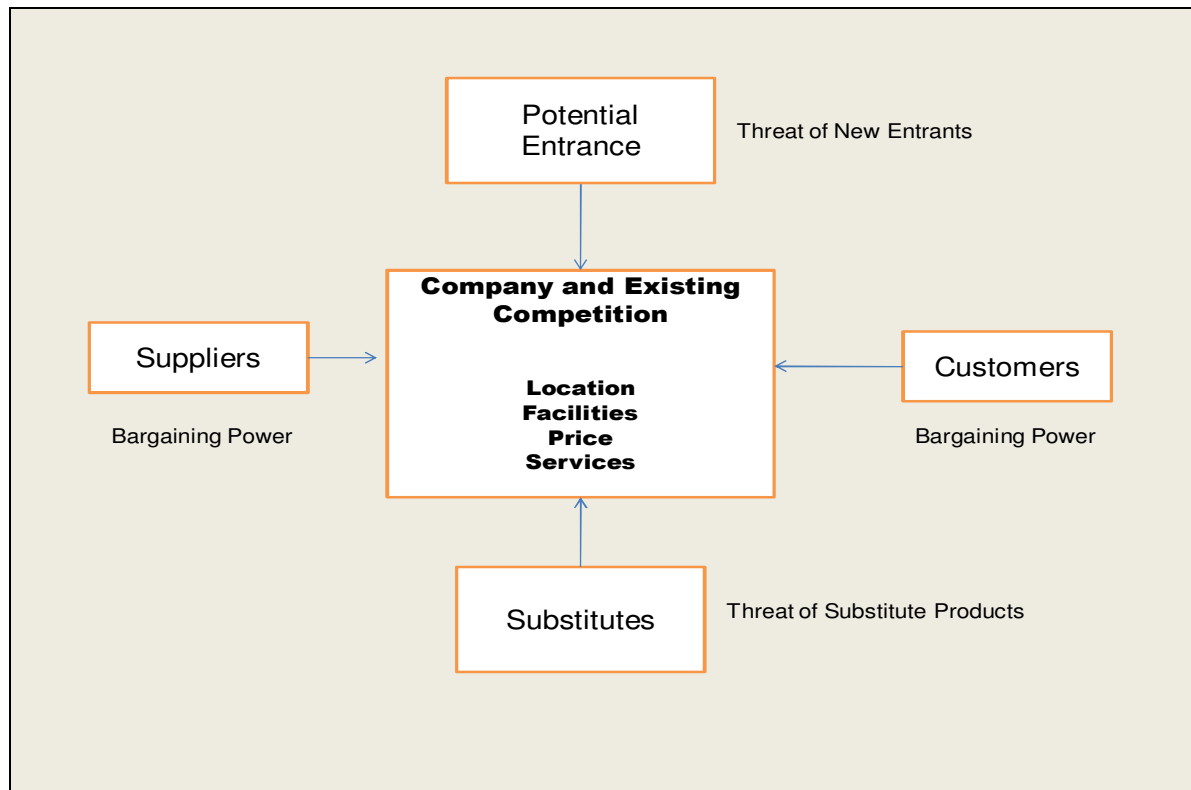
Developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals. He emphasized that the first fundamental determinant of a firm's profitability is industry attractiveness. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firms' favor (Porter, 1985).

In any industry, be it domestic or international in producing products or services, the rules of competition are embodied in five competitive forces: the potential entry of new competitors, the threats of substitutes, the bargaining power of buyers, the bargaining powers of suppliers, and the rivalry among the existing competitors (refer **Figure 4.0**).

The collection effect of these forces determine the ultimate profit of an industry because they influence the prices, costs and required investment of firm in an industry – ie: the elements of return on investment. The strength of the five forces varies from industry to industries, and can

change as an industry evolves. The result is that all industries are not alike from the standpoint of inherent profitability. Whatever their collective strengths the corporate strategist's goal is to find a position in the industry.

Figure 4.0: Porter's Five Forces of Strategic Model



Source: Porter (1985)

4.1 Competitive Analysis of Pahlawan Lake Resort

The area will try to analyze Pahlawan Lake Resort's position in relation to the rural tourism industry, specifically in Kedah and generally for Northern Region. To achieve this objective, a certain approach or framework for the study is required. The one suggested by Porter (1985)'s "Competitive Advantage" appeared to be the most relevant to Pahlawan Lake Resort

due to the model is untested in Malaysia. As a consultant for the study, based on the information and what is understood, so far no others had tried and focused in using Porter's framework to analyze the strategic sales in resorts rural tourism industry in Malaysia. Therefore, as a consultant, I took this opportunity to test or use the model (framework) in this study. The analyses are described as below:

4.1.1 Threat of Entry

New entrants to an industry bring new capacity, the new desire to gain market share, and other substantial resources. Companies diversifying through acquisition into the industry from other markets often leverage their resources to causes a shake up. The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitors that the entrant can expect. If the barriers to entry are high and a new comer can expect sharp retaliation from the entrenched competitors, obviously it will not post a serious threat of entering (Porter, 1985). There are six major sources of barriers entry. They are: economics of scale, product differentiation, capital requirements and cost advantages independent of sizes, access to distribution channels and government policy (Potter and Fuller, 1986).

In the case of Pahlawan Lake Resort, the threats of entry mainly come from some medium business size companies doing almost similar activities conducted at the resort and considered as the resort main competitors. They are Pendang Lake Resort, Pendang;

Dusun Minda Resort, Kuala Nerang and Hosba Valley Resort, Napoh; which almost 50 to 100 km near the Pahlawan Lake Resort.

However, based on the facilities and services rendered to the customers, Pahlawan Lake Resort is still very much better as compared to those companies as they mainly offered chalet and camping sites for the visitors. Compared to Pahlawan Lake Resort, they are offering activities such as Camping, Training or Team Building, Seminar or Courses and Carnivals. Pahlawan Lake Resort too offered various activities that other resorts did not have such as Kayaking, Flying Fox, Abseiling, River Crossing, Jungle Tracking and Tele-match Ground.

Most important, besides offering those chalets, Pahlawan Lake Resorts too offered the visitors hostels and customized food catering according to their requests. With the current new constructions of some new buildings such as hostels, dining halls and other facilities, Pahlawan Lake Resort should easily overcome its rivals. Another advantages are that Pahlawan Lake Resort is surrounded by other activities such as Village Craft Industries, cattle breeding and environmental attractions.

In terms of pricing or rate, Pahlawan Lake Resort offered among the best and competitive rates to the visitors or customers as compared to their rivals. In facts, their packaged for group visitors are more attractive and lower than its competitors (Source: Interviewed with official from Kedah State Tourist Development Corporation).

Therefore, currently even though there are some new entry into the business, it remains minimal competitiveness for Pahlawan Lake Resort unless the rivals may up-grade their facilities, give better and attractive packages to the visitors, provide better services than their competitors and provide some uniqueness at their resort surrounding such as craft industries etc. If such activities happen, then it will or may be major threat to Pahlawan Lake Resort.

Another factor that need to be looked into is the governments (federal and state) in encouraging the rural tourism expansion by giving incentives and assistant to companies involved with such business could also be construed as ‘healthy competition’ among the resorts operators. However, this could mainly be determined by the efficiency of the resorts management to enhance their sales by giving attractive promotions to the potential customers and visitors. (Source: Interviewed from Kedah State Tourist Development Corporation Senior Staff). However, it is important to note that as consultant for the study is to confirm that the tendency of interests by the Kedah State government since the change of government after the general election in March 2008 **‘is not as supportive as the previous state government’**. Firstly, not much allocation being given to the tourism industries in the state (include the resort rural tourism) and secondly, the interest of tourism program is **‘more or less affect the Islamic teaching as it is perceived as creating immoral activities in the state’** (Source: Interviewed with Kedah State Tourist Development Senior Staff). The current state government is led by Pas (Islamic Party of Malaysia) of Pakatan Rakyat (PR) component parties.

4.1.2 Pressure from Substitute Products or Services

All firms in an industry are competing, in a broad sense, with industries producing substitute products. Substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge. The more attractive the price performance alternative offered by substitutes, the firmer the lid on industry profits (Porter, 1985).

In Pahlawan Lake Resort case, the main substitutes could come from the urban tourism centers, mainly in Alor Setar, Sungai Petani - Merbok and Langkawi. Other urban areas or townships that could be the good replacements for rural tourism could be Baling (due to Bukit Hijau waterfall), Kulim (due Hi-Tech Park), Pantai Merdeka (fishing village), Bukit Kayu Hitam (due to its border with Thailand). These city and townships offered the best hotels and chalets with better facilities and attractive visitation destinations. Even the rates under the package tour are quite attractive. (Source: Interviewed with official from Kedah State Tourist Development Corporation).

Other way to promote the Pahlawan Lake Resort is have the collaboration with the tour operators from the urban tourism centers to have their visitors to come over to the resort and spend at least a night. This would at least open the business linkage to the visitors to visit the resort again.

Current condition showed that the trend of tourists coming to Northern Region, particularly in Kedah State is not encouraging as compared to Penang and Bukit Kayu Hitam to Thailand (Danok and Haadyai). Even though numbers of foreign tourists are increasing to Malaysia but the numbers who went for rural tourism in Northern Region is not encouraging. Those tourists preferred to be at the urban tourism centers and at famous destinations. For Pahlawan Lake Resort, the destination is not significant enough to attract the foreign tourist to come. (Source: Interviewed with official from Kedah State Tourist Development Corporation).

Conclusively, for Pahlawan Lake Resort and other similar resorts in Kedah State, their current conditions are mainly as a supplement to their counterparts from urban tourism centers as they are easily substituted or ignored in tourism business.

4.1.3 Bargaining Power of Buyers or Customers

Buyers compete with the industry thus forcing down prices, bargaining for higher quality or more services, and playing competitors' against each other – all at the expense of industry profitability. The power of each of the industry's important buyer groups depends on a number of characteristics of its market situation and on the relative importance of it purchases from the industry compared with its overall business (Porter, 1985).

