THE DETERMINANTS OF INTERNATIONAL TOURIST ARRIVALS:

A Thesis
Presented to the
Graduate Faculty of the
College of Arts and Sciences
University of San Carlos
Cebu City, Philippines

In Partial Fulfillment
of the Requirement for the Degree
MASTER OF ARTS IN ECONOMICS

by

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March 2010
ACKNOWLEDGMENT

Many people were very kind to help me in finishing this thesis. I would like to express my profound gratitude to the following:

To my adviser, Dr. Victorina H. Zosa for her patience, technical expertise and insightful suggestions that gave me the valuable knowledge needed for the completion this thesis;

To the members of my thesis committee: Prof. Francisco M. Largo, Prof. Gerard L. Go, and Prof. Amparo Lourdes O. Montenegro for their valuable suggestions to improve this work;

The Thesis Grant Program of the Office of Policy, Planning, Research and Information of the Commission on Higher Education for providing me with the financial assistance to complete this thesis;

To the people in different institutions who freely provided me the necessary data: Mr. Bernardo Santos, Ms. Elizabeth Nelle, Ms. Sylvia Gonzalez, Ms. Milagros Say of the Department of Tourism Central Office in Manila; Ms. Sandra Carvão, Deputy Chief of the World Tourism Organization Office in Madrid Spain; and Mr. Brian Pearce, Chief Economist of the International Air Transportation Association;

To professors Liran Einav of the Department of Economics of Stanford University, Eilat Yair of Harvard University, Melville and Andrea Saayman of the Institute for Tourism and Leisure Studies, Northwest University, Potchesfroom, Republic of South Africa for allowing me to cite their pioneering empirical researches in tourism economics;
To the staff of the Research office and the Zonal Research Center of the University of San Carlos Ms. Celeste Villaluz, Mr. Jj Masna and Mr. Ki Bucog; Ma’am Tata of the Department of Economics and Ms. Cherry Jardin for being so accommodating;

To my cousins, students and friends who have been my shock absorbers and cushioning forces (you know who you are);

To my parents Teresa and Gaspar for making me what I am today, all the support and understanding in all my endeavors;

To my Sansi Letty Branzuela and family, for being there in trying times;

To Norman Val and Jay Angelo my younger brothers, Clemence my only sister, this work is dedicated to all of you; and

Above all, to the Almighty Father who has been the source of wisdom and grace.

ADRIAN BOYETT DOLOTINA AGBON
This thesis was funded by the Thesis Grant Program of the Office of Policy, Planning, Research and Information, Commission on Higher Education
The Determinants of International Tourist Arrivals: the Case of the Philippines 1995-2006

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Abstract

This study sought to analyze the determinants of international tourist arrivals in the Philippines from 1995-2006. Specifically the study sought to (1) describe the trends in tourism in a global scale; the Asia Pacific region; the Association of Southeast Asian Nations (ASEAN) region and the Philippines; (2) determine the factors influencing the international tourist arrivals in the Philippines by broad regional sub-groupings; and (3) draw policy implications to further develop the tourism industry in the Philippines.

The present study used descriptive statistics to explain the tourism trends. Multiple regression models were specified to quantify the degree of influence of the independent variables classified as country origin and destination. There were eight equations used to represent the different sub-regional groupings of tourists. This study used the multiple linear regression equations utilizing the Ordinary Least Squares (OLS), Random Effects (RE) and Fixed Effects (FE) using a statistical software package. The data spanned from 1995 to 2006, with 56 countries identified as country of origin.

The Philippine tourism from 1995 to 2006 was characterized by several periods of upswings and downswings. The highest number of international tourist arrivals was in the year 2006 at 2.7 million. The average daily expenditure of a tourist is only 122.1 USD while the number nights stayed averaged at 8.9.

The results of the regression analysis revealed that income measured in GDP per capita of the origin country emerged to be a significant determinant of international tourist arrivals in the Philippines. The relative prices of tourism goods and services were important considerations to the Europeans, other ASEAN tourists and Africans. The number of hotel rooms seemed to be important to Europeans, other South East Asians and the Africans. The variable safety was generally considered important while the population and number of internet users in the origin appeared not to be an important determinant of tourist arrivals in the Philippines. Thailand appeared to be substitute destination for the Philippines. The countries Hong Kong (SAR), Indonesia, Malaysia and Singapore could be all considered as complementary destinations to the Philippines.

Key words: Philippine tourism, Tourists arrivals, Regression model,
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