

Calculating the Individual Expenses of Foreign Tourists in West Nusa Tenggara

Supiandi^{1*}, Muhammad Azizurrohman², Putrawan Habibi³, Muhamad Ali⁴, Risky Angga Pramuja⁵, Faiza Husnayani Nahar⁶

^{1,4}Economics Department, Nahdlatul Ulama University of West Nusa Tenggara, Indonesia

^{2,3}Tourism Academy of Mataram, Indonesia

⁴Social Science and Economics Department, Hamzanwadi University, Indonesia

⁵Economics Department, Muhammadiyah University of Malang, Indonesia

⁶Economics Department, Universidad de Granada, Spain

*Correspondence: supiandi156@gmail.com

Abstract

Purpose: The purpose of this article is to investigate local tourism demand, specifically in West Nusa Tenggara Province. Unlike other studies that focus on the number of tourists who arrive, this article seeks to delve deeper into individual foreign tourist expenditures in West Nusa Tenggara.

Method: Using qualitative research methods and a questionnaire as a tool. This study is involving 50 respondents using a random sampling technique.

Result: The author discovers that visitor spending may be divided into various categories, including hotels, food and beverages, souvenirs, travel agencies, and local transportation. In addition, foreign visitors' spending in NTB ranges from IDR 250 thousand to IDR 125 million per trip. The average cost per person in Indonesia is IDR 5 million. The lowest daily spend per person is IDR 9,400, while the highest is IDR 11 million.

Contribution: This study provides information on the actual spending of individual foreign tourists considering that the data available at institutions such as the Central Statistics Agency or the local Tourism Office has not been able to provide the latest data.

Keywords: tourist expenses, foreign tourist, West Nusa Tenggara

Introduction

The majority of earlier studies used visitor arrivals as a proxy for international tourism demand (Frechtling, 2003; Lim, 1997; Lim & McAleer, 1999; Nahar et al., 2019; Song & Witt, 2012). The tourism product, on the other hand, is a collection of goods and services purchased by tourists. Tourist purchase behavior is likely to vary due to differences in demographics, duration of stay, types of accommodations used, the purpose of visit, and a variety of other factors. As a result of these variances, travelers spend differently. As a result, the use of tourist arrivals, which does not represent tourist consumption habits and expenditures, cannot accurately quantify the destination's tourism economic impact.

Because tourism expenditures drive economic impact, it would theoretically be beneficial if tourism expenditures were included more frequently in tourism demand research. Market demand, represented in dollar terms, should be the primary measure of substantiality. Wang et al. (2006) also point out that spending is an important factor to consider. Tourism is frequently analyzed by policymakers, planners, marketers, and researchers to track and assess its influence on the local economy.

Tourism demand can be studied at both a macro and microeconomic level. At the macroeconomic level, tourism demand studies are usually focused on the examination of aggregated demand. These studies can be classed as time series, cross-sectional, or pooled analyses depending on the type of data employed. Data acquired over time is referred to as time-series data. Trends, seasonality, and cycles can all be predicted using this information (Das, 2021). In many cases, aggregated time series data on inbound and outbound tourists are

used to assess the demand for travel to a tourism destination from one or more origin nations. However, due to the unavailability of data over a lengthy period, small sample size is a key issue in time series research (Crouch, 1994; Lim, 1997)

Micro-tourism research, on the other hand, focuses on the utilization of micro-data obtained from individual economic decision-making units (Gujarati & Porter, 2003). Individuals, households, or businesses are frequently used as units of analysis in the study of tourist microeconomics. The majority of microeconomic studies can be divided into three categories. The first series of studies is concerned with making the best decision in terms of tourism demand. Tourist choices are included in a separate choice framework in this study, which considers the impact of various facets of the tourist decision-making process on the choices. The second study group, which is of particular significance to this paper, looks at the main elements that influence individual passengers' expenditure on a certain trip. A small number of researchers in the third group seek to simulate tourism prices, for example using hedonic pricing approaches.

Understanding tourist expenditure is vital since tourism is an expenditure-driven economic activity, and tourism consumption is at the heart of economic measurement and the foundation of tourism's economic impacts (Mihalič, 2014; Testa & Sipe, 2012).

Micro-econometric models have three advantages over macro-econometric models, even though macro and microeconomic research serve different purposes (Alegre & Pou, 2004). To begin with, the models do not stray too far from theoretical consumer economic models. Second, they enable the control of participation bias, which is introduced when using aggregated data for analysis. Finally, they recognize the diversity and variability of consumer behavior, which is often overlooked in research that relies on heavily aggregated data.

In the case of Indonesia, however, there is still a scarcity of qualitative micro-scale tourist research (Djulus & Nugraha, 2019; Prasetya et al., 2019; Vildayanti, 2016). As a result, this will be the first study to investigate individual tourist expenditure, particularly in West Nusa Tenggara.

Research Method

This is a qualitative study that involves individual travelers visiting West Nusa Tenggara. A questionnaire was used to conduct the data search, which was done using a random sampling approach. Tourists were asked for permission before filling out the questionnaire during the data collection procedure. After the earthquake in West Nusa Tenggara in 2018, this data search was carried out.