In Pahlawan Lake Resort case, they are influenced by the following factors:

- Main Customers:

They are mainly government servants, school children, students from higher learning institutions and private sectors. It is understood that a rapport has been developed since the inception of the resort between its management and government departments. The resort main business is to provide them the package tour for training or seminar or courses or even conducting some specific training like jungle tracking, abseiling, kayaking etc. The resort even provide them the customized food as to their requests to ensure that they have the best service provided besides the best facilities such as hostels, chalets, halls and other equipments or trainers for training. Only at certain times some of them may opt to have holidays at the resorts with families and friends, which the resort gives very special rates as government servants (20-50 percent discount). Bonding among the customers and suppliers are an important factors that resulted in unifying the manner toward a desired goal (Callaghan et al, 1995), and this contribute to remove doubt, create trust and form close relationships (Hinde, 1997).

- Private Sectors

They are mainly from manufacturing or non-manufacturing companies in Kedah, Penang or Perlis States but their visitations are very

seldom (once or twice a year). They come to the resort to celebrate their annual dinner and sometimes conducting the tele-match. The link between the resort and them is still between the contacts through friends and other sources of communications, example internet, brochures and urban tourism centers.

- Foreign Tourists

The resort still could not attract the attention of the foreign tourists to come over to the resorts even though few attempts have been made through its collaboration with other urban tourism centers or their operators.

Conclusively, the main attractions for the resort to have more customers are through promotions to inform them of their locations, facilities, rates and services. However, the resort still could not attract more tourists to come over and the government package tours are still lagging behind in terms of their targets. In this case, the resort needs to do something aggressive in their promotion or offer to have other businesses to operate at the resort.

4.1.3 Bargaining Power of Suppliers or Kedah State Government

Suppliers can exert bargaining power on participants in an industry by raising prices or reducing the quality of purchased goods and services. Powerful suppliers can thereby squeeze profitability out of an industry unable to recover cost increases in its own prices. The power of each important supplier group depends on a number of characteristics of its market situation and on the relative importance of its sales or purchase to the industry compared with its overall business (Porter, 1985).

In the Pahlawan Lake Resort case, the main supplier is the State Government of Kedah Darulaman through its company subsidiary, Seri Temin Development Corporation (M) Sdn Bhd. The company that managed Pahlawan Lake Resort, that is Paka Utama Holdings Sdn Bhd (PUHSB), was awarded a 20 years leasing of Pahlawan Lake beginning 2006.

It was a known fact that the management before the PUHSB took over of Pahlawan Lake Resort could not manage the resort effectively and there are so many factors due to it, especially due to the political leadership changed. Pahlawan Lake Resort was initially set-up by the previous Menteri Besar, Tan Sri Sanusi Junid, and way back in 1990s, and the surrounding of the lake was developed into Craft Industries Villages with major cattle breeding farm created. In fact the infamous idea to have “paddy cultivation on the roof” was created by Tan Sri Sanusi with the first experimental paddy cultivation was done at its new building roof (now the main office of Pahlawan Lake Resort). During his tenure

too, a big abattoir building to slaughter cattle to centralize its state 'halal beef' was done here too. The area was initially developed well with such activities and in fact it became tourists' attractions. But since his resignation, Pahlawan Lake and its surrounding became quiet and started to be forgotten till now. (Source: Interviewed with PUHSB Senior Staff).

When PUHSB was given the leasing in 2006, the former State Government (an Umno led BN component parties) hoped that the company could turn around the lake into a better tourists spot and northern region tourists' hub without any financial assistant but with proper guidance and financial sources. PUHSB needs to raise its own fund to re-develop the Pahlawan Lake Resort and plan on their-own way to succeed which they are capable too due to their close relationship with top political leaders in the state and national level (Source: Interviewed with PUHSB Senior Staff). But when the new Kedah State government led by Pas under the PR component parties, even though they let PUHSB to continue their business activities as usual and as what they planned, the situation is totally not the same as during the former government period. In this case, the study found out that the current state government could not proceed by giving those special allocations or financial assistants or even advised as the previous state government especially in getting new ideas or net working program with the MOT or getting funds from other sources. With the situation now is not running parallel as before between the state and federal governments due to change of government since the last Mac 2008 general election, obviously that there are difficulties for both sides to cooperate for the development of

tourism industries in the state and the obvious victims are clearly those ‘who are involved with tourism industries’. Pahlawan Lake Resort is not spared too.

Conclusively, however, the current Kedah State government is giving a full hand to PUHSB to plan and implement their business to ensure that the Pahlawan Lake Resort is a success and give a spawning effect to its economics and social development of its surrounding area. The question is whether PUHSB could succeed the expectation or not because going by the current situation, Pahlawan Lake Resort needs more than their own resources to make it happens. The divergent tourism development approaches adopted in rural areas, involving both high capitalization and local entrepreneurship, further complicate the task of developing human resources for tourism (Liu, 2006).

4.1.4 Intensity of Rivalry Among Existing Competitors

Rivalry among existing competitors takes the familiar of jockeying for position – using tactics like price competition, product introduction, and advertising. Intense rivalry is related to the presence of a number of factors, such as competitors are numerous, industry growth is slow, the product or service lack differentiation, fixed costs are high or the product is perishable, capacity is normally augmented in large increments, exit barriers are high, the rivals are diverse in strategies, origins, and “personalities” (Porter, 1985).

In the Pahlawan Lake Resort case, rivalry among the resorts in getting the business have been quite an intense too due to ‘less opportunities’ given by the tourists or visitors

themselves to go to their places. Even with the closed collaboration with their urban tourists' operators, the tourists, especially the foreign ones and even the domestics' ones, are reluctant to come over to their specific destinations as compared to the local tourists and visitors. This somehow created great rivalry in getting the biggest share of the local markets which are not 'that big' as compared to other segmented tourists targets (Interviewed with Kedah State Tourist Development Board Senior Staff).

But due to certain advantages of Pahlawan Lake Resorts in terms of their facilities and location, their destinations are more acceptable. But still lots need to be done especially in promoting the resort as the main destination for tourists and a long way to go as northern region tourist hub.

4.2 The SWOT Analysis of Pahlawan Lake Resort.

Once the corporate strategist has assessed the forces affecting competition in his industry and their underlying causes, the management can identify its company's strengths and weaknesses. The crucial strengths and weaknesses from a strategic standpoint are the company's posture vis-à-vis the underlying causes of each force. The corporate strategist's goal is to find a position in the industry where his or her company can best defend itself against these forces or can influence them as favor. The key to growth – even survival – is to stake a position that is less vulnerable to attack from head to head opponents, whether established or new, and less vulnerable to erosion from the direction of buyers, suppliers, and substitute goods. Establishing such a position can take many forms – solidifying relationships with favorable customers,

differentiating the product either substantively or psychologically through marketing, integrating forward or backward, establishing technological leadership (Porter, 1985). For Pahlawan Lake Resort, SWOT analysis would definitely be the supplement of reference and identifying the roots of the problems to improve the strategic plan with efficiency.

4.2.1 Strengths

- Sizable and Natural Environment.

The Pahlawan Lake is considered sizable – about 60 hectares and is surrounded by paddy fields and kampongs that give considerable impacts to its clean environmental surroundings and natural habitats, which is seldom available in other parts of tourists' destinations.

- Strategic Location.

It has strategic location which is easily accessible by the highway and excellent road infrastructures. It is also near the Kepala Batas Airport about 15 km away. Its location is also near the Kedah State capital, Alor Setar, about 25 km away and Jitra town, about 5 km away.

- Surrounded by Higher Education Institution

The resort is surrounded not far away by various higher learning institutions like UUM, UNIMAP, IPDA, Matriculation College, ITM and Polytechnic, which become the major target to its focus business.

- 20 Years Leasing:

It has 20 years leasing of Pahlawan Lake which enable the company to operate the business in the next 20 years.

- **Current Assets and Facilities.**

The available assets like multi-purpose hall, hostels, surau, camping sites, office building and other facilities are extra niche for the company to begin the operation the business.

- **Available Facilities for Activities**

These available facilities at Pahlawan Lake would enable the participants and potential customers to explore various activities such abseiling, flying fox, jungle tracking, kayaking and rafting, fishing and other realted activities. These activities are suitable for those customers whom intend to do any motivational camps such as Kem Bina Insan, Biro Tata Negara etc. Besides, those customers who come for holiday can enjoy the activities provided with their families and friends.

- **Current Available Customers**

The centre have sizable amount of loyal customers coming here and they are satisfied with the conditions and services rendered. Indirectly this has given a positive impact to the centre in promoting the place to other potential customers. Those customers are from Kedah and Penang States of Education Departments, UNIMAP, UUM, Jitra Secondary School, Mahawangsa Secondary School etc.

- **Experienced Personnel**

The centre has many available experienced personnel to conduct the outdoor activities such as camping, motivational camp, Bina Insan Camp etc.

- **Near Klinik Desa and Binjal Police Station**

Pahlawan Lake area is near the Klinik Desa and Binjal Police Station which are important to any cause of emergency in the area.

4.2.2 Weaknesses

- **Poor Impact During Month of Ramadan**

As the resort is mainly cater for the local tourists and visitors, which are mainly Malay-Muslims, the number of them coming to the resort is very low and this caused some set-back in their sales.

- **Limited and Less Promotion**

Due to financial constraints and lacking of professional advised on how to do the promotion and advertisement over the resort, the information of the resort location and what they can offer could be reached to the targets customers. This has created a big impact over their promotional strategy in getting the tourists to know about the resort.

- **Inexperienced Staff in Hotel and Tourism Fields**

As they first took over the resort in Mac 2006, most of the staff is maintained and only in 2007 to 2008, the management of the resort started to get a handful of experienced staff to operate the resort. Unfortunately, the reception is quite poor from those who have academic and professional qualification to join the resort due to the isolated location and future prospects of being in this company.

- **High staff turnover and difficult to get the replacements.**

This problem occurred almost all the time and the resort management have difficulties to get the permanent staff and workers due to the low salaries and other personal factors.

- High costs maintenance of the facilities.

4.2.3 Opportunities

- Supported by State Government and MOT

The state government not only allowing the leasing of the lake up to 20 years but also by giving the resort full cooperation to have business with all its government departments. MOT provided the resort with their tourism programs cooperation and allocated certain budget for their participations.

- Potential for National Training Services Program

Pahlawan Lake area is one of the most suitable and potential areas for the program to be conducted here. The company has applied for the program to be conducted here and so far have not received any reply yet.

