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Meeting Thailand: Tourism, Scientific Research and Development

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Every two years, *The International Association for Tourism Economics* (IATE) organizes a Conference on Tourism Economics. The first IATE conference was held in Palma de Mallorca, Spain, in 2007, whereas the second one took place on December 2009, 11-13th, in Chiang Mai, Thailand¹. The third edition is scheduled for July 2011, 4-7th, at the University of Bournemouth, United Kingdom.

IATE is an international association dedicated to research in Tourism Economics and related fields². Research at the IATE is conducted to enlighten scientific and public debate on the economic of tourism and its scholars have experience in academia and/or government and may hold different points of view on tourism economic issues. The Constituent General Assembly of IATE took place in Palma de Mallorca (Spain) in October 2007 and its goals are the following ones:

- a) to contribute to the progress of scientific research on Tourism Economics and draw analyses and policy recommendations on the full range of tourism economic issues;
- b) to improve communication and promote contacts between scholars, teachers, researchers and students from all over the world;
- c) to further advanced research in Tourism Economics and other related disciplines;
- d) to promote collaboration and cooperation between economists and scholars from university and research institutions, so as to enlighten scientific and public debate on tourism economic issues.

We attended and presented papers in both the first and second edition of IATE conference, and in particular in last conference of Chiang Mai (Thailand), we presented the following papers:

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¹ See the web site www.iate2009.org.

² See the web site www.tourism-economics.net.

- Air Passengers and Tourism Flows: Evidence from Sicily and Sardinia, by M. Castellani, M. Mussoni and P. Pattitoni;
- Tourists are a flock of sheep! Herd Behaviour in purchasing tourism services, by P. Figini and L. Vici.

The first paper focuses on the important role played by tourism in many Mediterranean economies, being a crucial driver of economic growth, job creation, and income. For this reason many countries set up a wide variety of programs and policies to support the development of this economic sector. Therefore, It is very important, for scholars and policy makers, explaining and forecasting tourism demand. Using air passengers' flows as proxy variables for tourist arrivals, we set up some VAR model specifications in order to investigate the monthly time series 2003-2008 of arrivals to the most important Italian islands, Sardinia and Sicily. The paper shows a significant inter-temporal relationship among tourism flows. Furthermore, it reveals that both meteorological variables (atmospheric temperatures and raining days) and exchange rates (Dollar-to-Euro and Yen-to-Euro) can improve the explanatory and forecasting power of VAR models.

The second paper highlights the importance of informational cascades in affecting many decision-making processes. When products are experience goods and quality is affected by customers' imperfect information, some signals are perceived as indicators of quality and herd behaviour may occur. This study, in particular, examines a tourist context, where several services and commodities, composing the tourist product, are offered by a plethora of firms, whose information on quality is not publicly shared. In this context, cues, such as the number of persons seated in alternative restaurants or, specularly, the ratio of free seats, frequently influence consumer decision processes. In several similar situations, the actions of other tourists influence the choices of individuals more effectively than tourist guides or experts' advice. This study also suggests possible recommendations for private agents and public sector in order to improve the diffusion of quality information and enhance the efficiency of tourist selection process. As a result, tourist firms could strategically use cues or the power of crowds to drive tourist purchasing selection process.

The conference of Chiang Mai was exhaustive in covering all the different topics of Tourism Economics. In particular, parallel sessions concerned mainly the following issues: economic analysis of tourism demand and supply, tourism economic growth and development, economic impact of tourism (IO and CGE models), impact evaluation of tourism on environmental and cultural resources, tourism economic modeling and competitiveness, social aspects of tourism, models of taxation in the tourism and transport markets.

This conference is one of the main meetings of researchers in Tourism Economics. Attending the conference, one can touch the evolution of Tourism Economics as a science. Moreover, the choice to locate the second IATE conference in Thailand has been very meaningful, given that the recent rapid economic growth that this country experienced between 1985 and 1995 is due to a large extent to its well-known tourist destinations such as Pattaya, Bangkok, Phuket, Chiang Mai and Ko Samui³.

Tourism is one of the main economic determinant of Thailand's growth, contributing an estimated 6.7% to Thailand's GDP in 2007. Tourist international arrivals have increased from 390,000 in 1967 to over 14 million in 2007, reaching the 18th position in the ranking of the most visited countries in the world⁴. In 2008, some famous Thai destinations gained important positions in the Euromonitor International's list of the "Top City Destinations":

³ See *Thailand and the World Bank*, World Bank on Thailand country overview, 2008 (<http://go.worldbank.org/IYCZ2H1TP1>) and *Country profile: Thailand*, The Guardian, 25 April 2009 (<http://www.guardian.co.uk/world/thailand>).

⁴ See *Tourism Authority of Thailand*, May 6, 2008 (http://www2.tat.or.th/stat/web/static_index.php).

Bangkok gained the third position behind London and New York with 10,209,900 visitors⁵; Pattaya was ranked 23rd with 4,406,300 visitors; Phuket was at the 31st position with 3,344,700 visitors, whereas Chiang Mai was ranked 78th with 1,604,600 visitors.

Unfortunately, a deplorable factor, which contributes to increase international arrivals is sex tourism. A combination of lure of money, poverty and a socio-cultural environment has encouraged the development of sex tourism and prostitution in Thailand. Foreigners' demand for prostitution is one-fifth of the total demand in Thailand, and is mainly concentrated in a few major red-light districts such as Pattaya, Patpong and Patong Beach⁶. In 2003, this trade was estimated to generate US\$4.3 billion per year, which corresponds to a 3% of the Thai GDP⁷. A research by the Chulalongkorn University on the Thai illegal economy confirmed this result⁸, estimating that prostitution in Thailand, in the period between 1993 and 1995, made up around 2.7% of the GDP, which means that at least 10% of tourist dollars are spent on the sex trade⁹.

The decision to locate an international conference on Tourism Economics in Thailand was strategical and significant, in order to incentivate the development of advanced research and collaboration among universities, banks, governments and industries. This Conference was therefore a way to contribute to the development of the country and to increase the productivity of its population and firms.

⁵ See *Euromonitor International's Top City Destination Ranking*, Euromonitor International, January 2010.

⁶ See *The International Encyclopedia of Sexuality: Thailand* (<http://www2.hu-berlin.de/sexology/IES/thailand.html>).

⁷ See *Thailand mulls legal prostitution*, The Age, November 26, 2003.

⁸ See <http://pioneer.netsew.chula.ac.th/~ppasuk/illegaleconomy.doc>

⁹ See *Paradise revealed*, Taipei Times, January 25, 2006 (<http://www.taipeitimes.com/News/feat/archives/2006/01/25/2003290710>).