

# Macroeconomic Perspective - Chinese President Era Affecting Chinese Tourist Demand: Case of Thailand

*Suphattana Tachochalalai*

Faculty of Economics, Srinakharinwirot University, Thailand

E-mail: suphattanaple@gmail.com

*Suppanunta Romprasert*

Faculty of Economics, Srinakharinwirot University, Thailand

E-mail: suppanunta@g.swu.ac.th

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## Abstract

This research aims to study macroeconomic factors affecting on tourism demand particular on Chinese tourist arrivals to Thailand. The macroeconomic factors consist of real income per capita, foreign exchange rate, relative consumer price index, unemployment rate, and economic crisis. The study employs multiple regression analysis to analyze the results. The statistical data period is selected from 1993 to 2017. The selected period are divided into 3 pillars along with the Chinese President Era: Mr. Jiang Zemin (1993-2002), Mr. Hu Jintao (2003-2012), and Mr. Xi Jinping (2013-2017). The results show that in the era of President Jiang Zemin (1993-2002): real income per capita and unemployment rate are positively related. President Hu Jintao (2003-2012) era: real income per capita has a positive related. Moreover, in the era of President Xi Jinping (2013-2017), the study finds that foreign exchange rate and relative consumer price index are negatively related. According to the outcomes, paper suggests that Thai government should stimulate Chinese tourism by looking at Chinese policy provided in order to impose the proper marketing strategies and planning proactive market that will meet the needs of Chinese tourists. Related to the “President Chinese Era”, the findings is useful for investigating backward. In the era of President Xi Jinping has shown negative relationship on macroeconomic variables Hence, Thai government should impose some policies that supports on Chinese tourists. Moreover, the government should impose a price-controlling policy so that goods and services in the market cannot be charged too much and worth for spending.

**Keywords:** Macroeconomic Perspective, Tourism Needs, Chinese Tourists

## Introduction

Tourism is an important industry that helps the developing countries in many aspects particular on the growth rate which it expresses as in foreign tourist revenue. The tourism will bring a lot of foreign money into the country that shows positively affecting to the balance of payments as well as create opportunities to work in the area of tourist attractions. Considering world tourism overview in 2017, Asia-Pacific region has 323.20 million foreign travelers, which is the second highest number of tourist arrivals in the world and is accounted for 24.40 percent of market share (World Tourism Organization, 2017-2018) showing in Table 1.

**Table 1** World Market Data

Region	International Tourist Arrivals (Million)								Market Share	Change		
	1990	1995	2000	2005	2010	2015	2016	2017	(%) 2016	(%) 2017	16/1 5	17/1 6
World	435	526	680	809	952	1,195	1,239	1,323	100	100	3.70	6.80
Europe	261.5	303.5	392.9	452.7	487.7	605.1	619.0	671.1	49.9	50.7	2.30	8.40
	0	0	0	0		0	0	0	6	0		
Asia and the Pacific	55.90	82.10	110.4	154.1	208.2	284.1	305.9	323.2	24.6	24.4	7.70	5.60
			0	0	0	0	0	0	9	0		
America	92.80	108.9	128.2	133.3	150.4	193.7	200.7	207.3	16.2	15.7	3.60	3.30
s		0	0	0	0	0	0	0	0	0		
Africa	14.80	18.70	26.20	34.80	50.40	53.60	57.80	63.00	4.67	4.80	7.90	9.00
Middle East	9.60	12.70	22.40	33.70	55.40	58.10	55.60	58.20	4.49	4.40	-4.30	4.60

Source: World Tourism Organization (2017, 2018).

From Table 1, the world market data shows that Thailand is one of the Asia-Pacific countries increasing in the number of foreign tourist arrivals continuously as well as the revenue coming from both Thai and foreign travelers leading to an increase in a percentage of national income from 2012 to 2017 (see Table 2).