- New and Under Construction Facilities

These facilities will prepare customers for all levels who come as groups, families or individual according to their requirements. It also gives a new paradigm to the economic development in the area and to the people in that area to improve the standard of living and getting job or business opportunities.

- Local People Enthusiasm for Tourism Development

For Pahlawan Lake villagers, they have been anticipating to see their place to be developed and well known and give full cooperation to participate in any programs organized by the resort, especially in their handy craft products.

- Environmental Exploitation Advantages

Currently the resort management with State government cooperation underutilized to exploit the environmental condition of the lake and the surrounding to convert into a proper and popular environmental resort. This needs to be explored further with aggressive promotions.

4.2.4 Threats

- Competitors

There are THREE (3) main competitors (refer to **Table 4.0**) for Pahlawan Lake Resort in the rural tourism resort business in Kedah State. Even though the performances of the competitors are not a major threat but it still can give stiff competition when competing for local participants business packages. This threat becomes obvious as the business in resort rural tourism becoming smaller due to global economic recession and threats of Influenza AH1N1.

Table 4.0: Competitors to Pahlawan Lake Resort

Name / Location	Facilities Provided
Pendang Lake Resort / Pendang	Accommodation: Chalet Facilities: Seminar Hall
Dusun Minda Resort / Kuala Nerang	Accommodation: Chalet Facilities: Lecture Hall, Camping Sites
Hosba Valley Resort / Napoh	Accommodation: Chalet Facilities: Seminar Room, Credit Card Facility, Foreign Exchange Currency

Source: PUHSB Proposal Report (2006)

- **Stiff Competitions**

Preparation to have better facilities than other competitors with competitive of prices so that customers can come and conduct their activities in one centre only.

This has become the business trend from other resorts due to attractive offers in terms of prices, services and facilities.

- **No Guarantee of New Market**

It is known in this business that no substantial markets are available unless there are new openings by government or other private business locations in offering them the business. The conditions are still the current available ones that now becoming the targets of most of the resorts to capture the business.

- **External Risks such as Influenza A H1N1, SARS and Dengue**

These give an overall negative impact to the economics sectors and tourism impact is worst. Since 3 years ago till now, the impact of having such epidemic has become the phenomenon of poor sales due to less tourists to the resort.

- **Attraction by Thailand Tourism Promotions.**

Due to excitement and active promotion of Thailand tourism programs (especially in Danok, Haadyai and Songkhla), thus leaving local tourism industries in Northern Malaysia (including Pahlawan Lake Resort) as ‘not interested destinations’ for domestic and local tourists.

4.3 The TOWS Analysis of Pahlawan Lake Resort

After analyzing the SWOT, the use of TOWS is just another way of illustrating how the external opportunities and threats facing a particular corporation can be matched with the internal strengths and weaknesses to result in four sets of possible strategic alternatives (Wheelen and Hunger, 2008). In this study, I combined the combination as referred in **Table 4.1** with the analysis as stated in the SO, WO, ST and WT columns.

Table 4.1: TOWS of Pahlawan Lake Resort

	Strengths (S) 1.Sizeble and Natural Env. 2.Strategic Location 3.Surround by Higher Inst Ed. 4.20 Years Leasing 5.Available facilities	Weaknesses (W) 1.Poor Impact fasting month 2.Limited/less Promotions 3.Inexperienced staff/workers 4.High staff turnover 5.High cost maintenance
Opportunities (O) 1.State Gov and MOT support. 2.Potential for NTSP	SO 1.The resort develop rapidly in business and open more	WO 1.Emphasise on its potential development as tourism hub.

3.New Construction Building 4.Local people enthusiasm 5.Env Exploitation	working opportunities. 2.The resort as the centre for education excellence for training and courses.	2.Rescheduling promotional tourism programs throughout the whole year.
Threats (T) 1.Competitors 2.Stiff Competition 3.No guarantee of New Mkt 4.Extrenal Epidemic:Eg H1N1 5.Attraction by Thailand Tourism	ST 1.To acquire government contracts for training and courses. 2.Expose the resort as environmental protection and free from any pollution.	WT 1.Act as gateway for tourists going into Thailand. 2.Emphasise on locality manpower.

The TOWS of the Pahlawan Lake as stated in the **Table 4.1** are used as a supplementary analysis to support and apply in my recommendations and conclusion of the report.

CHAPTER 5: RECOMMENDATIONS AND CONCLUSION

5.0 Introduction: A Review

Pahlawan Lake Resort should not only maintain the current business plan but also to concentrate on its short term and long term planning with many more potential prospects in the pipe-lines to give spawning effect in their overall sales performance. Therefore, the resort needs to work on the issues of marketing and rural tourism as the basic cause to progress in strategizing the increase of sales in the business. In this case, it is paradigm shift of focus from market share to share of customer (Peppers and Rogers, 1995). It's more towards market driving instead of market driven where sales promotion activities and new concepts implemented in getting the customers shares are directly focus to the customers themselves rather other sales promotion mechanisms or tools.

Fornell and Wernerfet (1987) used the term "defensive marketing" to describe attempts to reduce customer turnover and increase customer loyalty. This customer-retention approach was contrasted with "offensive marketing" which involved obtaining new customers and increasing customers' purchase frequency. Defensive marketing focused on reducing or managing the dissatisfaction of the customers, while offensive marketing focused on "liberating" dissatisfied customers from the competition and generating new customers. There are two components to defensive marketing: increasing customer satisfaction and increasing switching barriers. In relation marketing situation, this could be described as the business expansion and customer retention. Buchanan and Gilles (1990) put it as:

- The cost of acquisition occurs only at the beginning of a relationship, so the longer the relationship, the lower the amortized cost.
- Account maintenance costs decline as a percentage of total costs (or as a percentage of revenue).
- Long-term customers tend to be less inclined to switch, and also tend to be fewer prices sensitive. This can result in stable unit sales volume and increases in dollar-sales volume.
- Long-term customers may initiate free word of mouth promotions and referrals.
- Long-term customers are more likely to purchase ancillary products and high margin supplemental products.
- Customers that stay with you tend to be satisfied with the relationship and are less likely to switch to competitors, making it difficult for competitors to enter the market or gain market share.
- Regular customers tend to be less expensive to service because they are familiar with the process, require less "education", and are consistent in their order placement.
- Increased customer retention and loyalty makes the employees' jobs easier and more satisfying. In turn, happy employees feed back into better customer satisfaction in a virtuous circle.

Kotler et al (2002) said that any place that is able to clearly communicate its distinctiveness can compete in tourism. However, there is a need for rural tourism to be differentiated from main stream tourism, eco-tourism and geo-tourism, and is argued that the context of rural tourism challenges the 'Traditional' approach to marketing (Lesley & Hall, 2004).

5.1 Recommendation to Attract and Retain Rural Tourism Visitors

In this study, as the consultant for Pahlawan Lake Resort, the first issue relating to its objective of the study is that *“why the increased of foreign tourists to Malaysia but not attracted to Pahlawan Lake Resort as part of their tourists destinations in rural tourism thus decreasing its overall sales performance”* could be determine by recommending that the resort needs to strategize their business strategy by attracting and retaining all its rural tourism visitors as follows:

5.1.1 Visitors

- Develop strong countryside brand as to make Pahlawan Lake famous not only in Jitra district, Kedah State and Malaysia but international renowned. Thus, PUHSB needs to promote the lake aggressively and with the full cooperation from state government to:
 - Reposition rural as active as well as passive environment/experience.
 - Promote ‘total rural experience’ not just accommodation.
 - Introduce a ‘Welcome to the Countryside’ campaign.
 - Ensure access to and info about sustainable rural transport options.
 - Develop infrastructure to enable high quality/low impact activity via local low impact travel options and marketing.
 - Improve access to high value sites with capacity.

- Increase information for visitors on what to do and see locally with minimum impact and optimum quality.

5.1.2 Industry

- Collaborative marketing between Pahlawan Lake Resort and all manufacturing and non manufacturing companies in the state at:
 - Rural and countryside
 - Collaborative accommodation and activity/attraction promotion and packaging options.
- Ensure booking of the resorts ability challenge is mastered.
- Support Green Tourism Business Scheme and other types of accreditation.

5.1.3 Community

- Cultural Tourism Promotion
 - Events and festivals program that meets and needs of locals and visitors. Currently this program is not actively promoted and it's time to do so as Kedah State has many populations with different background of cultural and religions.
 - Ensure full engagement of local residents in the tourism offer in rural area districts rather than losing their spending time outside down to

lack of knowledge/affordability. This situation is now becoming the talking point of the people in Pahlawan Lake that most of them are being neglected (Interviewed with the local residents).

5.1.4 Environment

- Focus brand on a strong environmental image which Pahlawan Lake and its surrounding have been promoting but to no avail of success till now.
- Excellent environmental/visitor practice in public relations, image, brand and promotional imaging.
- Ensure positive proactive engagement between all concern and related local authorities, local people (villagers) and PUHSB.

5.2 Recommendation to Sales Strategic Performance

In this study too, as the consultant for Pahlawan Lake Resort, the second issue relating to its objective of the study is that, *‘why the sales performance of the resort is only between 20-30% based on the data forecasted (refer to Figure 2) even though Pahlawan Lake Resort attraction as one of its main destinations in northern region of Malaysia should be attributed to its sales promotions and advertisements networking for the local, domestics and foreign tourists’ destination in rural tourism”* and after going through the analyses of the study, it is recommended that the resort should focus on the following to determine and boost their sales strategic performance:

5.2.1 Future Market

- Focus on “walk-in-customer”.
- To establish the Pahlawan Lake as among Malaysia Northern tourist hubs (Tourists package to all Kedah State destinations for foreign and local tourists).
- Propose outsourcing for Job-On-Training by government and private sectors.
- To collaborate with IPTA and local IPTS in preparing language training / courses or ‘Experience Campus Life’ to local / foreign students before enrolling into IPTA or local IPTS.
- To find an overseas market opportunity to introduce the local culture.

5.2.2 Strategy to Overcome Competitiveness

To provide comprehensive infrastructure in matching all types of services and activities required by customers to enable them to choose with choices provided.

The centre will provide facilities which include:

- Facilities to conduct seminar, courses, meetings etc.
- Recreation facilities such as kayaking, fishing, jet-ski, water ski, jogging etc.

