

A Comparative Study of Tourism and Advantageous Industries Between the Philippines and Thailand

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Abstract: The Philippines and Thailand are famous tourist countries in Southeast Asia. Against the backdrop of increasing competition in the tourism industry in Association of Southeast Asia Nations (ASEAN) countries, this article undertakes a comparative and analytical examination on the development of the Philippines and Thailand's dominant tourism industry segments, namely eco-tourism and medical tourism. Compared with Thailand, the Philippines, which has a lower international reputation as a tourist destination, can enhance the competitiveness of its tourism industry by strengthening publicity on streaming platforms and promoting rural tourism while improving infrastructure construction. The Philippines' increasingly sophisticated model of environmental eco-tourism has a long-term vision. Thailand is known worldwide for its low-cost, technologically advanced medical tourism, and offers world-renowned Thai massage to further maintain its advantages in the international market. Facing the huge tourism pressure of Thailand's ecological environment, this paper puts forward some suggestions on closing scenic spots during off-season, collecting environmental protection funds from tourists, and opening digital exhibition of national culture. The Philippines and Thailand are the representatives of island and mainland tourism countries in Southeast Asia respectively. This article has a practical reference for other countries in Southeast Asia that take tourism as the pillar industry.

Keywords: eco-tourism, sustainable practices, medical tourism, smart cities, digital exhibition.

1. Introduction

Home to nearly 700 million people, Southeast Asia accounts for 7.0 percent of global Gross Domestic Product (GDP) and is the world's fifth largest economy. Southeast Asia is a region that today consists of eleven nations in the mainland and insular components, each with its own history, cultural, ethnic diversity, political and socio-economic conditions. Among them, the Philippines and Thailand are the main interests of this paper.

Before the COVID-19 epidemic, emerging Asia had a bustling travel and tourism business. With 138.7 million foreign visitors arriving in Southeast Asia in 2019, the region has gained recognition as a successful tourism destination. Travel and tourism supported 41.8 million jobs, or 13.2% of all jobs, in Southeast Asia and contributed 11.7% to the region's GDP [1]. Numerous developing Asian economies relied heavily on tourism prior to the pandemic. In the Philippines and Thailand, respectively, tourism accounted for 22.5% and 20.3% of GDP in 2019 [1]. However, there are significant differences in the international popularity of the two countries as travel destinations and

in their actual tourism economies. Thailand's international tourism revenue in 2023 was as much as 100 times that of the Philippines, and its main pillar segment is the medical tourism industry. The Philippines, however, is focusing part of its development on ecotourism based on sustainable development, which has a strong potential for growth in the future.

This article focuses on analyzing and comparing the current state of development of the tourism sector in the Philippines and Thailand based on their dominant industries and provides policy recommendations for future development.

2. Economic Conditions of the Philippines and Thailand

The Philippines' GDP grew from 5.7% in 2021 to 7.6% in 2022. This growth rate exceeded the year-end target of 6.5% to 7.5% and was the highest since 2017. The Philippines wanted to increase industrial and digital economy-related economic opportunities by the end of 2022. The industry sector's Gross Value Added (GVA) growth rate achieved its target growth rate of 6.3 percent to 7.3 percent, with a rate of 6.5 percent. The manufacturing sector's GVA as a percentage of GDP surpassed its intended goal in 2022, which was 18.7 percent [2].

For Thailand, the economy grew 2.6% in 2022 over the previous year. This is mainly due to the recovery of domestic demand and tourism as a result of COVID-19 mitigation and travel restrictions. In the second half of the year, the recovery in tourism further enhanced consumer confidence. On the supply side, both agriculture and manufacturing sector have generated varying degrees of growth. The annual growth rate of the services and others sector in 2022 was 4.3%, nearly 11 times that of 2021. However, the construction sector declined by 2.7% due to higher prices of construction material and labor short-ages [3].

3. Tourism

According to Philippine official policy, tourism is a vital component of the country's economy. The government worked toward a number of tourism-related goals between 2016 and 2022, such as improving transportation, making travel easier, drawing in foreign capital, promoting tourism, and raising service standards [1]. Airport development is the primary means of pursuing transportation growth. Recently, Clark International Airport opened a new terminal with the goal of increasing traveler comfort and bringing in more planes and visitors to the Philippines. It is estimated that the New Terminal Building's operation will create 150,000 new employment and add 20 billion pesos in annual revenue, or 0.92% of the region's GDP [4]. The Philippine Development Plan for 2023 to 2028 states that participation in the modernization of clustering of tourism and existing airports will be expanded by increasing network, speed and coverage to improve the quality of services [5].