**Table 2** The Percentage of tourism revenue to national income of Thailand from 2012 to 2017

Year	Tourism revenue		Total tourism revenue (Million Baht)	National income (Million Baht)	The percentage of tourism revenue to national income
	Foreign tourists (Million Baht)	Thai tourists (Million Baht)			
2012	983,928.36	578,001.26	1,561,929.62	12,357,403	12.64
2013	1,207,145.82	660,714.67	1,867,860.49	12,921,155	14.46
2014	1,172,798.17	701,451.48	1,874,249.65	13,203,737	14.19
2015	1,457,150.28	803,073.31	2,260,223.59	13,672,851	16.53
2016	1,633,497.55	882,204.76	2,515,702.31	14,096,018	17.85
2017	1,831,104.99	989,537.37	2,820,642.36	14,518,911	19.43

Source: Tourist Statistics. (2017a, 2017b) and National Statistical office (2017).

From Table 2, the percentage of tourism revenue to national income from 2012 to 2017 describes that tourism revenue is more important for economic development of a country each year. In 2017 the percentage of tourism revenue are almost 20 percent of national income. For the increasing number of foreign tourists and tourism revenue as well as an expanding number of Thai tourists, the key factor is government efforts in planning and supporting tourism Thailand. The result of government push and support leads Thailand makes a lot of income into the country by looking at the number of foreign tourists traveling to Thailand collected from statistics tourist, Ministry of Tourism & Sports as in Table 3 follows:

**Table 3** The number of foreign tourists from 10 most visited to Thailand in 2017.

<b>Rank</b>	<b>Country of Residence</b>	<b>Number of Arrivals (Persons)</b>	<b>Per capita spending (Baht/Day)</b>	<b>Tourism revenue (Million Baht)</b>
1	China	9,846,818	6,544.82	520,722.39
2	Malaysia	3,493,112	5,506.80	95,410.08
3	Korea	1,698,608	5,848.98	75,506.73
4	Laos	1,692,866	5,240.85	50,135.28
5	Japan	1,525,707	5,595.95	66,679.99
6	Russia	1,340,376	4,414.33	102,657.51
7	India	1,281,681	5,732.72	54,739.05
8	Singapore	1,259,523	6,393.12	43,482.36
9	USA.	1,006,939	5,204.17	74,307.22
10	United Kingdom	945,061	4,290.09	73,992.49

Source: Tourist Statistics. (2017a)

From Table 3 describes the number of foreign tourists from the 10 most visited to Thailand in 2017. It shows that the outstanding on Chinese tourists visited Thailand around 9,846,818. Paper also finds that the total number of tourists travelling to Thailand from 5 to 7 countries is as close as the number of Chinese tourists. Therefore, China is an interesting country to promote and support Thailand's tourism in the paper. However, the Per capita spending and Tourism revenue of Chinese tourists make a lot. Moreover, the total tourism revenue from 7 to 8 countries is close to only one country, China, which emphasizes the importance of China in terms of economy advantages to Thailand. China also has high purchasing power which makes it become more interesting to attract, support and promote Chinese tourists visiting Thailand. This is because the more Chinese tourists visit Thailand, the more income they spend according to their purchasing power. As a result, tourism industry leads to investment, employment and income distribution to other sectors of the economy such as hotels, restaurants as well as other communities related to tourism. From the data mentioned earlier, paper is interested to study economic factors affecting tourism demand of Chinese tourists in Thailand from 1998 to 2017 so that one can understand the economic factors that have an impact on Chinese tourists who are the most travelling group to Thailand. The study will be beneficial for both private and public sectors involved in cooperating and developing tourism industry which corresponds to current situations that change all the time. It also helps support and promote Thailand tourism of Ministry of Tourism and Sports, restaurants, tourism business to be suitable and meet the demand of Chinese tourists.

## Research Objective

To analyze macroeconomic factors affecting tourism demand of Chinese tourist in Thailand using the era of President China.

## Literature Review

Tourism industry is one of the sectors that has a specific and different characters from other industries. In other words, tourists will have to travel in order to consume goods and services in particular country. Even though they can use e-shopping but unlike visiting by the visualizes. Hence, if tourists want to appreciate the beauty of tourist attraction, they will have to visit those places. There are both theoretical and empirical reviews showing as follows:

### Theoretical Reviews

(1) Keynesian Theory: During 1930s in which there was a huge recession in the economy. Keynes, as an economist, suggested fiscal policy to solve economic recession problem and urged government to do national income account in order to measure economic activities (Don, 1997: 59-60; Kennedy, 2010: 23). The data related to important economic activities is gross domestic product or GDP.