- Outdoors activities facilities such flying fox, abseiling, jungle tracking, circuit barrier, lake crossing etc.
- Team building facilities such as camping, rafting etc.
 - To prepare facilities for customers who have different capable level of income by offering better types of accommodations with reasonable rates according to their requirements. The types of accommodations proposed are:
 - Hostels
 - Camps
 - Chalet (4 types)
 - Single (6 units)
 - 2 Semi Detached (2 unit/block X 8 blocks)
 - Terrace (12 units/blocks X 4 blocks)
 - 2 Suite (5 units)
- Experienced trainers with qualified certificates fields of activities such as flying fox, jungle tracking, kayaking, lake crossing etc, will be provided.
- The centre will do fish net-rearing to provide customers with their special delicacies from the centre's restaurant.
- Create a fishing competition at local, domestics and international levels open to all.
- To increase the advertisement and promotion of Pahlawan Lake Resort through the printing and electronics media and also through school, institute of higher learning etc.

- Terms of payments (2 types):
 - Cash / Cheque: 3 days before checking-in, a 50% deposit need to be paid first based on the value of the invoice and the balance shall be paid before the program starts.
 - Local order: Only permitted to the government departments or its agencies which can issue out the local order such as public universities. The local order must be forwarded before the program starts.
 - Credit card: Such payment services are provided for customers' convenience.

5.3 Conclusion

Pahlawan Lake Resort needs to establish the training centre that offer quality services with low and reasonable rate, involve actively with Malaysia and Kedah State tourism development, support national tourism policy and actively participating in their programs (Eg: Malaysia Campaign As Second Home For Foreign Tourists) and assist the economic development of the area (Jitra dan Paya Pahlawan) as what being discussed, planned and agreed with the Kedah State government (Source: Interviewed with PUHSB Senior Staff). Based on the plan activities, Pahlawan Lake Resort would slowly overcome its problem over the decreasing sales of their resort business and it would catalyst their business into a new height. As consultant, I oversee it when analyzing the business strategic plan of the resort, this could slowly eliminate the perception that “the involvement of the local population and the appropriate integration of local settlements do not receive adequate attention in tourism planning endeavours, which as a

result, tourism often becomes an unfulfilled promise in terms of indigenous employment generation and as a supplementary household income source. The positive benefits to the rural residents, in both economic and social terms, become minimal simply because of their lack of involvement in the tourism developments as well as their inability to respond to the new employment opportunities brought by tourism” (Liu, 2006).

The most common perception of rurality is associated with “low population densities”, “open spaces” and “small-scale settlements” (Lane, 1994, p. 14). When a tool, unspoiled environment and rurality are advantages, tourism establishments of any kind undoubtedly bring income possibilities to supplement traditional sources of income. However, tourism benefits or even employment opportunities disseminate narrowly within the locality. This is especially the case when the concepts of rural, agro- or eco-tourism are seen as the creation of leisure opportunities rather than as a part of diversification strategies for rural economy. In developing rural tourism, a holistic view is required to view the rural resource base as a multifaceted environment capable of accommodating a wide range of uses and values which also compete with other uses and values (Hall and Page, 1999, p. 178; Roberts and Hall, 2001, p. 17). As Liu (2006) pointed out, Kedah state should not be assumed that tourism is ultimately an income alternative to rural dwellers, that local participation is a natural outcome of the completed tourism projects, and that tourism is necessarily the answer to rural problems.

Lastly, as a Middle East proverb said, “As a merchant, you’d better have a friend in every town,” (Gonroos, 1994). It means, between the customers and suppliers – that some suppliers still spending time and effort on a more traditional or outdated marketing strategies. It may not be

prudent for all suppliers to go down the road creating such activities hoping of building a long term relationship with the customers. In relationship marketing concept between the suppliers and customers might prove for some to be just another bandwagon, or worst, might leave customers to feel that suppliers have stepped over the line. PUHSB and Pahlawan Lake Resort have to be as that to succeed further or they will be left behind by their competitors who are much better and competence enough to outlast them in rural tourism resort business.

5.4 Contributions

Based on the recommendations made for the resort, as a consultant, I hope that the management of the resort will take an immediate action towards what being recommended especially in turning around the lake into a vital and recognizable place to be the best tourists hub for northern region. As the contributions towards the development of the resort to increase its visitors and tourists into the area, the most significant ones are the analysis of the rural resort tourism such as Pahlawan Lake and how it should be turned into an excellent environmental friendly tourist's hub. I hope that this contribution too will increase the sale of the resort where more people would come and visit as their first choice destination.

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<http://www.tourism.gov.my/corporate/research.asp?>

http://www.euromonitor.com/Travel_And_Tourism_in_Malaysia

Interview 1: PUHSB Senior Staff

Interview 2: Kedah State Tourist Development Board (TDC) Senior Staff

Interview 3: Senior Resident at Pahlawan Lake.

APPENDIX 1

INTERVIEW QUESTIONS

The questions are divided into 5 headings relating to Pahlawan Lake Resort as follows:

GOVERNMENT POLICY IN TOURISM AND PROGRAMS FOR RURAL TOURISM

- What are the government (federal and state) views pertaining to tourisms, especially rural tourism relating to resorts industries?
- What are the encouragement and assistant that the respective governments give?
Programs and financial?
- What are the follow-up and feedback about the industries from the respective tourisms operators and owners?
- Are there any problems relating to federal government policy to be implemented in Kedah State level?
- What are the Kedah state government programs in ensuring the tourism industries in the state is growing and developing as planned; and
- What are the reactions towards these developments?

STRATEGIC OVERVIEW (TOP MANAGEMENT)

- What are the management strategic plan to make the resort as the best rural tourism centre and best tourism hub in northern region of Malaysia?

- What are the biggest challenge and obstacles in implementing the plan?
- How confident that the plan could succeed and developed as expected?
- How much financial expenditures are to be spent (or spent) and what are the financial forecasts projected?
- How the management does seriously viewed and plans the environmental activities in the area?

PLAN, IMPLEMENT (OPERATIONS) AND CONTROL (MANAGERS)

- What are the operational plan to boost the attraction and retaining the tourists to the resort?
- What are the preparations to ensure the operation plan is effectively implemented?
- How do the expertise and manpower utilizations are effectively contributed to the development of the resort?
- What are the problems encountered in the resort's human resources area such as training, recruitment, salary etc?
- How the resort control and managed the expenditures and costing effectively?
- How does the resort exercise their facilities and services to utmost limit in attracting the tourists?

SALES AND MARKETING PERSPECTIVES

- How does the resort plan and execute the sales and marketing planning?
- What are the programs to increase the sales and marketing?

- How does the resort enhance the strategic plan to boost the sales?
- How does the resort link those sales and marketing activities with the environmental activities in the area?

RECOMMENDATION

- What are the best solutions to increase the resort strategic sales performance?
- What are the solutions to retain and increase the total of local, domestics and foreign tourists, visitors and participants?
- What are the solutions to ensure that the resort is fully attracted and to become the best destination or tourist hub in northern region of Malaysia?
- How do the management to maintain good relationship with the current Kedah state government as it has done to the previous state government?

APPENDIX 2: SEMI-DETACHED LAKE VIEW



APPENDIX 3: TERRACE – LAKE VIEW



APPENDIX 4: MULTIPURPOSE HALL



APPENDIX 5: DORMITORY – 144 PAX



APPENDIX 6: CAMPING GROUND



APPENDIX 7: FLYING FOX & ABSEILING



APPENDIX 8: RAFTING & KAYAKING



APPENDIX 9: CLASSROOM / THEATER



APPENDIX 10

Date: 01-Jul-09
Name: Adam Mohd Saifudin
Metric No: 9 1 1 1 9 3
Course: Doctor of Business Administration
College: Business (COB)
University: University Utara Malaysia (UUM)

GANTT CHART FOR DBA CONSULTANCY

Month	Jul-09				Aug-09				Sep-09				Oct-09				Nov-09	
Tasks \ Dateline	1wk	2wk	3wk	4wk	1wk	2wk	3wk	4wk	1wk	2wk	3wk	4wk	1wk	2wk	3wk	4wk	2wk	3wk
Discussion/Decision	■	■																
Site Visit	■	■																
Interviews with the co		■																
Interviews with TDC Official			■															
Literatures Review			■	■	■	■												
Write-up Report:																		
1. Intro/Problems Id					■	■	■	■										
2. Profile of the company							■	■	■	■								
3. Analyses of Industry and competitors									■	■	■	■						
4. Problem Analysis										■	■	■	■					
5. Recommendations and Conclusion											■	■						
Review Report												■						
Complete 1st Draft												■	■					
Review Report													■	■				
Complete Final Draft														■	■	■	■	
Presentation																	■	■
Final Report Submission																		■



Managed By :



