
Post-Covid-19 Tourism Recovery and Hotel Industry Performance in Melaka: Demand Drivers, Operational Challenges and Future Outlook

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Abstract

The COVID-19 pandemic severely disrupted the global tourism and hospitality sector, causing significant declines in travel demand, hotel occupancy and tourism revenue. Melaka, a UNESCO World Heritage site and one of Malaysia's major tourism hubs, experienced significant contractions in hotel activity during the pandemic. However, the reopening of borders and the recovery of domestic travel contributed to a rebound in the tourism economy. This study examines tourism demand recovery and hotel industry performance in Melaka after the COVID-19 pandemic and identifies key operational challenges affecting the sector. The analysis is based on secondary data from tourism statistics, industry reports, academic literature and media sources covering the period from 2023 to 2025. Findings indicate a strong domestic-driven tourism recovery, supported by heritage attractions, weekend leisure travel, and government initiatives such as Visit Melaka Year 2024. The state recorded more than 15 million visitors and generated RM12.68 billion in tourism revenue in 2024. Despite improving tourism demand, recovery remains uneven across hotel categories, and the industry continues to face challenges, including labour shortages, rising operating costs, and reliance on online travel agencies. The study highlights the need for strategic adaptation to sustain competitiveness in Melaka's hotel industry.

Keywords: COVID-19 recovery; Hotel performance; Melaka tourism; Operational challenges; Tourism demand

I. INTRODUCTION

The COVID-19 pandemic generated one of the most severe crises in the history of the global tourism and hospitality industry. Travel restrictions, border closures, and public health measures implemented between 2020 and 2022 resulted in dramatic declines in tourist arrivals and hotel occupancy worldwide. Malaysia's tourism sector was similarly

affected, with destinations highly dependent on leisure travel and international tourism experiencing substantial economic disruption. Melaka, a UNESCO World Heritage city and a prominent cultural tourism destination in Malaysia, experienced significant impacts on its hospitality sector during the pandemic period. Before the pandemic, Melaka's tourism economy relied heavily on heritage tourism, cultural attractions, and

regional leisure travel from domestic and neighbouring international markets. Attractions such as historical landmarks, museums, heritage streets, and cultural experiences contribute to consistent tourism demand and support the city's hotel industry. However, the collapse of travel demand during the pandemic created major operational and financial challenges for hotel operators, including temporary closures, reduced occupancy rates, and significant revenue losses. Hotels were forced to rely primarily on domestic markets and short-term survival strategies while waiting for travel recovery.

Following the gradual reopening of the tourism sector, Malaysia experienced a steady recovery in domestic tourism beginning in 2023. Melaka benefited from this rebound due to its proximity to major urban centres such as Kuala Lumpur and its strong reputation as a heritage tourism destination. Government initiatives, including the Visit Melaka Year 2024 campaign and various tourism promotion events, further stimulated visitor arrivals and supported hotel demand. As a result, the state recorded more than 15 million tourist arrivals and generated approximately RM12.68 billion in tourism revenue during 2024, indicating strong recovery momentum in the tourism economy. Despite the positive recovery trend, the post-pandemic hotel industry continues to face structural challenges. Labour shortages, rising operating costs, inflationary pressures, and reliance on digital distribution platforms have created new operational constraints for hotel operators. These challenges influence profitability and long-term competitiveness within the hospitality sector. Therefore, this study aims to address two key objectives:

- a) To analyse tourism demand recovery and hotel performance in Melaka after the COVID-19 pandemic.
- b) To identify major operational challenges affecting the recovery of the hotel industry in Melaka.

By examining tourism performance indicators and industry developments, this study contributes to understanding the evolving dynamics of Melaka's hospitality sector in the post-pandemic tourism landscape.