Gross Domestic Product or GDP is referred to market values of final goods and services produced in the country within a year. It is considered as a tool to measure country's production, shows the income flow, and evaluates economic potential in the country. GDP is also an indicator that normally use to measure the size of the economy and a tool to analyze the past economy and predict future trends as well as GDP is used to measure standard of living in the country (Miles and Scott, 2005: 21; Mishkin, 2012: 19) because GDP is used to measure economic system in terms of money values which include the impacts of prices and quantities. When using this data to analyze, it will be bias, therefore, GDP will need to be calculated in terms of real GDP which eliminates the price effect to reflect the standard of living of people in the country (Supanee, 2016: 19). According to Keynesian Theory, it highlights the importance of doing national income account and the calculation of real GDP to reflect real income. Hence, Keynesian Theory is an important indicator of real GDP.

(2) Foreign Exchange rate theory: When the economy is an open economy that have interaction with foreign countries in terms of output flow and money flow, it will require to consider the price of international transactions which is called "foreign exchange rate". Foreign exchange rate is a ratio that represents the exchange of two currencies. The exchange rate is also a relative price of two currencies (Supanee, 2016: 193). There are two types of exchange rate which are nominal exchange rate and real exchange rate. Firstly, nominal exchange rate is the ratio that a person can exchange domestic currency with foreign currency. Therefore, if we are at the airport, we can use nominal exchange rate for traveling abroad. Secondly, real exchange rate is the ratio that a person can exchange goods and services of a country with another country (Miles and Scott, 2005: 498). Hence, exchange rate is an important variable that affects investment decision making including exchanging goods between buyers and sellers that do economic transactions together. Consequently, exchange rate theory is the theory that illustrates foreign exchange rate.

(3) Inflation theory: Inflation rate is continuous changes of general level of prices for goods and services (Kennedy, 2010: 33). The indicator of inflation rate is price index which can be calculated from the consumer price index or GDP inflator. Consumer price index is an important price index that usually use as an indicator of inflation rate because it represents consumer expenditure better than other indicators. Therefore, it is a better indicator of inflation rate. Regarding to Thailand, inflation rate that is normally used is headline inflation and core inflation. Headline inflation is calculated from changes of consumer price index from the price in the basket of goods as a whole. While core inflation is calculated from price index that exclude goods that have temporary price changes in the calculation method such as prices of agricultural products and oil price etc. because price changes of those products will happen temporarily and will not affect standard of living too much. Thus, core inflation has less fluctuation than headline inflation and as long as there is not any factors affecting price changes in the basket of goods permanently, core inflation will not change much (Supanee, 2016: 165) In general, consumer price index is used for tracking changes in costs of living during a given period. When consumer price index increases, it infers that living expenses goes up. Economists use inflation rate which is derived from percent change in price level from a period of time to another period of time in order to show the status of price level as a whole in the economy that is increasing. Therefore, inflation theory is an important theory that represents consumer price index.

(4) Phillips curve theory: From the perspective of an economist named Phillips, he studies the relationships between unemployment rate and wage rate which have negative relationships to each other. He points out that if the economy has a labor shortage. In other words, there is excess demand for labor and employers really want to hire labors, therefore, employers are willing to pay higher wage rate resulting in the increasing wage rate in the economy. This finally leads to a higher inflation. On the other hand, if many people are unemployed, there will be an excess supply of labor in the economy. Consequently, wage rate will decrease and employees will have less income or no income if being unemployed. The spending on goods and services will also decrease which leads to lower inflation. Phillips curve theory shows tradeoff between unemployment rate and wage rate in the economy (Phillips, 1958: 283; Kennedy, 2010: 273; Williamson, 2014: 665). Hence, the study of Phillips curve is a key component that leads to unemployment.

