

SURVIVAL OF A MARKET LEADER IN A REGIONAL INTEGRATION OF EMERGING ECONOMIES: A CASE STUDY OF THE TOURISM INDUSTRY IN THAILAND

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INSTRUCTOR'S NOTE

CASE DESCRIPTIONS

The primary subject matter of this case concerns tourism industry, industry analysis and competition, ethics and social conflict management. Secondary issues examined include alternative analysis, alternative response selection. The case has a difficulty level of five, appropriate for first year graduate level. The case is designed to be taught in 2 class hours and is expected to require 2 hours of outside preparation by students

CASE SYNOPSIS

In September 2016, the committee of the National Tourism Policy of Thailand held consecutive meetings to consider the National Tourism Development Plan for 2017-2021. Accounting for 8.5 percent of GDP in 2015, the tourism industry was important to the country. Following the Thai military coup in May 2014, the nation's economy had been in shambles. The revenue from tourism was more vital to the economy than ever. However, this industry brought many problems to the society, including increased natural resource deterioration and crime syndicates. Competition from other destinations, including ASEAN member countries, was becoming more intense and could be a future threat to the industry since international tourism flows will be diverted. Economic recession in several sources of tourists was a looming threat. The massive rising of Chinese tourists was serendipitous, as the country's revenue from this group was dominating the inflow travel trade, but it is too risky to rely on a single market.

While preparing the strategic tourism plan, the committee was evaluating which of three strategic directions would be able to achieve the desirable outcomes, which include increasing revenue, sustaining natural resources and increasing the country's competitiveness. The first direction is to concentrate on the existing mass flow of foreign visitors. With the anticipated 30 million international tourists in 2016, there were thought to be various ways to alter the current situation to meet the objectives. The second strategic option was to appeal to high-value tourists who are able to spend more for better services. The third option was to offer specific activities to attract niche markets.

In which of these options should Thailand invest its valuable resources to gain the highest benefit out of its tourism industry? This was the strategic question that the Committee was charged with answering.

TEACHING AND LEARNING OBJECTIVES

This case is used to analyze the situation in which a developing country depends on the tourism industry as a major source of its revenue. While it is successful in terms of the rising number of tourists, its internal problems turn out to be obstacles in further increasing the flow of incoming foreign visitors. In addition, competition from destinations in the same region, where it has agreed to form tourism collaboration, is heating up.

Students will become acquainted with a complex decision in forming a country's sector strategy, including the choice between the mass market and niche segment, market diversification versus concentration strategy, foreign investment versus local investment, and existing tourist attractions versus new ones. Specially, they will analyze and make recommendation not just from the economic perspective, but also from the perspective of the industry's impact on society, culture and environment.

POTENTIAL COURSES AND TARGET AUDIENCES

This case is designed to illustrate the application of strategic management concepts to a country's sector plan in order to allow the analysts to develop an understanding on how to utilize relevant strategic management frameworks to make appropriate recommendations at a national level. Primary audiences are graduate-level students who are studying international business or taking other strategic management courses. Additionally, agencies dealing with tourism promotion and policies are another group that will benefit from this case since it will familiarize them with the importance of non-economic factors. Social and environmental costs must be considered in relation to industry revenue. Furthermore, they will be prepared to address the complexity of implementation.

Topics Covered in the Case

The following topics are discussed in or raised by the case:

- Strategic direction
- Strategic plan and planning process
- Segmentation and target market selection
- Market size estimation
- Porter's Diamond model
- Tourism system

CONCEPTUAL ANALYSIS

Ansoff's model, a common strategic option concept, deals with the decision of whether to concentrate on existing markets or diversifying into new opportunities. However, when selecting these strategic options, the set of circumstances within the business environment must be considered. Leiper's model provides this framework to analyze factors affecting a whole journey

of tourists visiting a foreign country. Regarding tourism as a product, Leiper's model is structured so as to distinguish between the supply and demand sides. Porter's Diamond model adds value in guiding the government agencies in developing and improving the competitiveness of the nation's tourism cluster.

1. Ansoff's Product/market Growth Matrix

Presented in TN Exhibit 1, the Ansoff matrix consists of four main types of strategies: market penetration, product development, market development and diversification. (Brikend & Nedelea, 2013, pp.5-11)

Market Penetration: The country increases sales volume from existing tourist segments with existing attractions.

Product Development: The country tries to gain more revenue from existing tourist segments by offering new, improved tourist attraction and services.

Market Development: When employing market development strategy, the country increases its revenue by offering its existing appeals to new tourist segments.

Diversification: For this strategy, the country offers new appeals to new tourist groups. It is the most complex and probably the highest risk strategy because the country ventures into unfamiliar territories both in new appeals and new segments.