II. LITERATURE REVIEW

Post-COVID recovery: timeline & key milestones

Tourism plays a significant role in regional economic development, particularly in destinations characterised by strong cultural and heritage assets. Melaka represents one of Malaysia's most prominent heritage tourism destinations following its recognition as a UNESCO World Heritage Site. Tourism activities contribute to local economic sustainability by supporting employment opportunities, small businesses, and the hospitality sector. Heritage attractions, such as historical monuments, museums, cultural districts, and traditional markets, generate sustained visitor demand that directly benefits the accommodation and food service industries (Amir et al., 2015). The COVID-19 pandemic created a severe disruption to global tourism systems, including destinations heavily dependent on leisure and international travel. Between 2020 and 2021, Melaka experienced a dramatic collapse in inbound tourism as travel restrictions and border closures were implemented to control the spread of the virus. Hotel occupancy levels declined sharply during this period, forcing many establishments to reduce operations, temporarily close facilities, or repurpose their properties for alternative uses such as quarantine accommodation. Hotel operators also shifted their focus to domestic market offerings to sustain minimal business activity during the crisis period. Recovery planning gradually began in 2022 as vaccination programmes expanded and travel restrictions were progressively relaxed.

Post-pandemic tourism recovery patterns have generally been characterised by an early resurgence of domestic tourism before the return of international travel flows. In Malaysia, domestic travel rebounded strongly in 2023 as movement restrictions were lifted and consumer confidence improved. Tourism statistics indicated marked increases in tourist arrivals and tourism receipts compared with the pandemic lows of 2020–2021. This domestic-driven recovery provided an important stimulus for short-distance leisure destinations such as Melaka, particularly for weekend travel and city-break tourism markets (Tourism Malaysia; CEIC Data, 2023). Government tourism initiatives also played a critical role in accelerating recovery. The Visit Melaka Year 2024 campaign represented a major destination marketing

strategy designed to revitalise tourism activity through promotional events, cultural programmes, and cross-sector collaboration. Reports from government agencies and media coverage indicate that Melaka experienced substantial visitor growth during the campaign period. By October 2024, visitor numbers had approached the campaign targets, and the state ultimately recorded more than 15 million tourist arrivals during the year, depending on the counting methodology used in official statistics (Bernama, 2024).

As international tourism gradually resumed in 2024 and 2025, international visitor segments began returning to the destination, supported by improved flight connectivity and the reopening of regional travel markets. The recovery of international tourism has improved Average Daily Rate (ADR) performance in hotels that traditionally depend on foreign tourists and on meetings, incentives, conferences, and exhibitions (MICE) demand. However, industry analysis indicates that recovery across accommodation categories remains uneven. Budget and domestically oriented hotels generally recovered faster than high-end properties that rely heavily on long-haul international travellers and convention-related demand (Mordor Intelligence, 2025).

Despite positive demand recovery, the hospitality sector continues to face structural operational challenges in the post-pandemic period. Labour shortages remain a major issue as many hospitality workers left the industry during the pandemic. At the same time, hotels face rising operational costs due to wage increases, utility price adjustments, taxation changes, and supply chain disruptions. In addition, hotels increasingly rely on Online Travel Agencies (OTAs) and digital distribution platforms, which may increase marketing costs and reduce net revenue margins. These structural pressures shape hotels' operating environment even as tourism demand continues to recover.

III. RESEARCH METHODOLOGY

To enhance the rigor of the secondary data analysis, media sources and industry reports were selected using clearly defined methodological criteria. First, source credibility was a primary consideration. Only established and reputable news organisations—such as Bernama, The Star,

The Edge Malaysia, and Reuters—were included due to their verified reporting processes, professional editorial oversight, and adherence to recognised journalistic standards. Second, topical relevance guided the selection of media content. All selected sources regularly publish reports related to Malaysian tourism trends, hospitality industry performance, government policy updates, labour market conditions, and economic developments, ensuring alignment with the study's objectives.

Third, recency and timeliness were essential, with emphasis on articles and reports published between 2023 and 2025 to accurately capture post-pandemic recovery dynamics. Fourth, triangulation potential strengthened analytical validity; media information was cross-checked with Tourism Malaysia statistics, CEIC Data, state tourism reports, and industry analyses. Only sources that corroborated these authoritative datasets were retained. Finally, contextual depth was considered, prioritising media reports containing expert commentary, policy explanations, and stakeholder insights to provide a richer understanding of the factors shaping tourism demand and hotel industry performance during the recovery period.

