THE USE OF ABC CLASSIFICATION TO ANALYZE TOURISM RECEIPTS: A CASE OF ASEAN TOURISTS TO THAILAND

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ABSTRACT
The World Tourism Organization (UNWTO) has forecast that in 2020 international tourists worldwide will reach 1.56 billion approximately. Of these, about 75 percent will be intraregional travelers. Similarly, the majority of international tourist arrivals to Thailand were from ASEAN countries, generating the highest proportion of tourism receipts. It is also expected that, in 2015, the ASEAN Economic Community (AEC) will extend ASEAN tourism market even further. Thus, it is important to study this market for appropriate tourism policy and promotion.

This study utilized the concept of ABC Classification in grouping ASEAN tourists to Thailand according to tourism receipts generated. ABC Classification is a concept generally used in marketing and operations management in the context of inventory management. The results showed that of all nine ASEAN markets, Group A consisted of four countries; namely, Malaysia, Singapore, Laos, and Vietnam. Tourism receipts from this group account for approximately 74.19 percent of the total amount, with Malaysia being the highest. Group B comprised three countries; namely, Cambodia, Indonesia, and the Philippines, with the proportion of 22.75 percent. The other two markets are classified in Group C; namely, Myanmar and Brunei, accounting for 3.05 percent of the total receipts. Although the number of tourists form Brunei is found to be the lowest, their average expenditure per capita per day is ranked the second after that of Singapore.

The comparison of these three groups shows that there is no significant difference in terms of their average expenditure by items. The top three expenditure items are shopping, accommodation, and food and beverages. About 70 percent of ASEAN tourists prefer a non-inclusive tour, with Malaysia showing the lowest percent. Although Group A tourists generate the highest income; their average length of stay was the shortest, about 5.48 days.

The results of the study suggest that ASEAN tourists in each group need different marketing strategies. Also, the study of the tourist behavior in each group will be beneficial for the public and private sector in attracting more ASEAN tourists to Thailand in the future.

INTRODUCTION
In 2015 ASEAN countries will become the ASEAN Economic Community (AEC). This will create a regional market of over 600 million people, representing 10% of the world population and a large economic region ranking the third place in the world. It is expected that in 2015 the AEC, with 5 % economic growth rate, will generate trade value of 1.66 billion USD. The regional economic integration under the AEC will affect not only the expansion of international trade but also the growth of ASEAN tourism market.

The World Tourism Organization (UNWTO) has forecast in its Tourism Report 2020 that the international tourists worldwide will reach 1.56 billion in 2020. Of these, about 1,182 billion (75.77 %) will be intraregional tourists travelling within their regions. On the other hand, the international tourists traveling from other regions will be only 378 billion (24.23 %). With regards to the ASEAN region, UNWTO has predicted that the intraregional tourists will be around 160-200 million.

Similarly, the majority of international tourist arrivals to Thailand were from ASEAN countries, representing 28.18 percent of the total and generating the highest tourism receipts. It is also expected that, in 2015, the ASEAN Economic Community (AEC) will extend ASEAN tourism market even further. The analysis of tourism receipts will contribute to a better understanding of the ASEAN tourist segment. Therefore, it is important to study this market for appropriate tourism policy and promotion.

This study analyzed Thailand's tourism receipts generated by ASEAN tourists with the following objectives:
1. To classify the ASEAN tourist arrivals to Thailand according to tourism receipts generated by using the ABC Classification.
2. To analyze major components of tourism receipts and tourist behavior of ASEAN tourists in each group.

The results of the study will present useful information of ASEAN tourist market in each segment. Also, the study of the tourist behavior will be beneficial for the public and private sector in attracting more ASEAN tourists to Thailand in the future.

During 2008 - 2012, the international tourist arrivals to Thailand have grown substantially from 14,584,220 million in 2008 to 22,353.903 million in 2012, with an average annual growth rate of 7.74 percent. The largest proportion of the international tourists was East Asian tourists (52.64%). The following ones were from Europe (27.14%), South Asia (5.75%), The Americas (5.47%), Oceania (5.03%), Middle East (3.20%), and Africa (0.77%) respectively. Of all the tourists from East Asia, the ASEAN tourists have the highest market share, representing 28.18 percent of the total.

The market of ASEAN tourists to Thailand between 2008 and 2012 has had a high growth rate with an average of 12.50 percent per year. The number of tourists from Malaysia ranked the highest (44.14%), followed by that of Laos (15.10%), and that of Singapore (13.47%). The Malaysian tourists generated the greatest tourism receipts (37.95%), followed by Singaporean tourists (17.44 %), and Lao tourists (12.73%).