TN Exhibit 1: Ansoff's Product/market Growth Matrix

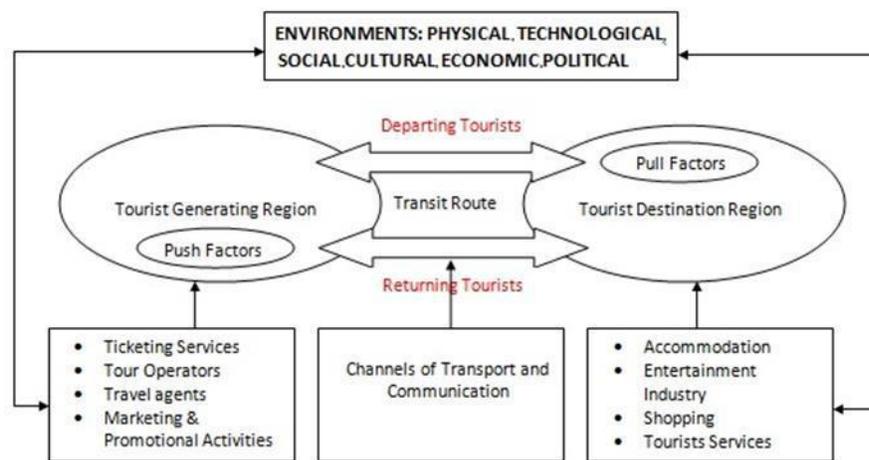
		Products	
		Existing	New
Markets	Existing	Market penetration	Product development
	New	Market development	Diversification

2. Leiper's Model of Tourism System

Leiper's model describes three main geographical elements in the tourism system model (see TN Exhibit 2). (Lamont, 2008) These are traveler-generating region, transit route region, and tourist destination region. The traveler-generating region is the area generating markets for tourism, and acts as the push force to motivate travel. Tour operators, ticketing services, travel

agents and marketing and promotional activities in the region influence tourists' desire to travel to specific locations. The transit route region is an interval in a trip when the traveler has left their home region but has not yet arrived at their tourism destination. In this region, the tourist tries to seek information, goes for reservations and makes the departure. Finally, the tourist destination region, the pull force, is the attraction of the location to the tourist. It includes, for instance, accommodation, services, food, people, entertainment, and recreational facilities. The demand for tourism in the traveler generating region is erratic, inconsistent, seasonal and illogical while the supply is fragmented, inadaptable and rigid in the destination region. If the supply is managed effectively to match the demand, the country will gain the reward from participating in this industry.

TN Exhibit 2: Leiper's Model of Tourism System



3. Porter's Diamond Model

Porter's diamond is a useful model in guiding the development of competitiveness of the tourism cluster. The model contains four interrelated determinants of national comparative economic advantage. These four determinants are firm strategy, structure and rivalry, related supporting industries, demand conditions and factor conditions (see TN Exhibit 3).

Firm Strategy, Structure and Rivalry: This refers to the competition among service providers leading businesses finding ways to improve their service attractiveness and to develop innovation.

Related Supporting Industries: It refers to upstream and downstream industries that support entrepreneurs operating in the tourism industry to be able to innovate and be more competitive.

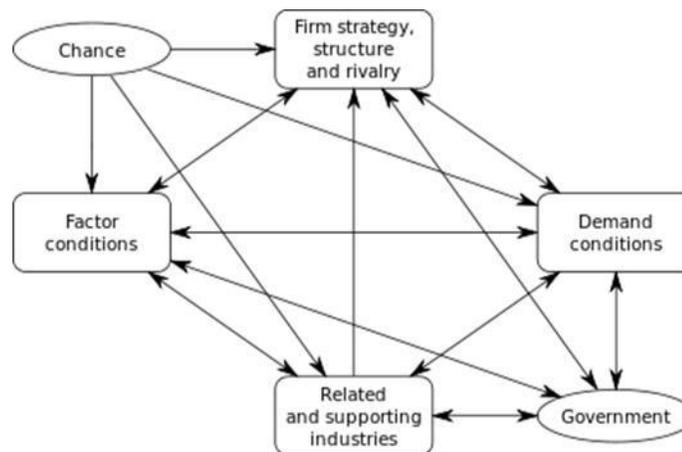
Demand Conditions: It is the size and nature of tourists based in the country whose preferences drive innovation and service improvement

Factor Conditions: Factor conditions are those elements in a country's economy which facilitate the firm to be competitive, such as a large pool of skilled labor, technological innovation, efficient infrastructure, and capital availability.

Government: Government can influence each of the above four determinants in order to increase the competitiveness of its tourism sector.

Chance: Chance events are occurrences that are outside of control of participants in the industry. They are important because they create discontinuities in which some gain competitive positions and some lose.