This study employs a secondary data analysis to examine tourism demand recovery and operational challenges in Melaka's hotel industry. The research relies on information compiled from multiple authoritative sources related to tourism performance, hospitality industry developments, and economic trends affecting the tourism sector. The primary data sources include tourism statistics and publications produced by Tourism Malaysia, which provide indicators such as visitor arrivals, accommodation performance, and tourism revenue. Additional statistical data relating to domestic tourism flows were obtained from CEIC Data, which compiles regional tourism indicators for Malaysian states. Industry market reports were also used to

provide insights into hospitality market trends and future projections. To complement statistical information, the study incorporates qualitative evidence from government press releases, local news reporting, and industry commentary on tourism developments in Melaka. Media coverage from organisations such as Bernama, The Star, and Reuters provides contextual information on tourism campaigns, visitor trends, and operational issues affecting the hotel sector. Academic literature relating to Melaka's tourism economy was also reviewed to provide theoretical context and support

IV. FINDINGS

Tourism performance indicators provide an important measure of how effectively a destination recovers following a major disruption such as the COVID-19 pandemic. In the case of Melaka, analysing visitor arrivals, tourism revenue, visitor composition and hotel occupancy rates offers a clear picture of the scale and structure of tourism recovery within the state. These indicators not only reflect the level of tourism demand but also illustrate how the hospitality sector responds to changing market conditions in the post-pandemic environment.

Table 1

Tourism Performance Indicators in Melaka (2024–2025)

Indicator	Value
Total visitors (2024)	15,000,000
Tourism revenue (2024)	RM12.68 billion
Tourist arrivals (November 2024)	13,584,042
Domestic tourists	10,249,895 (75.46%)
Foreign tourists	3,334,147 (24.54%)
Hotel occupancy rate (Q1 2025)	46.4%

for the analysis. Where available, quantitative indicators such as visitor arrivals, tourism receipts, and hotel occupancy rates were used to assess tourism demand recovery. Qualitative information from industry reporting and academic commentary was triangulated to identify major operational challenges affecting the hotel sector. The methodology focuses exclusively on analysing information already reported in official statistics, industry publications, and academic sources. No new data collection or statistical modelling was conducted for this study.

Table 1 summarises several key tourism indicators for Melaka during the 2024–2025 recovery period. The tourism indicators show that Melaka recorded 15 million visitors in 2024, indicating a high level of tourism activity in the destination during the recovery period. Visitor arrivals continued to increase throughout the year, with 13,584,042 tourist arrivals recorded by November 2024. These figures demonstrate that Melaka remains an active tourism destination attracting large numbers of visitors. Tourism activity also generated significant economic value for the state. The tourism sector produced RM12.68 billion in tourism revenue in 2024, reflecting spending on accommodation, food and beverage services, transportation and tourism-related activities. The level of tourism revenue indicates the important contribution of tourism to the local economy and hospitality sector.

The composition of visitors shows that tourism demand in Melaka is largely dominated by domestic travellers. Domestic tourists account for 10,249,895 visitors, representing 75.46% of total tourist arrivals, while foreign tourists represent 3,334,147 visitors or 24.54% of the total. This distribution shows that domestic tourism forms the largest share of the tourism market in Melaka, while international tourists represent a smaller but still significant portion of visitor arrivals. Hotel performance during the recovery period can be observed through the hotel occupancy rate of 46.4% recorded in the first quarter of 2025. This figure reflects the level of room utilisation in hotels within the state during that period. The occupancy rate provides an indication of accommodation demand and hotel usage following the recovery of tourism activity.

