



MODELLING FIJI'S TOURISM ARRIVALS



The tourism industry plays an important role in the Fijian economy and constitutes activities in a number of sectors including agriculture, transport, wholesale & retail, accommodation & food services and arts, entertainment & recreation. The industry contributes around 40 percent to Fiji's Gross Domestic Product and 37 percent of total employment.

Over the years, the tourism industry has grown to become Fiji's number one foreign exchange earner, overtaking earnings from our traditional

industries such as sugar, fisheries, garments and forestry. In 2017 tourism earnings amounted to \$1,924.3 million, - an increase of 5.5 percent compared to 2016 – and are expected to reach the \$2 billion mark in 2018. With the growing role and importance of tourism in the Fijian economy, it is vital to pay more attention to factors that affect visitor arrivals in Fiji, not only from the two major markets of Australia and New Zealand but also from other key markets.



As such, Reserve Bank of Fiji's Economists Mr Isoa Wainiqolo and Ms Seron Shivanjali¹ recently completed a working paper titled *Modelling Fiji's Tourism Arrivals*. The paper utilised econometric modelling to estimate the determinants of tourist arrivals from Fiji's major short haul (Australia and New Zealand) and long haul (United States (US), Canada, Japan, United Kingdom (UK), Continental Europe and South Korea) tourism source markets. Combined, these markets account for approximately eighty-five percent of total tourist arrivals in the country. The paper also benefitted greatly from expert comments provided by Dr Jen-Je Su and Dr Parmendra Sharma of Griffith University, Australia and Ms Iris Claus from the Pacific Financial Technical Assistance Centre, Suva.

The key findings and recommendations of the paper include the following: -

- Most long haul tourism source markets are price sensitive. This suggests that tourism authorities must monitor price competitiveness in Fiji, and ensure that we do not out-price Fiji as a destination. Maintaining competitiveness is critical given the fact that in this era of technological advancement, searching and booking for holidays and comparing prices and reviews has become much easier.
- Results also suggest that tourists from US and UK markets do not come solely to visit Fiji but also our neighbouring countries of Australia and New Zealand. Hence, increasing collaboration among various tourism stakeholders in Australia, New Zealand and Fiji as well as offering multi-country tour packages for international long haul routes will be beneficial to Fiji.

¹ The views and opinions expressed in this study are those of the authors and do not reflect those of the Reserve Bank of Fiji or its Board.

- With the exception of Japan, all other source countries were found to be income sensitive. This means that policy makers in the tourism industry should continuously monitor the business cycle or activities in the source markets as it impacts visitor arrivals into Fiji. Closer source market surveillance and research for development of flexible and efficient promotional tools, additional marketing activities and an expansion of source markets are necessary, in order to ensure the sustainability of the tourism industry going forward.

The study provides a basis for further studies on the tourism industry and also proposes additional areas for future research in this topic.

The RBF working paper can be viewed from the following link:-

[https://www.rbf.gov.fj/Publications-\(1\)/Working-Papers/Reserve-Bank-of-Fiji-Working-Papers.aspx](https://www.rbf.gov.fj/Publications-(1)/Working-Papers/Reserve-Bank-of-Fiji-Working-Papers.aspx)

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