



THAILAND AS A GATEWAY IN THE REGIONAL TOURISM MARKET : POSSIBLE OR IMPOSSIBLE ?



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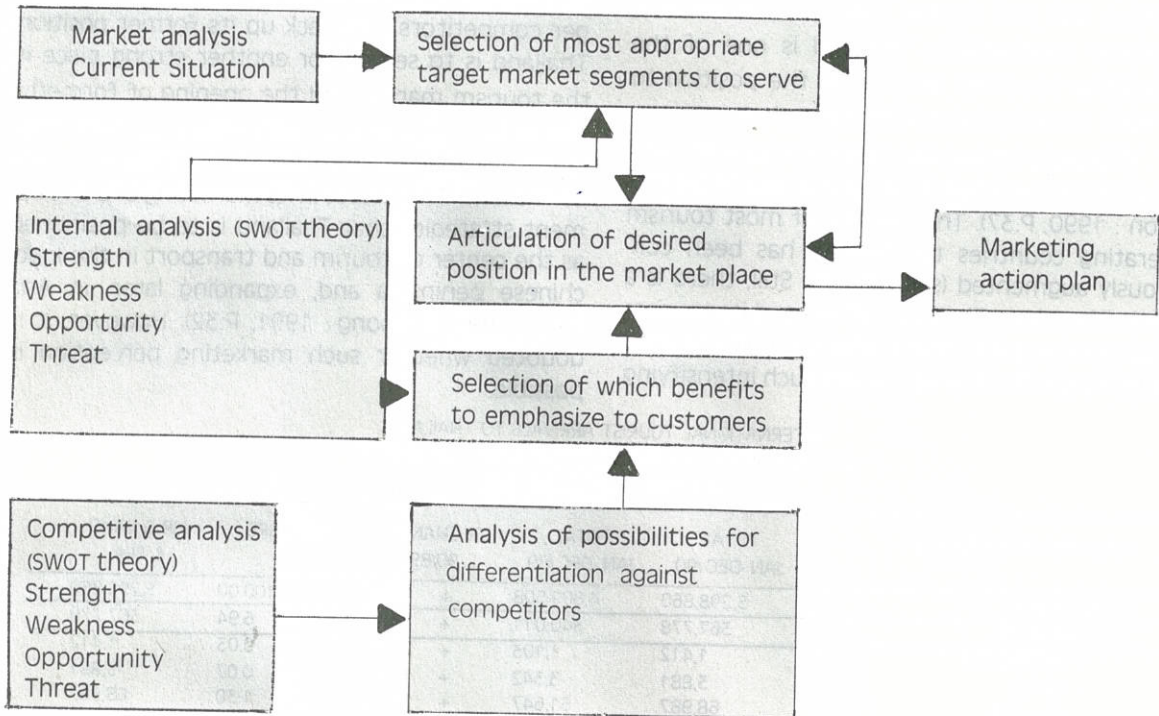
Introduction

This article is aimed at analysing the current Thai tourism industry as a gateway for the South East Asian tourism market. To strengthen the analysis, Holloway's (1988, P 24-30) and Lovelock's

(1991) theories about positioning strategy are adapted in this article. Particularly, Holloway's theory (1988, P. 26-28) is emphatically applied to create an analytical concept on combative situation between Thailand and its competitors.

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Diagram I : The Concept on Positioning Strategy Adapted for this Analysis



(This diagram is developed from an earlier schematic by C.H. Lovelock)

It is obvious that tourism has enjoyed a significant role in the Thai economy. Since 1987, Thailand has enjoyed rapid growth in its tourism industry. Lately though, events such as the Gulf war, world economics and certain aspects of the Thai political situation have impeded the Thai tourism business. The long term outlook for the tourism industry in Thailand, however, remains bright not only because of its former position in the market as an exotic destination but also because of its possible new position as the gateway to Indochina and Asia.

