



## Thailand's Tourism Industry—What Do We Gain and Lose?\*

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Many developing countries perceive tourism as a fast track to economic growth. They assume that tourism development requires less investment than other industries; and they believe tourism to be an effective means of creating job opportunities and increasing local income.

Thailand has long ascribed to this point of view; and it has devised a tourism marketing approach which encourages low-, medium-, and high-cost mass tourism to nearly all regions of the country. With the ubiquitous "Land of Smiles" advertising slogan promoted around the world, Thailand has become one of the best known, and most sought after, international tourist destinations.

Despite this success, however, the tourism industry in Thailand is not without problems and controversy. Critics charge that tourism promotion in Thailand has aimed at quantity rather than quality. The explosion of tourism has brought uneven distribution of financial benefits, in favor of large enterprises, while costs are shouldered by local people who have no direct gain from tourist promotion. Worse still are the environmental effects of unbridled tourism development. While the Thai tourism industry touts and actively markets the country's unique cultures, this commercialization of culture also causes its erosion or corruption. Additionally, interaction between rural Thai dwellers and sophisticated urbanites from more developed countries introduces values, behavior and attitudes which may have corrosive or negative effects on local residents.

Under these circumstances, then, it is worth examining the advantages and disadvantages of the tourism industry in Thailand—and what trends it might take in the future.

### THE ROLE OF TOURISM IN THE THAI ECONOMY

The volume of tourists coming to Thailand may not compare to the 27 to 50 million people travelling to France, Italy or Spain every year. Yet, when compared to other high-volume tourist destinations around the world, the growth and development of the tourism industry in Thailand is impressive. Egypt receives approximately 2.6 million tourists per year, while India annually draws in approximately 1.8 million tourists. By comparison, Thailand now accommodates approximately 5 million tourists per year, one of the highest figures for Southeast Asia.

The number of tourists coming to Thailand has steadily, and in some years, spectacularly grown—from 1.2 million in 1977 to 5.7 million in 1993. The income accrued from tourism contributes substantially to the Thai economy, now accounting for 5.4 percent of the country's GDP. This rate is higher than any other ASEAN country, except Singapore, whose tourism revenue accounts for 11.4 percent of its GDP.

The Thai Government's Sixth National Economic and Social Development Plan (1987-1991) gave particular focus and attention to the development of tourism; the result was a substantial boost to tourism revenue—from 50,000 million baht in 1987 to 123,135 million baht in 1992. This was partially caused by the government's promotion of "Visit Thailand Year" in 1987, a marketing exercise which increased national tourism income by 34 percent in 1987 and by 58 percent in 1988. By 1991, income from tourism was equivalent to two-thirds of the country's agricultural export earnings, and was nearly the same as the country's income from textile and garment exports. The number of tourists coming to Thailand remained constant in 1991, despite the Persian Gulf Crisis and a military coup in Thailand. Although the industry

initially suffered from the political turmoil in May, 1992, it soon recovered.

It is important to note that the increase in tourism revenue since 1981 has mostly derived from greater numbers of tourists coming to Thailand, and tourists extending their stay, rather than from higher daily expenses.

### **WHAT THAILAND OFFERS THE TOURIST— POSITIVE AND NEGATIVE**

Thailand is famous for its impressive historical sites, its rich and vibrant cultures, its beautiful beaches, its scenic countryside, and its gentle, polite and genuinely friendly people. A 1990-1991 study on tourism, in which 1,450 tourist agencies in 40 major cities in 26 countries were interviewed, ranked Thailand first in the categories of warmth and friendliness, moderate accommodation cost and interesting nightlife. The country ranked fourth in the category of excellent cuisine, after France, Italy and Hong Kong. Thailand does not appear on the list of the 14 Asian and Pacific countries with beautiful scenery, but it was ranked second after Australia in terms of its overall appeal. Sadly, however, Thailand was also rated the second most polluted and unsanitary nation after India.

Reviewing the attractions cited above, it becomes clear that other countries have similar attractions. What then accounts for Thailand's success in the tourism industry?

The tourism industry came to the fore when Thailand was changing from a resource-based to a labor-based economy, an adjustment which was well suited for tourism development. This was coupled with the fact that the training and material input for tourist services were not as complex or extensive as those required for other kinds of industries. The high standard of service offered in Thai hotels and restaurants has remained consistently impressive. Thai hotels are known for their reasonable prices and top quality service. Thai staff are known for their pleasant, friendly and gentle character. Likewise Thai International Airways is world-renowned for its outstanding in-flight service. Good managerial skills have assisted in the maintenance of high quality service in nearly every realm of operation.

