



Note by EIC



Overtourism : How to cope with our success?

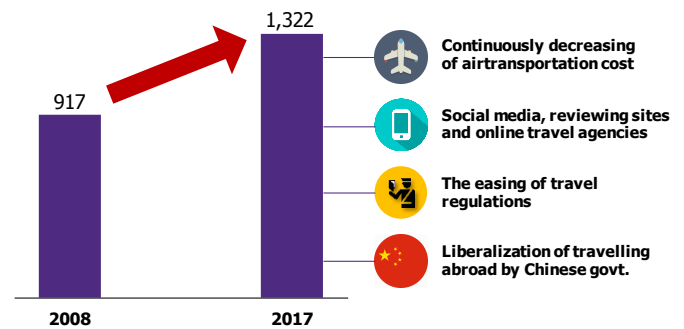
- The number of international tourists in Thailand have grown at 10.3% annual average during 2008-2017, much higher than the 4.1% average global growth of international tourists in the same period. However, international tourists in Thailand have only concentrated in some destinations, which has led to an overcrowding problem with several negative consequences to the infrastructure, natural resources, local culture and overall tourism image to name a few. Despite the short-term benefit to the economic growth through an increase in the number of tourists, the negative consequences may affect the quality of tourism experience. Consequently, the tourism sector will be unable to support long-term economic growth in a sustainable manner.
- Suitable measures to control the number of tourists and tourism management system should be introduced to solve the overcrowding problem in certain areas. This action will help to support Thailand's tourism sector as a long-term growth driver of the country's economy in a continuous and sustainable way.

The recent global growth in international tourist was facilitated by the decrease in travel costs, more accessible information related to tourism, and the easing of travel regulations. Information from the United Nations World Tourism Organisation (UNWTO) indicates that the number of international tourists worldwide has increased annually by an average of 4.1% from 917 million in 2008 to 1,322 million in 2017 (Figure 1). In Thailand, the growth rate in the same period was considerably higher with an average annual growth rate of 10.3% from 14.5 million to 35.4 million. This growth was facilitated by several enabling factors. One such factor was the rise of low-cost airlines after the liberalisation of the airline industry in Thailand. This action has led to a significant reduction in costs associated with air travels. At the same time, price competition in the low-cost airlines market has also led to a further decrease in air travel costs, resulted in 15-20% air ticket price decrease between 2013 and 2017. Another factor is an emerging of social media and online travel agencies (OTAs), as well as reviewing and attraction ranking sites that unlock limitations on travel information and places to stay. Furthermore, the permission by China Tourism Academy in 2011 allowing Chinese citizens to travel abroad freely and the trend of easing visa regulations to promote tourism in several countries have all contributed to an increase in the number of international tourists worldwide.

International tourists in Thailand is growing faster than the global average but those tourists are concentrated in only 8 provinces. The high and continuous growth in the number of international tourists in Thailand has created problems due to overcrowding in some areas. Based on statistics from the Ministry of Tourism and Sports, 80% of trips made by foreign tourists since 2013 have taken place in only 8 cities (Figure 2). As a result, incomes from tourism and investment related to tourism industry are concentrated on certain areas and do not inclusively spread to other areas of the country. The concentration of tourists that go beyond destination carrying capacity has several negative consequences including shortage of basic infrastructure, damage to natural resources, changes to local culture and the way of life, higher costs of living, as well as affecting the overall image and tourism experience of the international tourists from their visit to Thailand to name a few.

Figure 1: international tourists worldwide

Unit: Million people



Source: EIC analysis of information from UNWTO, Henley Passport Index, China Tourism Academy and the company's media deverables

Note: 1/ The average air ticket price data is collected and estimated from data of Thai Airways and Thai Smile, Thai Air Asia, Nok Air, and Bangkok Airways, whose collective share of air transport market in Thailand was 79% in 2017.