Since formerly-closed countries in Indochina—Burma, Laos, Cambodia and Vietnam welcomed outsiders, trips to such destinations have been put into itineraries of various overseas tour operators. The changing form of those new destinations

has been interestingly watched by such competitive destinations in Asia as Hongkong, Singapore, Malaysia, Indonesia and Thailand. While heavy tour bookings for those new destinations are organized, their tourism supply is still insufficient to accommodate tourists because of their former diplomatic and economic isolation. Therefore, improvements in tourism supply are urgently needed. Quite a few overseas investors have launched, in those countries, various projects related to accommodation, supporting facilities and transport but, as recognized, it is still a long way since it takes time to accomplish such projects. It is thus convinced by national tourism organizations that any competitor who can grasp the opportunity to be either a gateway to those distinctive Indochinese destinations or a tourism

supply intermediary will absolutely be able to further its tourism industry. As the new position in the tourism market as the gateway to indochina is very tempting and the market share, in this respect, is possibly monopolistic, Thailand is one of the competitive countries which is in the position to take such advantageous marketing place.

Thailand's image has been formerly formed in the tourism market as an exotic local land (Robinson : 1990, P.37). The number of most tourism generating countries to Thailand has been continuously augmented (see table 1). Still, there is a question how long Thailand can expand its tourism industry as there are several other strongly - growing destinations in the market. Under such intensifying

competitive situation, the number of repeat visitors to Thailand will possibly decline Thai tourism is thus pushed into a position where it faces head-on competition from other equally strong or stronger competitors. To back up its former position, Thailand is to search for another strong place in the tourism market and the opening of formerly-closed Indochinese countries seems to meet Thailand's new marketing strategies. Tourism Authority of Thailand (TAT) states in its marketing and development strategies that Thailand is to be positioned as the center of tourism and transport in the Indochinese peninsula and, expanding later, in Asia (TAT : 1991, Krithong : 1991, P.32). However, it is doubted whether such marketing perception is possible.

INTERNATIONAL TOURIST ARRIVALS TO THAILAND
BY COUNTRY OF RESIDENCE AND BY MONTH OF ARRIVAL
JANUARY - DECEMBER 1990

COUNTRY OF RESIDENCE	TOTAL JAN.-DEC./90	TOTAL JAN.-DEC./89	% CHANGE 90/89	% SHARE	AIR & LAND & SEA
GRAND TOTAL	5,298,860	4,809,508	+ 10.17	100.00	5,298,860
THE AMERICAS	367,778	340,011	+ 8.17	6.94	367,778
ARGENTINA	1,412	1,103	+ 28.01	0.03	1,412
BRAZIL	3,881	3,342	+ 16.13	0.07	3,881
CANADA	68,987	61,647	+ 11.91	1.30	68,987
MEXICO	3,690	3,957	- 6.75	0.07	3,690
U.S.A.	285,352	266,735	+ 6.98	5.39	285,352
OTHERS	4,456	3,227	+ 38.08	0.08	4,456
EUROPE	1,229,957	1,107,439	+ 11.06	23.21	1,229,957
AUSTRIA	41,700	41,659	+ .10	0.79	41,700
BELGIUM	26,648	23,030	+ 15.71	0.50	26,648
DENMARK	31,450	28,663	+ 9.72	0.59	31,450
FINLAND	28,006	25,316	+ 10.63	0.53	28,006
FRANCE	194,414	186,960	+ 3.99	3.67	194,414
GERMANY	243,123	222,148	+ 9.44	4.59	243,123
ITALY	108,129	92,450	+ 16.96	2.04	108,129
NETHERLANDS	63,500	54,082	+ 17.41	1.20	63,500
NORWAY	14,508	12,841	+ 12.98	0.27	14,508
SPAIN	35,791	23,982	+ 49.24	0.68	35,791
SWEDEN	67,405	57,924	+ 16.37	1.27	67,405
SWITZERLAND	81,051	75,320	+ 7.61	1.53	81,051
UNITED KINGDOM	227,875	200,347	+ 13.74	4.30	227,875
EAST EUROPE	27,496	22,638	+ 21.46	0.52	27,496
OTHERS	38,861	40,079	- 3.04	0.73	38,861
AFRICA	32,207	25,573	+ 25.94	0.61	32,207
MIDDLE EAST	94,921	130,751	- 27.40	1.79	94,921
ISRAEL	20,688	18,530	+ 11.65	0.39	20,688
KUWAIT	6,071	9,865	- 38.46	0.11	6,071
SAUDI ARABIA	16,414	54,984	- 70.15	0.31	16,414
OTHERS	51,748	47,372	+ 9.24	0.98	51,748