PAYA PAHLAWAN, MUKIM BINJAL, JITRA KEDAH DARUL AMAN



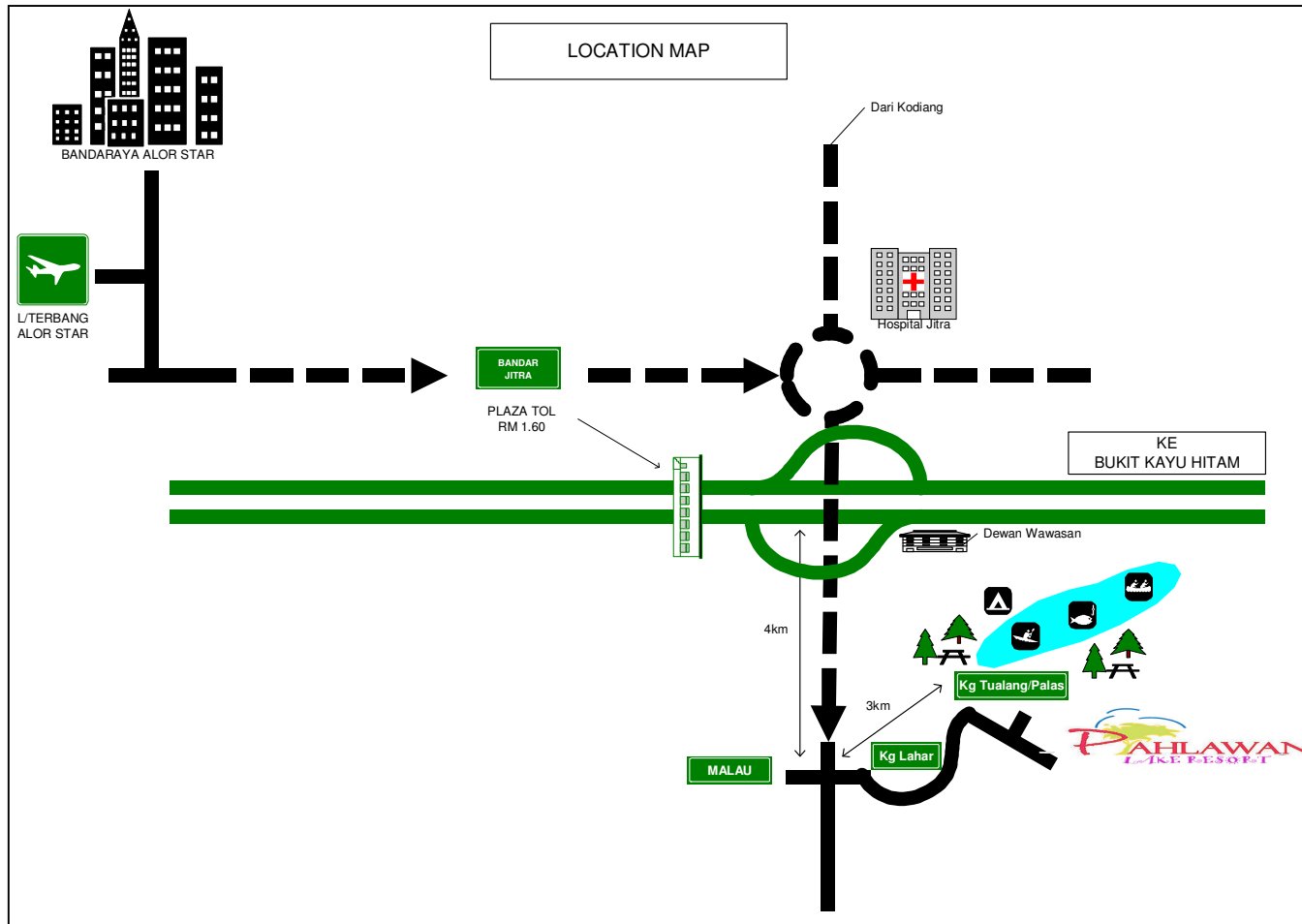
**STRATEGIC SALES PERFORMANCE IN PAHLAWAN LAKE RESORT
(DBA CONSULTANCY PRESENTATION)**



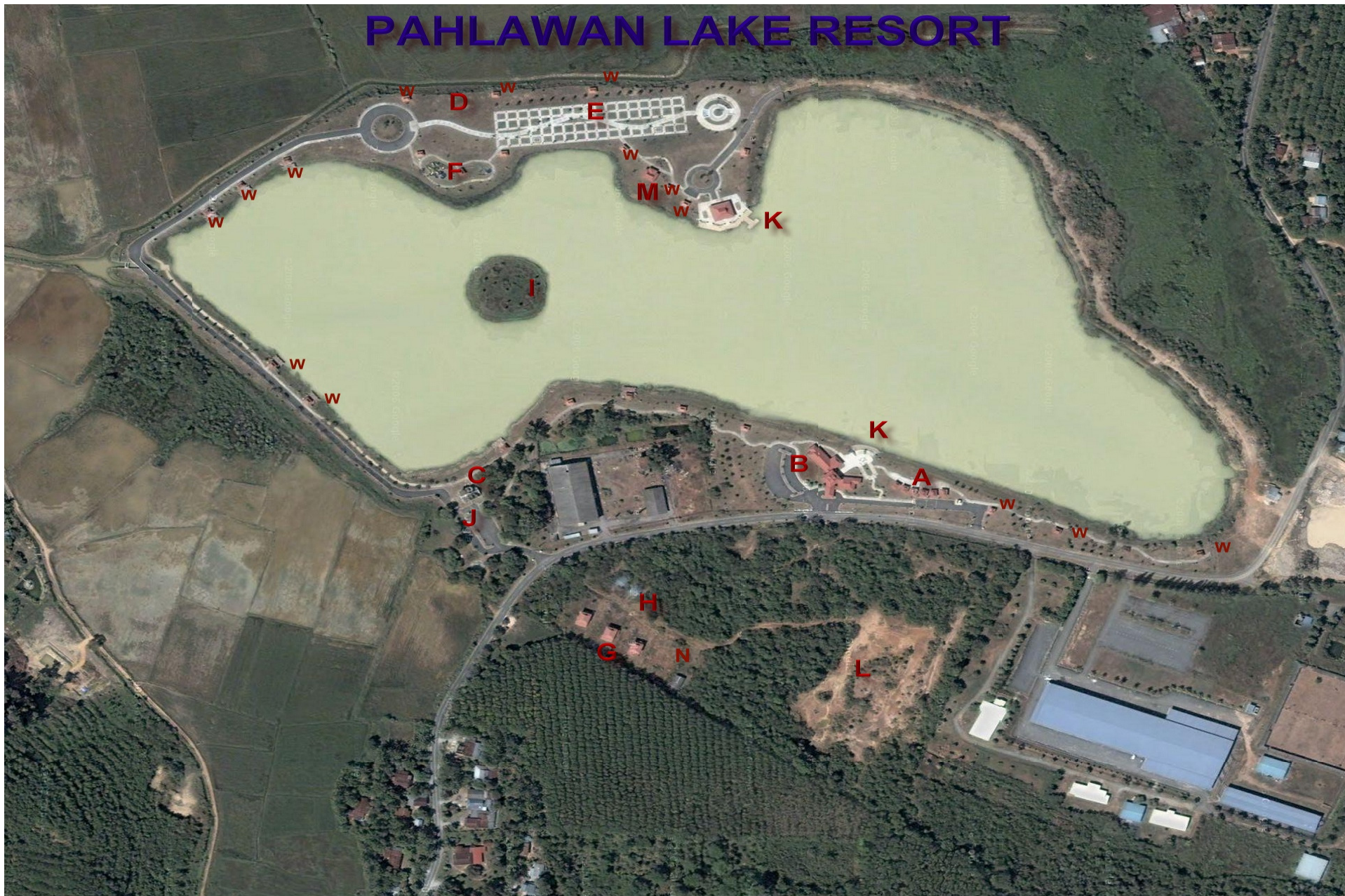
By:

**Adam Bin Mohd Saifudin (91193)
College of Business (COB)
Universiti Utara Malaysia (UUM)
Date: 15 November 2009**

Direction to Pahlawan Lake Resort



PAHLAWAN LAKE RESORT



A Gerai
B Dewan Seminar
C Pejabat Pentadbiran
D Tapak Sirkuit Halangan
E Tapak Perkemahan
F Taman Permainan

G Asrama
H Dewan Makan
I Pulau
J Abseling & Flying Fox
K Pelantar Kayak

L Jungle Tracking
M Tandas
N Surau
W Wakaf



3

Dimiliki oleh: Paka Utama Holdings Sdn Bhd

COMPANY PROFILE AND BACKGROUND

- Managed by Paka Utama Holdings Sdn Bhd or PUHSB, a 100% owned Bumiputera company, registered on 22 June 2005 and also registered under the Ministry of Finance.
- PUHSB is awarded 20 years period of leasing of Pusat Rekreasi Paya Pahlawan on 15 Mac 2006 by State Government company subsidiary, Seri Temin Development Corporation (M) Sdn Bhd.
- Pusat Rekreasi Paya Pahlawan or known as Pahlawan Lake Resort, located at Mukim Bijal, Jitra, Kedah Darulaman, about 5 km from Jitra township and 25 km from Alor Setar city.
- It has a size of 120 hectare, inclusive of the Pahlawan Lake, which has the size of 60 hectare. The lake can become the tourists' attraction especially for those who wanted to have water activities or rest and holidays.
- August 2006 – Business operations started to provide the facilities and services in conducting the motivational courses, camping and other outdoor activities such as kayaking, abseiling and flying fox.

COMPANY PROFILE AND BACKGROUND

The company is to:

- **Establish the training centre that offer quality services with low and reasonable rate.**
- **Involve actively with Malaysia and Kedah State tourism development.**
- **Support national tourism policy and actively participating in their programs (Eg: Malaysia Campaign As Second Home For Foreign Tourists)**
- **Assist the economic development of the area (Jitra dan Paya Pahlawan).**

Malaysian Tourism Data (1998 – 2008)

TOURIST ARRIVALS & RECEIPTS TO MALAYSIA		
YEAR	ARRIVALS	RECEIPTS (RM)
2008	22.0 Million	49,561.2 Million
2007	20.9 Million	46,070.0 Million
2006	17.45 Million	36,271.1 Million
2005	16.4 Million	31,954.1 Million
2004	15.7 Million	29,651.4 Million
2003	10.5 Million	21,291.1 Million
2002	13.2 Million	25,781.1 Million
2001	12.7 Million	24,221.5 Million
2000	10.2 Million	17,335.4 Million
1999	7.9 Million	12,321.2 Million
1998	5.5 Million	8,580.5 Million

Source: (<http://www.tourism.gov.my/corporate/research.asp?>).