LITERATURE REVIEW
The ABC Classification is a basic business concept generally used in operations management and marketing. In operations management, it is basically used in the context of inventory management. The finished goods are grouped according to their value of costs or sales. The criteria of 80:20 indicate that only 20 percent of items share 80 percent of values. These items are classified as group A inventory which need greatest attention in managing. The other ones are group B and C items which are less important respectively. In practice, there will probably be more than three groups; and the percentage in each group can be varied depending upon the inventory management policy in each organization.

In marketing, ABC Classification is used in classifying customers according to the income generated. With the same approach mentioned above, the customers who generate 80 percent of revenues are only 20 percent of total customers. An ABC Classification suggests the priority level of each group of customers. This is essential in marketing management, especially in market segmentation, sales promotions, and customer relationship management (CRM).

The concept of ABC Classification can also be applied in grouping tourists according to revenue they generated. A review of related tourism literature shows that this concept has never been used in any study. Thus, this study originally utilized the ABC Classification to analyze the tourism receipts. The study was specifically conducted within the scope of Thailand and ASEAN tourists.

METHODOLOGY
This study obtained the data from various secondary sources, mainly the Ministry of Tourism and Sports, Thailand and the World Tourism Organization (UNWTO). The analysis was based on the recent data of international tourist arrivals to Thailand in 2012.

The descriptive statistics used in the study were averages, weighted averages, the proportions. The tourism receipts from ASEAN tourists were grouped by using the ABC classification. First, the proportion of tourism receipts of each country comparing to the total was calculated. Then, the computed figures were ranked sequentially from the highest to the lowest. Finally, the tourists in each country were grouped according to the proportion of tourism receipts generated. The comparison of the results from each group was then analyzed and interpreted.

RESEARCH RESULTS
Table 1 shows the results of using the ABC Classification to analyze the ASEAN tourism receipts in 2012. The 9 ASEAN markets can be classified into three groups as followed:

Group A of ASEAN Tourists
This group consisted of four countries; namely, Malaysia, Singapore, Laos, and Vietnam. The total tourism receipts from this group were 121,284.43 million baht which accounts for 74.19 percent of the total amount. The tourists from Malaysia generated the highest tourism receipts in group A and the whole ASEAN, representing 33.87 percent of the total. Tourism receipts from Singapore were ranked the second. However, Singaporean tourists spent 5,102.86 Baht as an average expenditure per capita per day, which was the highest figure in this group and in ASEAN.

Although the average expenditure per capita per day of the tourists from Laos was the lowest, the tourism receipts generated by this market ranked the third in ASEAN. This was due to the fact that a large number of Lao tourists travelling to Thailand each year. The fourth place in this group was tourists from Vietnam with the revenue proportion of 10.87 percent.

Table 1 also shows that tourism receipts generated by Group A was over 10 percent of the total amount. In addition, while this group could generate the greatest amount of tourism receipts, their average length of stay was however the shortest (5.48 days), comparing with Group B and C.

Group B of ASEAN Tourists
This group comprised three countries; namely, Cambodia, Indonesia, and the Philippines, The total tourism receipts generated by this group were 37,196.95 million baht, or the proportion of 22.75 percent. Tourists from Cambodia generated the greatest amount of tourism receipts (8.56 %) and had the highest length of stay (8.33 days) whereas their average expenditure per capita per day was the lowest in this group.

The average expenditure per capita per day of tourists from Indonesia, on the other hand, was the highest in this group; the tourism receipts generated were however in the second place (8.06 %). This was because the length of stay of Indonesian tourists was the shortest. The third place in this group was tourists from the Philippines with the receipts proportion of 6.13 percent. Overall, the tourists in Group B generated the tourism receipts greater than 5 percent but less than 10 percent of the total amount.

Group C of ASEAN Tourists
The other two markets are classified in Group C; namely, Myanmar and Brunei. The total tourism receipts were 4,990.12 million baht accounting for 3.05 percent of the total receipts. The tourists from Myanmar have the highest length of stay in ASEAN (8.40 days) with the proportion of tourism receipts equaling 2.81 percent. Although the number of tourists from Brunei was found to be the lowest, their average expenditure per capita per day was ranked the second after that of Singapore. The tourists in Group C generated tourism receipts less than 5 percent of the total amount.