Thailand has started using creative strategies to draw visitors for short-, medium-, and long-term visits. Thailand has worked very hard to increase domestic travel and has taken on the issue of attracting more tourists to its cities. Since the COVID-19 outbreak devastated the tourism economy, the government has done everything in its power to revive the sector. To boost domestic tourism, Thailand is investing in infrastructure and incentive programs to entice the ordinary Thai to travel domestically at least three times a year. The government's initiatives to stimulate domestic tourism, including "We Travel Together" and "Encouragement" subsidy program, had issued 22.4-billion-baht worth of tourism subsidies during July 2020 and April 2021 [6]. The job of overseeing the smart city effort and creating more smart cities falls onto the Digital Economy Promotion Agency. Khon Kaen, Phuket, and Chiang Mai are the pilot projects. Since Phuket is one of the world's most popular tourist destinations and has a well-established technological infrastructure, it was chosen to spearhead the program as the first city. Chiang Mai was selected to enhance tourism based on the region's natural features and rich cultural legacy, while also advancing smart agriculture as one of the primary sectors

in the area. Khon Kaen was selected as a meeting, incentives, convention, and exhibition (MICE) city, as well as a medical and transportation center [7].

3.1. Eco-Tourism in the Philippines

"Responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education" is how The International Ecotourism Society described ecotourism in 2015. Since the Philippines' most popular tourist destinations are natural areas, authorities have made a concerted effort to preserve these sites' economic viability as well as the country's natural environment by implementing sustainable ecotourism practices. There was a six-month tourism closure on the Philippine island of Boracay by the government in 2018 [8]. This dramatic measure was taken in an effort to clean up the island's beaches and restore its delicate ecosystem, which had been harmed by pollution, waste, and established enterprises' improper sewage disposal. The quantity of land and sea area designated as protected in 2021 increased, as shown in Figure 1 below, reflecting the nation's overall efforts to conserve the environment [1].

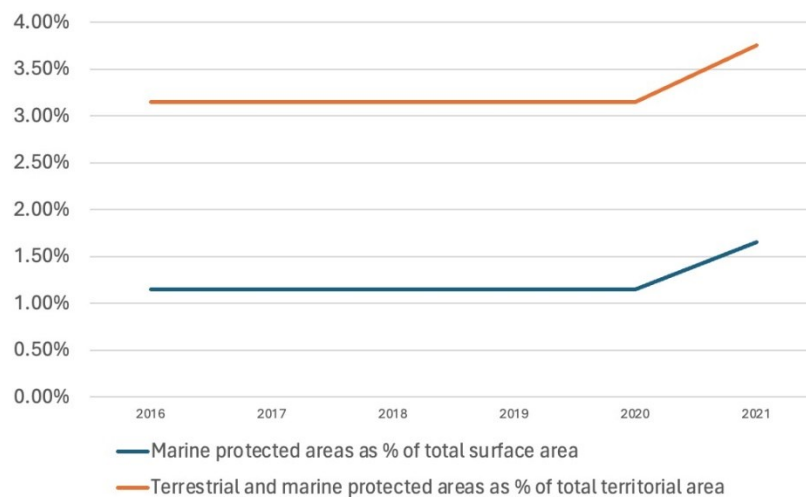


Figure 1: Changes in the Number of Nature Reserves in the Philippines, 2016-2021 (Data Source: Organisation for Economic and Co-operation Development).

In addition, the desire of consumers influences the choice to adopt environmental protection regulations. Nowadays, many tourists are trying to minimize their negative effects on the environment. The Department of Tourism has integrated environmental requirements into the star ratings of hotels and resorts, and granted these institutions an Environmental Compliance Certificate (ECC). The ECC project lets travelers know which places better suit their needs by displaying an ECC. Additionally, guests who care less or not at all are presented with hotels and resorts with more ecologically friendly operations by the inclusion of environmental requirements in hotel ratings.

In 1978, the Philippine Environmental Impact Statement System (PEISS) was created, which set the groundwork for integrating environmental quality requirements with the urgency of social and economic projects. In 2012, 215 development projects were granted an ECC in Region 02 in accordance with Presidential Decree 1586, and these projects were covered under the PEISS [9]. Creating documentation as a tool for decision-making is crucial to ensuring that environmentally beneficial effects are upheld and carried out.

