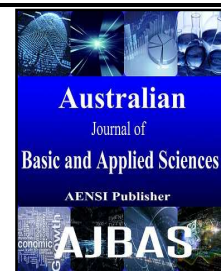




ISSN:1991-8178

Australian Journal of Basic and Applied Sciences

Journal home page: www.ajbasweb.com

Impact Analysis of Visitor Arrivals on Tourism Receipts in the Philippines (1954-2013)

Prof. Dr. Cecilia J. Sabio

Vice President for Academic Affairs, University of the City of Manila, (Pamantasan ng Lungsod ng Maynila), Intramuros, Manila, Phils. 1011

ARTICLE INFO

Article history:

Received 3 October 2015

Accepted 10 October 2015

Published Online 13 November 2015

Keywords:

Tourism, receipts, arrivals, Philippines

ABSTRACT

This paper will provide baseline information on visitor arrivals and tourism receipts in the Philippines from 1954 to 2013. The growth rates of visitor arrivals and tourism receipts will also be considered. Data from this paper was taken from the Department of Tourism of the Philippines. To further analyse whether the number of tourist arrivals in the country impacts the tourism receipts, a regression analysis was statistically employed. Findings revealed that both tourist arrivals and receipts grew over time. The results of regression analysis revealed that as the volume of arrival of tourists' increases, the amount of tourism receipts in millions of dollars also increases. Furthermore, for every increase in the volume of arrivals, the amount of visitor's receipt in millions of dollars will increase by 0.000992. Also, the findings showed that the growth rate of visitors' arrival has no significant effect on the growth rate of visitors' receipt.

© 2015 AENSI Publisher All rights reserved.

To Cite This Article: Prof. Dr. Cecilia J. Sabio., Impact Analysis of Visitor Arrivals on Tourism Receipts in the Philippines (1954-2013). *Aust. J. Basic & Appl. Sci.*, 9(34): 83-89, 2015

INTRODUCTION

The travel and tourism sector, which comprises the agglomeration of services connected in a value chain that facilitates the movement, stay, and activities of tourists, is a dynamic global socio-economic activity with profound direct, indirect, and induced impacts at the global, regional, national, and local levels - especially in the emerging economies such as the Philippines. Tourism is a spatially distributed activity that takes place in both urban and rural locations, thus helping support infrastructure investments and employment especially in rural areas.

RA9593 acknowledges the Philippine Government's interest in developing the tourism sector based on its potential as an engine of growth that can contribute to national development by stimulating additional investment, creating more income and employment opportunities, and enhancing national pride for all Filipinos in their natural and cultural heritage and its sustainable use. Under the Aquino Administration, the sector has been targeted as a priority sector able to drive efforts to encourage inclusive socio-economic development, reduce poverty, promote gender equity and private sector participation, and safeguard natural and cultural heritage. These objectives are attuned to the targets in the Millennium Development Goals of the

Philippine Development Plan for 2011-2016, which is anchored on the Aquino Administration's 16-Point "Social Contract with the Filipino People."

The Philippines has a rich and diverse set of tourism resources as represented by its extensive natural and cultural heritage sites and landscapes that are globally unique, of which the Historic Town of Vigan, the Rice Terraces of the Philippine Cordilleras, the Baroque Churches of the Philippines, the Puerto-Princesa Subterranean River national Park, and the Tubbatha Reefs National Park have been recognised by UNESCO as World Heritage sites.

The Philippines has 10 designated International airports, as well as 34 principal airports used for domestic scheduled flights. The international airports are served by 36 international airlines including five (5) of Philippine origin (also domestic carriers) operating an average of 806 scheduled flights per week with 197,000 seats per week from 42 foreign ports, and 3,000 flights with 348,000 seats per week on domestic routes in 2010. In addition, there are 25 sea ports operated by the Philippine Ports Authority providing passenger and RORO facilities served by 45 RO-RO and inter-island shipping companies servicing a total of 184 routes; and 31,242.38 km of mainly asphalt and concrete paved national highway system served with 6,000 inter-island buses.