A. Heritage & Cultural Demand

Heritage and cultural tourism represent the most significant long-term driver of hospitality demand in Melaka. The city's recognition as a UNESCO World Heritage destination provides a strong structural advantage for the local tourism economy, as heritage attractions sustain year-round visitor interest and support accommodation demand. Historical landmarks and cultural sites such as Jonker Street, A Famosa, Stadthuys, St Paul Cathedral and Peranakan cultural attractions serve as central tourism assets that attract both domestic and regional visitors. These attractions attract regular short leisure trips and day visits, particularly from domestic travellers and from neighbouring countries, including Singapore and Indonesia. The concentration of heritage sites within a compact urban area also makes Melaka a convenient destination for short-duration tourism experiences.

Beyond physical heritage landmarks, experiential tourism offerings strengthen visitor engagement and increase tourism spending. Activities such as heritage festivals, museum upgrades, cultural tours, ghost tours and food-based tourism experiences expand the range of tourism products available to visitors. These experiences add value to the destination and encourage visitors to extend their stay beyond short visits. Long weekend travel periods and public holidays particularly stimulate tourism demand in Melaka, as visitors seek cultural experiences alongside leisure activities. In addition, destinations such as Klebang Beach and local culinary attractions complement heritage tourism by offering additional recreational options for tourists.

Academic research on Melaka's tourism economy suggests that heritage tourism significantly contributes to the local economy. Visitors attracted by heritage sites often spend on accommodation, food and beverage services, transportation, and tourism-related activities. This spending directly benefits hotels and hospitality businesses operating within the destination. The linkage between heritage attractions and hospitality demand demonstrates how cultural assets function as a foundational tourism driver that sustains accommodation demand even during periods of market fluctuation.

The role of heritage tourism, therefore, extends beyond simple visitor attraction; it forms the structural basis of Melaka's tourism identity and hospitality market positioning. Hotels that align their offerings with heritage experiences, cultural

storytelling, and locally themed hospitality products can benefit from the destination's unique tourism appeal. Consequently, heritage tourism continues to play a central role in shaping visitor behaviour, length of stay, and overall tourism expenditure within Melaka's hotel industry.

B. Domestic Staycations and Weekend Leisure

Domestic tourism emerged as a critical demand driver during the post-pandemic recovery period. Changes in travel behaviour following the COVID-19 pandemic resulted in increased interest in short-distance travel and domestic leisure experiences. Travellers increasingly preferred destinations that are easily accessible and suitable for short leisure trips. Melaka's geographic location provides a major advantage in this regard, as the city is situated within a convenient travelling distance of major population centres such as Kuala Lumpur and other southern regions of Peninsular Malaysia. This accessibility makes Melaka an attractive destination for weekend tourism and short staycation trips.

Domestic tourism demand strengthened significantly after travel restrictions were lifted. Tourism data and state-level reporting indicate that domestic visitor numbers increased considerably during 2023 and 2024 as the tourism sector began recovering from pandemic disruptions. These increases in domestic tourism flows directly improved hotel demand, particularly for leisure-oriented properties that cater to families, couples and short-stay travellers. The strong domestic visitor presence during the recovery period helped sustain tourism activity while international travel was still gradually returning.

Hotels responded to this shift in demand patterns by adjusting their product offerings to suit domestic leisure markets. Many properties introduced targeted promotional strategies such as weekend accommodation packages, family-oriented room arrangements and bundled food and beverage experiences. These packages were designed to attract domestic travellers seeking convenient leisure experiences within a short travel distance. Hotels that adapted quickly to these changing consumer preferences captured a larger share of the recovering tourism market.

Domestic staycations, therefore, became an important stabilising force for the hospitality industry during the recovery period. The reliance on domestic markets allowed hotels to maintain occupancy levels despite the slower recovery of international travel. In addition, domestic leisure tourism tends to drive demand on weekends and during holiday periods, helping hotels maximise room occupancy during peak travel windows. As a result, domestic tourism remains a key contributor to the recovery and ongoing performance of Melaka's hotel industry.

C. International Return & Source Markets

The recovery of international tourism represents another important factor influencing the performance of Melaka's hospitality sector. Although domestic tourism rebounded relatively quickly following the pandemic, international travel recovery occurred more gradually. Border restrictions, flight availability and health regulations delayed the return of global tourism flows during the early stages of recovery. However, improvements in international flight connectivity and the easing of travel restrictions during 2024 and 2025 contributed to the gradual return of international visitor segments.

