

CHAPTER 1

INTRODUCTION



1.1 Origin, development and significance of the problem

The present day tourist industry plays a vital role in the Thai economy as it attracts a lot of income into the country whereas the income from export of rice, rubber, or other important goods are not certain. According to the annual statistics for Thailand for the year 2005 from the Department of Excise Tax, Ministry of Finance, the amount of exported goods of importance to Thailand is not consistent. Some years this income was a lot, whilst others it was very small. For example, rice exports in 2004 were valued at 108, 293.2 million baht. However, in the year 2005, the value of exports amounted to 92,918.9 million baht down by about 14.2 per cent from 2004 (Table 1.1). Even though there were many goods in the list with increased export value in 2005, most of these exports were goods that used raw materials from foreign countries which had gone through the production process to be exported again. These kinds of goods cannot be considered a source of income for the country when considering only their export value since some of these goods involve high costs from imported foreign raw materials.

Table 1.1 The 20 highest value export products in Thailand 2004-2005
(Unit: million baht)

	Export Products	2004	2005	Rate of increase /reduction (per cent)
1	Computer components and accessories	368,875.9	474,419.2	28.6
2	Car components and accessories	220,801.5	310,310.1	40.5
3	Electronic circuit boards	196,444.3	238,454.6	21.4
4	Rubber	137,465.5	148,679.9	8.2
5	Plastic pellets	124,808.6	167,914.5	34.5
6	Ready-made oil	71,074.2	94,995.5	33.7
7	Gems and decorative items	106,278.9	129,339.3	21.7
8	Radio and television transmission and components	129,542.5	125,534.4	-3.1
9	Iron, steel and products	99,588.2	115,603.5	16.1

	Export Products	2004	2005	Rate of increase / reduction (per cent)
10	Chemicals	82,847.9	105,760.8	27.7
11	Ready-made clothes	124,267.2	126,193.7	1.6
12	Rubber products	78,050.0	94,095.3	20.6
13	Canned seafood and processed food	90,711.6	100,285.9	10.6
14	Electronic goods and other components	77,753.4	92,046.1	18.4
15	Machines and mechanical components	67,155.8	84,618.1	26.0
16	Rice	108,293.2	92,918.9	-14.2
17	Air conditioners and their components	79,947.8	87,334.1	9.2
18	Plastic products	56,658.8	70,998.8	25.3
19	Internal combustion engine piston type and components	49,873.2	55,058.1	10.4
20	Crude oil	33,575.6	56,308.2	67.7
	Total 20 items	2,304,014.1	2,770,869.0	20.3

Table 1.1 Important export products in the first twenty most in value of Thailand year 2004-2005 (cont.)

Source: Excise Department, Ministry of Finance

From the above table, it can be seen that there was uncertainty regarding the value of the export goods partly due to a trend of increased trade barriers within the world economy, fluctuations in monetary exchange rates, the monetary crisis between nations and the ability to compete in agricultural and industrial products with other countries. In addition to this, there was a war between America and Iraq and the spread of SARS in the Asian region, as well as the worries about Bird Flu-all of which have had an impact on the imports of agricultural and industrial goods into other countries from Thailand.

Considering the expansion of the tourism industry, it can be seen that from the years 1999 to 2005, the number of tourists coming into Thailand is on the rise every year and the income generated from tourism has been on the increase every year too. By the year 1999, the number of tourists coming to Thailand was 8,580,332 which generated an income from tourism of 253,018 million baht; in 2005 the number of

tourists increased to 11,516,936 which produced an income from tourism of 376,380.36 million baht (Table 1.2)

Table 1.2 The number of tourists visiting Thailand and income from tourism 1999-2005 (Unit: million baht)

Year	Number of tourists* (person)	Income from tourism (million)
2542	8,580,332	253,018.0
2543	9,508,623	285,272.0
2544	10,061,950	299,047.0
2545	10,799,067	323,484.0
2546	10,004,453	309,269.0
2547	11,650,703	384,359.8
2548	11,516,936	367,380.4

Source: Tourism Authority of Thailand

It can be seen that the income from tourism plays an important role in the economy of Thailand, not only in bringing foreign currency into the country to replace the loss from exporting agricultural and industrial products, but also in creating jobs, and many other professions and creating further income in the business sector connected to tourism, such as hotel accommodation, tourism services, transportation, sales of goods, food, drink, and the sales of souvenirs. These have created jobs and distributed income into all areas, both urban and rural (table 1.3).