### **Public Sector Input—Infrastructure Maintenance and Development**

The development of the tourism industry in Thailand—and the comparative advantages which have been created through it—are mostly a result of private sector investment and efforts. The public sector has not been active in upgrading infrastructure—e.g., roads, telecommunications, water facilities—to keep abreast with the industry's growth and to assure the industry's long-term stability. In certain areas, water allocation, waste disposal and the safety standards of public facilities are inadequate for the local population, let alone tourists visiting their villages or towns. Heavy traffic congestion in Bangkok is undoubtedly seen as a drawback by people contemplating a visit to Thailand. Likewise inadequate waste and rubbish disposal in Bangkok and Chiang Mai may be seen as problematic by visitors to Thailand. In Bangkok, 500 tons of waste accumulates every day without being properly disposed of. In Phuket—one of Thailand's prime southern tourist destinations—water management is a serious problem. Water consumption has risen to 200 liters per person per day, while authorities have been able to supply only 27 liters per person per day. All such considerations make it imperative for the public sector to invest more in the country's infrastructure and to improve administrative policies on tourism.

The important point here is that Thailand has long passed the first stage of tourism development which relied on nature. The second stage would require heavy capital investment in infrastructure.

### **The AIDS Factor**

The rapid spread of AIDS in Thailand has had a decided impact on the tourism industry in that the country's reputation for having a high incidence of AIDs discourages desirable tourists from visiting it. Likewise the tourism industry has had considerable impact on the spread of AIDS in Thailand. Thailand has long been promoted as the "sex capital" of the world; encouraging tourists to come to Thailand specifically for this reason obviously brings a higher transmission of the disease from sources both inside and outside

the country. (It should be noted that there are other important factors contributing to the high incidence of AIDS and HIV-positive cases in Thailand which have nothing to do with the tourism industry, one major one being Thai males' penchant for frequenting prostitutes both before and after marriage.) Initially, the Thai government did not take prompt and appropriate action to deal with the AIDS crisis. It did not try to curtail the sex industry, believing that it would naturally fade as the economy prospered and job opportunities increased. Later, as the Government began to realize the severity of the situation, it tackled the problem only by promoting the use of condoms, rather than by using a multi-pronged approach, which would have included the attenuation of the sex industry.

## **Tourism and Environment**

When tourists first started to come to Thailand, they were charmed by scenes of children playing in emerald green rice fields, monks walking tree-lined lanes accepting alms in the first morning's light, and exquisitely picturesque village vistas, picture-postcard perfect. Thailand's race to industrialize has eroded this image. Factories, traffic and clogged, polluted highways as well as a quickly vanishing rural way of life have removed some of the attractions which bring tourists to Thailand. Nature-based tourism is quickly disappearing, as once pristine beaches and forest areas become heavily polluted or destroyed. Pattaya beaches, for example, cannot be swum in anymore. The famous Pa Tong Beach in Phuket has become so polluted so as to destroy fish and other marine life there. The Mae Kah canal running through the heart of Chiang Mai is now black with pollutants.

Pattaya is a perfect example of how unmanaged, uncontrolled tourism destroys the environment and natural resources. Originally a small fishing village, Pattaya turned into an internationally known seaside resort in the short span of twenty years. At present Pattaya is second only to Bangkok in the number of tourists it receives. One in every three tourists visiting Thailand travels to Pattaya. The city's earnings from tourism in 1991 were 15,000 million baht, or 15 percent of the national tourist income. Environmental pollution and destruction, however, have brought about Pattaya's decline as a desirable tourist destination. Research conducted by the National Environment Board shows that since 1986 the quality of marine water at Pattaya has dropped below the acceptable standard, due to poor rubbish and waste water management; and only 10 percent of the coral reef east of Lan Island (near Pattaya) remains. Uncontrolled construction along the beachfront has added a further negative factor. All of the above resulted in a dramatic decrease in the numbers of tourists visiting Pattaya since 1987.

What has happened in Pattaya perfectly illustrates the principle that tourist development goes hand in hand with responsible natural resource management. Investors must be made to understand that tourism relies on the conservation and sustainable utilization of natural resources, without which the industry cannot survive. They must be made to strictly comply with environmental regulations, and to contribute toward the environmental awareness of local residents and tourists alike.