TN Exhibit 3: Porter's Diamond Model



DISCUSSION QUESTIONS AND

ANALYSIS A. Discussion Questions:

The following topics are discussed in or raised by the case:

1. Generally, how does the tourism industry affect a host nation? Specially, what are important impacts of tourism on Thailand?
2. In order to reduce the negative impacts but still promote tourism, how should Thailand manage its tourism industry?
3. Should Thailand concentrate on high value tourists as its most important target group?
4. Should Thailand select the option of concentrating on niche tourism instead?
5. If current tourists are the main focus of the tourism's strategy, how should Thailand manage this market segment?
6. Is it possible to combine these three options into an integrated strategy?

B. Analysis:

1. Generally, how does the tourism industry affect a host nation? Specially, what are important impacts of tourism on Thailand?

Even though most foreign tourists visit a country for a short duration, their presence brings changes to the place. These changes can impact positively and negatively on a country's economic, socio-cultural and environmental aspects. TN Exhibit 4 summarizes these impacts.

TN Exhibit 4: The impact of tourism trade on a country's situation

Impacts	Economic	Socio-cultural	Environmental
Positive	<ul style="list-style-type: none"> • Country's revenue from direct and indirect sources • Growth in income and foreign exchange • Employment generation and opportunities • Development of Infrastructure facilities 	<ul style="list-style-type: none"> • Preservation of heritage, culture & local customs • Revival cultures and traditions • Strengthening community by encouraging civic involvement and pride 	<ul style="list-style-type: none"> • Conservation of natural resources
Negative	<ul style="list-style-type: none"> • Income inequality • Leakage of tourism receipts from both FDIs and illegal activities • Seasonal unemployment causing job insecurity • Higher costs of living 	<ul style="list-style-type: none"> • Cultural crashes • High crime rate • Prostitution and sex tourism • Dilution of heritage, culture & local customs • Behavioral changes of residents • Safety of tourists 	<ul style="list-style-type: none"> • Vandalism • Littering & pollution • Destruction of habitat • Increased congestion at tourist attraction sites

The above list is applicable for any tourism destination. Some of these positive and negative effects are particularly important to Thailand. The country received about 30 million visitors in 2016 and experienced a high growth rate. The benefits gained from this sector are obvious. During the country's economic downturn, it is the only sector that is still able to have a high growth rate. Nevertheless, Thailand has faced many perpetual challenges as a consequence of promoting its tourism to international visitors and domestic tourists. These negative affects mentioned in the case are:

1. Too many tourists at few tourist destinations causing the deterioration of natural resources
2. Revenue leakage from foreign operators involving legally and illegally in its tourism industry
3. Social, culture and environmental degradation
4. Problems in high crime rate, safety record and other health risks.

2. In order to reduce the negative impacts but still promote tourism, how should Thailand manage its tourism industry?

The problems should not be dealt with one issue at a time but should be managed as an integrated system since these problems are interrelated. TN Exhibit 5 exemplifies this system which is composed of four integrated processes.

Tourist Experience. Tourist experience must be managed while they travel to and from Thailand to allow them to have memorable experiences. The process starts by offering an efficient visa process in the homeland of visitors and convenient and affordable travel to Thailand. Air connectivity is crucial to move passengers from their origin to Thailand seamlessly. (Morphet & Bottini, 2013) Once they arrive in Thailand, the immigration and visa process has to be efficient and effective in welcoming tourists and screening unwelcome visitors. Airport transportation facilities should be pleasant, reliable and effective. Hospitality should be extended in other locations that the tourist visits.

Management Aspects. To provide for a positive visiting experience, various aspects in the country must be managed as seen the middle section of TN Exhibit 5. For instance, the information on tourist attractions, transportation, and other facilities should be provided to tourists and tour operators at various contact points and outlets. Local capacity to service tourists also needs to be developed and improved. Safety for foreign tourists includes product and service standards, crime control and enforcement, and food safety all crucial to international tourists. When facing accidents or crime, foreign visitors need a special unit to service to them since they will face language barriers, are unfamiliar with the local system, and stay short-term in the country. The income from this tourism industry has to be distributed equitably among those involved in tourism.

Management Process. In order to implement the above aspects, there must be an authoritative unit to manage these activities. A typical management process is presented in the bottom box of TN Exhibit 5. The process encompasses appraising internal and external factors, forming strategies, implementing the plan, measuring performance, and taking corrective actions.