Table 1.3 Kinds of expenditures incurred from tours in Thailand on average per person per day calculated according to payment category. (Unit: million baht)

Payment category	Year 2004		Year 2005		Rate of increase/ decrease (percent)
	Amount	Percent	Amount	Percent	
Cost of accommodation	1,067.59	26.31	1,018.34	26.18	-4.61
Cost of food and drinks	683.21	16.84	722.97	18.58	5.82
Cost of tour services	220.60	5.44	165.68	4.26	-24.90
Cost of domestic transportation	315.25	7.77	311.96	8.02	-1.04
Cost of buying souvenirs	1,149.20	28.32	1,089.86	28.02	-5.16
Cost of payment for entertainment	503.31	12.40	494.03	12.70	-1.84

Payment category	Year 2004		Year 2005		Rate of increase/ decrease (percent)
	Amount	Percent	Amount	Percent	
Miscellaneous	118.69	2.92	87.29	2.24	-26.46
Total expenditures of tourists incurred from tours in Thailand	4,057.85	100.00	3,890.13	100.00	-4.13

Source: Tourism Authority of Thailand

Of all the tourists from around the world who have visited Thailand, most come from East Asian countries, such as Malaysia, Japan, China, Taiwan, Singapore, Hong Kong, and the Philippines. Of these countries the highest numbers came from Malaysia, Japan, South Korea and the Peoples' Republic of China respectively. The next highest amounts of visitors come from countries in Europe, America and elsewhere. In 2005, there were tourists from East Asia coming to Thailand.

Table 1.4 Number of tourists from 2003-2005 visiting Thailand classified according to nationality (No. of persons)

Nationality	2003	2004	2005
Total	10,004,453	11,650,703	11,516,936
East Asia	5,776,358	6,633,960	6,397,197
Asia	2,504,231	2,735,747	2,948,919
Brunei	8,863	9,345	9,499
Cambodia	65,502	88,694	105,367
Indonesia	168,568	193,222	186,259
Laos	100,747	111,916	203,748
Malaysia	1,354,295	1,404,929	1,373,946
Burma	32,702	42,017	53,769
Philippines	140,371	171,655	186,529
Singapore	515,630	578,027	650,559
Vietnam	117,553	135,942	179,243
China	606,635	729,848	776,792
Hong Kong	411,242	489,171	274,402
Japan	1,042,349	1,212,213	1,196,654
Korea	695,313	898,965	816,407
Taiwan	501,573	540,803	365,664
Others	15,015	27,213	18,359
Europe	2,517,197	2,851,233	2,848,846
America	679,210	823,957	833,814
South Asia	407,041	492,693	542,558
Oceania	362,733	484,916	516,223

Nationality	2003	2004	2005
Middle East	187,629	272,439	292,562
Africa	74,285	91,505	85,736

Note: Number of tourists not including Thais with foreign residence

Source: Tourism Authority of Thailand

When considering the potential of the tourists from the East Asian region that can visit Thailand, it can be said that Chinese tourists can be counted as one of the most interesting target groups since, as shown in Table 5, China's economy is rapidly expanding at a greater rate than the other economic leaders. The reason for this is because employment has greatly risen among the Chinese population who now have more income which in turn means many of the Chinese can spend more money on tourism.

