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BIZ INSIGHT

'Discover Thainess' could boost tourism revenue: study

THAILAND'S tourism revenues are generally generated by expenditures of both Thai and foreign visitors (tourists and excursionists). Strategically, entrepreneurs and policy-makers of tourism-related industries should know what kinds of expenditures are actually major revenue boosters and how such revenues are distributed within tourism sectors.

This could make quite a difference, especially during the "Amazing Thailand Discover Thainess Year 2015".

A recent study, a "Survey of Data for Thailand's Tourism Satellite Accounts (TSA)", has attempted to do just that.

According to the survey, Thailand's tourism sectors comprise 12 industries. But only four of these produce goods and services almost certainly purchased by all visitors, and thus they called the four major tourism industries. They are accommodation, food and beverages, road passenger transport, and gifts and souvenirs.

The rest, on the contrary, produce goods and services on which visitors probably choose not to spend, thus called the eight minor tourism industries. They are railway passenger transport, water passenger transport, air passenger transport, transport equipment rental, travel agencies and other reservation services, cultural services, sports and recreational services, and other tourism services.

Coastal provinces such as Phuket, Krabi and Trat are exceptions, however, as their major revenue generators include water passenger transport.

In addition, the spending behaviour of Thai and foreign visitors can be characterised into three groups based on spending per person per day, namely the low-end spenders or the bottom 10 per cent, the average spenders, and the high-end spenders or the top 10 per cent.

The findings also show that in the worst-case scenario the visitors keep their spending to a minimum, at least on the products of the major tourism industries. This means tourism revenues generated under this scenario are the lowest, as almost all visitors spend on these industries.

However, on some occasions, some visitors spend money on the products of the minor tourism industries on top of the necessary spending. Examples are expenses or fees for scuba diving, museums, elephant riding, spas, Thai traditional massage, Thai boxing classes, and Thai cooking classes – as promoted in the "Discover Thainess" campaign.

STRATEGICALLY, THE OPPORTUNITIES FOR IMPROVEMENT FOR THAILAND'S TOURISM SECTORS ARE TO DEVELOP THE MINOR TOURISM INDUSTRIES TO HAVE MUCH STRONGER BACKWARD AND FORWARD LINKAGES WITH THE MAJOR TOURISM INDUSTRIES SO THAT THEY CAN EARN MORE REVENUE.

The survey indicates that 51 per cent of the visitors spend on the products of both major and minor tourism industries. Of this, 30 per cent are low-end visitors, 20 per cent average visitors, and only 1 per cent high-end visitors who undertake extra spending on the products of the minor tourism industries.

Against this study backdrop, opportunities for substantial revenue growth lie in the visitors spending only 1 per cent more at the high-end levels on the products of the minor tourism industries. In addition, the major tourism industries are relatively further improved than the minor tourism industries, as 72-96 per cent of tourism revenues are in the former, whereas only 4-28 per cent are in the latter.

Strategically, the opportunities for improvement for Thailand's tourism sectors are to develop the minor tourism industries to have much stronger backward and forward linkages with the major tourism industries so that they can earn more revenue. For example, cultural services should generate more revenues from creative activities like the Discover Thainess campaign; events and festivals from differentiated activities; nature-based tourism from improved products and services; and railway passenger transport from better quality and tourist-destination accessibility.

In a longer term, if the minor tourism industries are significantly developed, Thailand can expect its tourism sectors as a whole to be more competitive in the Asean and world tourism markets.

Source: Anan Wattanakuljarus, Pornpen Vorasittha, and Udomsak Seenprachawong (2014). A full paper report (in Thai) is available from the authors; contact ontanan@yahoo.com.

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