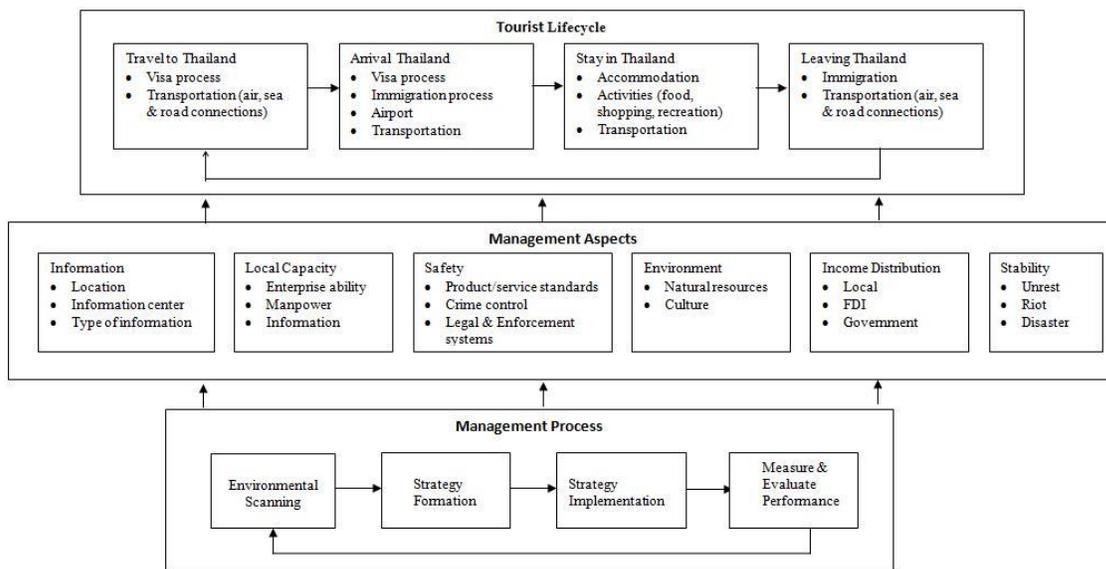
Implementation. Implementing this integrated process is the most crucial phase in a plan's success. In the case of Thailand, the committee for the National Tourism Policy is composed of numerous government agencies (see Case Exhibit 7). Collaboration with these agencies is not always effective since tourism is not their top priority. In addition, tourism also involves other government agencies which are not on the committee, making coordination even more difficult. The following incidents described in the case reveal some of these complications:

1. Restriction of the Land Transport Department on visiting motorists from driving beyond the province of entry. This ban will be lifted since the number of Chinese tourists is declining.
2. The police confiscate the assets of Chinese operators who register in Thailand using local nominees but bring back all revenue to China without paying taxes. Several associations relating to tourism are worried that their activities might be considered as illegal and so want clearer measures to deal with Chinese tourists.

3. The "Fun to travel in Thailand" music video produced for the Tourism Authority Thailand (TAT) to encourage Thais to travel inside the country, instead of going abroad. The Ministry of Culture orders the producer to change the contents deemed damaging to Thai culture. Subsequently, the video is revised to meet the requirement of the Ministry of Culture even though the TAT disagrees.

Various techniques in increasing collaboration among government units should be suggested, for example, using key performance indicators (KPIs) to evaluate the performance of all relevant units, sharing information with other agencies to raise their awareness of the tourism directions and actions of the committee, and inviting the representatives from government units which are not in the committee to attend a meetings at which specific collaboration with their units is to be discussed.

TN Exhibit 5: Integrated Process in Managing Tourism Industry



3. Should Thailand concentrate on high-value tourists as its most important target group?

The appropriateness of a specific tourist segment depends on its potential to fulfill the desired objectives which are.

- Increasing income from tourism,
- Retaining more revenue in the country,
- Having more even income distribution,
- Reserving natural resource and social sustainability,
- Reducing tourism seasonality, and
- Sustaining the country's competitiveness.

A current definition of the high-value group is those who earned higher income than the average population in a county as seen in the studies of TAT in 2013. The quality tourists can be from various countries, but TAT estimated that the most promising markets were China, Russia, India and ASEAN. Thus, this available information is used to make a recommendation for this option.

Revenue. For the high-quality tourist segment, the spending per person (USD 2,734) is almost double that of the current tourist (USD 1,480). (See TN Exhibit 6.) However, the potential market size of the high-quality tourist group is too small (approx. 1.5 million persons), causing its revenue estimate to be only USD 4,126 million annually. In addition, the number of these quality tourists is limited, and if it does not expand fast enough, this market will be depleted quickly. For instance, while China had 1.4 billion people but only 10 million were classified as the high-income group. Likewise, the population of India was 1.3 billion but only .7 million belong to the high-income group.

TN Exhibit 6: Estimate of Revenue from Quality Tourist Segment

	Number of tourists	Spending per tourist (USD)	Total revenue (mil USD)
Current Tourists	26,546,725	1,480	39,282
Quality Tourist Strategy:	1,509,113	2,734	4,126
China	509,198	3,520	1,792
Russia	74,000	3,750	278
India	20,992	3,150	66
ASEAN	904,923	2,199	1,990

In sum, this segment will increase the revenue per tourist but is insufficient to replace the country's revenue from the existing tourist market.

Revenue retention. The revenue leak from FDI and imported products and services should increase since this segment prefers staying in international chain hotels and purchases luxurious products and services. International hotel chains and global brand fast food chains are pervasive in popular tourist destinations.