Accommodation, food and beverages, local transportation, souvenirs, tour packages, and total cost are among the expenditure metrics examined in this article. According to Benur & Bramwell (2015), this indication conforms to the tourism product theory. In addition, the author will divide the results obtained based on the minimum, maximum, and average expenses.

A total of 50 participants took part in this survey. The respondents' ages were divided into four categories: under 20 years old, 20-39 years old, 40-60 years old, and more than 60 years old. The majority of the 30 responders are between the ages of 20 and 39, accounting for 15.51 percent of the total. With a proportion of 15.51 percent, the highest number of responders are between the ages of 40 and 60. Meanwhile, the youngest responders were 2.64 percent and 1.65 percent, respectively, with ages ranging from more than 60 to less than 20 years.

Result and Discussion

Accommodations

Sierra et al. (2018) defines tourist accommodation as a place that offers facilities and services to individuals or groups. For example, hotels, motels, guesthouses, and apartments (Nugroho, 2022). But overall it can be interpreted as all facilities that provide a psychological foundation for tourists or individuals who are temporarily away from their place of residence

or work (Kaushal & Srivastava, 2021; Testa & Sipe, 2012). The bedroom is the main product that accommodation facilities offer to their clients.

In the case of West Nusa Tenggara, a tourist's accommodation costs range from IDR 90,000 to IDR 60,000,000 during his stay in West Nusa Tenggara. The average cost of accommodation for all tourists polled was Rp. 2,682,527.

Food and Beverages

Food and drink are basic needs for tourists. When tourists travel, food and beverage expenditure become the main income for the country or region that organizes tourism activities. A tourist's food and beverage expenditures in West Nusa Tenggara can range from IDR 50,000 to IDR 48,345,000 throughout their visit. The average expenditure for food and beverages among all respondents was Rp. 1,858,700.

Local Transportation

Transport infrastructure is critical to regional development and is a key driver of economic activity. Transport gains qualities, functions of a tourist resource, an attractor, not only as a mode of transportation, ensuring accessibility to tourist resources, and as a factor in industry growth. Transportation is critical in the tourism business, according to Dowling (1997) and Goodrich (1997), because it connects supply (production) with demand (demand) (market). The success of tourism development is heavily influenced by the transportation network and infrastructure (Prideaux, 2000). According to D. Pearce, tourist growth is intimately tied to advancements in transportation technology, which gradually eases access to markets and destinations around the world (Lohmann, 2012). The government has a crucial role to play in the development of tourist transportation infrastructure (Khadarooa, 2008).

The cost of local transportation for tourists ranges from IDR 20,000 (minimum) to IDR 19,338,000 (highest) (maximum). Meanwhile, the average tourist spending on local transportation is IDR 732,900 per person.

Souvenirs

Souvenir shopping is a must for tourists when traveling. This is usually done to be a marker that a tourist has come to the place. In addition, the purpose of tourists buying souvenirs is as a gift to friends or relatives at the place of origin.

Tourists' souvenir and shopping expenses in West Nusa Tenggara range from Rp. 12,000 (minimum) to Rp. 18,060,000 (highest) (maximum). In the meantime, the average tourist spends Rp. 622,000 on shopping and souvenirs.

Travel Agent

Travel intermediaries are some of the most important agents in the tourism distribution channel. Thanks to tourism intermediation, the travel, and tourism industry are one of the fastest growing industries worldwide. With a travel agent, it becomes easier for tourists to reach all their needs. In the case of West Nusa Tenggara, local tour packages cost between IDR 50,000 (minimum) and IDR 8,700,000 (maximum) (maximum). In the meantime, the average tourist spends IDR 726,000 on local trip packages.

Total Expenditures

Based on several previous indicators, the author can conclude that the total amount spent by tourists in West Nusa Tenggara ranges from IDR 250,000 (lowest) to IDR 125,697,000 (highest) (maximum). Meanwhile, the average total tourist expenditure per person is IDR 5,681,000. Tourist expenditure per person per day in West Nusa Tenggara ranges from a low of IDR 9,400 to a high of IDR 11,016,600 daily, with an average of IDR 1,195,000.

Conclusion

The purpose of this article is to look into the demand for tourism on a local scale, specifically in West Nusa Tenggara Province. Unlike other studies that focus on the number of tourists who arrive, this article attempts to dig further into the individual expenditures of foreign tourists in West Nusa Tenggara. Using qualitative methodologies and a questionnaire as a tool. The author discovers that visitor expenditure may be broken down into other categories, such as lodging, food and beverages, souvenirs, travel agents, and local transportation. Furthermore, foreign visitors' expenditures in NTB vary from 250 thousand to 125 million rupiahs every trip. In comparison, the average cost per person is 5 million rupiahs. The lowest daily person expenditure is 9,400 rupiahs, while the largest is 11 million rupiahs.