Table 1.5 Approximation of rates of expansion of principle world economies

Country	2003	2004	2005
The United States of America	3.0	4.4	3.4
Japan	2.5	4.3	1.8
European Union Zone	0.5	1.9	1.9
Chinese	9.3	9.2	8.0
Hong Kong	3.2	7.4	4.5

Source : Kasikorn Thai Research Center

Major trends of China's inbound and outbound tourists and existing forecasts into the future

From 2001 to 2004, tourism in China made remarkable progress. All the three sections of China's tourism, domestic inbound, and especially outbound and domestic, maintained a spectacular growth momentum (Table 1.6). China is regarded as one of the most dynamic destinations as well as originating countries in the world. The size of the total income of China's tourism was 4.18 % of the country's GDP in 2003. Statistics from the China National Tourism Administration (www.cnta.gov.cn) showed that the income of foreign exchange from inbound tourism had maintained an annual average increase of about 18.8

% from 1979 to 2004, and the income from domestic tourism had realized an annual average increase of 16.0 % from 1991 to 2004.

Table 1.6 China: Tourism Statistics between 2001 and 2004
(m=million, b=billion)

	2001	2004	Annual Average Increase (%)
Tourist receipts (b.)	USD 60.123	USD 82.58	13.2
Inbound arrivals (m.)	89.01	109.04	7.6
Domestic arrivals (m.)	784	1100	12.5
Outbound departures (m.)	12.13	28.85	33.8

Source : CNTA, The Yearbook on China Tourism 2002-2004
<http://www.cnta.gov.cn/32-lydy/2004/12.htm>

In the first four years of the 21st century, the Chinese economy maintained a rigorous, growth momentum of an average increase rate of more than 7 %. Along with this growth trend, the social and economic mobility of the Chinese people has increased. China is a big country with a population of 1.3 billion. The present outbound tourists only make up 2 % of the total population. A conservative estimate according to the increased rate of the outbound departures shows that if 5 % of China's population in the next few years has the economic and social mobility to make up an overseas trip, the number of Chinese outbound tourists will reach 65 million.

The year 2003 was a special year for China's tourism. The first two months saw very good momentum, but with the spread of SARS and the warning from the World Health Organization (WHO), China's tourism was affected tremendously. From March to June, tourism almost stopped. After the WHO ban was lifted on the 24th of June, recovery was first seen in domestic tourism, and then outbound tourism. The inbound market was slow in building up confidence and recovery. From Table 1.7, we can see that China's inbound and domestic tourism saw negative increase, while outbound tourism realized an increase of more than 20% in 2003. However, by 2004 all the three sections had realized increase. Some experts even said that the fourth largest originating country (WHO, 2003) in the world would be realized earlier than 2020 according to the present growth of China's tourism.

Table 1.7 China: Tourism Statistics of 2003 and 2004

	2003/Increase with the year before (%)	compared	2004/Increase with the year before (%)	compared
Tourist receipts (b)	USD 58.81	-12.3 %	USD 82.58	40.4
Inbound arrivals (m)	91.6621	-6.4 %	109.04	19.0
Domestic arrivals (m)	870	-0.9 %	1101.42	26.6
Outbound departures (m)	20.2219	21.8 %	28.85	42.7

Source : CNTA, The Yearbook of China Tourism 2004
<http://www.cnta.gov.cn/32-lydy/2004/12.htm>

From Table 1.8, we can see that in 2002 the entire top 10 markets of China realized an increase. Among them nine realized a two-digit growth, and the increase rate of 5 of them reached more than 20 %. Inbound arrivals from Asian countries made up 64.3 % of China's total foreign tourists (CNTA, 2003). In 2003, because of SARS inbound tourism from most of the market declined, while by 2004 arrivals from seven of the top ten countries had reached or almost reached 2002 level, and the structure of China's inbound tourism had basically remained unchanged. Although many incidents happened which affected citizens traveling abroad for tourism in the United States, Great Britain and Japan, their ranking in China's inbound markets remained unchanged. This may account for the efforts China made in establishing the image of China as a safe destination for tourism.