3.2. Medical-Tourism in Thailand

With regard to competitiveness, the cabinet of Thailand approved the 10-year Medical Hub Strategy (2017–2025) in September 2016 with the aim of promoting the growth of the medical-industrial sector and assisting firms involved in the hospitality and medical fields. The market for medical tourism is expected to grow from its estimated \$17.69 billion in 2023 to \$48.66 billion by 2032. Over 1.2 million medical tourists visit Thailand annually, bringing in over \$330 million in income [10]. Thailand's medical tourism business has gained an impressive position among 46 countries, according to the International Healthcare Research Center's "2020 to 2021 Medical Tourism Index (MTI) Global Destination". It is in the top 5 because of its top-notch medical staff, cutting-edge medical equipment, and affordable medical expenses. This accolade emphasizes Thailand's appeal and accessibility as a top medical tourism destination. Thailand is the top-ranked country in Southeast Asia with 67 Joint Commission International (JCI)-accredited medical centers, as depicted in Figure 2 [1]. The hospital has a committed international workforce with interpreters speaking more than 30 languages, and its mission is to create a pleasant environment for multi-cultural patients from over 140 different countries. International patients are more likely to favor Thailand as a travel destination when staff members are well-trained and skilled.

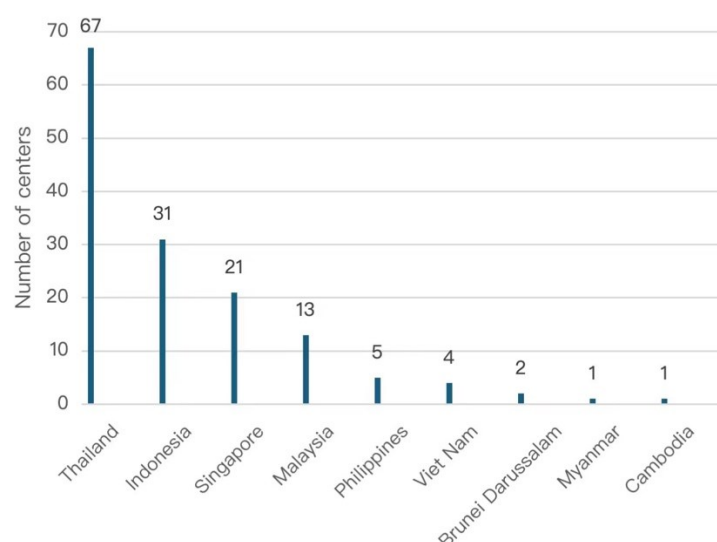


Figure 2: JCI-accredited health care centers in Southeast Asia (Data Source: Organisation for Economic and Co-operation Development).

The United Nations Educational, Scientific, and Cultural Organization (UNESCO) designated traditional Thai massage, one of Thailand's traditional medical techniques, as an Intangible Cultural Heritage in 2019. Its cultural background and health advantages are well-known worldwide. Thailand's third largest bank by assets, Siam Commercial Bank, has stated that the country's beauty and spa industry is expanding at an annual pace of 8% through its Economic Intelligence Center. In Thailand, there were about 13,500 spa operators as of 2017, and the beauty industry – which includes spas – was valued at 136 billion baht. Approximately 75% of this sum is made up of medical and cosmetic surgical services, 23% by spas and Thai massage, and 2% by sales of spa goods and retail. Compared to other Association of Southeast Asian Nations (ASEAN) countries, spa and massage are unique economic growth areas in Thailand for its international reputation and cultural background [11].

3.3. Comparisons

Eco-tourism in the Philippines is one of the highlights of the country's tourism industry, and environmental sustainability is conducive to the sustainable development of tourism. Though the initial implementation of environmental protection laws and the establishment of environmental protection projects is a big investment and slow to produce results, it will not be able to attract a large number of tourists to bring in a huge amount of revenue in the short term. However, the Philippine government's focus on eco-tourism is very forward-looking, and it is able to integrate environmental protection concepts with traditional tourism as a driving force for innovation and spreading environmental protection concepts to a wider audience of global tourists.

Thailand's tourism industry focuses on developing the medical tourism segment. The extensive international reputation of the local hospitals and the large number of cross-cultural medical professionals are the strengths of Thailand's tourism industry. The cost of healthcare in Thailand is relatively low compared to developed countries in Europe, giving it a strong comparative advantage. As a popular tourist destination in Southeast Asia, travelers coming for treatment are able to enjoy the beautiful scenery of Thailand in the journey. Medical tourism will boost Thailand's traditional tourism industry and relax travelers, generating significant revenues for the country.

The international tourist arrivals were 5.00 million in Philippine, while Thailand had 28.15 million international tourists with \$1033.9 billion tourism revenue in 2023. Thailand, a traditional Southeastern Asian tourism powerhouse, generates far more revenue from its tourism segment than the Philippines, but the GDP share of tourism revenue is only half that of the Philippines. Thailand is gradually weakening the role of tourism as a pillar of its GDP, from 20.3 per cent in 2019 to 5.8 per cent in 2021, which is evident in its long-term strategy of transforming itself from a tourist country to an integrated-development country. The Philippines' tourism economy, which suffered a severe recession due to the impact of the COVID-19 epidemic, was revived in 2021, growing from 4.8 per cent of GDP in 2020 to 10.4 percent of GDP in 2021. However, foreign tourists spend just under \$2 million, compared to domestic tourists who spend about \$33 million. This shows that the Philippines' international popularity as a travel destination globally is much lower than Thailand's, and domestic tourism is relatively well-developed.