Table 1: The grouping of ASEAN tourist arrivals to Thailand by ABC Classification (2012)

Country of residence	Tourism receipts (million Baht)	Proportion of tourism receipts (%)	Number of tourists (person)	Length of stay (days)	Average expenditure (Baht/ person/day)
Group A					
Malaysia	55,359.78	33.87	2,546,072	4.90	4,437.38
Singapore	27,864.22	17.05	994,631	5.49	5,102.86
Laos	20,288.32	12.41	981,081	6.27	3,298.17
Vietnam	17,772.11	10.87	637,347	6.57	4,244.22
Total (Group A)	121,284.43	74.19	5,159,131		
Weighted average (Group A)				5.48	4,325.18
Group B					
Cambodia	13,996.11	8.56	430,538	8.33	3,902.57
Indonesia	13,181.38	8.06	449,360	6.20	4,731.24
Philippines	10,019.46	6.13	280,585	8.03	4,446.96
Total (Group B)	37,196.95	22.75	1,160,483		
Weighted average (Group B)				7.43	4,355.07
Group C					
Myanmar	4,593.52	2.81	129,714	8.40	4,215.80
Brunei	396.60	0.24	13,319	6.05	4,921.82
Total (Group C)	4,990.12	3.05	143,033		
Weighted average (Group C)				8.18	4,281.54
ASEAN					
Total (ASEAN)	163,471.50	100.00	6,462,647		
Weighted average (ASEAN)				5.89	4,294.24

Source: Modified data from The Ministry of Tourism and Sports, Thailand (Data from the website as of April 9, 2013)
Remarks: 1. The number of tourists were counted by country of residence, not nationality.
	2. The group average was weighted with the number of tourists in each country.

AVERAGE EXPENDITURE AND TOUR PATTERN
The study further analyzed the average expenditures of ASEAN tourists classified by items. The results shed the light on tourist behavior and sources of tourism receipts in each group. The top three spending of tourists in Group A were on shopping (29.51%), accommodation (29.25%), and food and beverages (29.25%). Tourists from Singapore spent the most in ASEAN while the spending of Lao tourists was the least.

The top three spending of tourists in Group B were quite different from those of Group A in ranking order. The first one was accommodation (29.42%), followed by shopping (27.40%), and food and beverages (16.99%), respectively. Tourists from the Philippines spent the most on local transport – highest in all ASEAN markets. In this group, Cambodian tourists had the highest spending on entertainment while the Indonesian spent most in sightseeing.

Tourists in Group C had similar pattern in their top three spending as that of Group A. These were shopping (31.25%), accommodation (26.24%), and food and beverages (16.78%). It should be noted that Brunei tourist spending was the second highest in ASEAN for several items including shopping, sightseeing, food and beverages, and land transport.

Tourist spending behavior and length of stay are directly affected by their travel pattern. Generally, travel pattern can be divided into two types: Free Independent Tour (FIT) and Group Inclusive Tour (GIT). The GIT generally has a more inflexible travel pattern in terms of their tourism destination, length of stay, accommodation, restaurant, and shopping activities. Comparing with the GIT, the FIT generally generates more tourism receipts.

About 70 percent of ASEAN tourists prefer a non-inclusive tour (FIT). Comparing among three groups, Group A had the least percentage of FIT. Tourists from Laos had highest percentage of FIT while the Malaysian tourists showed the lowest. However, the proportion between GIT and FIT of Malaysian tourists was nearly equal.

SUMMARY
This study utilized the concept of ABC Classification in grouping ASEAN tourists visiting Thailand according to tourism receipts generated. The results showed that Group A consisted of four countries; namely, Malaysia, Singapore, Laos, and Vietnam. This group generated the highest tourism receipts with the proportion of 74.19 percent. Group B comprised three countries; namely, Cambodia, Indonesia, and the Philippines, with the proportion of 22.75 percent. The other two markets are classified in Group C; namely, Myanmar and Brunei, accounting for 3.05 percent of the total receipts. Although the number of tourists from Brunei is found to be the lowest, their average expenditure per capita per day is ranked the second highest after that of Singapore.

The comparison of these three groups shows that there is no significant difference in terms of their average expenditure by items. The top three expenditure items are shopping, accommodation, and food and beverages. With regards to other tourism behavior, about 70 percent of ASEAN tourists prefer a non-inclusive tour, with Malaysia's showing the lowest percent among the ASEAN market. Although Group A tourists generated the highest income; their average length of stay was the shortest, about 5.48 days.

The results of the study suggest that ASEAN tourists in each group need different marketing strategies. For example, the Singaporean market needs to be encouraged to stay longer. Also, Group A, as a whole, should be encouraged to travel on their own as FIT. Finally, the study of the tourist behavior in each group should be furthered in order that the public and the private tourism sector in Thailand can attract more ASEAN tourists in the future.

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