Table 1.8 China: Ranking of Top 10 Markets by Arrivals and Their Increases Rate

Country	Ranking				Increase Compared with the year before (%)			
	2001	2002	2003	2004	2001	2002	2003	2004
Japan	1	1	1	1	8.4	22.6	-22.9	47.9
South Korea	2	2	2	2	24.8	26.5	-8.4	46.2
Rumania	3	3	3	3	10.7	6.3	8.6	29.8
United States	4	4	4	4	5.9	18.1	-26.6	59.1
Malaysia	5	5	6	5	6.3	26.4	-27.4	72.5
Singapore	6	7	8	6	3.9	19.8	-24.0	68.4
Philippines	7	6	5	8	12.1	24.6	-10.0	20.0
Mongolia	8	8	7	7	-3.0	17.1	-7.7	32.4
England	9	10	9	10	6.6	13.4	-15.9	45.1
Thailand	10	9	10	9	23.8	29.5	-28.7	68.5

Source : CNTA, The Yearbook of China Tourism 2002-2004
<http://www.cnta.gov.cn/32-lydy/2004/12.htm>

The prospects of inbound tourism can be summarized as follows. Inbound arrivals from intra-regional and neighboring countries will maintain a growth momentum; Hong Kong and Macau have been the largest inbound markets of the mainland and they will maintain their position, and increase is anticipated because of the recovery of the economy. The number of tourists from Japan and South Korea, as the first two largest originating countries for China, has been increasing in recent years. China's recent marketing and promotion initiatives in these markets will generate good effects. The Southeast Asian economy is recovering. However, the explosions and outbreak of epidemic diseases may bring negative impacts to some extent, but an increase will be seen generally; and growth in the long-distance markets, such as Europe and America, will slow down because of terrorism, SARS and economic recession. Safety will be the first consideration of long-haul tourists. Previously, arrivals from Europe and America made up 30 % of the total inbound foreign arrivals, and this percentage is estimates to be sustained.

China has become a new tourist originating country in Asia with the fastest growth rate. By the end of 2004, China's outbound tourism had maintained a rapid and sustained increase (Table 1.9) and it has a great potential for growth. World experts estimate that China's outbound tourism is now at the beginning stage of a strong development. The sustained growth of China's economy is the principal cause of the rapid increase. Even in 2003, China still realized an economic growth rate of 8%. Recent favorable government policies are another reason for the stimulation of demands for outbound tourism. The State Council enacted the Measures on Management of Outbound Tourism by Chinese Citizens, which have improved the management system of outbound tourism, protecting the rights and interests of outbound tourists and enterprises running outbound business well. It stipulates clearly the destination countries and regions of China's outbound tourism, the qualifications, approval procedures and business process of travel agencies running outbound business, the responsibilities of tour leaders, the rights and obligations of tourists, as well as methods of penalty and punishment for illegal and over-scope operations. The passport process has been simplified and foreign currency exchange management and control have been readjusted.

Table 1.9 China: Departures of Outbound Visitors 2000-2004
Million

	2000/Increase compared with year before (%)		2001/Increase compared with year before (%)		2002/Increase compared with year before (%)		2003/Increase compared with year before (%)		2000/Increase compared with year before (%)	
Total Departures	10.47	13.43	12.13	15.9	16.60	36.8	20.22	21.8	28.85	42.7
Private	5.63	31.99	5.18	23.3	10.06	44.9	14.81	47.2	22.98	55.2
Business	4.84	-2.5	6.94	7.2	6.54	-6.1	5.41	-17.3	5.87	8.5

Source : CNTA, The Yearbook of China Tourism 2002-2004
<http://www.cnta.gov.cn/32-lydy/2004/12.htm>

