

# Problem faced by the tourism industry



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## **1. 0 Introduction:**

### **1. 1 Background/ Preamble:**

In today's world the top three most important industries are telecom, tourism and IT. According to some estimates tourism shares 11% of the total world's employment and around 100 million were employed in tourism industry during 2008.

Tourism sectors around the world have shown phenomenal growth. Over the last quarter of a century it has grown by 500%. Many economically weak countries are generating their largest share of GDP from the tourism sector.

Thailand's tourist industry started to grow when Thailand launched " Visit Thailand Year" in 1987. This growth remained constant despite the Gulf war in 1991. This growth period is called as the Golden Decade of Thai Tourism. Economic growth of Thailand also proved to be very helpful for the growth of the tourism sector over the years. According to an official research the tourists coming to Thailand had reached an astonishing 42. 5 million.

The focus on Thailand's government was not the only reason for its growth of the sector; there were other factors which helped the growth. These factors include the prevailing peace after the Cold War, the overall expansion of the countries in the pacific regions, the focus on tourism in the countries around Thailand, the growth and feasibility of the trade between countries, the innovations in the airline sector, the innovations in telecom industry which increased the feasibility of communication and others.

The fact that all these factors were very helpful for the growth of Thailand's tourism industry was that it was the first country to recognize the advantages of the tourism and set out to implement its tourism campaigns. Thailand also had location advantages as a tourist country as the tourist coming to Thailand also had the option to go either to China or India which are also one of the leading tourist countries.

Following the growth of tourism in Thailand was the growth on middle income class. The later growth stimulated the desire of Thais to travel abroad too. The growth in local tourists has over all declined the net income from the tourism sector of Thailand.

Currently tourism sector of Thailand has a 6.5 percent share in the GDP. Although the tourism industry of Thailand is very flourishing, but it still lags behind other sectors, such as manufacturing and services. Tourists coming to Thailand spend 16 billion dollar each year and spend 9 days in Thailand on average.

Foreign visitors are not the only tourists Thailand depends on. The local residents of Thailand are also a major part of the tourists. Although the amount spent by these tourists is far less than the foreign tourists.

In 2008 more than half of the international tourists were from East Asia, Malaysia and Japan. Malaysian visitors have a majority in the overall number of foreign investors to the country. European countries give close to 25% of the total number of visitors. Around 700,000 Australians visited Thailand in 2008; the number is huge when compared to the total residents in Australia.

## **1. 2 Trends from 2007 to 2011**

The number of tourists in the 1stQtr and 2ndQtr of 2009 was around 3.6m and 2.9m respectively. The numbers of tourists were lower than the 1stQtrs of 07 and 08. In the 3rdQtr/09 the no. of visitors is similar to that of both 07 and 08. In the 1stQtr/09 there was the highest number of visitors than the previous two years. The no. of visitors was highest during the 1stQtr/10.

Due to the political instability from April to May 10, the number of visitors was low.

The number of visitors was lower by about 1 to 2 million during year 09 and year 10. Still the number of arrivals in year 10 was record breaking. This shows that visitors forget the instabilities in only around 2 to 3 months.

## **2. 0 Literature review**

Countries around the world are facing several problems with the tourism industry. Looking at the current trends there are a number of factors affecting tourism industries. Some of these factors are economic factors, technological factors, political factors, demographic factors and cultural factors.

### **2. 1 Economic factors:**

Economic factors of both the host and the visitor's country impacts a country's tourism industry. The overall buying power of the visitors acts as a very important determinant for the tourist industry. In some countries the cost the vacations is very high. This discourages visitors from going to the specific country. On the other hand some countries offer cheap vacation packages allowing more visitors to come to their country.

Over all global prosperity also plays a very important role. If the over all economical condition of countries is good this means in most cases that the purchasing power is higher in those countries. When the standards of living are better and the purchasing power is better people can afford more luxuries. Tourism is also considered as a luxury and the overall numbers of tourists from the specific countries grow. Thailand is one of the favorite places for tourists as it provides every thing that tourists want. Low cost and high quality services, beautiful beaches and natural environment.

This also backfires for the host country at many places. Due to higher economic growth in the host country, the residents of the country also will to go abroad for vacations. This causes outflow of money from the economy known as “ leakage”. The overall outflow is then balanced by the inflow of currency from other countries. The net income from the tourism industry of the host country is lowered over all due to the local population going abroad for vacations.

Inflation is also a very important determinant when it comes to tourism sector. If the inflation rate is higher in the host country compared to the visitor’s country, the overall spending by the visitors is low in the economy as the price of products and services is higher in the host country. On the other hand if the inflation is lower in the host country compared to the visitor’s country, visitors tend to spend more in the host country.