References

- Alegre, J., & Pou, L. (2004). Micro-Economic Determinants of the Probability of Tourism Consumption. *Tourism Economics*, 10(2), 125–144. <https://doi.org/10.5367/000000004323142452>
- Benur, A. M., & Bramwell, B. (2015). Tourism product development and product diversification in destinations. *Tourism Management*, 50, 213–224. <https://doi.org/10.1016/j.tourman.2015.02.005>
- Crouch, G. I. (1994). The study of international tourism demand: a survey of practice. *Journal of Travel Research*, 32(4). <https://doi.org/10.1177/004728759403200408>
- Das, A. (2021). Business Forecasting. In *An Introduction to Operations Management*. <https://doi.org/10.4324/9781315715209-18>
- Dj Julius, H., & Nugraha, B. F. (2019). PENGELUARAN WISATAWAN ASAL MALAYSIA DI BANDUNG. *Jurnal Pariwisata*, 6(2). <https://doi.org/10.31311/par.v6i2.5470>
- Dowling, R. K. (1997). Practising responsible tourism: International case studies in tourism planning, policy and development. *Tourism Management*, 18(5). [https://doi.org/10.1016/s0261-5177\(97\)83469-3](https://doi.org/10.1016/s0261-5177(97)83469-3)
- Frechtling, D. C. (2003). Tourism Demand Modelling and Forecasting: Modern Econometric Approaches. *Journal of Travel Research*, 41(3). <https://doi.org/10.1177/0047287502239559>
- Goodrich, J. N. (1997). Book Review: Practicing Responsible Tourism: International Case Studies in Tourism Planning, Policy, and Development. *Journal of Travel Research*, 35(4). <https://doi.org/10.1177/004728759703500417>
- Gujarati, D. N., & Porter, D. C. (2003). Basic econometrics (ed.). New York: McGraw-Hill.
- Kaushal, V., & Srivastava, S. (2021). Hospitality and tourism industry amid COVID-19 pandemic: Perspectives on challenges and learnings from India. *International Journal of Hospitality Management*, 92. <https://doi.org/10.1016/j.ijhm.2020.102707>
- Lim, C. (1997). Review of international tourism demand models. In *Annals of Tourism Research* (Vol. 24, Issue 4). [https://doi.org/10.1016/s0160-7383\(97\)00049-2](https://doi.org/10.1016/s0160-7383(97)00049-2)
- Lim, C., & McAleer, M. (1999). A seasonal analysis of Malaysian tourist arrivals to Australia. *Mathematics and Computers in Simulation*, 48(4–6). [https://doi.org/10.1016/s0378-4754\(99\)00038-5](https://doi.org/10.1016/s0378-4754(99)00038-5)
- Mihalič, T. (2014). Tourism and Economic Development Issues. In *Tourism and Development: Concepts and Issues*. <https://doi.org/10.21832/9781845414740-005>

- Nahar, F. H., Adha, M. A., Azizurrohman, M., Ulfi, I., & Karimah, H. (2019). Determinants Of International Tourism in Indonesia. *JEJAK*, 12(2). <https://doi.org/10.15294/jejak.v12i2.19440>
- Nugroho, M.S. et al. (2022). Coastal Tourism: Development Strategy of Loang Baloq Beach in Lombok Island, Indonesia. *Journal of Environmental Management and Tourism*, (Volume XIII, Summer), 4(60): 949 - 965. [https://doi.org/10.14505/jemt.v13.4\(60\).04](https://doi.org/10.14505/jemt.v13.4(60).04).
- Prasetya, L. M. A., Pudjihardjo, M., & Badriyah, N. (2019). Analisis Pengeluaran Sektor Pariwisata terhadap Ketimpangan Upah Tenaga Kerja di Indonesia. *Jurnal Ekonomi Dan Pembangunan Indonesia*. <https://doi.org/10.21002/jepi.v0i0.1074>
- Sierra, H. L., Chavez, P. R. C., Seoane, F. J. F., & Martínez-Azúa, B. C. (2018). Value Chain of the Industry of Tourist Accomodation Case Golfo of Morrosquillo, Colombia. *International Journal of E-Entrepreneurship and Innovation*, 7(2). <https://doi.org/10.4018/ijeei.2017070101>
- Song, H., & Witt, S. F. (2012). Tourism demand modelling and forecasting: Modern econometric approaches. In *Tourism Demand Modelling and Forecasting: Modern Econometric Approaches*. <https://doi.org/10.4324/9780080519418>
- Testa, M. R., & Sipe, L. (2012). Service-leadership competencies for hospitality and tourism management. *International Journal of Hospitality Management*, 31(3). <https://doi.org/10.1016/j.ijhm.2011.08.009>
- Vildayanti, R. A. (2016). Segmentasi Pasar Wisatawan Mancanegara Di Dki Jakarta. *Journal Of Applied Business and Economics*, 2(3).
- Wang, Y., Rompf, P., Severt, D., & Peerapatdit, N. (2006). Examining and identifying the determinants of travel expenditure patterns. *International Journal of Tourism Research*, 8(5). <https://doi.org/10.1002/jtr.583>