Because of the rapid development many improvements need to be made in the outbound business. Several obvious problems have emerged. First, there are illegal operations of outbound tourism inside China by various enterprises, organizations, individuals and foreign representative offices in China, and some travel agencies without licenses conducting outbound tours are doing the business and some with licenses are organizing tours to non-ADS (Approved Destination Status) countries. Secondly, tour operators within China and receiving agencies in destinations are together handling business in irregular ways. They give low offers and low tour prices within China, but expensive excluded items and high commissions, low standards and low quality at destinations. They offer "special price", "zero price" or "negative price" tours, but employ strong force, persuade and cheat tourists to buy and go shopping. This assaults the legal rights and interest of the tourists. Thirdly, the safety of Chinese out bounders is a problem, for few of them can speak foreign languages, and few of them use credit cards but bring amount of cash with them. Therefore, they are often targets for attacks and robbery. The image of Chinese outbound tourists needs to be improved. They often appear in large groups at destinations, so they dominate the local people and other tourists. Cultural differences are evident. The overall quality and education level of the average Chinese tourists are generally lower than tourists from the developed countries; and finally, terrorism, wars, explosions and epidemic diseases (SARS, bird flu) will to some extent undoubtedly bring negative effects to China's outbound tourists.

The features and trends of outbound tourism can be summarized as

follows. China will see a strong growth in outbound tourism due to its sustained economic growth, a series of favorable policies, and release of suspended demands because of SARS, bird-flu, etc. There will also be a better order of the market, and operations will be further improved. A series of regulations, laws and policies by the government will change the concept of management, improve services, and encourage growth. These could include the rectification of markets and management and the opening markets to foreign enterprises. There are more destinations for Chinese outbound tourists to choose from. Until the end of 2004, there were 90 destinations with ADS, and the Chinese out bounders could visit 63 of them. The rush to Southeast Asian countries will decline (Table 1.10). The purpose of travel has become diversified and the consumption pattern of Chinese outbound tourists is changing with sightseeing tourism package destination now giving way to holiday-destination and self-arranging tourism. Financial and banking institutions are perfecting their systems for offering services to Chinese out bounders. During the May Day 7-day holiday in 2004, the percentage of Chinese outbound tourists using credit cards was greatly increased. Destination countries of Chinese outbound tourists are taking active measures to encourage tourists. These measures include simplification of visa applications, circulation of RMB Yuan and enhancement of promotion. Enterprises and destinations are attaching greater importance to the needs of Chinese tourists; therefore outbound tourist products will be improved and updated.

Table 1.10 China: Top Ten of the First Destination of Chinese Tourists Departures (1999-2003)

Destination	1999	2000	2001	2002	2003
Hong Kong	1	1	1	1	1
Macau	2	2	2	2	2
Thailand	3	3	3	5	7
Japan	4	5	4	3	3
Russia	5	4	5	4	4
South Korea	7	7	6	6	6
United States	6	6	7	7	8
Singapore	8	8	8	8	9
North Korea	9	9	9	9	
Australia	10	10	10		
Malaysia				10	10
Vietnam					5

Source : CNTA, The Yearbook of China Tourism 2000-2004

Anyhow, Thailand is a tourist spot of high potential, with strengths in the state of its economy, the characteristics of its population, its geographical state, society and culture, the promotion policy of the government, and convenience in traveling and transportation. Even though these things act as attractions for more Chinese to visit Thailand, the real situation is that there still exist many problems in Thailand in the eyes of these tourists. For example, problems in Zero Cost tours whose services disappoint the tourists, the high distortion of prices of merchants, personal safety and that of property (Wipa Udomchant et al:2005), unrest in the three Southern border provinces and fear of natural disaster like the Tsunami on 26th December 2004. These occurrences can be important hindrance that cost less tourists from China visiting Thailand and turn instead to visiting other countries. These factors result in a loss in potential income for Thailand from Chinese tourists.