Concentration. The tourism pattern of Thailand shows a high concentration on both temporal and spatial aspects. Based on the data in 2013, the number of tourists peaked during January to March and November to December when the weather in the country is nice and cool. If high-value tourists were selected, the temporal and spatial concentration would expand since their preference is similar to the current tourists. That is, they prefer to travel during the peak period and visit similar touristic locations.

Income equality. High spending tourists prefer higher quality services than a typical tourist. They tend to stay in well-known, international chain hotels, ride in limousines, and dine at expensive restaurants. Thus, their spending has a lesser "trickle down" effect to the locals than do the current tourists.

Cultural crash. Cultural clash between the local and foreign tourists should be less since the tourists are likely to interact with the local in more controlled environment such as chain hotels or high-end restaurants.

Competitiveness. The concern about lowering the country's regional competitiveness due to the ASEAN tourism integration will be lower if Thailand pursues high-quality tourists. CLMV member nations, in particular, share some similarities in tourism attractions in terms of natural resources, culture, traditions and hospitality. Developing superior infrastructure to cater to the high-value tourists should help in differentiating Thailand from the CLMV countries.

4. Should Thailand select the option of concentrating on niche tourism as its most important tourism strategy?

Similarly, the assessment of this niche strategy is based on the same criteria used in evaluating other options, i.e., potential revenue generation, spatial and temporal concentration, income inequality and cultural crash, and enhancing competitiveness.

Revenue. Based on the study of TAT in 2013, those tourists who travel for specific activities tend to spend more than the general ones (i.e., USD 1,712 versus USD 1,480 per trip) (see TN Exhibit 7). The MICE group spends more than any of the tourists in this category and at over 1 million travelers has the largest number. In addition, there are those who visit Thailand for other purposes but who will participate in these activities. These groups can make this option more attractive since they will generate 2,108 million dollars additionally. Thus, the total revenue from this strategy is expected to be 7,821 million dollars annually. However, when compared with the revenue generated from the current tourists, the revenue from this group is still far from 40,000 million dollars from the current tourists. Even though the country is able to double the number of this niche segment, the revenue from this group is still incomparable to the current situation.

TN Exhibit 7: Estimate of Revenue from Niche Segments

	Number of Tourists	Spending per tourist (USD)	Total revenue (mil USD)
Current tourists	26,546,725	1,480	39,282
Niche strategy:	3,336,291	1,712	5,713
Wedding & honeymoon	755,691	1,289	974
Health	360,797	1,707	616
Golf	347,961	663	231
Eco-tourism	858,340	1,180	1,013
MICE	1,013,502	2,841	2,879
Other tourists:	5,796,439	480	2,108
Wedding & honeymoon	287,993	529	152
Health	497,543	798	397

Golf	399,900	281	112
Eco-tourism	4,611,003	314	1,446

Revenue retention. Except for eco-tourism, tourists of this segment prefer luxury. In addition to good weather, friendly locals, and beautiful location, those who travel for wedding and honeymoon want lavish ceremony and luxurious facilities. Likewise, golfers prefer beautiful golf courses, superior services and important golf tournaments. Health tourists look for medical services at high international standards and advanced equipment. Importantly, also, MICE groups are composed of tourists who visit Thailand for the purpose of meetings, incentives, conventions and exhibitions. They like to travel to large cities with good infrastructure and modern facilities. Thus, it is likely that the revenue leak could occur through FDIs.

Concentration. This group will have similar concentration patterns to the general tourists and the high-value group.

Income equality and cultural clash. This tourist type could increase income inequality because they are likely to use the facility of large, modern businesses which depend on imported products and services. If they stay in the environment designed for international tourists, cultural clash will be lessened.

Competitiveness. The encouragement of these activities should help in differentiating Thailand from its neighboring countries, particularly those that still rely mainly on natural and cultural attractions. Tourists tend to prefer a variety of activities when visiting a country.

5. Should Thailand focus on the current tourists?

From the analysis in Questions 3 and 4, it is apparent that it is insufficient to rely on the revenue from the high-value or niche segments. TN Exhibit 8 compares the impact of the three options of tourism trade on economic, socio-culture, and environment aspects. Assume there is no change in the activities relating to the current tourist groups, the high-value and niche segments are superior over the current segment only in reducing cultural clash and increasing the country's competitiveness. On the other hand, these two options will exaggerate the problem of spatial and temporal concentration, income inequality, and revenue leak.

If the repeat visitor is the focus, the additional benefit will be to reduce the spatial concentration. However, the revenue per repeat tourist (USD 1,290) is lower than the average traveler (USD 1,426). Those current tourists who do not follow the seasonal pattern in Thailand are composed of various groups, for example, those from Australia, South Africa, and the Middle East. This group only benefits the country in terms of lowering temporal concentration.