Regional tourism markets play a particularly important role in Melaka's international tourism recovery. Visitors from neighbouring countries such as Singapore and Indonesia have traditionally accounted for a significant share of international arrivals due to their geographical proximity and established travel links. As cross-border travel resumed, these regional markets began returning to Melaka, contributing to a rise in visitor arrivals. In addition, international markets, including China and Thailand, showed signs of recovery as travel conditions improved. The return of these international tourists gradually strengthened demand across various segments of the tourism economy.

International tourism is particularly important for certain categories of hotels, especially upper-tier properties that rely on higher-spending travellers and international leisure markets. These hotels often depend on international guests and on meetings, incentives, conferences, and exhibitions (MICE) to maintain higher revenue levels. As international visitors return to the destination, hotels can improve

pricing performance by increasing Average Daily Rate (ADR). The presence of international travellers can therefore enhance revenue generation and overall financial recovery for the hospitality sector.

The recovery of international tourism remains uneven across hotel categories. Hotels that depend heavily on long-haul international travellers or conference-related demand may take longer to achieve full recovery than properties serving domestic leisure markets. The gradual return of international tourism, therefore, represents both an opportunity and a continuing challenge for Melaka's hospitality industry as it transitions towards a more balanced tourism demand structure.

D. Events, Conventions and Special-Interest Tourism

Events and special tourism programmes also contribute to fluctuations in accommodation demand within Melaka's hospitality sector. Government programmes, cultural festivals and tourism-related events organised at the state and national levels generate periodic increases in visitor arrivals. These events attract both domestic and international visitors, creating temporary surges in tourism activity and hotel occupancy.

During the 2024–2025 period, several major events were organised in Melaka, including programmes associated with World Tourism Day and federal initiatives such as Program Madani Rakyat. In addition, state-sponsored cultural festivals and tourism activities formed part of broader tourism promotion efforts designed to stimulate visitor arrivals. These events bring large groups of participants, visitors, and organisers into the destination, increasing demand for accommodation, food and beverage services, and tourism-related activities.

Event-based tourism provides several benefits for the hotel industry. One important advantage is the ability of events to increase occupancy during shoulder seasons or periods when tourism demand may otherwise be moderate. By attracting organised visitor groups and programme participants, events can help fill hotel capacity and stabilise occupancy levels. In addition, event-related travel often generates additional revenue opportunities for hotels

through conference facilities, catering services and tourism packages.

Hotels may also benefit from increased spending by event participants on food, beverages and tourism activities. Cultural festivals and government programmes often involve multi-day schedules that encourage visitors to extend their stay in the destination. As a result, hotels can generate additional income not only from accommodation but also from hospitality services and tourism partnerships.

Overall, events, conventions and special-interest tourism activities function as supplementary demand drivers that enhance Melaka's tourism performance. Although these activities may generate temporary spikes in visitor arrivals rather than constant demand, they play an important role in strengthening the tourism calendar and supporting hotel revenue opportunities throughout the year.

V. RESULT AND DISCUSSION

The recovery of Melaka's hotel industry after the COVID-19 pandemic reflects a combination of supply adjustments, changing market demand, operational challenges, and strategic responses adopted by hotel operators. Evidence from tourism statistics, industry reporting, and market observations shows that while visitor numbers and tourism revenues have improved significantly since the pandemic, the recovery remains uneven across segments of the hospitality market.

One important dimension of the recovery concerns changes in the supply structure and product mix of accommodation providers. The pandemic delayed several hotel development projects, including the Birkin International Hotel at Klebang Beach. At the same time, the crisis encouraged structural changes in accommodation supply. Some properties explored conversions or operational adjustments, while the informal accommodation sector, particularly homestays and short-term rentals, gained increased popularity. These developments influenced the competitive environment for traditional hotels. By the 2024–2025 period, several delayed projects resumed, and some new properties, such as Dusit Princess Melaka, were reported to have opened. Nevertheless, investor caution remained visible, particularly in higher-priced accommodation segments where recovery was slower. Industry reports indicate that development pipelines in

Malaysia's hospitality sector remain volatile, which also affects the investment outlook for Melaka's hotel market (Mordor Intelligence).