PAKA UTAMA HOLDINGS SDN BHD
CASH FLOW FORECAST FOR 5 YEARS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<u>CASH FLOW</u>					
Initial Balance	-	130,155.60	333,604.56	617,676.22	990,432.84
Sales	1,595,380.00	1,754,918.00	1,930,409.80	2,123,450.78	2,335,795.86
TOTAL CASH FLOW	1,595,380.00	1,885,073.60	2,264,014.36	2,741,127.00	3,326,228.70
<u>CASH FLOW OUT</u>					
Payment for Operational Expenditures :					
Salary Emolument	415,740.00	457,314.00	503,045.40	553,349.94	608,684.93
Building Maintenance Cost	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Area Maintenance Cost	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Electricity Maintenance Cost	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Cleaning Cost	79,769.00	87,745.90	96,520.49	106,172.54	116,789.79
Catering Expenditure (foods/drinks)	47,861.40	52,647.54	57,912.29	63,703.52	70,073.88
Guest Room Item	31,907.60	35,098.36	38,608.20	42,469.02	46,715.92
Utilities Cost	31,907.60	35,098.36	38,608.20	42,469.02	46,715.92
Promotion & Advertising Expenditure	15,953.80	17,549.18	19,304.10	21,234.51	23,357.96
Asset Procurement	-	-	-	-	-
Loan Repayment	602,778.00	602,778.00	602,778.00	602,778.00	602,778.00
TOTAL CASH FLOW OUT	1,465,224.40	1,551,469.04	1,646,338.14	1,750,694.16	1,865,485.77
Balance of Net Cash Flow	130,155.60	333,604.56	617,676.22	990,432.84	1,460,747.92

MASTER PLAN



PROBLEMS IDENTIFICATION

- Currently facing the challenged of poor receptions of visitors, participants and tourists, be it locally, domestics or foreigners; contributing to its poor sales performance ever since before its re-launching as a new resort destination or after its re-branding in 2006 as a new rural tourism potential hub for Northern Region of Malaysia.
- Besides facing the challenges from its other competitors who are having almost a similar business plan and activities, the main contributing factors for its poor performances are due to:
 - **its secluded destination (remote area in northern state of Kedah)**
 - **poor response to its promotions and advertisements.**
- Since the re-launch of the resort in 2006, the sales are not improving with only 20% - 30% of income being generated to what the resort is targeting as according to the resort Sales Forecast.

Table 2.0: Sales Forecast (3 Years)

	Targeted Customers	Forecast Sales		
		Year 1	Year 2	Year 3
1	Northern University of Malaysia (UUM)	125,000.00	137,500.00	151,250.00
2	University Malaysia Perlis (UNIMAP)	45,000.00	49,500.00	54,450.00
3	Kubang Pasu Matriculation School	45,000.00	49,500.00	54,450.00
4	Muadzam Politechnic, Kedah	45,000.00	49,500.00	54,450.00
5	College Community Bandar Darulaman	37,500.00	41,500.00	45,375.00
6	Darulaman Teachers Institute	37,500.00	41,500.00	45,375.00
7	Industrial Training Institute	25,000.00	27,500.00	30,250.00
8	Kedah State of Education Department	90,000.00	99,000.00	108,900.00
9	Penang State of Education Department	90,000.00	99,000.00	108,900.00
10	Kedah State Government Departments	108,000.00	118,800.00	130,680.00
11	Kedah State Primary Schools	390,000.00	429,000.00	471,900.00
12	Kedah State Secondary Schools	440,000.00	484,000.00	532,400.00
13	Non-Governmental Agencies	45,000.00	49,500.00	54,450.00
14	Walk-in-Customers	72,380.00	79,618.00	87,579.80
Total Sales Estimation		1,595,380.00	1,754,918.00	1,930,409.80
Source: PUSB Proposal Report (2006)				

OBJECTIVES OF THE STUDY

- Based on the increased data of foreign tourists to Malaysia, the consultancy project would determine **why the attraction to Pahlawan Lake Resort as part of their tourists destinations in rural tourism are not attracted to or part of their target destination, thus decreasing its overall sales performance.**
- Based on the local, domestics and foreign tourists' destination in rural tourism, Pahlawan Lake Resort attraction as one of its main destinations in northern region of Malaysia should be attributed to its sales promotions and advertisements networking. **The consultation would determine the reason why the sales performance of the resort based on the data forecasted is only between 20% – 30%.**

APPROACH AND METHODOLOGY OF THE STUDY

- In-depth interviews with relevant senior staff of PUSB and TDC
- Tourist associations and public audience
- Site visit
- Company documents
- Literature articles

ANALYSES OF INDUSTRY AND COMPETITORS

- Tourism industry in this country is in excellent condition.
- The challenge to make the rural tourism in resort industry as part of the most important components in the tourism industry.
- Bigger and longer plans are required to sustain and develop the rural resort industry into a success with excellent relationship between the participants, tourists and resort owners.
- Challenge for Pahlawan Lake Resort and its main competitors - **Pendang Lake Resort, Pendang; Dusun Minda Resort, Kuala Nerang and Hosba Valley Resort, Napoh** are:
 - **how to sustain the competitive advantages**
 - **regaining its long term relationship**with the participants, visitors and tourists in the rural tourism business in Kedah State and generally for northern region of Malaysia.

ANALYSES OF INDUSTRY AND COMPETITORS

- The **existing markets for resort rural tourism is very much active and competitive** among the competitors even though that the opportunities and expansion depending very much on the expansion programs, facilities and services rendered by respective resorts to capture the visitors or tourists attractions.
- Other related factors that may affect such development is the actual strong support from the state government, especially after the **last March 2008 general elections that saw the Kedah State government changed hand** from the Umno led Barisan Nasional (BN) to Pas led Pakatan Rakyat (PR) component parties.
- There are **not much development since then on the prospects of rural tourism in the state** as compared before that and only the programs by Ministry of Tourism (MOT) that seemed to be active in gearing up all the tourism activities in the country.

COMPETITIVE ANALYSIS OF PAHLAWAN LAKE RESORT

Threats of Entry

- Still **very much better as compared to the competitors** as they mainly offered chalet and camping sites for the visitors.
- The **threats mainly come from some medium business size companies** doing almost similar activities conducted at the resort and considered as the resort main competitors.
- **Offered the visitors hostels and customized** food catering according to their requests, and the current new constructions of some new buildings such as hostels, dining halls and other facilities.
- **Surrounded by activities** such as Village Craft Industries, cattle breeding and environmental attractions.
- Offered among the **best and competitive rates** to the visitors or customers as compared to their rivals.
- **Political implication** after the March 2008 general election.

COMPETITIVE ANALYSIS OF PAHLAWAN LAKE RESORT

Pressure from Substitute Products or Services

- The **main substitutes could come from the urban tourism centers**, mainly in Alor Setar, Sungai Petani - Merbok and Langkawi.
- Other urban areas or townships that could be the **good replacements** for rural tourism could be Baling (due to Bukit Hijau waterfall), Kulim (due Hi-Tech Park), Pantai Merdeka (fishing village), Bukit Kayu Hitam (due to its border with Thailand).
- These **city and townships offered the best** hotels and chalets with better facilities and attractive visitation destinations. Even the rates under the package tour are quite attractive.
- **Trend of tourists** coming to Northern Region, particularly in Kedah State is not encouraging as compared to Penang and Bukit Kayu Hitam to Thailand (Danok and Haadyai).
- Those **tourists preferred to be at the urban tourism centers** and at famous destinations. For Pahlawan Lake Resort, the destination is not significant enough to attract the foreign tourist to come.

COMPETITIVE ANALYSIS OF PAHLAWAN LAKE RESORT

Bargaining Power of Buyers or Customers

- Main Customers
- Private Sectors
- Foreign Tourists

Bargaining Power of Suppliers or Kedah State Government

- Political leadership support and implication, especially after the March 2008 general election.

COMPETITIVE ANALYSIS OF PAHLAWAN LAKE RESORT

Intensity of Rivalry Among Existing Competitors

- Rivalry among the resorts in getting the business have been quite an intense too due to 'less opportunities' given by the tourists or visitors themselves to go to their places.
- Even with the closed collaboration with their urban tourists' operators, the tourists, especially the foreign ones and even the domestics' ones, are reluctant to come over to their specific destinations as compared to the local tourists and visitors.
- This somehow created great rivalry in getting the biggest share of the local markets which are not 'that big' as compared to other segmented tourists targets.
- But due to certain advantages of Pahlawan Lake Resorts in terms of their facilities and location, their destinations are more acceptable.
- But still lots need to be done especially in promoting the resort as the main destination for tourists and a long way to go as northern region tourist hub.

PROBLEM ANALYSES

The SWOT Analysis of Pahlawan Lake Resort.

- **Strengths**
 - Sizable and Natural Environment.
 - Strategic Location.
 - Surrounded by Higher Education Institution
 - 20 Years Leasing:
 - Current Assets and Facilities.
 - Available Facilities for Activities
 - Current Available Customers
 - Experienced Personnel
 - Near Klinik Desa and Binjal Police Station
- **Weaknesses**
 - Stiff Competitions
 - No Guarantee of New Market
 - Poor Impact During Month of Ramadan
 - Limited and Less Promotion
 - Inexperienced Staff in Hotel and Tourism Fields
 - External Risks such as Influenza A H1N1, SARS and Dengue

PROBLEM ANALYSES

- Opportunities
 - Potential for National Training Services Program
 - New and Under Construction Facilities

- Threats
 - Competitors
 - Pendang Lake Resort / Pendang / Accommodation: Chalet / Facilities: Seminar Hall
 - Dusun Minda Resort / Kuala Nerang / Accommodation: Chalet / Facilities: Lecture Hall, Camping Sites
 - Hosba Valley Resort / Napoh / Accommodation: Chalet / Facilities: Seminar Room, Credit Card Facility, Foreign Exchange Currency

RECOMMENDATIONS

Recommendation to Attract and Retain Rural Tourism Visitors

- **Visitors**

- Develop strong countryside brand as to make Pahlawan Lake famous not only in Jitra district, Kedah State and Malaysia but international renowned. Thus, PUHSB needs to promote the lake aggressively and with the full cooperation from state government to:
 - Reposition rural as active as well as passive environment/experience.
 - Promote 'total rural experience' not just accommodation.
 - Introduce a 'Welcome to the Countryside' campaign.
 - Ensure access to and info about sustainable rural transport options.
 - Develop infrastructure to enable high quality/low impact activity via local low impact travel options and marketing.
 - Improve access to high value sites with capacity.
- Increase information for visitors on what to do and see locally with minimum impact and optimum quality.

RECOMMENDATIONS

- **Industry**

- Collaborative marketing between Pahlawan Lake Resort and all manufacturing and non manufacturing companies in the state at:
 - Rural and countryside
 - Collaborative accommodation and activity/attraction promotion and packaging options.
 - Ensure booking of the resorts ability challenge is mastered.
 - Support Green Tourism Business Scheme and other types of accreditation.