TN Exhibit 8: Impact of Different Options

	Revenue (mil USD)	Temporal Concentration	Spatial Concentration	Income Equality	Leak Income	Cultural crash	Competi- tiveness
Current	755,691	Same	Same	Same	Same	Same	Same
Niche	5,713	Higher	Higher	Higher	Higher	Less	Higher
High value	4,126	Higher	Higher	Higher	Higher	Less	Higher
Repeat		Same	Lower	Same	Same	Same	Same
Non-seasonal		Lower	Same	Same	Same	Same	Same

6. Is it possible to combine these three options into an integrated strategy?

Thailand cannot ignore the current tourists since they generate a lot of country revenue. However, the infrastructure for high-end segments and niche activities must be developed to increase Thailand's competitiveness. To increase their effectiveness, these actions should be recommended as an integrated process. Ansoff's matrix can be employed to integrate these options as seen in TN Exhibit 9.

Market penetration. The least risky decision is to concentrate on existing tourists by offering the same products and services. However, the revenue per tourist per each visit must be increased by employing various methods, for example, encouraging them to buy higher priced items or buy more products or participating in more exclusive activities. The problem of temporal concentration could be alleviated by promoting activities, joint discount of various services during the low season period and focusing on tourists who do not strictly follow this seasonality. In order to increase revenue from low-cost package tours, there are several options that could be recommended, such as imposing a surcharge or enticing them to visit shopping centers selling handicrafts and food produced locally.

Market Development. Other tourists who are not currently the main major groups of Thailand should be stimulated to reduce the risk in depending on only few markets. These groups are, for example, those from the Middle East, Africa and Latin America.

Service Development. Since the majority of tourists travel to few locations and engage in few activities, developing new locations and activities should be able to reduce the temporal and spatial concentration. About half of revisit tourists are more willing to travel to secondary tourism attraction locations and engage in new activities than typical tourists. Thailand is developing a tourism cluster (see Case Exhibit 8). If these new locations or activities are too unfamiliar with foreign tourists, local tourists should be targeted initially. After the facilities in the new locations are developed to international standards, they should be easier to promote to foreign tourists. Jointly developing tourism packages with CLMV is another method to develop new services, despite the fact that negotiating with CLMV as a group might be difficult.

Diversification. Thailand has an option to appeal to different groups of tourists with different appeals. Case Exhibit 4 offers growing niche tourism sectors which Thailand should explore in its use of a diversification strategy.

The chance of being successful of each of these options varies. Typically, market penetration is likely to have a higher chance to be successful since it requires only simulating the current tourist segment to buy more services or pay more or revisit the country. So, conceptually, it should be the first priority. Compared to the market development strategy, the service development strategy is appropriate as the next strategic move because the market development strategy could encourage more tourists which might exaggerate the problem of spatial and temporal concentration further. Finally, diversifying market segments and services should be the last option since it will require more time and effort than other options in order to be successful.

TN Exhibit 9: Integrated target markets

		Product/Service	
		Old	New
Customer	Old	Market penetration: <ul style="list-style-type: none"> • Increase revenue per visit • Low season visitors • Non-package tourists • Non-seasonal tourists 	Service Development: <ul style="list-style-type: none"> • New locations, incl. CLMV • New services Tourists likely to visit: <ul style="list-style-type: none"> • Revisit tourists • Local tourists
	New	Market development: (New groups) <ul style="list-style-type: none"> • Africa • Latin America • Middle East 	Diversification: <ul style="list-style-type: none"> • Agri-tourism • Senior • Volunteered • Sports • etc.

TEACHING PLAN

A thorough discussion of the issues presented in the case should require at least 120 minutes of class time. Suggested time allotment and issues for each part are described below. Depending on the students' or participants' experience, time allocations for each part can be adjusted accordingly.

A. Suggested Reading Before Case Discussion

Students are assigned to review the concepts described in section IV (Conceptual Models) which are available from these sources.

Ansoff's Growth-Vector Matrix: Available at <http://www.ansoffmatrix.com/>.

Leiper's Model of Tourism System: Available at

https://catalogue.pearsoned.co.uk/assets/hip/gb/hip_gb_pearsonhighered/samplechapter/027372438X.pdf.

Porter's Diamond Model: Available at <http://www.ajol.info/index.php/sabr/article/viewFile/76358/66817>.

In addition to the case, students are expected to read the following documents before participating in the case discussion. This will provide background on AEC agreements,

especially on tourism and familiarize students with Thailand before starting case discussion since this information is not provided extensively in the case.

Tourism Strategic Plan: 2011-2016: Available at http://asean.org/?static_post=asean-tourism-strategic-plan-2011-2015-2AEC, Thailand.

Thailand: Available at https://www.cia.gov/library/publications/the-world-factbook/geos/print/country/countrypdf_th.pdf.

Tourism Development in Thailand: Download from <http://tdri.or.th/en/research/n63-2/>

B. Expected Flow of Discussion

The discussion may flow per the following suggested sequence, although individual instructors may wish to make modifications to better fit their own predilections.