Corresponding Author: Dr. Ralph A. Sabio, St. Scholastica's College Manila, Leon Guinto St., Malate Manila, Philippines 1011.
Tel: (632) 917-8860066; E-mail: alsabio@yahoo.com

The country has an estimated 96,052 hotel and resort rooms with another 16,654 rooms either in the final planning stage or already under construction that is likely to bring total rooms capacity to 112,706 by 2014 sufficient to handle an extra 4 million domestic and international guests. While 314 inbound, domestic and outbound travel operators and 1,474 tourist transportation operators are accredited with the DOT, many more are not accredited.

Philippine tourism is regulated at the national level by the DOT under Republic Act 9593. It is responsible for tourism policy and planning, international and domestic marketing, facilitating investment, the accreditation of tourism enterprises, maintaining data on tourism and its economic impacts, and supporting through capacity building the tourism activities of the LGUs. Its activities are financed through annual appropriations, contributions from the Philippine Travel Tax, and profits from the operations of Duty Free Outlets. At the local level, the LGUs under the Local Government Code of 1991 are responsible for licensing the operation of tourist enterprises on payment of a business tax, inclusion of tourism in their CLUPs and zoning ordinances, regulating health, fire, and other safety hazards, providing security in partnership with the PNP, and undertaking promotions activities designed to attract tourists to their area.

In 2010, the Philippines attracted 3.52 million international tourists staying an average of 8.21 nights and spending an average of US\$ 83.59 per day; and estimated 27.91 million domestic travellers in 2010 staying an average of 4 nights and spending an average of PhP 553.09 per day. The main source of international tourists is South Korea, the USA, and Japan followed by China and other countries with leisure-based and visiting friends and relatives being the main reasons for visiting. In the domestic market, the main sources are urban centres such as Metro Manila, Cebu, Davao, and the secondary cities with visiting friend and relatives and leisure travel as the main reasons for travelling. DOT surveys indicate that in 2010, the top tourist destinations were Metro Manila, Cebu-Mactan, Boracay Island, Camarines Sur, Baguio City, Davao City, Zambales (including Subic), Bohol, Camiguin Island, Negros Occidental, Cagayan Valley, Ilocos Norte, and Puerto Princesa. Overall, it is estimated by DOT/NSCB that in 2010 domestic and international tourism contributed 5.76% to GDP and directly employed 3.69 million persons or 10.25 % of total employment in the country.

Between 1995 and 2010, the annual average growth of international arrivals was 4.7% notwithstanding good recovery in arrivals between 2009 and 2010 while between 2005 and 2010 the average annual rate of growth in the domestic market was 3.3%. These growth rates are quite low relative to the competing countries such as Thailand,

Indonesia, Malaysia and Viet Nam where long-term international arrivals have grown at +8% per annum and domestic tourism at +5% per annum. In terms of its position in ASEAN, the Philippines' tourism performance by volume is ranked below all ASEAN countries except for Myanmar, Lao PDR and Cambodia. The main causes and effects of the historic poor international and domestic tourism growth performance are summarized in Figure 1.

Notwithstanding the challenges facing the industry, SWOT analysis indicates that there are significant opportunities for large and sustained market growth given that the key constraints and weaknesses are effectively addressed. If so, then market research indicates that between 2010 and 2016, the Philippines could increase its current number of international arrivals from 3.52 million to around 6.7 million, and domestic tourism from 28.9 million travelers to around 35 million. If achieved, these levels of international and domestic tourism could sustain direct gross value added of PhP 890,000 million or around 6.8% of GDP, and direct employment of around 6.5 million persons by 2016. Moreover, with careful targeting, a significant number of the additional 2.8 million directly employed in the industry by 2016 would come from the poorer sectors of the population as well as provide new employment opportunities for returning overseas workers.

International tourism receipts (US dollar) in Philippines was last measured at 3,228,000,000 in 2010, according to the World Bank. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items.