(5) Economic crisis theory: The economic environment of many countries can change or fluctuate up and down all the time compared to long-run economic growth. These economic changes are called business cycle. Business cycle is important to macro economy because the movement of economic cycle will have impacts on many economic factors such as investment employment production and inflation (Nitad and Teerana, 2001: 125). Business cycle is a form of economic expansion to the peak of economy resulting in full employment. After that the economy turns to recession in which the economy shrinks to the lowest point or trough. This is the period that products in the economy decrease drastically resulting in unemployment and lower purchasing power. Business cycle is the situation that cannot be predicted in advance and when it happens, the period of each business cycle is uncertain. Sometimes it may take long time to finish one cycle but if the economy can adjust itself quickly, it will take short time (Miles and Scott, 2005: 346-348). Business cycle is crucial to economic system. That is the reason why economists are interested in international business cycle to study the relationship of business cycle in the world because if a country has recession, trading partner of this country will also be affected. Therefore, business cycle is an important factor that illustrates important economic crisis in the world.

### **Empirical Reviews**

#### **(1) Economic Factors**

(1.1) Real income per capita: One of the most important factor influencing tourism demand is real income per capita. Uysal, and Crompton (1984: 296) studied determinants of tourism demand for international tourist arrivals to Turkey and found that real income per capita was positively related to tourism demand of international tourist arrival to Turkey. This corresponded to the studies by Lee, Var, and Blaine (1996: 539); Lim and McAleer (2001: 12); Qu and Or (2006: 15) that studied economic factors affecting international tourism demand. The results found that real income per capita also had a positive impact on international tourism demand. After that Aslan, Kaplan, and Kula (2008: 7) researched on economic determinants influencing tourism demand in Turkey which was the destination studied in 1984 in order to confirm the consistency of the study results from the past by using dynamic panel data. The study found that real income per capita was positively related to tourism demand of international tourist arrivals to Turkey. This reiterated the fact that real income per capita and international tourism demand were positively related. Furthermore, Ibrahim (2011: 57) added 8 countries in the research, namely, Russia, France, Italy, Spain, Germany, United States of America, Saudi Arabia and Libya to study determinants that had impacts on tourism demand of international tourist arrivals in Egypt. The result showed that real income per capita of 8 countries was positively related to tourism demand in Egypt, which was similar to other studies from 1984 to 2011.

(1.2) Foreign exchange rate: According to empirical studies from 1984 to 2009, they found that foreign exchange rate affected international tourism demand (Uysal, and Crompton,

1984: 296); (Qiu, 1992: 76); (Lee, Var, and Blaine, 1996: 540); (Hiemstra and Wong, 2002: 56); Zhang, Qu, and Tavitiyaman, 2009: 90); (Onder, Candemir, Aykan, and Kumral, 2009: 1532) However, from 2010 to 2017, there was some research studying determinants of international tourism demand for traveling aboard and found that foreign exchange rate had a negative impact on tourism demand. (Hanafiah and Harun, 2010: 202); (Ibrahim, 2011: 57); (Kosnan, Ismail, and Kaniappan, 2012: 49); (Akter, Akhtar, and Ali, 2017: 352) Meanwhile, the foreign exchange rate does not affected the demand from China to Hong Kong (Qu and Lam, 1997: 596).

(1.3) Relative consumer price index: The other important factors of international tourism demand is relative consumer price index. This is because it tells the relative price levels of goods and services of destination country and country of origin. According to Uysal, and Crompton (1984: 296); Lee, Var, and Blaine (1996: 539), they studied the determinants of tourism demand to Turkey and South Korea and found that relative consumer price index negatively affected international tourism demand to Turkey and South Korea. Moreover, Hiemstra and Wong (2002: 56) also studied more country of origin of tourists such as China, Taiwan, Australia, the United Kingdom, and the United States which concluded a similar result that relative consumer price index was the related to tourism demand to Hong Kong. The research on country of origin of tourists around the United States also found the same conclusion. Qu and Or (2006: 15) studied tourism demand of Canadian tourists to the United States and found that the relative consumer price index had an impact on tourism demand of Canadian tourists to the United States. In addition, Lim and McAleer (2001: 13); Aslan, Kaplan, and Kula (2008: 7) also studied economic factors of tourism demand and found that relative prices of the origin country and the destination country affected tourism demand. However, when the period of study changes, consumer price index still give the change conclusion. The study of Hanafiah and Harun (2010: 202); Ibrahim (2011: 57) Kosnan, Ismail and Kaniappan (2012: 49); Akter, Akhtar, and Ali (2017: 352) found that the relative consumer price index had a negative impact on international tourism demand. On the contrary, the studies

Qu and Lam (1997: 560); Deluna and Jeon (2014: 11); Mishra and Bansal (2017: 550) found that relative cost of living of from the origin country to the destination country did not affect international tourism demand.

