International Tourism Demand and Determinant Factor Analysis in Ethiopia

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ABSTRACT
In Ethiopia, the goal is to position tourism as a key economic sector, since recently it has been identified as one of the major strategies of using tourism to alleviate poverty. Motivated by this need, the study sought to investigate the determinants of international tourism demand. Specifically, the effect of economic factors, tourist socio-demographic characteristics, political factors, and destination characteristics on international tourism demand in Ethiopia. The study used both longitudinal and cross-sectional research designs and panel data for economic variables from eleven countries for the period of only one month time as of (December 10th, 2018 to January 10th, 2019). Data was collected from the World Bank database, the United Nations Database, the International Monetary Fund Database and the Ministry of Culture and Tourism Statistics. Survey data was collected from individual tourists leaving the country by using questionnaires. The study used a dynamic panel regression model to determine the effect of economic factors on international tourism demand and a count data regression model to determine the effect of socio-demographic characteristics, political factors and destination characteristics on international tourism demand. The study results indicated that tourism price, travelling cost, trade openness and word of mouth effect were the main economic factors influencing international tourism demand in Ethiopia. The tourist’s socio-demographic characteristics such as annual household income, age, and occupational status were found to significantly influence international tourism demand. The political factors composite index and destination characteristics composite index were also important determinants of international tourism demand. Taking into consideration of all these factors affecting tourism demand, the government and all the tourism stakeholders should work towards making Ethiopia’s tourism product competitive, maintain reasonable prices, further develop the tourism infrastructure and offer quality services, along with the diversification of tourism products.

KEYWORDS
International Tourism Demand, Political Factors, Socio-Demographic and Destination Characteristics, Tourism Products

1. INTRODUCTION
1.1. Background of the Study
The World Tourism Organization (WTO) has recognized tourism as one of the largest and fastest growing industries in the world. The growth of tourism industry is demonstrated by the ever-increasing number of destinations opening up and investing in tourism development, turning modern tourism into
a key driver for socio-economic progress through the creation of jobs and enterprises, infrastructure development and the export revenues earned (WTO, 2017).

According to World travel and tourism council (WTTC, 2018) travel and tourism in 2017 globally employed about 8.7 percent of total employment, generated 9.1 percent of total gross domestic product and visitor exports generated US$1,170.6 billion (5.3 percent of total exports).

International tourism plays an important role of promoting world peace, both by providing an incentive for peace keeping and by building a bridge between cultures (Eilat & Einav, 2004). In developing countries, tourism plays an important role in stimulating investments in new infrastructure, as well as generating government revenues through various taxes and fees.

In Africa, tourism has been identified as a key sector for the achievement of shared economic growth and poverty alleviation (Mitchell & Ashley, 2006; World Bank, 2006). International tourist arrivals have shown increased growth rising from 25 million in 1950, to 278 million in 1980, 528 million in 1995, and 2,035 million in 2018. According to UNWTO tourism towards 2030, the number of international tourist arrivals worldwide is expected to reach 1.8 billion by the year 2030 (WTO, 2018).

However, world tourism has experienced continued expansion and diversification over the past six decades, Africa’s tourism market share remains small compared to other world regions. This is despite the fact that, Africa has a lot to offer that cannot be found elsewhere as it holds a rich history as the continent of the explorers and as a place for adventures (Christie & Crompton, 2001).

In Africa there are unique tourist destinations, where some of the greatest views in the world and natural attractions find. This is true not only for the natural resources, but also for its culture, traditions and customs. Likewise, Ethiopia offers a variety of travel experience as it is bestowed with diverse tourist attractions to foreign visitors.

Tourist attractions in Ethiopia comprise abundant wildlife, natural habitats, more than 12 world heritage sites and a number of cultural attractions from the various ethnic groups. Similarly, Addis Ababa the capital city with good hotels and conference facilities is well positioned to attract the business markets such as meetings, incentives, conferences and exhibitions.

Ethiopia receives tourism from various source markets and tourism in Ethiopia has grown over the years. As Ethiopia gears up its efforts to make itself a top five tourism premier destination in Africa, it becomes more important to understand the factors that influence international tourism demand for Ethiopia among other things.

1.2. Statement of the Problem

The tourism industry in Ethiopia could be legitimately described as one that is still in its infancy (Kidane-Mariam, 2015). Its current low level of development is often attributed to changes in governance systems and development policies, weak promotion and management capacity.

On the other hand, external challenges affecting the tourism supply is related with the image on the international scene of Ethiopia which is widely associated with food shortage and war which is currently not true, even if the horn of Africa is seen as a region of instability and terrorism. International tourism demand for Ethiopia lags behind other African countries like Egypt, Morocco, Tunisia, Kenya and South Africa (WTO, 2017).

This is despite the fact that, Ethiopia is bestowed with diverse tourist attractions and thus has great tourism potential. Furthermore, the number of tourist’s arrivals to Ethiopia from different corner of the world does not increase constantly but have experienced cyclical fluctuations over the years (MoCT, 2019).

Likewise, the Ethiopia tourism product offered to the market is becoming increasingly noncompetitive, and is experiencing problems of competition due to degradation and reduction of the quality of Ethiopia’s tourism product as more tourists are switching to other countries in the region such as Kenya, Uganda, Tanzania, Egypt and Zimbabwe which offer similar tourist attractions (World Bank, 2016).
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