The fact that the Philippines remains at the least standing in terms of tourist arrivals as compared to its ASEAN neighbours is what this research is going to look at. Specific attention will be given to the number of tourist arrivals as well as tourist receipts over the last decades. The relationship of these two (2) variables will also be considered in this research. What the researcher would like to look into is whether an increase in the volume of tourist arrivals dictates an increase in tourism receipts and vice versa.

Research Objectives:

This research will generally determine the volume of visitor arrivals and tourism receipts from 1954 up to 2013 and a regression analysis will be made to determine impact of the former to the latter. Specifically, this research paper will find answers to the following questions, to wit:

1. What is the volume of visitor arrivals in the Philippines over the last five (5) decades (1954-2013)?
2. What is the growth rate in visitor arrivals in the Philippines over the last five (5) decades (1954-2013)?
3. How much visitor or tourism receipts do the Philippines generate over the last five (5) decades (1954-2013)?
4. What is the growth rate of visitor or tourism receipts of the Philippines over the last five (5) decades (1954-2013)?
5. Is there a significant effect in visitor arrivals in the Philippines to visitor/tourism receipts over the last five decades (1954-2013)?
6. Is there a significant effect in the growth rate in visitor arrivals to the growth rate of visitor receipts in the Philippines over the last five (5) decades (1954-2013)?

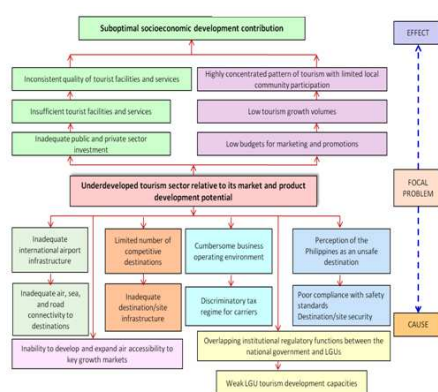


Fig. 1: Philippine tourism growth performance.

Theoretical Framework:

The natural and cultural heritage tourism assets of the Philippines support an extensive range of tourism activities including: beach and island resort experiences; cultural sightseeing, participation in cultural festivals and events; and nature-based sightseeing, adventure activities such as trekking and climbing, and marine activities such as scuba diving.

Most importantly, the Philippines presents a unique living culture that is expressed by its many ethnic groups, by a rich and vibrant culture as represented by its art, craft, music, dance, cuisine, customs and traditions, and most importantly, the

exceptional hospitality of its people. The main urban areas increasingly offer leisure, entertainment, shopping and meetings and events tourism facilities that are competitive with those of its neighbours.

As noted in the World Economic Forum (WEF) Travel and Tourism Competitiveness Index 2009, while the Philippines' may not possess the ancient Buddhist and Hindu temple culture and monuments of some of its ASEAN neighbours, it is but the only country with a Spanish-American heritage in Asia, and the only country fully located within the Coral Triangle, comprising the largest and richest coral bio-diversity ecosystem on the planet.

Conceptual Framework:

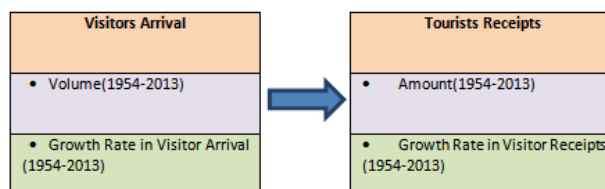


Fig. 2: Conceptual Paradigm of the Study.

Figure 1 shows the schematic diagram of the study on the impact of visitor arrivals on tourism receipts. The growth rate of both tourist arrivals and receipts was also taken into consideration and tested using regression analysis.

Related Literature:

Given the country's comparative advantages in terms of natural and cultural tourism resources and its position in the fastest growing tourism market in the world—the Asia Pacific Region—the tourism sector should be a major contributor to the country's agenda of inclusive and sustainable socio-economic

development. While the tourism sector remains relatively underdeveloped compared to its neighbours in ASEAN due to a combination of infrastructure, fiscal, regulatory, and investment challenges, the country has the opportunity to take advantage of this “low hanging fruit” by effectively addressing these challenges and taking advantage of the latest

information technology to leverage the people’s talent for networking to undertake aggressive international and domestic marketing campaign that will firmly position the Philippines in the global tourism space. Under the National Tourism Development Plan the Philippine tourism fact sheet is shown in the table below, as follows:

Table 1: Philippine Tourism Fact Sheet.