Thailand is facing a high inflation rate because of increase in the prices of crude oil but the problem is global. But due to difference in exchange rates inflation does not have a major impact on the tourist industry. For example,

the appreciation of the euro against the US dollar has increased the number of EU tourists in Thailand. Along with this the purchasing power of Americans in Thailand has been stable, despite the depreciation of the dollar. In order to maintain the price competitiveness of exports the bank of Thailand has not allowed the Baht to appreciate against the dollar. The baht is under upward pressure, and it has an adverse affect on Thailand's tourist industry.

Thailand's low price level has made it a most reasonable tourist place.

## **2. 2 Technological factors**

In the current era aviation technology has seen a lot of advancements. Now days the major cause of inflation in many countries is the increase in fuel prices, but it also greatly hampers the tourism sector. As the increase in the fuel prices also increase the airline ticket prices. Therefore aircraft building companies are bringing a lot of innovation to the air craft designs. Due to this reason the over all air fare is greatly reduced. Countries now pay attention to keep the best and most technologically advanced planes at their main airports so that more visitors can come in.

Infrastructure is very important factor for tourists on vacations. Tourism is considered as luxury act and tourists from across the world want the best or atleast sufficient infrastructure in the country they are about to visit.

Example, Dubai is considered a famous tourist location only because it has better infrastructure than many other countries in its region. Tourists when think of Dubai, they know that it will be a place where they will have all the facilities that they might require; this is a global mind set for most of the tourists. Countries therefore must spend heavily on their infrastructure for the growth in the tourism sector.

Now days the use of IT has been a focus of most of the countries. People around the world are now more used to of IT than any other mode of communication. Even visitors now days search online for holiday packages. Countries must make sure that ample information is available relating to their country and tourist spots which people around the world can see and be motivated to visit their country.

### **2. 3 Political factors**

Visitors avoid areas of political unrest mainly when they visit other countries for vacations. This is mostly because of the mindset that people want to “enjoy” and “relax” during the vacations. An extreme example can of Egypt currently. Due to the protests for the change of president and protests in previous months the overall tourist industry of Egypt has recently collapsed.

In order to achieve a liberal democracy, Thailand’s economy is facing a fluctuating and worsening political condition. However as tourists are mostly not interested in any country’s political condition then the political instability would not affect the tourism industry. Instable security conditions can be a major problem for the tourism industry. However research shows that if there is any instability in some parts of the country and the political turmoil is happening in a local area then it would not have a major impact on the tourist industry. Such as worsening of political condition in the southern province of Thailand does not have a declining impact on the tourist industry. However if the political instability increases and reaches other parts of the country it will boost tourists insecurity and fear. It will build a negative perception in the minds of tourists about that place. Also it might have a negative impact on tourist’s plans for example, if the crisis in Thailand

increases and reaches other parts of the country than it might have had an adverse effect on the tourist industry \_ bomb blasts in Bangkok has led to a negative effect on the development of the tourist industry. Individual and situational characteristics have affected tourists a lot because of the availability of information. It should be considered when taking into account the security of tourist destinations, that the political instability is exaggerated by the news reporting. Several incidents in Thailand such as terrorist strikes are given greater importance by the media than major road accidents. Road accidents in Thailand create a major security risk than a political unrest- and tourists are out most of their time and face many traffic jams every day. However Thailand is fairly a safe place than several other countries.

Except for political instability, terrorism also has an indirect relation with the amount of tourists visiting a country. Terrorists also try to target the most important sites of a country to spread their terror. Most of these sites are the same sites to which tourists around the world come to visit. An example can be the pyramids of Giza which can be seen as an ideal spot for terrorists to attack.

Thea Sinclair and Adam Blake of WTO said “ The contribution of tourism and travel to both industrialized and developing countries is now so great that any downturns in the level of activity are a cause for concern. The repercussions extend beyond activities directly associated with tourism, notably airlines, hotels and catering, to sectors that supply intermediate or final goods that are purchased by firms and employees in the industry, so that all sectors of the economy are affected to a greater or lesser effect.” In <https://assignbuster.com/problem-faced-by-the-tourism-industry/>



the above quotation they are clearly pointing out the adverse impact of terrorist activities on tourism industry and how this adverse impact amplifies over time.