3.4. Suggestions

It is recommended to increase travel inside ASEAN, especially for the Philippines, as there is not much regional travel. Only 6% of all foreign tourists to the Philippines in 2019 were from ASEAN countries [1]. The hop-on hop-off (HOHO) buses tour around Makati and Manila launched in July 2023, enhance the convenience of travelers to travel between attractions. Increasing linkages to important ASEAN cities and adjusting marketing strategies to draw tourists from other ASEAN nations are two other suggestions for the Philippines.

An emerging consumer trend to rural and nature-based destinations would be a chance for Philippines to increase the penetration of visitor spending into the local economy. The local agriculture, manufacturing and entertainment industries, which extend into the tourism supply chain, will be benefited, spurred by tourist demand. Moreover, the government can enter into tourism promotion agreements with bloggers who have a certain fan base in the Philippines, aiming to create an influencer effect expanding the international visibility of local tourist attractions.

Thailand should consolidate its leadership position in Southeast Asia by eliminating inequalities in domestic healthcare resources and opening up preferential policies for foreign healthcare workers. Thailand must protect its tourism resources to sustain and increase its appeal as a travel destination while lessening its impact on the environment, despite its rich natural environment and cultural legacy. Climate change has contributed to the closure or change of snorkeling and diving sites and the

reduction of beach space. Authorities can manage congestion and environmental pressure by charging 20% of the ticket price for environmental protection, or in the long run, close scenic spots and limit the number of tourists in off-season to protect the ecosystem.

Increasing the promotion of culture- and art-based tourism will also help the sector become more value-added, diversify its demand, and add more skilled jobs. Modern technologies such as virtual reality (VR) and augmented reality (AR) can give visitors more interactive information about cultural sites. By sharing the load on vulnerable eco-tourism destinations, digitalization would enable the tourism sector to be more inventive.

4. Conclusion

This paper mainly conducts a comparative study of tourism between the Philippines and Thailand in Southeast Asia. Geographically speaking, the Philippines is an island nation in the southwest Pacific Ocean, while Thailand is a mainland country. In terms of economic volume, nominal GDP of the Philippines is 81% of Thailand's, but Thailand's GDP per capita is almost double that of the Philippines. The per capita GDP of the two countries still lags behind the world average.

In the tourism industry, the Philippine government has enhanced the accessibility of transportation through the improvement of infrastructure such as airport construction and strengthened cooperation with local governments and enterprises to enhance the competitiveness of local tourism. The department of Tourism offers an ECC to hotels and resorts and other measures to support ecotourism. The Philippine terrestrial protected areas in 2021 accounted for about 15.9 percent of the total land area, an increase of 0.5 percentage points compared to 2020. The Thai government has adopted several initiatives to promote domestic tourism and strengthen urban planning, aiming to transform regional economic centers into global cities. Thailand is a leader in medical tourism among Southeast Asian countries. It has 67 JCI-accredited health care centers, more than twice as many as those in the second-place Indonesia. In addition, as one of the ancient medical cultures of Thailand with more than 4000 years of history, Thai massage is a new tourism growth point in Thailand.

This paper makes some suggestions for the future development of tourism in the Philippines and Thailand. Starting with ASEAN countries, the Philippines should gradually expand foreign tourism and strengthen tourist penetration in rural and natural destinations to promote the development of the tourism industry chain in rural areas. The authorities can cooperate with online celebrity bloggers in the Philippines to shoot and publish videos promoting local scenic spots on platforms such as TikTok. The ecological environment of scenic spots in Thailand faces great pressure from tourism and tourists, and relevant departments can charge additional environmental protection fees, limit the opening hours of scenic spots and other measures to restore the self-healing ability of the ecological environment. In addition, opening the digital exhibition area with the theme of national culture and art can enhance innovation while sharing the pressure of ecological scenic spots.

The future research direction of tourism in the Philippines suggests how the government can improve the domestic island infrastructure and inter-island transportation system at low cost, and balance the public expenditure on the construction of international airports and ports. Future studies of the medical tourism in Thailand should focus on fierce competition between Thailand and Asian rivals such as Singapore, Malaysia and South Korea, who are all attempting to become the regional leaders in medical services, and how Thailand can draw on the strengths of emerging medical tourism countries in Southeast Asia and maintain its dominance. Moreover, the rapid growth of medical tourism may pose potential threats to already crippled public health systems and create greater levels of inequality within these health systems.

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