Key Variable	Statistics
1. Tourism Volumes	<ul style="list-style-type: none"> ▪ 3.9 million international arrivals in 2011 up by 11% from 3.5 million in 2010. The 2010 arrivals generated 4.6 million separate overnight visits to destinations in the Philippines, of which 4.1 million arrivals stayed in commercial tourist accommodation establishments. ▪ 27.9 million domestic travelers in 2010 generating 111.6 million trips with 54.9 million tourists using tourist accommodation establishments.
2. Tourism Profile	<p>International Tourist:</p> <ul style="list-style-type: none"> ▪ 61.5% from Asia Pacific Region, 44.4% from East Asia, 8.5% from ASEAN countries, 5.8% from Oceania, 1.5% from South Asia, and 1.4% from M.E. ▪ Top Source Markets: Korea 21%, USA 17%, Japan 10%, China 5%, Australia 4%, Taiwan 4%, Hong Kong 4%, Singapore 3%. <ul style="list-style-type: none"> ▪ Main Purposes of Visit is Holiday, Visit Friends and Relatives, and Business <ul style="list-style-type: none"> ▪ Average length of stay is around 8.21 nights ▪ Average expenditure per day is around \$ 83.59 ▪ Top Destinations are: Metro Manila, Cebu, Boracay Island, Camarines Sur, Bohol, Zambales, Davao City, Negros Oriental, Cagayan Valley, Puerto Prinsesa City, Baguio City, Ilocos Norte, Camiguin Island.
Tourism Profile (Cont.)	<p>Domestic Tourists:</p> <ul style="list-style-type: none"> ▪ Main purpose of travel is Visiting Friends and Relatives 41.7%, Pleasure/Vacation 26.8%, Business 7.7%, Study 2.8%, attending Meetings, Incentives, Conventions and Exhibitions/Events (MICE) 2.2%, medical/health 4.8%, and other 7.9%. ▪ Main source markets are Metro Manila, Cebu, Central Luzon, Davao, Iloilo, Bacolod, and other large regional cities. ▪ Average length of stay per trip is around 4.0 nights and average expenditure for four trips at Php 8,356.75 <p>Top domestic destinations are: Metro Manila, Davao City, Baguio City, Boracay, Zambales, Iloilo-Guimaras, Puerto Princesa, and Bohol (source: Tourists in Selected Major Destinations 2010/2009, DOT).</p>
3. Estimated Economic Impact of Tourism (2010)	<ul style="list-style-type: none"> ▪ Tourism Direct Gross Value Added Php 518,465 million or 5.8% of GDP ▪ Employs 3.647 million persons and accounts for 10.1% of total employment ▪ Domestic Tourism Expenditure: Php 932,838 million, or 14.5% of household final consumption expenditure <ul style="list-style-type: none"> ▪ Inbound Tourism Expenditure: Php 109,226 million, or 3.5% of exports
4. Growth Trends and Forecasts in International Arrivals to the Philippines	<ul style="list-style-type: none"> ▪ International arrivals to the Philippines increased by 6.5% per annum between 2000 and 2011. ▪ Assuming the same rate of development as in past 11 years, the Philippines could expect to achieve close to 5.4 million arrivals out of 98 million forecast by the United Nations World Tourism Organization for Southeast Asia in 2016. ▪ Assuming the same growth rate over next five year as between 2004 and 2010, i.e. 3.32% p.a., then total domestic tourism volumes by 2016 will reach 32.8 million.

The Philippines already offers a wide range of tourism products, many of which are only partially developed, and hence offer considerable growth prospects over the next five years.