Hotels also adjusted their product positioning and service strategies in response to post-pandemic tourism demand patterns. Because domestic travel played a central role in the early recovery of tourism, many hotels redesigned their offerings to serve domestic leisure markets better. This included the introduction of staycation packages, family-oriented room configurations, experiential tourism activities and food-and-beverage promotions. Boutique and heritage-oriented properties, in particular, capitalised on their authenticity and cultural storytelling to create differentiated guest experiences. Such strategies increased visitor spending and enabled hotels to strengthen their competitive position in a destination where heritage tourism is a core attraction. These product adaptations demonstrate how hospitality operators adjusted their operational strategies to align with evolving consumer preferences during the recovery phase (ScienceDirect).

Performance indicators further illustrate the evolving condition of the hotel industry during the recovery period. According to Tourism Malaysia's Paid Accommodation Survey, Melaka recorded an occupancy rate of 46.4% in the first quarter of 2025, indicating a continued recovery in hotel utilisation. Although complete annual occupancy figures for 2024 and 2025 are not available in the provided data, tourism indicators indicate strong demand. The tourism sector experienced a 74% increase in visitors in 2024, suggesting strong accommodation demand throughout the year. The continuation of the Visit Melaka Year campaign until 2026 is expected to sustain tourism flows and support hotel demand in the near future (Tourism Malaysia).

Tourism statistics for 2024 further highlight the scale of recovery. Melaka recorded approximately 15 million visitors and RM12.68 billion in tourism revenue during the Visit Melaka Year 2024 campaign. By November 2024, tourist arrivals had reached 13,584,042 visitors, including 10,249,895 domestic tourists (75.46%) and 3,334,147 foreign tourists (24.54%). Major international visitor markets included China, Singapore, Indonesia, Taiwan and Vietnam. These statistics demonstrate the strong contribution of domestic tourism to overall visitor flows while also showing the gradual

return of international tourists. Government targets for the tourism sector include 16.5 million visitors and RM17.97 billion in tourism revenue, supported by the launch of more than 800 new tourism products and the hosting of events such as the 2025 World Tourism Conference. These initiatives aim to sustain tourism growth and support hospitality demand in the coming years (Statista; The Star).

Despite these positive recovery indicators, the hospitality sector continues to face significant operational challenges. Labour shortages remain one of the most prominent issues affecting hotels during the post-pandemic period. Many hospitality workers left the sector during the pandemic, creating difficulties for hotels attempting to rebuild their workforce. Rehiring and retaining skilled staff, particularly in specialised roles such as food and beverage services and revenue management, has become increasingly challenging. Competition for labour across industries and rising wages further increase operational pressure on hotels, potentially affecting service quality and operational efficiency. Industry commentary emphasises the importance of workforce training and partnerships with vocational institutions in addressing these skills gaps (IIUM IREP).

In addition to labour constraints, hotels face rising operating costs driven by several economic factors. Increased utility prices expanded Sales and Service Tax (SST) requirements, and higher minimum wage levels are driving up operational expenditures. For example, the increase in Malaysia's minimum wage to RM1,700 in February 2025 increased payroll costs for hospitality businesses. The introduction of a 2% EPF contribution for foreign workers beginning in October 2025 is expected to add further financial pressure. Hotels are also affected by rising food and beverage costs, driven by supply chain challenges and Malaysia's reliance on imported food products. New commercial electricity tariffs implemented in July 2025 represent another significant cost driver for hotel operators. These combined cost pressures raise the break-even level for hotel room rates and complicate the financial recovery of hospitality businesses (The Star).