(1.4) Unemployment Rate: In this paper, unemployment is defined as used for the state of the economy in the origin country which might have a potential impact on future arrivals. The unemployment analyzing as a measure of aggregate income uncertainty. Unemployment negative impact on individual well-being. Ahn, Garcia, and Jimeno, (2004: 14) support for this finding who examine this effect for all countries in the European Community. They find evidence that unemployment reduced the level of satisfaction both in financial terms and vocational activity. This finding varies across countries, with unemployment in Denmark and the Netherlands having the least sensitive impact on well-being. The result is similar to the study of Browning and Crossley (2004: 23) that research the unemployment has reduced household incomes. In the short run, these effects are much stronger for households without liquid assets, and for households in which the lost job represented a significant fraction of household income. Arranz, Davia, and Garcia-Serrano (2005:16) using longitudinal data on individual workers from six European countries for the period 1995-2001 for analyze empirically the relationship between labour market transitions and wage growth; in particular, whether transitions across states in the labour market have any significant influence on wage dynamics and the size of this influence. In addition to the incidence of unemployment and inactivity spells on wages, the effects of the duration of job interruption.

Gounopoulos, Petmezas, and Santamaria (2012: 5) the study for short-term forecasts on tourist arrivals in Greece and performs impulse response analysis to measure the impact of

macroeconomic shocks from the origin country on future tourism demand. The result find the ARIMA (1, 1, 1) model outperforms exponential smoothing models in forecasting the direction of one year out of sample forecasts. However, this does not translate into point forecasting accuracy. Impulse response analysis on the impact of unemployment and tourists' cost of living shocks shows that the source of downside risk to future tourism numbers is limited in scope, magnitude, and duration. Shocks to consumer confidence from the origin countries have no impact on future tourism demand.

Moreover, Joaquin, Sara, and Llorenç (2013: 47) studied the tourism participation and expenditure by Spanish households: the effects of the economic crisis and unemployment. This result indicates that When unemployment of the main breadwinner affects demand tourism and expenditure. If the main breadwinner is unemployed, it will affect the tourism expenditure rather than the cost of consumption. It is worrying that the unemployment will also affect to the future demand tourism. However, the labour market affects household tourism expenditure, not only in terms of the current labour force status of a household's members but also in assessments of the future risk of a job loss.

(1.5) Economic crisis: Other important factors of international tourism demand is economic crisis that is important to the world. The study of Salleh, Ramachandran, Shuib, and Noor (2008: 361) investigates the relationships between economic factors and economic crisis of seven ASEAN countries that affects tourism demand in Malaysia. They found that economic crisis in 1997 had an impact on tourism demand in Malaysia which is similar to the result of Zhang, Qu & Tavitiyaman (2009: 89-90) that studied the determinants of international tourism demand in Thailand. This study found that financial crisis in Asia also affected international tourism demand in Thailand. They also added: This study recognized that western traditional assumptions regarding tourism demand discussed in the literature review could not be blindly adapted to Thailand. The findings of this study indicate that the determinants of travel demand of international tourists to Thailand did not necessarily follow the western model of tourism demand. Some crises happened in Thailand but not in other countries. However, Hanafiah and Harun (2010: 202) studied tourism demand in Malaysia once again, after studying in 2008. He studied the country of origin from 7 countries, namely, Australia, Hong Kong, Indonesia, the United Kingdom, Thailand, Taiwan and China. The result concluded that economic crisis had an effect on tourism demand in Malaysia as well.

## Research Methodology

Paper conducts the research by providing both qualitative and quantitative methods. The qualitative shows the documentary approach. It expresses aspect included the collection of data from official documents, printed materials, e-academic documents and articles related to macroeconomic factors in each the Chinese president era that affect tourism demand. The data selected concerned the various policies of China and included the macroeconomic factors and tourism data of both Thailand and China. These data were then applied as a guidance to this study.