Scope and Limitation of the Study:

This study is limited in the determination of baseline information on visitor arrival in terms of volume from 1954 to 2013, growth rate of visitor arrival, visitor receipts in terms of amount from 1954 to 2013 and growth rate in visitor receipts also covering the same years. This research was done in the year 2015. Data for this research was basically secondary in nature taken from the Department of Tourism. Descriptive type of research was employed to determine the volume of both visitor arrival and receipts in terms of amount. Also, inferential type of statistics was employed to determine extent of

relationship that exists between the variables mentioned.

Methods of Research:

The researcher employed the descriptive approach in this study. As commonly known, the descriptive research attempts to describe systematically a situation, problem, a phenomenon, service or program, or provide information or describe attitudes towards an issue. The method used is considered appropriate since the study observed and determined the effect of visitor arrival to tourism receipts. The researcher made use of regression analysis in determining the effect of 2 variables mentioned. ANOVA was also utilized to determine if the effect is significant or not.

Sources of Data

The researcher made use of secondary data taken from the Philippine Department of Tourism. Specifically, data on visitor arrivals and its growth rate were taken as well as data on tourism receipts and its growth rate. A letter was prepared to seek this information from the Department of Tourism. The period covered is from 1954 up to 2013.

International tourism - receipts (US dollar) in Philippines:

As earlier defined international tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services

received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. Data are in current U.S. dollars. The figure below shows the latest values, historical data, forecasts, charts, statistics, an economic calendar and news for International tourism - receipts (US dollar) in Philippines.

RESULTS AND DISCUSSIONS

1. Visitor Arrivals in the Philippines (1954-2013):

Figure 3 below shows the up-scaling trend in the visitor arrivals in the Philippines. It was in the year 2011, when an upsurge in tourist arrivals was recorded at a high quantity of 3.9M.

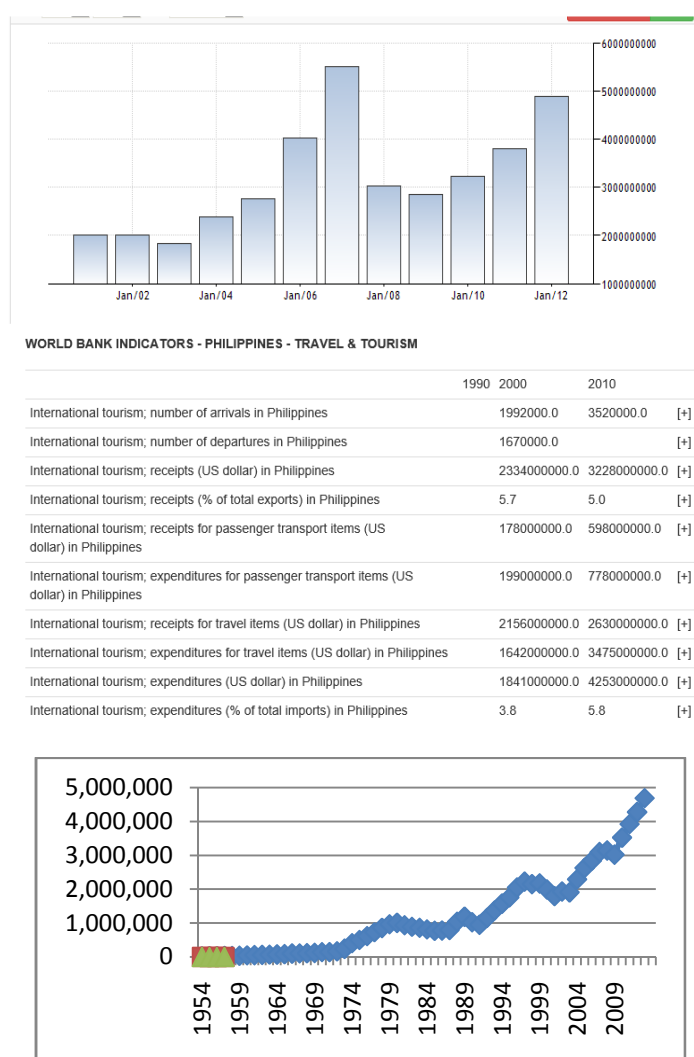


Fig. 3: Scatter Diagram Showing the Trend in the Volume of Visitor Arrival (1954 to 2013). Source: Department of Tourism (DOT), Accomplishment Reports 1954-2013