Part 1. Managing positive and negative impacts of tourism (40 minutes)

Instructors can start the discussion around students' experience in traveling to a foreign country. Then, instructors should ask students to turn around and assume the role of a government agency responsible for tourism planning. The situation in Thailand is used as the protagonist of this discussion. The benefits and challenges in promoting the tourism industry should be summarized as shown in TN Exhibit 4 in Question 1. Suggested questions include:

1. Has anyone taken a vacation in a foreign country recently?
2. What did you like about this trip? What did you dislike about this trip?
3. If the destination is Thailand, what do you think foreign tourists like and dislike about their visit?

Next, the instructor will ask students to come up with suggestions about how Thailand should deal with the negative aspects of tourism. Initially, they may suggest diverse methods in correcting a specific problem. So, the instructor should encourage them to incorporate the management process into their suggestions as shown in TN Exhibit 5. These questions can be used to guide the discussion in this section.

1. Are these problems interconnected? How are they interrelated?
2. If you were participating in the committee of the national tourism policy of Thailand, what would be your suggestions to foster a positive experience for foreign tourists?
3. If you address these problems in a systematic process, how would you apply the process in planning and management?

Finally, the instructor should challenge students to deal with the complexity entailed in implementing the plan. There were three incidents in the case that suggest the complications among government agencies. They were the restriction of the drive-in tourists to the province of entry, asset confiscation of Chinese illegal operations, and the music video promoting tourism in Thailand. These problems arose from poor coordination among government agencies. Thus, the improvement of coordination is a must, as described in the implementation section of Question 2.

The following questions could be used to guide the discussion in this section.

1. Is it easy to implement your suggestions? Why do you think so?
2. If not, what are obstacles in implementing this plan?
3. How should Thailand reduce the conflict in implementation of the tourism activities?

The intended outcome of this first part of the case discussion is to make students aware of the complexity in managing a pleasant environment for international tourists. A systematic management process must be applied to increase the prospects for success. Unfortunately, there is always a chance that there will be uncontrollable factors affecting prospects for success. Thailand may not be able to avoid them. However, those problems that originated from controllable factors, especially the poor coordination among intra-government agencies, should be managed better.

Part 2. Selecting market target(s) (40 minutes)

Earning more revenue from tourism is the crux of the discussion of this section. The ~~major~~ three major options under consideration are the current market, high-value segment and niche markets. In evaluating these options, their effects on both financial and nonfinancial objectives must be considered. Students should be asked to assess each of these options one at a time and provide concrete suggestions. As described in Question 3, TN Exhibits 6 and 7 shows that the high-quality segment and the niche segment cannot help Thailand maintain its revenue level, while the existing tourist segment has a substantial size and is expanding rapidly. However, none of these options can fulfill all objectives for tourism (see TN Exhibit 8). The following questions are useful for structuring this discussion:

1. What options for target tourists are under consideration?
2. In choosing these options, what are the desirable objectives in evaluating these options?
3. Should Thailand concentrate mainly on the high-value visitor segment? What benefits will the country receive by promoting tourism to this segment? Can it help lessen some of the existing problems?

After the discussion on the high value segment, the instructor could provide ~~the~~ additional information on the experience of Thailand in attempting to lure the ultra rich segment. This is to point out that the prospects for success of this alternative is dim if the country attempts to move too far away from its current position of targeting tourists from the middle income group. As noted by Mr. Jaronroat Krasaesuk, a reporter for Encounter Magazine:

In 2003, the quality tourist was defined as an ultra rich group, but Thailand was not successful in appealing to this group by offering a privilege card which offered members an array of benefits, including access to golfing facilities, eased visa regulations and VIP assistance at the country's major airports, in exchange for a one-time fee of THB1 million (\$31,906). In 2013, Thailand Privilege Card had 2,534 members in the program and all of them were under the old card that was defunct. The company was obliged to keep them on the book[s] due to contractual agreement for lifetime membership which could lead to a costly civil case if they cancelled the card without offering an alternative. (Krasaesuk, 2013)

After it becomes apparent that the high-value tourists are desirable but insufficient to fulfill all objectives, the instructor should proceed to the evaluation of other options.

1. Should Thailand concentrate only on the niche segment? Compared to the high-value segment, does this option offer the possibility of superior performance, judging from its ability to meet the objectives?
2. If Thailand elects to focus on the existing tourist segments, does this option have a better chance to achieve the desired objectives than other options?
3. Is the return visitor segment attractive? What about non-seasonal tourists?

The analysis of these questions as compared to the objectives as shown in TN Exhibit 8 indicates that none of these options can accomplish the objectives.

The purpose of the analysis of this part is to drive students to reach a more concrete decision on which option is the best solution, given the available information at hand.