The analysis also indicates that hotels are increasingly adopting strategic management responses to navigate these challenges. Revenue management practices such as dynamic pricing and market segmentation are emphasised to capture

higher revenue during periods of strong demand while maintaining occupancy during lower-demand periods. Hotels are encouraged to target distinct market segments, including weekend domestic leisure travellers, midweek business or MICE travellers (where applicable), and international visitors during shoulder seasons. These segmentation strategies allow hotels to better align pricing and marketing efforts with changing demand patterns.

Another strategic direction involves strengthening product differentiation through heritage-based experiences. Hotels can leverage Melaka's cultural assets by developing heritage tourism packages, guided cultural tours, culinary experiences and partnerships with museums or cultural organisations. These experiential offerings help hotels create distinctive tourism products that differentiate them from generic accommodation options. In addition, the development of heritage-themed storytelling within hotel design and food-and-beverage services can support premium pricing strategies.

Digital marketing and distribution management also represent important areas of strategic adjustment. Hotels are encouraged to strengthen direct booking channels through improved websites, targeted digital marketing and loyalty incentives. Managing relationships with online travel agencies (OTAs) and distribution platforms can help reduce distribution costs and improve net revenue per booking. At the same time, workforce development initiatives such as cross-training, career development programmes and flexible staffing arrangements can help address labour shortages and improve employee retention.

Table 2: Tourism performance 2024:2025

2024 tourism performance	2025 outlook and targets
<ul style="list-style-type: none"> Total Visitors: 15 million 	<ul style="list-style-type: none"> Target Visitors: 16.5 million.

<p>during the Visit Melaka Year 2024 campaign.</p> <ul style="list-style-type: none"> • Total Revenue: RM12.68 billion during the campaign. • Tourist Arrivals (to Nov 2024): 13,584,042. • Domestic Tourists: 10,249,895 (75.46% of total). • Foreign Tourists: 3,334,147 (24.54% of total). • Top Foreign Tourist Groups: China, Singapore, Indonesia, Taiwan, and Vietnam. • Hotel Occupancy: Average occupancy rate increased in 2024 compared to the previous year. 	<ul style="list-style-type: none"> • Target Revenue: RM17.97 billion. • New Products: Over 800 new tourism products are being launched to meet these goals. • Events: Melaka is set to host the 2025 World Tourism Conference.
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(Source: Statista; The Star)

Looking forward, the short-term outlook for Melaka's hotel industry remains positive. Tourism recovery is expected to continue over the next three to four years, driven primarily by domestic travel demand and event-based tourism. Hotels that successfully implement revenue management strategies and actively market to domestic leisure travellers are likely to maintain strong occupancy levels during peak tourism periods. In the medium term, stronger contributions from international tourism are expected to support improvements in room pricing and overall hotel revenue performance. Investment activity may gradually resume,

particularly for boutique or heritage-based hotel projects, although larger developments will depend on financing conditions and demand stability. National forecasts indicating growth in Malaysia's hospitality sector through 2030 provide a favourable macroeconomic backdrop for the future development of Melaka's hotel industry (Mordor Intelligence).

The recovery trajectory of Melaka's hotel industry demonstrates both resilience and ongoing structural challenges. While tourism demand has rebounded significantly, driven by domestic travel, government promotional initiatives and the gradual return of international visitors, hotel operators must continue adapting to rising operational costs, labour constraints and changing market conditions. Long-term competitiveness will depend on hotels' ability to implement effective revenue management, differentiate their products through heritage-based experiences, strengthen workforce capacity, and collaborate with tourism stakeholders to ensure sustainable destination development.

VI. CONCLUSION

Melaka's hotel industry has demonstrated a gradual recovery following the COVID-19 pandemic, supported primarily by strong domestic tourism demand, heritage-driven travel, and government initiatives such as Visit Melaka Year 2024. Tourism indicators show substantial improvement: approximately 15 million visitors and RM12.68 billion in tourism revenue were recorded in 2024, while hotel occupancy reached 46.4% in the first quarter of 2025, indicating continued recovery in accommodation demand. However, the recovery remains uneven across hotel categories, with domestic-oriented and heritage boutique hotels generally rebounding faster than higher-end properties that depend on international and MICE markets. At the same time, the hospitality sector faces persistent operational challenges, including labour shortages, rising operating costs, and increased competition from alternative accommodation providers. These pressures require hotels to adapt through strategic adjustments such as improved revenue management, product differentiation based on heritage experiences, stronger digital marketing, and workforce

development initiatives. Sustained collaboration between hotel operators, tourism authorities and local stakeholders will therefore be essential to ensure that Melaka's tourism growth remains competitive, resilient and sustainable in the post-pandemic tourism landscape.