- **Community**

- Cultural Tourism Promotion
 - Events and festivals program that meets needs of locals and visitors. Currently this program is not actively promoted and it's time to do so as Kedah State has many populations with different background of cultural and religions.
 - Ensure full engagement of local residents in the tourism offer in rural area districts rather than losing their spending time outside down to lack of acknowledge/affordability. This situation is now becoming the talking point of the people in Pahlawan Lake that most of them are being neglected

RECOMMENDATIONS

- **Environment**

- Focus brand on a strong environmental image which Pahlawan Lake and its surrounding have been promoting but to no avail of success till now.
- Excellent environmental/visitor practice in public relations, image, brand and promotional imaging.
- Ensure positive proactive engagement between all concern and related local authorities, local people (villagers) and PUHSB.

RECOMMENDATIONS

Recommendation to Sales Strategic Performance

- **Future Market**

- Focus on “walk-in-customer”.
- To establish the Pahlawan Lake as among Malaysia Northern tourist hubs (Tourists package to all Kedah State destinations for foreign and local tourists).
- Propose outsourcing for Job-On-Training by government and private sectors.
- To collaborate with IPTA and local IPTS in preparing language training / courses or ‘Experience Campus Life’ to local / foreign students before enrolling into IPTA or local IPTS.
- To find an oversea market opportunity to introduce the local culture.

- **Strategy to Overcome Competitiveness**

- Facilities to conduct seminar, courses, meetings etc.
- Recreation facilities such as kayaking, fishing, jet-ski, water ski, jogging etc.
- Outdoors activities facilities such flying fox, abseiling, jungle tracking, circuit barrier, lake crossing etc.

RECOMMENDATIONS

- Team building facilities such as camping, rafting etc.
 - To prepare facilities for customers who have different capable level of income by offering better types of accommodations with reasonable rates according to their requirements. The types of accommodations proposed are:
 - Hostels
 - Camps
 - Chalet (4 types):
 - Single (6 units)
 - Semi-Detached (2 unit/block X 8 blocks)
 - Terrace (12 units/blocks X 4 blocks)
 - Suite (5 unit)
 - Experienced trainers with qualified certificates fields of activities such as flying fox, jungle tracking, kayaking, lake crossing etc will be provided.
- The centre will do fish net-rearing to provide customers with their special delicacies from the centre's restaurant.
- Create a fishing competition at local, domestics and international levels open to all.

CONCLUSION

- Based on the plan activities, Pahlawan Lake Resort would **slowly overcome its problem over the decreasing sales of their resort business and it would catalyst their business into a new height.**
- As consultant, I oversee it when analyzing the business strategic plan of the resort, this could slowly eliminate the perception that *“the involvement of the local population and the appropriate integration of local settlements do not receive adequate attention in tourism planning endeavours, which as a result, tourism often becomes an unfulfilled promise in terms of indigenous employment generation and as a supplementary household income source. The positive benefits to the rural residents, in both economic and social terms, become minimal simply because of their lack of involvement in the tourism developments as well as their inability to respond to the new employment opportunities brought by tourism” (Liu, 2006).*