## **QUALITY TOURISTS**

Tourism in Thailand has often been criticized for aiming at expanding in quantity rather than quality. TAT has been pressured to search for an operational criterion targeted on "quality" tourists. Critics, however, often disagree in their opinions on what exactly a quality tourist is. Representatives from the Hotel Association often assert that quality tourists are the big spenders—those who stay in famous, international chain hotels, ride in chauffeur-driven limousines, and dine at expensive restaurants. Others argue that true quality tourists are those who most effect income distribution. A quality tourist, under this definition, stays in locally-owned hotels or guest houses, eats at local food stalls, and rides a tuk-tuk. Income generated by these tourists is thought to penetrate more deeply and widely to the poorer segments of the industry. In contrast, money from big spenders tends to leak outside the country through franchise royalties and remitted dividends.

More idealistic observers define quality tourists as those who venture to new places to broaden their knowledge of the world and its peoples by being directly exposed to local citizens and their culture. Cultural seekers buying packaged heritage tours are not considered full-fledged, quality tourists in the eyes of the

idealist, because mass tourism does not allow person to person contact and cultural exchange.

The theory that big spenders bring more income to a country fails to be supported by empirical evidence. A recent TDRI study confirms that although the daily expenditure of typical guest house tourists may not be as high as that of hotel dwellers, they do, in fact, normally spend more because they usually stay in the country much longer. When the structure of tourist spending is examined, the highest proportion of the expenditure by "hotel tourists" is for accommodation.

It is also claimed, however, that guest house dwellers have a close relation with the illegal drugs trade. A reply to this accusation is that the big spender criterion cannot guarantee that the source of the big money is clean. Proponents of both criteria, however, suffer from the identical mistake, i.e., applying economic yardsticks to an ethical attribute.

The cultural exchange argument is the most romantic, but the least operational. If this definition were taken seriously, Thailand would be left with only a few thousand "quality tourists." Most tourists simply want to escape from stress and strain, not to experiment with alternative ways of life and thought. As the trend—at least for Asia-Pacific travellers—is to take shorter and more frequent holidays each year, there is little time for personal and cultural exchange.

If one was to define quality tourists as big spenders who are also culture seekers, what would be a likely group of such tourists? According to TDRI's survey of over 1,200 local and foreign tourists, quality tourists tend to be female, aged over 40, who spend more money and are more interested in cultural attractions.

It may be easier to identify "bad" tourists. If bad tourists are those who come to buy sex, or come to trade or consume illegal drugs, they should be banned. The relevant policies should not tolerate such practices. Drastic action should be taken to eliminate such services. The responsibility for ending "bad tourism" would thus be shifted from TAT to the Ministry of Interior.

### **CULTURAL CHANGE AS A FUNCTION OF TOURISM**

Tourism is often attacked as one cause of cultural decline in Thailand. Some rituals, ceremonies and cultural events have become commercialized and have turned into a kind of show business where the focus is making money; this is perceived by some as being caused, or partially caused, by tourism. While it is undeniably true that the tastes of foreign tourists have an influence on the more tangible forms of culture, for example arts and crafts manufacture in Chiang Mai Province, and that some cultural events are organized with the express purpose of attracting foreign tourists, it is not correct to say that foreign tourists have a direct bearing on the evolution of Thai culture.

This point is exemplified in a study done by Professor Nidhi Eoseewong on the Bang-Fai or Skyrocket Festival in Yasothorn Province. This was initially a folk ceremony to bring rain and to assure agricultural people of fertility and a bountiful harvest. Over the years, the festival has been greatly modified in form and spirit. No longer a village spiritual ceremony, it now has become more of a performance which people attend for pleasure and fun. It has acquired new socio-political functions, creating important bonds between village and city residents as well as village residents and state authorities. Its changes are less a function of tourism (few tourists attend the festival) and more a function of societal changes. Whereas formerly the ceremony was performed locally in villages for religious reasons, it has now been transferred to the auspices of provincial authorities who have turned it into a show to be attended by provincial residents. Thus the character and "raison d'etre" of this ritual have been completely altered through changing societal structure and values.

### **FUTURE OPPORTUNITIES**

Undoubtedly, there is fierce competition in the tourism industry among Southeast Asian countries. Following Thailand's 1987 "Visit Thailand Year," Malaysia followed suit with "Visit Malaysia Year" in 1990; Indonesia continued the trend with "Visit Indonesia Year" in 1991. Singapore has recently invested S\$1

million for the improvement of infrastructure to cater to the tourism industry. At present Myanmar is planning its first "Visit Myanmar Year."

Despite this competition, Thailand still holds comparative advantage in a number of realms. Malaysia has insufficient accommodation facilities, both in quantity and quality. Indonesia lacks experience in tourism management. And Singapore faces problems of high labor costs within the tourism industry. Our past advantage is due to sectoral efficiency. Our future advantage lies in our ability to manage our infrastructure both at a sectoral and macro level, especially to curb Bangkok's traffic problem.

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