Part 3. Integration of Strategic Tourism Plan (20 minute)

Since none of these options can achieve the desired objectives. Combining them as a single integrated plan has a better chance to satisfy the objectives, particularly when these options are combined into a single plan as shown in TN Exhibit 9. The instructor can use these questions in guiding the discussion:

1. Since either of these options is insufficient to help Thailand reach the desired objectives, it is obvious that the country has to combine these options. How should Thailand combine these options?
2. Which of these options should be implemented first? Next? Why?

The objective of this discussion is to encourage students to think systematically by utilizing a concept to integrate different recommendations. Typically, a strategic option model relies on a classification technique and, maybe, the sequence of strategic options, i.e., which options should be implemented first?

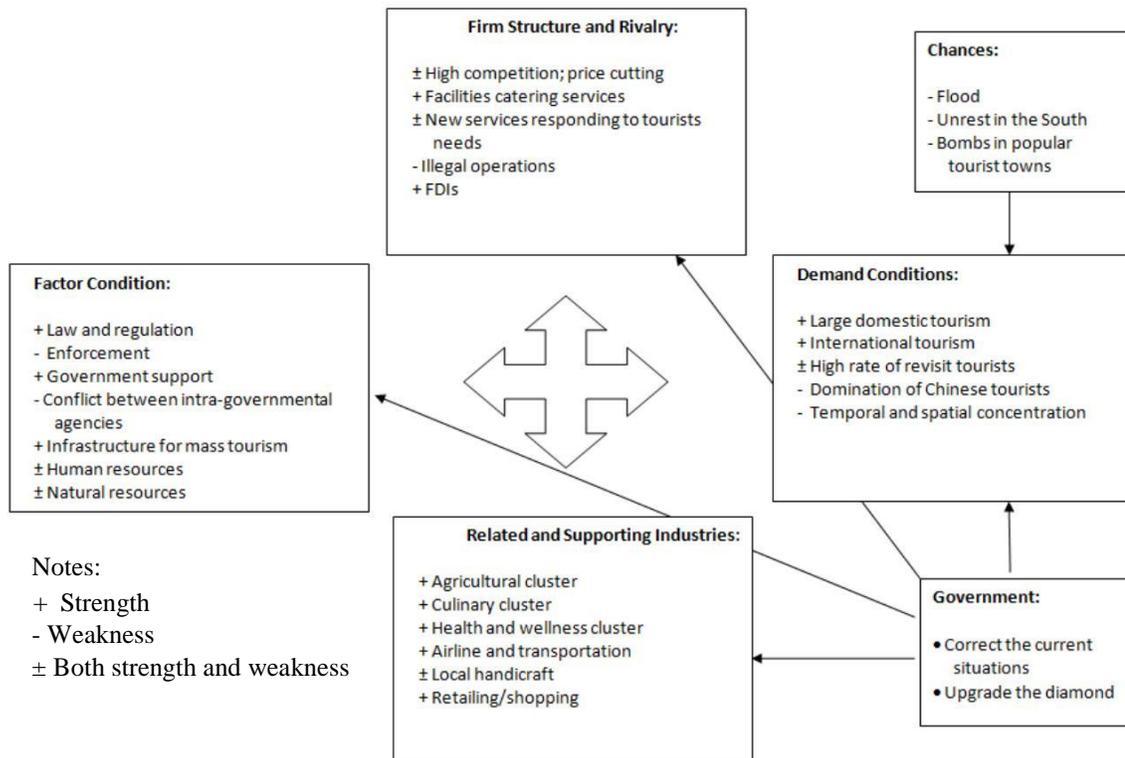
Part 4. Wrap up (20 minutes)

At the end of this case discussion, the instructor should stress the importance of a conceptual framework in analyzing and guiding a complex situation in planning at a national level. Three conceptual frameworks described earlier should prove useful for this purpose. They are Ansoff's model, Leiper's model of tourism system, and Porter's Diamond model.

Although increasing Thailand's competitiveness in the tourism industry is an important theme in this case, the discussion on this matter appears in various parts of the discussion. Therefore, the instructor should summarize how Thailand can increase its competitiveness by using Porter's Diamond Model as shown in TN Exhibit 10. The contribution of the government

is seen in lessening negative aspects in the Diamond Model and stimulating the competitiveness of each element in order to sustain the country's tourism competitiveness.

TN Exhibit 10: Roles of the government in managing the tourism cluster



RESEARCH METHODOLOGY

This case study was developed by relying on two primary sources of data: the interviews the management of Tourism Authority Thailand (TAT) and the use of secondary data sources. Mr. Thawatchai Arunyik, ex governor of TAT, and Ms. Jutaporn Roengronasa, TAT Deputy Governor for Europe, Africa, Middle East and America Markets, were interviewed to gain more insights into the role of the government in promoting tourism and the problems associated with planning and implementation. The TAT commissioned numerous studies of the behavior and preference of international tourists. The TAT library was also visited to collect the information unavailable in the TAT website (<http://library.tourismthailand.org/th/>).

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