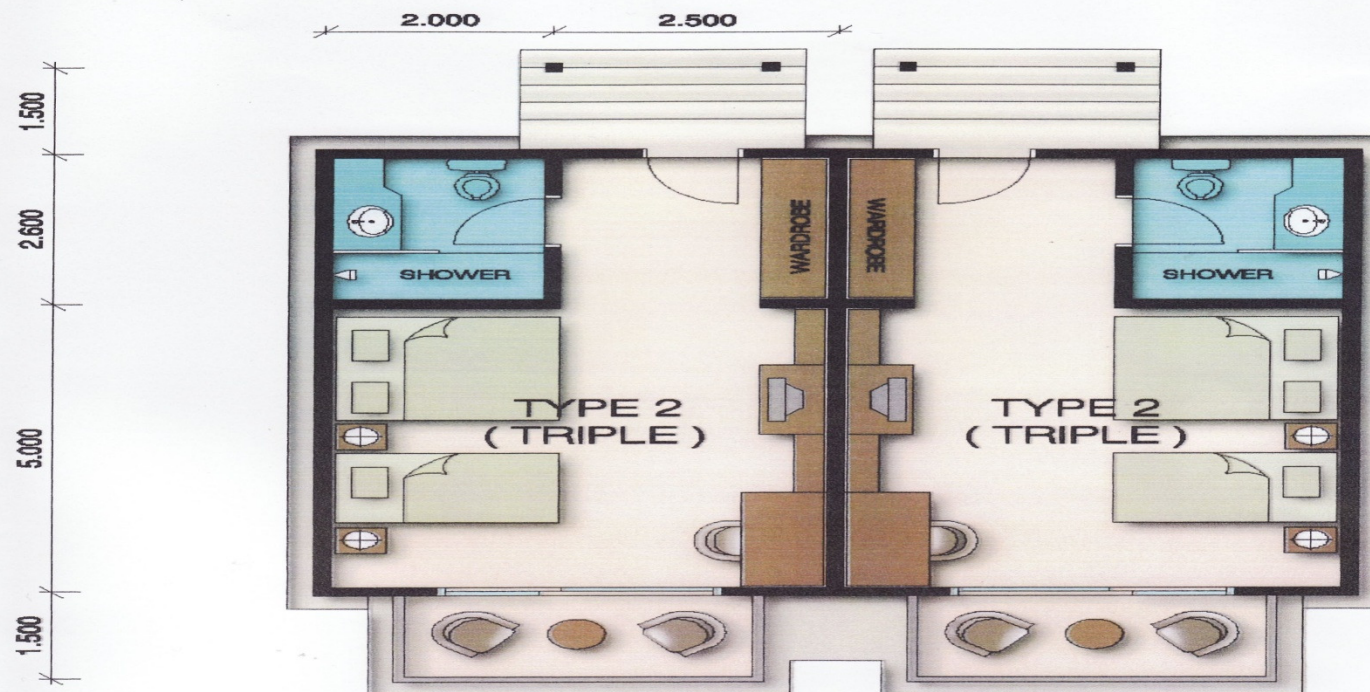
SEMI-DETACHED LAKE VIEW



SEMI-DETACHED



SEMI-DETACHED FLOOR PLAN



FLOOR PLAN

TERRACE – LAKE VIEW



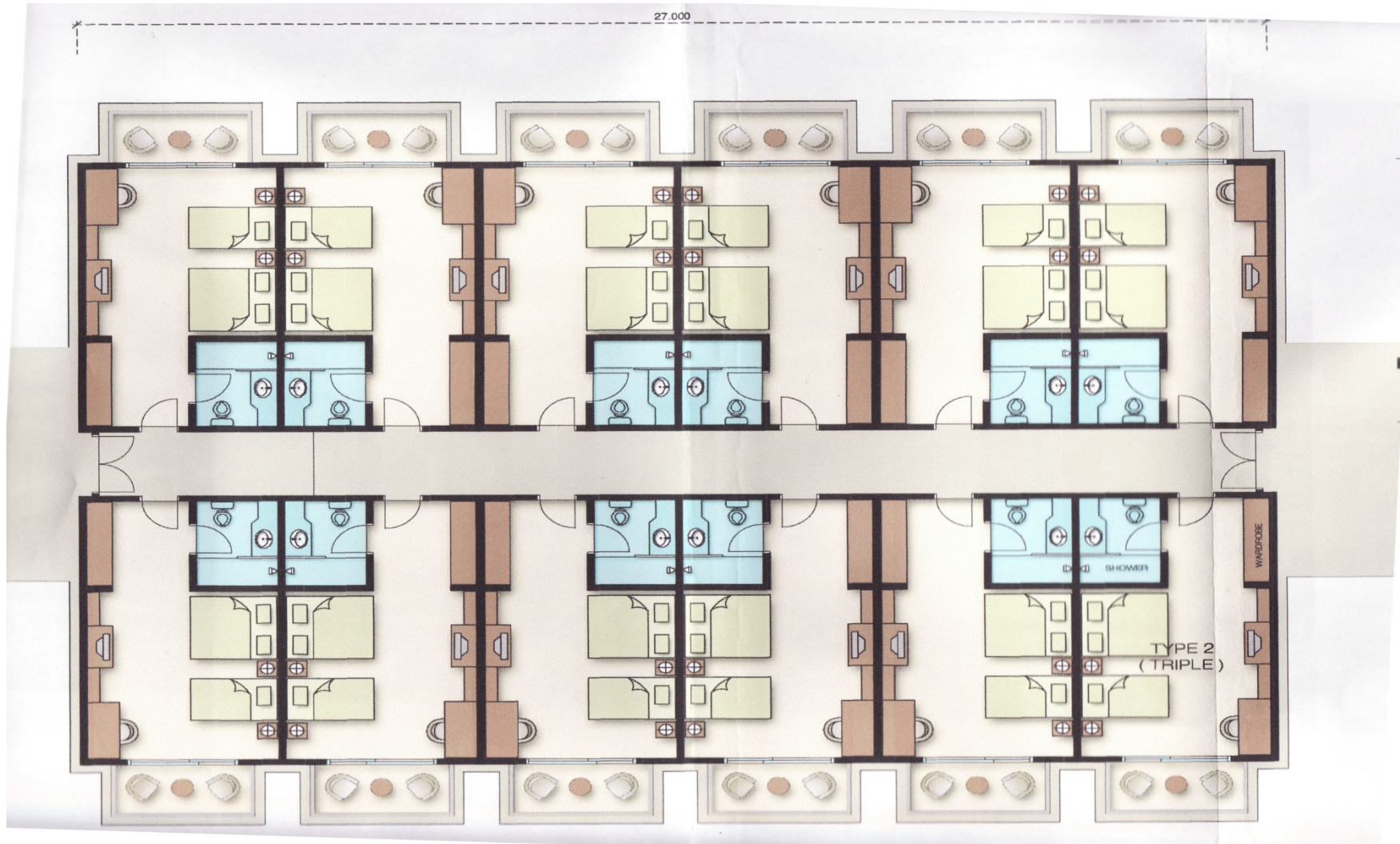
LAKE VIEW ELEVATION

TERRACE

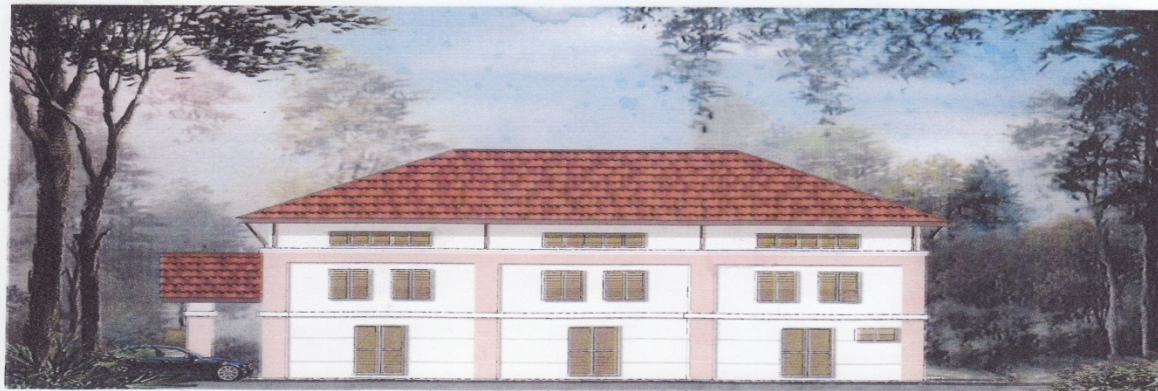


SIDE ELEVATION

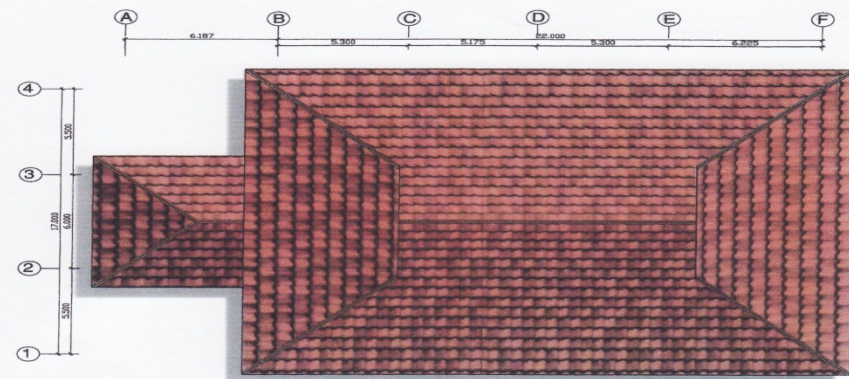
TERRACE – FLOOR PLAN



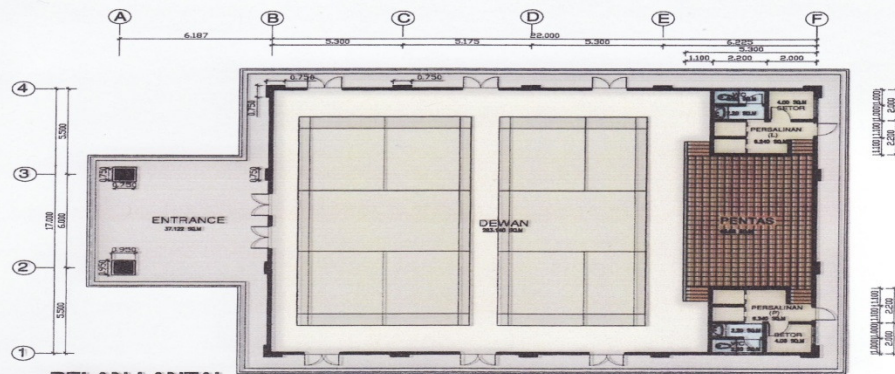
MULTIPURPOSE HALL



MULTIPURPOSE HALL – FLOOR PLAN



PELAN BUMBUNG
SKALA 1:100



PELAN LANTAI
SKALA 1:100

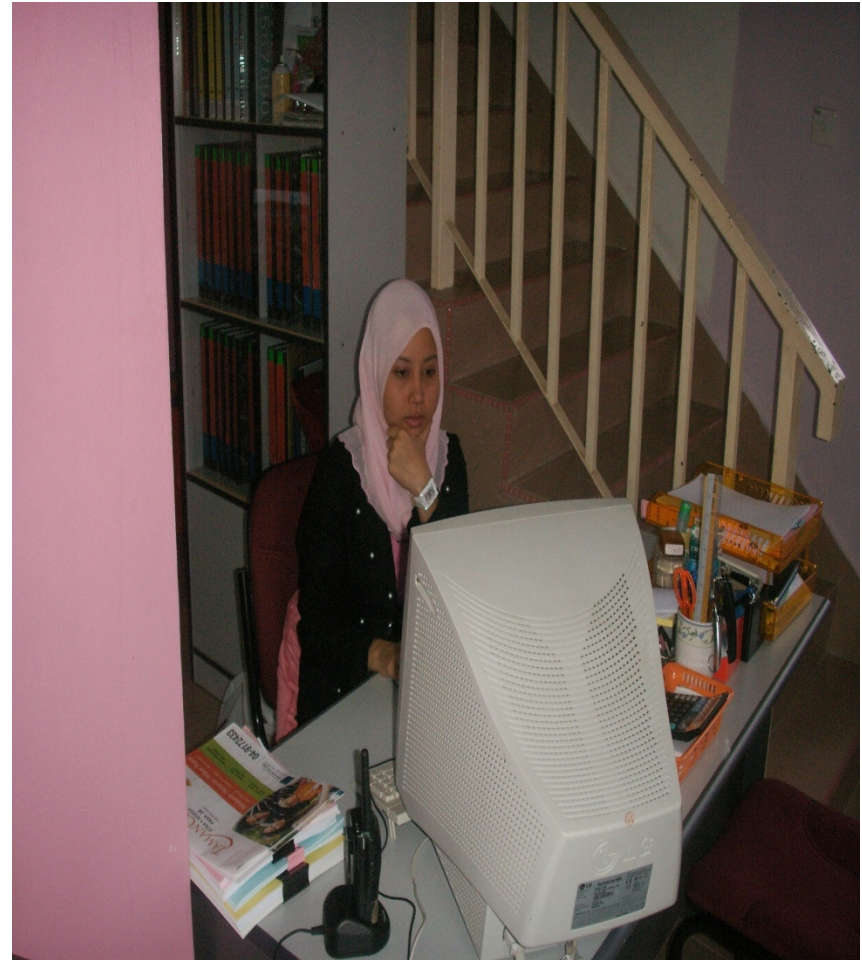
DORMITORY – 144 PAX



SECURITY



MANAGEMENT OFFICE





CAMPING GROUND



FLYING FOX & ABSEILING



**FACILITIES TESTED BY JAB.PENDIDIKAN NEG.
KEDAH CO-CURICULUM CENTRE**



RAFTING



KAYAKING

BOATING





- CLASSROOM /THEATRE (CAPACITY 180 PERSON)
EQUIP WITH PA SYSTEM



Camping Ground







LEADERSHIP PROGRAM



FOOD SERVICES



SRJK (C) Chung Hwa



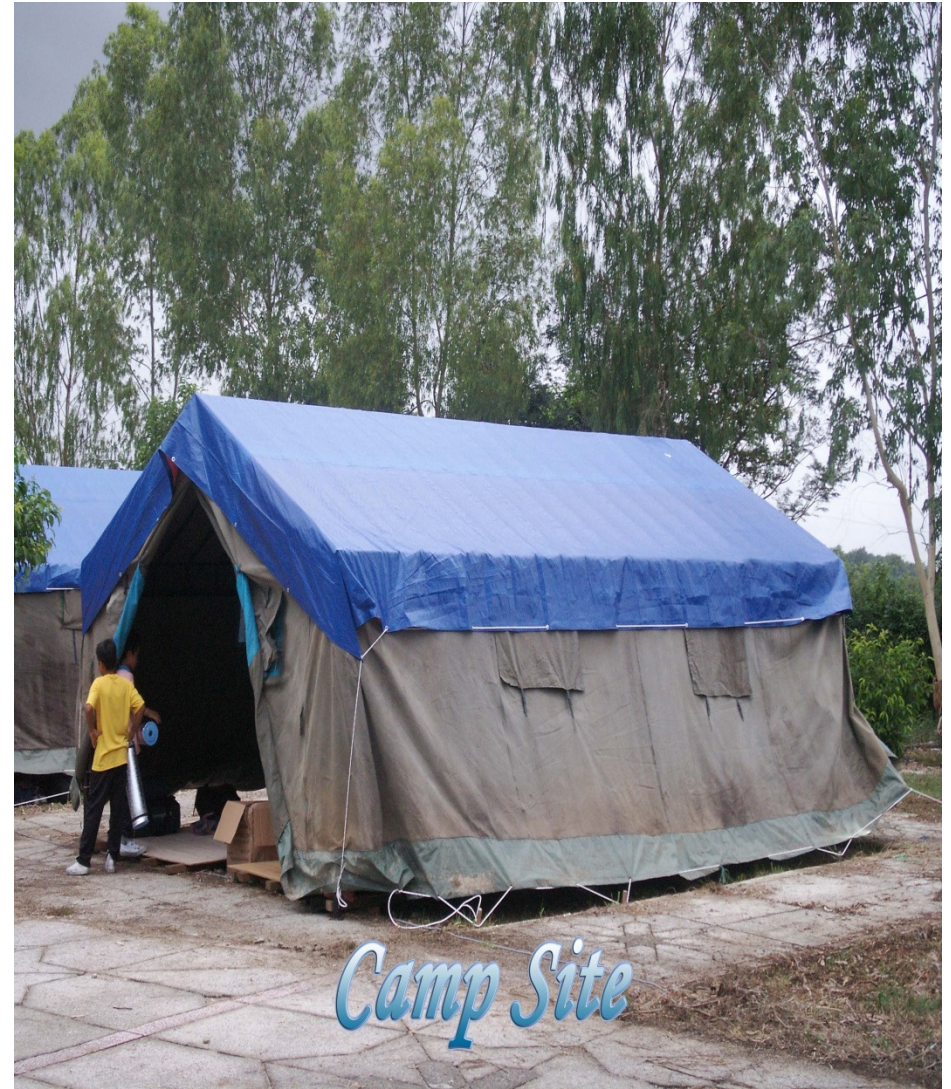
LEADERSHIP PROGRAM



TEAM BUILDING



Kursus BTN- UUM



CAMPING GROUND



TEAM DEVELOPMENT



Facilities Coach By
Jabatan Pendidikan Negeri Kedah
Curi-culum Centre