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A. Figure: Domestic vs International Visitor Growth (2023–2025)

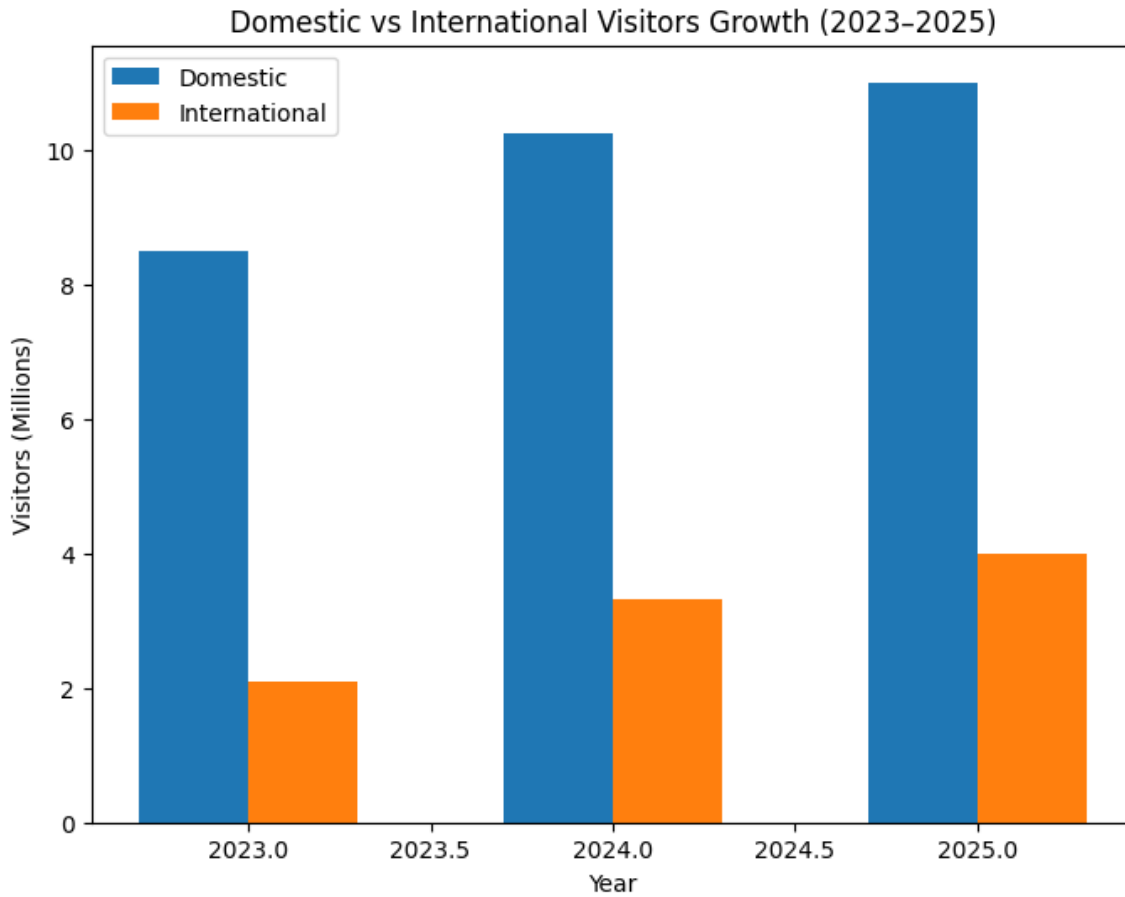


Figure X: Comparison of domestic and international visitor growth for Melaka, 2023–2025.