EAST ASIA & PACIFIC	3,306,414	2,955,825	+	11.86	62.40	3,306,414
ASEAN	(1,195,120)	(1,129,719)	+	5.79	22.55	(1,195,120)
BRUNEI	7,036	7,328	-	3.98	0.13	7,036
INDONESIA	51,282	42,576	+	20.45	0.97	51,282
MALAYSIA	751,569	736,021	+	2.11	14.18	751,569
PHILIPPINES	49,554	53,391	-	7.19	0.94	49,554
SINGAPORE	335,679	290,403	+	15.59	6.33	335,679
AUSTRALIA	252,173	218,856	+	15.22	4.76	252,173
CHINA	60,810	52,358	+	16.14	1.15	60,810
HONG KONG	382,772	395,681	-	3.26	7.22	382,772
JAPAN	652,299	555,638	+	17.40	12.31	652,299
KOREA	147,655	111,591	+	32.32	2.79	147,655
NEW ZEALAND	32,408	32,275	+	.41	0.61	32,408
TAIWAN	503,156	399,704	+	25.88	9.50	503,156
OTHERS	80,021	60,003	+	33.36	1.51	80,021
SOUTH ASIA	267,583	249,909	+	7.07	5.05	267,583
BANGLADESH	44,838	41,765	+	7.36	0.85	44,838
INDIA	128,242	120,032	+	6.84	2.42	128,242
NEPAL	21,598	18,996	+	13.70	0.41	21,598
PAKISTAN	47,655	43,452	+	9.67	0.90	47,655
SRI LANKA	21,651	22,795	-	5.02	0.41	21,651
OTHERS	3,599	2,869	+	25.44	0.06	3,599

SOURCE OF DATA : IMMIGRATION DIVISION, POLICE DEPARTMENT.

Compared with other competitors in Asia, Thailand seems to have more advantage in terms of tourism supply : tourist attractions, accommodation, transport and, in particular, hospitality resources. While Singapore and Hongkong have been regarded as the center for business and tax - free shopping, Thailand is found to overtake those two countries as a greater variety of attractions is provided. Its marketing imagination* is not only an exotic land of culture, natural resources and such recreation activities as diving, golf, etc. but also a newly-born shopping paradise. Besides, since 1987, the cost of living in Singapore and Hongkong has been so high that many overseas tour operators and foreign individual tours (FIT) have switched to nearby lower-priced destinations. Such situation leads Thailand to be a viable alternative.

A wide range of Thai accommodation from cheap bungalows to luxurious five-star hotels has

been increasingly established (see tables 2 and 3). Not only has a hi-tec hotel system like the Centralized Reservation System (CRS) been operated on a wide scale but also hotel reservation agencies such as the HI-S** have become nationally popular. Furthermore, according to TAT'S research on Tourists' Impressions Towards Asian Pacific Countries (1988), the appeal of Thai accommodation was ranked first. Both private and government sectors concur that Thailand can definitely accommodate increasing numbers of tourists. However, in this case, Malaysia and Indonesia also have a similar image in the tourism market but the important point is which country is quicker to accommodate the expansion of tourists coming to explore the South-East Asian area. The primary Asian gateways-HongKong and Singapore-have been so congested that quite a few airlines have to search for other airports to land. Because of this, Thailand can overtake

* Levitt defines the marketing imagination as "the starting point of success in marketing which is distinguished from other forms of imagination by the unique insights it brings to understanding customers, their problems, and the means to capture their attention and their custom"

** HI-S is abbreviated from hotel information and services, a company which acts as both hotel representative and travel agency.

Table 2

Number of Accommodation Establishments in Thailand 1983 - 1989

Year	1983	1984	1985	1986	1987	1988	1989
Region							
Total	1,915	2,165	2,536	2,669	2,800	3,251	3,467
Bangkok	277	273	285	291	296	494*	512
Central Part (Exclude Bangkok)	246	266	355	381	406	390	410
Eastern Part	215	339	419	430	441	527	593
Northern Part	375	387	474	492	511	578	616
Southern Part	436	504	620	704	787	903	974
Northeastern Part	366	396	383	371	359	359	362

Remark : * Includes Guest House

Source : Tourism Authority of Thailand, September 1990

Table 3

Number of Accommodation Establishments under Construction and Project in Major Destinations 1990 - 1995