2/ The average air ticket price does not take into account the change of average flight distance and jet fuel costs

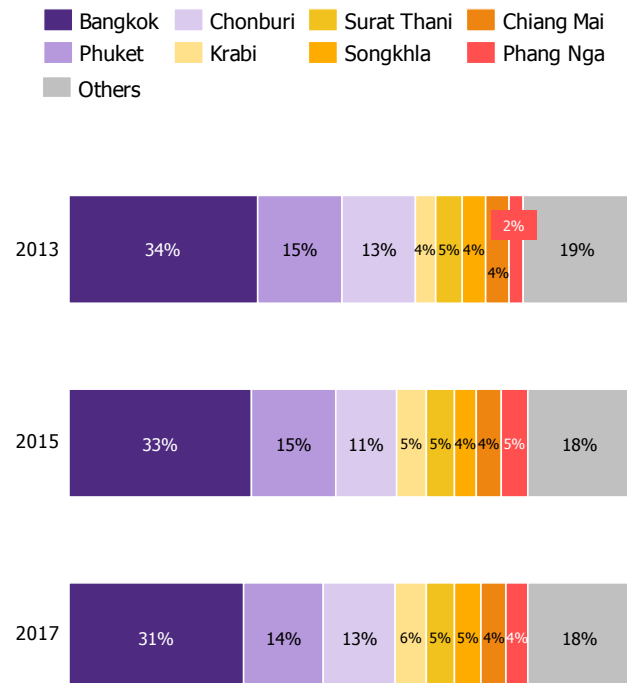
Damage to natural attractions and garbage are examples of problems that have been occurring in Thailand.

Research by Thailand's Ministry of Tourism and Sports found that in 2008 there were 14.8 million tourists while damage to the coral reefs occurred only to 30% of the total. Meanwhile, in 2017, the number of international tourists have risen to 35.4 million while damage to the coral reefs has surged to 77%, which led to the closure of attractions by Department of National Parks, Wildlife and Plant Conservation until further notice for the coral reefs and the environment to recover. Another problem is the left over garbage in attractions due to the lack of garbage management capacity. By comparing the amount of garbage in Krabi and Chumphon, two provinces with similar number of population but different levels of tourism, statistics from Pollution Control Department in 2016 revealed that Krabi has more garbage than Chumphon by as much as 47%. Leftover garbage produces problems to the tourism image as well as polluting the area and possible epidemics. In addition, attractions in the popular national parks also face similar issues of leftover garbage due to the lack of garbage management capacity. Nevertheless, the overtourism problem occurs not only in Thailand but also to cities all over the world. Therefore, Thailand can learn and adapt from the experience of cities abroad in dealing with the overcrowding issue to address this problem in Thailand more effectively.

Thailand can adopt measures to control the number of tourists from international cases in several ways based on the management of tourism demand and supply. Several cities abroad that are overcrowded with tourists have several measures to manage the tourist number. These measures can be classified into two main categories; they are demand-side measures to manage tourism or the desire to travel and supply-side measures as follows:

Figure 2: Proportion of international tourists

Unit: % of trips by foreign tourists each year



Source: EIC analysis of information from the Ministry of Tourism and Sports



Demand-side measures to manage tourism or the desire to travel, for example:

- **Specifying a minimum salary rate for tourist visa application.** This measure was introduced by Japanese government in the early part of 2015 whereby a minimum annual income of Chinese tourists applying for a multiple-entry visa was set at 100,000 Yuan per year. This measure is used to control the number and filter the quality of tourists entering the country. Nevertheless, this measure was relaxed in May 2017 to promote the growth of the number of Chinese tourists and to increase Japan's tourism revenue.
- **Introducing a tourist quota system for a specific time period.** Such a measure has been adopted in Dubrovnik, Croatia since January 2017 to limit tourists to 8,000 per day in accordance to UNESCO's recommendation. This quota was set due to worries that the historic site registered as a world heritage site would be damaged. The city's management is planning to reduce this quota to 4,000 per day in 2019 by controlling the number of cruise ships and the selling of day-package tour that enroutes the city. A similar measure was also introduced in Venice to regulate the number and size of cruise ships that can park in the city dock to indirectly reduce the number of tourists.
- **Adopting a booking system.** This measure has been used at the Milford track hiking route in New Zealand that is popular among hikers worldwide. The number of hikers has been limited to 90 per day especially during high-season to prevent negative impacts to the local environment as well as maintaining the positive experience of the hikers.
- **Introducing entry fees in-line with popularity,** such as at the Burj Khalifa skyscraper in Dubai where entry fees to the viewpoint area are set according to the popularity during each period of the day. That is, the entry fee prior to the sunset is raised higher to control the number of visitors while also increasing incomes.