Therefore, it is interesting to study the tours of the Chinese to Thailand, from the Peoples' Republic of China, from the view of the Chinese tourists themselves. On which level do these problems have impact on each factor of the tourism industry? Also, is there anything that can impress the tourists which can be used to set policy for the promotion of tourism by the government, and which is also available for the private sector to improve their work procedures and impress the Chinese tourists. This will result in more Chinese tourists visiting Thailand meaning the country would gain more income in the process.

1.2 Purpose of research

1.2.1 To study the general information and tourism behavior of the Chinese in Thailand,

1.2.2 To study the opinions of the Chinese tourists concerning the problems of tours to Thailand,

1.2.3 To study of any noteworthy points and impressions of the tours in Thailand from the viewpoint of the Chinese tourists.

1.2.4 To study the impacts of tourist problems of Thailand in the eyes of Chinese tourists

1.3 Scope of the research

This research study aims to specifically study the Chinese tourists from the Peoples' Republic of China who have visited many places in Bangkok and other cities from November 1, 2006 to February 28, 2007.

1.4 Limitations of the research

For this research study, the research group has found the following important limitations:

1.4.1 Limitations in the time of study.

1.4.2 Chinese tourists have a few days travelling in Thailand. Therefore, they do not have time to express their opinion.

1.4.3 Tour guide and the leader allow too little time for their tourists to spend on their own. Tourists are rushed to follow their tour leader. Therefore, they do not have enough time to answer all the questions in the questionnaire.

1.5 Definition of terms used

1.5.1 'Tourism' refers to travel for pleasure and rest and this travel occurs under three of the following conditions:

1.5.1.1 Traveling from an individual's usual residence to other places temporarily,

1.5.1.2 Traveling voluntarily,

1.5.1.3 Traveling for any other purpose than work or for gaining income,

1.5.2 'Tourist' refers to foreign tourists traveling to Thailand and staying for a period of not less than one night or twenty-four hours and not more than 60 days with the following travel purposes:

1.5.2.1 To come for a tour of rest, to visit relatives, or to recuperate etc.

1.5.2.2 To attend a conference or be a representative of an association, religion, sports team, show etc.,

1.5.2.3 To come for business contact but not to earn income from a profession,

1.5.2.4 To come with a ship that stops at a seaport, even if for only less than one night.

1.5.3 'Chinese tourist' refers to a tourist of Chinese nationality who travels from the People 'Republic of China.

1.5.4 'Problems concerning tourism in Thailand of the Chinese from the Peoples' Republic of China' refers to the problems arising from the opinions of the Chinese on each factor of the tourism industry (Nikhom Charumanee:2548, 263) which are as follows:

1.5.4.1 Transportation,

1.5.4.2 Accommodation,

1.5.4.3 Food shops and restaurants,

1.5.4.4 Tour services and guides,

1.5.4.5 Tourist Attractions (resources or tourism heritage)

1.5.4.6 Souvenir shops and local handicraft shops,

1.5.4.7 Safety,

1.5.4.8 The convenience of traveling in-out of the city,

1.5.4.9 Other services arranged for tourists,

1.5.4.10 Advertisements /information/ propaganda.

1.5.5 'Zero coin Tour' means the tour companies in Thailand do not keep the service fee or 'tour fair cost' from the Chinese companies that send the tourists to the Thai tourism companies. Thai tourism companies will have to pay cost for accommodation, food, tourist guide etc. which are the common payment in receiving tourists from China. So, after these,

Thai tourism companies must find various ways in order to gain a profit from the tourists which these ways always are illegal ways include cheating, threat etc. And the tourists will be suffered from the tourism.

1.6 Benefits of the research

1.6.1 To learn of the personal information of the Chinese tourists visiting Thailand,

1.6.2 To learn of the problems and noteworthy points/impression about the tours in Thailand from the views of the Chinese from the Peoples' Republic of China,

1.6.3 To be guidelines for related government departments in developing potential in other aspects of the tourism industry for more efficiency and effectiveness,

1.6.4 To have the information available for marketing, planning and improving work performance for the tourism business of the private sector.