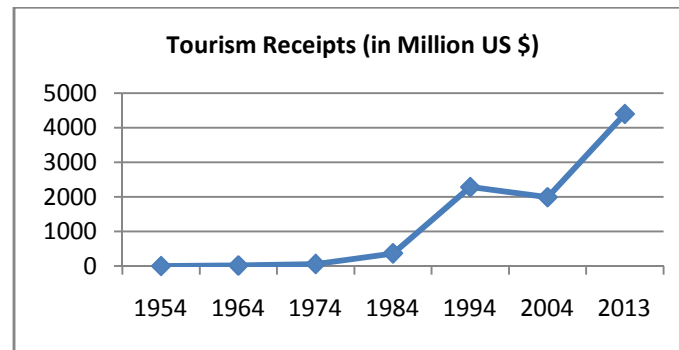


Fig. 4: Scatter Diagram showing the Trend in Tourism Receipts in Millions of USD (\$), 1954-2013. Source: Department of Tourism (DOT), Accomplishment Reports 1954-2013

2. Tourism Receipts in the Philippines (1954 – 2013) :

Figure 4 shows the scatter diagram representing the trend in tourism receipts from 1954-2013. It could be gleaned from the above figure that tourism receipts in the Philippines grew over time. While data taken from the Philippine's Department of tourism was complete on a yearly basis from 1954 to 2013, the tourism receipts reflected in the figure was made on a ten year interval (for brevity). Specifically, the figure in US Dollars reflect that in 1954 the tourism receipts was already accounted in the amount of 0.73; 15.58 in 1964; 58.18 in 1974; 366.25 in 1984; 2,282.89 in 1994; 1,990.81 in 2004 and 4,397.09 in 2013. As expected the tourism receipts in the Philippines was found to be highest in the year 2013. This was the year when the country was again regarded as a developing economy in Asia.

3. Growth Rate in Visitor Arrivals:

Figure 5 shows the scatter diagram of the growth in visitor arrivals over the last six (6) decades . Specifically, the figures are as follows: 28.62% in 1954, 7.78% in 1964, 68.91% in 1974, -5.09% in 1984, 14.70% in 1994, 20.10% in 2004 and 9.65% in 2013. As seen in the figure below, there is a marked difference from 1964 to 1974 in terms of growth rate in visitor arrivals. The reason for this is because it was in 1974 that the Philippines hosted the IMF-World Bank Summit held in the newly opened Philippine International Convention Center in Manila. Growth rate as used in this paper means the incremental increase in tourist arrivals per year. Results of analysis showed that from 1954 to 2013 growth rate in tourist arrivals increased by more than 300 times for the past 60 years.

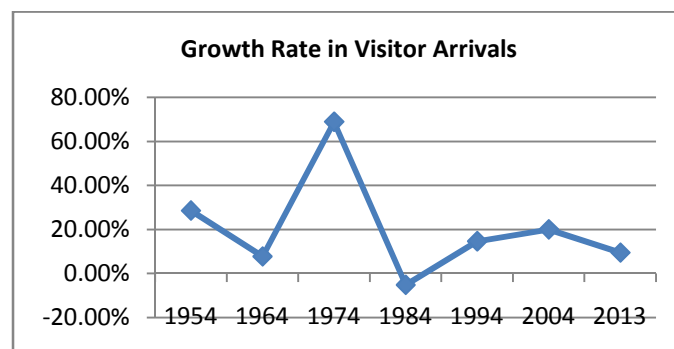


Fig. 5: Scatter Diagram showing the Growth Rate in Visitor Arrivals, 1954-2013 Source: Department of Tourism (DOT), Accomplishment Reports 1954-2013

4. Growth Rate in Tourism Receipts:

Meanwhile, Figure 6 shows the growth rate in tourism receipts (also made in ten years interval). The figure in 1964 was 6.28%; -24.34% in 1974; -21.19% in 1984, 7.57% in 1994; 30.74% in 2004 and 15.17% in 2013. It was in 2004 that the growth rate in tourism receipts was recorded to be highest at almost 31%. As discussed above, growth rate as used in this study means the incremental increase per year in the tourism receipts. Statistical analysis revealed that from 1955 to 2013, revenues generated

from tourism increased drastically by more than 6,000 times.