**Data used in the research:** The quantitative, paper uses secondary data which is collected from year book report and websites as follows;

(1) Data of macroeconomic factors such as real income per capita of China that travels to Thailand, foreign exchange rate, relative consumer price index, unemployment rate of China, and economic crisis by using secondary data from 1993 to 2017 collected from Bank of Thailand, World Bank, and economic news websites both from domestic and international websites.

(2) Data of tourism statistics such as the number of Chinese tourist arrivals in Thailand by employing secondary data from statistical report from 1993 to 2007 collected by TAT

Intelligence Center, Tourism Authority of Thailand and statistical data from 2008 to 2017 collected by Ministry of Tourism and Sports.

**Multiple Regression Analysis:** This analysis is an investigation of the relationships between dependent and independent variables. The multiple regression equation can be written as follows;

$$Q_C = \alpha_C + \beta_{C1}GDP_{Ct} + \beta_{C2}EX_{Ct} + \beta_{C3}CPI_{Ct} + \beta_{C4}UNE_{Ct} + \beta_{C5}SIS_{Ct} + e_C$$

Where  $Q_t$  denotes the number of Chinese tourist arrivals in Thailand (tourist/ year)

$\alpha$  denotes a constant

$GDP_t$  denotes real income per capita of China

$EX_t$  denotes the foreign money in units of Baht (China)

$CPI_t$  denotes relative consumer price index of Thailand and China

$UNE_t$  denotes unemployment rate of China

$SIS_t$  denotes dummy variable referred to world economic crisis from 1993 to 2017

$\beta$  denotes regression coefficient

$e$  denotes error coefficient

$C$  denotes China

$t$  denotes the period time

The study period is divided into 3 periods from 1993-2002; 2003-2012; 2013-2017.

## Empirical and Discussion

**Table 4** Regression analysis of macroeconomic factors affecting to tourism demand of Chinese tourist in Thailand

Years	Constant	GDP	EX	CPI	UNE	SIS	R <sup>2</sup>	Adjusted R <sup>2</sup>	F-statistic
93-02	-4.193 (-2.285)	1.534 (9.604)**	-	-	3.301 (2.661)**	-	.952	.938	68.683**
03-12	3.115 (1.177)	1.206 (4.063)**	-	-	-	-	.674	.633	16.509**
13-17	29.970 (8.765)**	-	-8.359 (-4.347)**	-29.375 (-8.255)**	-	-	.991	.983	116.598**

Note: () is t-test statistics; \*\* is significant at 95 confidence level

From the table 4 we can interpret the study results as follows:

The table 4 shows multiple regression analysis of the era of President Jiang Zemin (1993-2002). We consider independent variables such as real income per capita of China, foreign exchange rate, relative consumer price index, unemployment rate of China, and economic crisis in order to investigate which independent variables can explain changes in tourism demand of Chinese tourist arrivals to Thailand. The result shows that there are two significant variables affecting changes in tourism demand of Chinese tourist arrivals to Thailand such as real income per capita of China and unemployment rate of China (p-value is  $0.0000 < \alpha$ ). The regression equation can be written as equation (1).

$$\ln Q_C = -4.193 + 1.534 \ln GDP_{Ct} + 3.301 \ln UNE_{Ct} \quad (1)$$

(-2.285) (9.604)\*\* (2.661)\*\*

The table 4 shows multiple regression analysis of the era of President Hu Jintao (2003-2012) in order to investigate the relationships between tourism demands of Chinese tourist arrivals to Thailand and other independent variables such as real income per capita of China, foreign exchange rate, relative consumer price index, unemployment rate of China, and economic crisis. The result shows that there is a significant variables affecting changes in tourism



demand of Chinese tourist arrivals to Thailand is real income per capita of China only ( $p\_value$  is  $0.0000 < \alpha$ ). The regression equation can be written as equation (2).

$$\ln Q_C = 3.115 + 1.206 \ln GDP_{Ct} \quad (2)$$

(1.177) (4.063)\*\*

The table 4 shows multiple regression analysis of the era of President Xi Jinping (2013-2017) in order to investigate the relationships between tourism demands of Chinese tourist arrivals to Thailand and other independent variables such as real income per capita of China, foreign exchange rate, relative consumer price index, unemployment rate of China, and economic crisis. The result shows that there are two significant variables affecting changes in tourism demand of Chinese tourist arrivals to Thailand such as foreign exchange rate and relative consumer price index ( $p\_value$  is  $0.0000 < \alpha$ ). The regression equation can be written as equation (3).

$$\ln Q_C = 29.970 - 8.359 \ln EX_{Ct} - 29.375 \ln CPI_{Ct} \quad (3)$$

(8.765)\*\* (-4.347)\*\* (-8.255)\*\*

(1) According to the information above, the first hypothesis is that “real income per capita of China is positively related to tourism demand of Chinese tourist arrivals to Thailand”.