Examples can be of cases from target killing of tourists in Egypt, bombing in Nairobi, hijacking of planes for the 9/11 attack etc. These activities not only collapse the tourist industry of the specific countries, but it also impacts the overall global growth of tourism. As mentioned above 9/11 had one of the most harmful impacts on “ global” tourism industry. The overall impact of the 9/11 attacks cannot be measured but according to an estimate but it lowered world tourism by 10%. To regain the confidence most of the countries are using several encouragement tools such as lowering their air fares.

## **2. 4 Demographic Factors**

Demographics of countries also impact the tourism industry. Living patterns and population affects both the demand of tourists and the supply of labour in the tourist industry. Example the overall percentage of tourists from Australia is higher though their population is lower than many other countries.

## **2. 5 Cultural factors**

It cannot be ignored that culture is one of the strongest factors affecting the tourist numbers. It can be crucial point when it comes to competitiveness between the countries. Tourism nowadays basically stems out of cultural attractions. And this is this bond of culture and tourism that makes a

destination more attractive than other to either go as a tourist, employee, investor or emigrant.

### **3 Objectives of the study**

The main purpose of this study is:

- To find out what are the current social problems Thailand is facing regarding its tourism industry.
- To find out what are the current economical problems Thailand is facing regarding its tourism industry.
- To find out what are the current infrastructure problems Thailand is facing regarding its tourism industry.
- To find out how tourism industry of Thailand is suffering due to the current political situation of the country.
- To find out what are the current demographical problems Thailand is facing regarding its tourism industry.
- To find out what are the current technological problems Thailand is facing regarding its tourism industry.
- To find out what are the current demographical problems Thailand is facing regarding its tourism industry.

#### **3.1 Limitations:**

In order to conduct this study few limitations will be faced as well, such as:

- Geographical research limitations are our first constraint.
- The target audience is large in number and it will be very difficult to interact with every tourist of Thailand.

- We will not be able to cover all the minor problems related to the sector.
- Some of the official analysis by the Thai govt may be restricted to us.
- Time is also a big issue which will make our research limited.

### **3. 2 Scope:**

In this study we will be focusing on the current economical condition of Thailand. We will relate different economical variables with the tourist sector. These variables can range from inflation to exchange rates. By looking at the previous trends of growth we will try to analyse the future growth of the Thailand's tourism sector. Through online or paper questionnaires we will try to find out what problems are tourists in Thailand facing.

### **3. 3 Assumptions:**

The assumptions we will take in this study are:

- The sample size of our research shows the majority of the tourists coming to Thailand
- The situation of Thailand remains stable during our research.
- Data gathered from TDRI is accurate.

## **4. 0 Research Methodology:**

### **4. 1 Research Design:**

In order to understand the problems affecting the tourism industry we will first measure the effect of each of the variables on the over all tourism industry of Thailand. In exploring these variables several different studies will be taken under as secondary data to build the foundation. Apart from this,

several tourists' perception surveys will be conducted to develop a deeper understanding.

In order to insure that all the variables are covered we will attach specific weight ages to the variables and the results will be both qualitative and quantitative in nature.

## **4. 2 Procedure:**

- Problem Statement

- Study of Thailand's economy:

Basic understanding of the different sectors,

Problems Thailand is facing as a country,

- Understanding of the Thailand's tourism industry – foreign perspective:

Introduction of the sector,

Growth of the sector,

Comparison the to the other country's tourism industries,

Past trends of the sector,

-In-depth research on forces which previously moved the market globally and in relation to Thai tourism:

Economic forces,

Political forces,

Demographic forces,

Technological forces,

- Primary research:

Questionnaire – In-depth Questionnaire,

Hypothetical offers,

In-depth Analysis,

- Conclusion:

Problems and challenges faced by Thailand's tourism industry,

Recommendations for the Thai government as a whole,

### **4. 3 Sample:**

The sample size will be consisting of 100 tourists both local and international.

Interviews will be taken from famous economic analysts' for in-depth research.

### **4. 4 Measurement/ Instrument Selection:**

- Data Collection: Data will be collected through both secondary and primary sources.

Primary data will be collected after complete analysis of available secondary data.

#### - Method of Data Collection:

Interviews: interviews will be taken from both the tourists and economic analysts. Data gathered from the tourists will be used to form a perception chart of Thailand as a whole and the information gathered from the experts will just be used to see if the research is going on the right track and nothing is being missed out.

Structured questionnaire: For the collection of primary data, in depth structured questionnaires will be developed.

#### **4. 5 Variables:**

The variables will be incorporated at the later stages, as the research will proceed.

#### **4. 6 Hypotheses:**

Hypothesis will be incorporated at later stages.

#### **4. 7 Software employed:**

We will use Spreadsheet and SPSS software in during our study.