5. Effect of Visitor Arrivals in Tourism Receipts:

Based on the Correlation test made and the result of computed R^2 values, it revealed that the volume of arrivals of tourists has a high positive correlation to amount of visitors' receipts in millions of dollars with an r-value of 0.9185. This means that as volume of arrivals of tourists increases, the amount of tourism receipts in millions of dollars also increases.

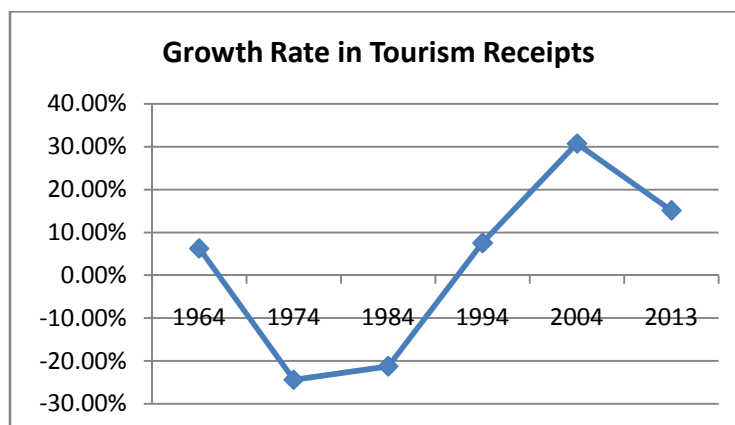


Fig. 6: Scatter Diagram showing the Trend in Tourism Receipts in Millions of USD (\$), 1954-2013.

Also, the r-square value of 0.8436 indicates that the *volume of arrivals* of tourists has an 84.36% effect on the amount of *visitors' receipts in millions of dollars*.

Further, the r-square value of 0.8436 which indicates that the *volume of arrivals* of tourists has an 84.36% effect on the *amount of visitors' receipts in millions of dollars* is found to be significant since the computed f-value = 1.333×10^{-22} is less than 0.05.

Finally, *results of statistics revealed that the volume of arrivals* of tourists has a significant effect on the *amount of visitor's receipts in millions of US dollars* since its p-value of 1.33×10^{-22} is less than 0.05. Furthermore, for every increase in volume of arrivals, the amount of visitor's receipt in millions of dollars will increase by 0.000992.

6. Effect Of Growth Rate in Visitors' Arrival To Growth Rate in Visitors' Receipt:

Based on the result of correlation test made and the R^2 values, ANOVA and regression statistics, *the growth rate in visitors' arrival has no significant effect on the growth rate in tourism receipt*.

Conclusion:

It can be concluded that the tourism receipts of the Philippines and its tourist arrival grew over time. Also, results of analysis showed that as the volume of arrivals of tourists increases, the amount of tourism receipts in millions of dollars also increases. Statistics showed that the growth rate in visitor's arrival has no significant effect on the growth rate in tourism receipt.

REFERENCES

- Accomplishment Report, Department of Tourism, (1954-2013).
 Birion,(2009). Thesis and Dissertation Writing Without Anguish, Mega Jesta Prints
 Best, W., John and Kahn, V. James, 1998. Research in Education.

- National Tourism Development Plan, Department of Tourism, <http://www.dot.gov.ph>
 World Tourism Organization, <http://www.wto.org>
 ASEAN Tourism Strategic Plan (ATSP)
 United Nations, Millennium Development Goals (MDG), www.unmillenniumproject.org/goals
 Philippine Development Plan (PDP) 2011-2016, <http://www.neda.gov.ph>
 World Economic Forum (WEF), 2009. Travel and Tourism Competitiveness Index.
 R.A., 9593 – Tourism Act of the Philippines , <http://www.dot.gov.ph>