Supply-side measures or the management of attractions and tourism-related businesses such as:

- **Promoting tourism in less-visited areas.** Iceland has adopted such a measure by establishing a funding to compensate airlines with flights to Akureyri in the northern part of the country that features beautiful waterfall and hot spring scenery but is not as popular among tourists as Reykjavik, the capital city. Another example is Venice who introduced the campaign "Detourism: Travel Venice Like a Local" in 2014 to encourage tourists to visit sites that are not as popular in the city using several communication channels including E-mail, newsletter, website and social media where tourists can pre-purchase tickets at a discount rate.
- **Developing a new tourism route.** Example of this approach is the Dragon Route ("Shoryudo") in Japan that was developed in 2012 by improving the transportation infrastructure as well as clustering and developing existed attractions through Public-private partnership (PPP) method, allowing the private sector to become involved in investment in tourism-related businesses such as hotels, Onsens, restaurants, and souvenir shops. The initiative was also supported by a public relations programme through several communication

channels to attract international tourists to the new route while lessening tourist density in the Tokyo-Kyoto-Osaka route that was very popular at the time.

- **Limiting the number of accommodations in the city.** This includes conventional accommodations, such as hotel or resort, and home-sharing that is becoming increasingly popular. Several cities have embraced this measure to indirectly limits the number of tourists such as Barcelona, Ibiza, and Majorca in Spain, New Orleans in the US, and Paris in France.

A tourism destination city can embrace both demand-side and supply-side measures at the same time. For example, Venice has introduced regulations to limit the number and size of cruise ships allowed to dock in the city to limit the number of tourists while also embracing the initiative to promote tourism in less-visited areas with the aim of dispersing the tourist crowd.

Nowadays, some cities have adopted Big data technology and artificial intelligence (AI) to control the number of tourists as well. This is the case in Amsterdam where RFID chip was installed in the visitor card that allows tourists to enter tourist attractions and use public transport for free to collect big data. The information is then processed using artificial intelligence (AI) allowing the management team to monitor tourists' behaviour during their visit. This system can also be used to lessen tourist density in an attraction by alerting tourists of the busy period through an application. This is so that the tourists can visit other attractions that are less busy. Additionally, AI can also be used, with permission, to reach personal information on Facebook to perform analysis and provide recommendations on which attractions to visit for each tourist via Facebook Messenger. EIC views that Thailand's tourism agency could adopt and extend these technologies alongside the studying of carrying capacity for each tourist attraction to effectively control the number of tourists in-line with the already utilised measures.

Furthermore, Thailand should introduce a tourism management system to ensure continuous and sustainable growth in incomes from tourism in the long-term. Starting from collecting, storing, and exchanging tourism information between relevant agencies including hotels, airlines, accommodation reservation platforms, ranking and reviewing websites, agents, and government bodies. Such a cooperation can also be extended to included mobile phone operators to collect big data from phone signals to study tourism behaviour as laws permitted. Tourism targets can then be set with involvement by the local resident in planning and making decisions on issues such as the number of tourists, nationalities and types of tourists, development of tourist attractions, improvement of local infrastructure, as well as developing marketing communication channels to attract tourists as per the target set. The introduction of tourism management system that suits the context of each area will help to prevent a potential problem relating to expansion in tourism in the future while also maintaining long-term growth in incomes from tourism in the area in a sustainable manner. In addition, the management of tourism also involves planning and finding funding to invest and develop infrastructure to support tourism or to preserve natural attractions. This is evident in the case of Japan where the government will begin collecting taxes of 1,000 Yen from citizens as well as international tourists who are leaving the country from April 2019 onwards. This fund will be used to marketise and



develop means to facilitate tourism such as signposts with multiple languages for tourists or more efficient and faster immigration system.

By: Pullawat Pitigraisorn (Pullawat.pitigraisorn@scb.co.th)

Economic Intelligence Center (EIC)

Siam Commercial Bank Public Company Limited

EIC Online: www.scbeic.com

Line: @scbeic