Year	1990		1991		1992		1993		1994		1995		Total	
Destinations	no of rooms	no of accom- modation	no of rooms	no of accom- modation	no of rooms	no of accom- modation	no of rooms	no of accom- modation	no of rooms	no of accom- modation	no of rooms	no of accom- modation	no of rooms	no of accom- modation
Chiang Mai	210	1	400	2	1,027	5			accommodation 2 room - 286				3,702	15
Bangkok	3,848	11											3,848	11
Pattaya	900	3	1,130	4									5,950	12
Phuket	390	3	338	3	1,249	3	accommodation 5 room - 1200						1,977	9
Samui	647	7	388	11									1,035	18
Phitsanulok	280	1											280	1
Mae Hong Sorn	318	3											318	3
Song Khla	825	4	1,080	6									1,905	10
(Hat Yai)														

(This table is applied from data collected by TAT from January 1990 to December 1990)

Malaysia and Indonesia because of its better facilities.

Geographically, Thailand is the Indochinese center surrounded by Burma, Laos, Vietnam, Cambodia and Malaysia. Due to Thailand's ideal advantageous location, it is viewed as a natural connecting point not only to neighbouring destinations but also to such further ones as Japan, China and Australia. The Thai capital - Bangkok - is becoming the aviation center for Asia since both international flight frequencies and first calls at Bangkok International airport have greatly increased. At present, about 60 foreign carriers regularly fly to Bangkok and more new airlines - an increase of more than 20 % over last year - are going to commence their operations in the coming peak season. Moreover,

the number of carriers is expected to reach 72 by 1995 (TAT : 1991, Robinson : 1990, P.10).

All major airports - Bangkok, Phuket, Chiang Mai and Hat Yai airport - are being upgraded and developed to handle the approaching influx of tourists. At the same time, the plans for construction of a new international airport of Nong Ngu Hua both to accommodate expansion in regional areas and to supplement Don Muang (Bangkok International Airport) are being rapidly processed. If approved, by the year 2000, Thailand will be able to handle total passenger traffic of approximately 12 million passengers annually. Besides air transport, an inaugural water route has been operated from Bangkok to Pattaya, then to trat and finally to Hanoi in Vietnam.

However, the race to become the gateway to Indochina is heating up as Singapore, Hongkong and Thailand have increasingly submitted various projects to those newly-opened countries' administrations to operate air services to and from such destinations. It is clear that Thailand, through private airlines like Bangkok Airways, has advantage of location over its competitors to make a deal on limited flights from Bangkok to Phnom Penh, Hanoi and Vientien. Moreover, cooperation between China and Thailand has helped to pave the way for Thailand to become another gateway, other than Hong Kong, for entry to China.

Regarding the positioning strategy in the tourism market the essence of competition is differentiation and providing something different and providing it better than competitors (Levitt : 1983). In Thailand's case, it can be said that an obvious functional difference is presented, through its promotion, differently. Besides the promptness of transport and accommodation offered, Thai service and culture which were ranked second and first respectively, in accordance with TAT's research (1988), are additional beneficial factors for Thailand. The distinctive availability of Thai tourism supply leads Thailand to overcome such strong competitors as Singapore and Hong Kong. Therefore, Thailand's position in the tourism market as gateway is intensively developed over its competitors. Still,

Thailand is not completely perfect. Problems such as the increase of AIDS, environmental deterioration in big cities, and traffic congestion are damaging, though not seriously at present, the image of the country. It is possible that if Thailand doesn't take any action to solve such problems, the prosperous position in the tourism market as the gateway might be deprived in the future. Therefore, it is vital that Thailand should look for ways to strengthen its tourism identity and call for both national and multinational Indochinese cooperation to codify and to follow up the long-term cooperative identity programmes.

Conclusion

Though competition to establish the position in the market as a gateway is intensifying, "success is not based on how competitors present their reality but on how they create the marketing imagination or how tourists perceive their product" (Lovelock : 1991). Accordingly, Thailand has been successful in constructing mental pictures of its tourism and getting through the tourism market by offering tourism product differentiation : transport, accommodation service and culture. However, as negative tourism aspects of Thailand have also become stronger, Thailand has to work harder to maintain its bright marketing image. It is, however, explicit that the present and near future Thai position as a gateway looks extremely affluent.



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