(1.1) In the era of President Jiang Zemin and President Hu Jintao, real income per capita of China was positively related to tourism demand of Chinese tourist arrivals to Thailand, which is similar to the assumption and corresponds to empirical studies by Uysal, and Crompton (1984: 296); Lee, Var, and Blaine (1996: 539); Lim and McAleer (2001: 12); Qu and Or (2006: 15); Aslan, Kaplan, and Kula (2008: 7); Ibrahim (2011: 57) that researched on determinants affecting tourism demand of tourists traveling to overseas. The result concluded that real income per capita of tourist countries was positively related to tourism demand of international tourists. In addition, the era of President Jiang Zemin and Hu Jintao was the period that they reformed economic and political systems in China by focusing on the economic and social equality as well as developing relationships with other countries. Hence, the country was opened more and Chinese people started travelling aboard more. However, in the era of President Xi Jinping, real income per capita did not affect tourism demand of Chinese tourist arrivals to Thailand. This contrasts to the assumption above because he wants China to become a complete developed country. As a consequence, he tries to concentrate on new development ideas in terms of science, innovation, eco-friendly things, transparency, benefit distribution and fostering Chinese social values by stimulating, campaigning, and promoting Chinese people to travel in the country instead of travelling aboard. Furthermore, people that have high income may not realize that traveling is an important thing in life, hence, they choose to consume goods and services by prioritizing their own needs (Tuy, Chomsai, 1984: 91).

(2) The second hypothesis states that “foreign exchange rate has a positive impact on tourism demand of Chinese tourist arrivals to Thailand”.

(2.1) In the era of President Jiang Zemin and President Hu Jintao, foreign exchange rate did not affect tourism demand of Chinese tourist arrivals to Thailand, which contradicts the assumption above. This is due to the fact that the era of President Jiang Zemin and Hu Jintao was between 1993 and 2012 in which foreign exchange rate was quite constant, stable and did not have much fluctuation. As a result, foreign exchange rate did not have an effect on tourism demand of Chinese tourist arrivals to Thailand which is similar to the study by Qu and Lam (1997: 596) who found that foreign exchange rate was not related to tourism demand of Chinese tourist arrivals to Hong Kong. On the contrary, in the era of President Xi Jinping, foreign exchange rate were negatively related to tourism demand of Chinese tourist arrivals to Thailand, which contrasts to the assumption above. This is because nowadays Chinese tourists pay attention to travel destinations that help facilitate or give free visa for Chinese tourists. This will help those country increase popularity among Chinese tourists.

Chinese tourists also like to go to the travel destinations that match their interests. Hence, they do not pay much attention to foreign exchange rate (TAT Intelligence, 2018)

(3) The third hypothesis is that “relative consumer price index is negatively related to tourism demand of Chinese tourist arrivals to Thailand”.

(3.1) In the era of President Jiang Zemin and President Hu Jintao, relative consumer price index did not have an impact on tourism demand of Chinese tourist arrivals to Thailand, which goes against the assumption above. The result is similar to the empirical research studied by Qu and Lam (1997: 596) which obviously concluded that tourism demand of Chinese tourist arrivals to Hong Kong did not follow tourism patterns of Western people who set the assumption. However, in the era of Xi Jinping, relative consumer price index is negatively related to tourism demand of Chinese tourist arrivals to Thailand, which follows the assumption above and corresponds to the studies by Hanafiah and Harun (2010: 202); Ibrahim (2011: 57) Kosnan, Ismail and Kaniappan (2012: 49); Akter, Akhtar, and Ali (2017: 352) that researched on determinants influencing tourism demand of international tourists and concluded that relative consumer price index negatively affected tourism demand of international tourists.

(4) The forth hypothesis states that “unemployment rate is negatively related to tourism demand of Chinese tourist arrivals to Thailand”.

(4.1) In the era of President Jiang Zemin, unemployment rate had a positive impact on tourism demand of Chinese tourist arrivals to Thailand. While in the era of President Hu Jintao and Xi Jinping, unemployment rate does not affect tourism demand of Chinese tourist arrivals to Thailand. These conclusions contrast to the assumption above because leaders focus on international relationships by improving relationships with other countries. Hence, China becomes more open country so that Chinese people can travel outside the country. Although people are unemployed, with the policy that supports to open the country and promotes Chinese people to travel abroad as well as China has closed the country for so long, when the country opens to improve relationships with other countries, many Chinese people travel to overseas more.

## Conclusion

This research aims to study economic factors that affect tourism demand of Chinese tourist arrivals to Thailand classified by the Era of Chinese President. The economic factors consist of real income per capita, foreign exchange rate, relative consumer price index, unemployment rate, and economic crisis. The study employs multiple regression analysis to analyze the results. The statistical data used in this study is collected from 1993 to 2017 and can be divided into 3 periods which are the era of President Jiang Zemin (1993-2002), President Hu Jintao (2003-2012), and President Xi Jinping (2013-2017)

The results of this study show that in the era of President Jiang Zemin (1993-2002), real income per capita and unemployment rate were positively related to tourism demand of Chinese tourist arrivals to Thailand. According to the era of President Hu Jintao (2003-2012), real income per capita had a positive impact on tourism demand of Chinese tourist arrivals to Thailand, Moreover, in the era of President Xi Jinping (2013-2017) the study concluded that foreign exchange rate and relative consumer price index were negatively related to tourism demand of Chinese tourist arrivals to Thailand. However, Thailand Government can use the outcomes as a guide for tourism planning policies as well as can foresee on tourism competitiveness with other countries.

## Research Recommendations

(1) The study results show that in the era of the President Jiang Zemin and President Hu Jintao, real income per capita of China is positively related to tourism demand of Chinese tourist arrivals to Thailand. Therefore, government should attract more Chinese tourists to visit Thailand more often. Government should impose expansionary fiscal policy by reducing taxes and fees in order to increase money supply and purchasing power of Chinese tourists so that they can spend more money in Thai economy. This method also leads to an increase in domestic demand. The reduction of taxes and fees includes free visa on arrival for Chinese tourists in some occasions such as New Year and Chinese New Year etc. in order to stimulate tourism. Moreover, government should spend more government expenditure in tourism by procuring, creating and supporting facilities for Chinese tourists.

(2) The study results find that in the era of the President Xi Jinping, relative consumer price index is negatively related to tourism demand of Chinese tourist arrivals to Thailand. Nowadays, some seller still exploit benefits from Chinese tourists by charging an extra price of goods and services. This will create a bad image for Thailand. Therefore, government should issue some measures that control the prices of goods and services in the market not to exceed the reality by coordinating with the Ministry of Commerce to set the prices of goods and services explicitly and mark up transaction fee reasonably. This may lead to a fair price and it will have the standard that is acceptable for Chinese tourists.

(3) According to the data relating to the number of Chinese tourist arrivals to Thailand, Chinese tourists visit Thailand most in 2017 and the number of Chinese tourists tends to increase continuously from the past until 2017. Thus, when Chinese tourists visit and use natural resources without limitation which is more than the capacity of natural resources can take, natural resources will be destroyed. This will result in losses to natural resources which are difficult to recover as well as creating environmental costs or externality that not only affect people at present, but also have an impact on next generation as well. This is the reason that we should apply economic theory by using the Polluter Pays Principle or PPP. Therefore, we should collect fees for visiting and car and bus entrance because tourists create the pollution or negative externality to natural attractions. However, there should be a limitation number for tourists visiting natural resources each day corresponding to the capacity of the natural attraction and also have a closing period in order to restore and preserve natural resources so that people in the generation will have and appreciate beautiful natural resources. However, applying the Polluter Pays Principle by collecting fees from visiting and car entrance will need to rely on fairness and worth the money of Chinese tourists. This also have to consider carefully for the benefits of everyone so that Chinese tourists can feel that the money they paid is worth for visiting natural attractions.

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