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Investigating the determinants of outbound long-haul tourist daily expenditure and length of stay

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Abstract

This study investigates the determinants of long-haul tourists' daily expenditure and length of stay. Relative price competitiveness, travel party size, activity engagement in entertainment, and trip organization method affect both daily spending and length of stay. Income and engagement in outdoor activities further contribute to predict daily expenditure, whereas activity engagement in nature and culture activities significantly affect the length of stay. The study presents helpful information to stakeholders responsible for outbound long-haul tourist destination policy and planning in mature and emerging destinations.

Keywords: long-haul tourists, tourist expenditure, length of stay, price competitiveness

Introduction

Long-haul and short-haul tourists have distinctive characteristics. Short-haul travelers typically engage in short vacations within domestic destinations with less spending tendency (Boerjan, 1995), whereas outbound long-haul tourist destinations are distant and generally perceived to be unique and differentiated (Bianchi, Milberg & Cuneo, 2017). The US Travel Association (2019) defines long-haul travel as travel between countries located in different geographic boundaries. It is usually considered as a trip of more than eight hours effective travel time, covering a distance of between 4500 and 8000 miles (McKercher, 2008). Behavioral differences, length of stay, and travel cost are the apparent differences between short-haul and long-haul travels (Crouch, 1994; Ho & McKercher, 2014; Prebensen, 2007). Studies have investigated several aspects of the two markets, such as travelers' visit intention (Bianchi, Milberg, & Cuneo, 2017), travel behavior of business tourists (Ho & McKercher, 2014), and outbound packaged tours (Lo & Lam, 2004). Crouch (1994) noted that long-haul travel results in increased travel time and cost, creating psychological and monetary barriers to travel. Although some studies have focused on the understanding of long-haul tourists, the high potential of this market segment should attract greater research attention (Bianchi, Pike, & Lings, 2014; Masiero, Qiu, & Zoltan, 2020). The development of the long-haul travel market and the expenditure generated by tourists directly support the growth of the tourism industry (Harrop, 1973; Jud, 1974; Straszheim, 1969).

A considerable amount of research is dedicated to the analysis of tourist expenditure (Mudarra-Fernandez, Carrilo-Hidalgo, & Pulido-Fernandez, 2019; Brida & Scuderi, 2013; Wang & Davidson, 2010). Tourism expenditure brings economic growth and development to a destination (Belenkiy & Riker, 2016; Massidda, Piras & Seetaram, 2020) and affects tourist travel decisions (Alegre & Pou, 2004). According to the United Nations World Tourism Organization (UNWTO, 2010), tourist expenditure can be classified into inbound and

outbound expenditures. Inbound expenditure is the “tourism expenditure of a non-resident visitor within the economy of reference while outbound expenditure refers to the tourism expenditures of resident visitors outside the economy of reference” (UNWTO, 2010, p. 34). Despite the economic importance of outbound long-haul expenditure on the global scene and economy of origin markets, in-depth studies on tourist’s expenditure on multiple destinations remain scarce as most previous empirical studies have focused on travel expenditure at a single destination (e.g., Fredman, 2008; Disegna & Osti, 2016; Wang & Davidson, 2010). In other words, most previous studies have investigated factors that affect tourists spending from an inbound perspective. Yet, inquiries on the determinants of long-haul tourists’ expenditure and length of stay from a source market to different destinations remain underexplored.

Recently, Massidda et al. (2020) have analyzed factors that affect British travelers’ expenditure patterns and found that income, length of stay, employment status, and types of accommodation are essential factors affecting per diem expenditure. Surprisingly, activity engagement in general and personality are yet to receive thorough investigation in extant studies (Mударra-Fernandez, 2019, p. 27). Moreover, no previous study has tested or reported the effect of relative price competitiveness on tourist expenditure and length of stay. This study, therefore, takes a novel perspective and tests the effect of relative price competitiveness between the destination and origin on tourist expenditure and length of stay.

Overall, the contribution of this study is twofold. First, it provides insights into the under-researched market of long-haul tourism by analyzing tourists’ expenditure and length of stay from an outbound perspective. Second, it investigates the explanatory power of variables such as psychological traits, travel behavior, and destination price competitiveness, which are either insufficiently or not tested in the previous literature. Basing on the destination price competitiveness, this study provides a modeling framework that assesses the effect of relative price competitiveness on tourist expenditure and length of stay. Brida and Scuderi (2013) and

Wang and Davidson (2010) suggested future studies to include psychological variables. Similarly, Merhan and Oyla (2019) indicated the need to further investigate outbound tourism expenditure underpinning novel methodological and theoretical approaches. The present study presents helpful information to stakeholders responsible for outbound long-haul tourist destination policy and planning in mature and emerging destinations.

Literature Review

Tourism studies have long analyzed spending patterns of tourists and determinants of outbound tourism expenditure (Mehran & Olya, 2019). However, some authors have recently started highlighting the daily expenditure's leading role in conferring expenditure dimension to long-haul travelers. The following section reviews the literature on the effects of trip characteristics, personality, price competitiveness, and tourist activity engagement on tourist daily expenditure and length of stay. Table 1 highlights determinants of daily spending and length of stay.

Traveler and Trip characteristics

As shown in Table 1, socio-demographic variables are critical factors affecting spending and length of stay. Specific to income, previous studies establish that high-income tourists present high daily expenditure (Aguiló, Rosselló, & Vila, 2017; Gómez-Déniz & Perez-Rodriguez, 2021; Smolčić Jurdana & Soldić Frleta, 2017). However, Tavares, Ivanov, and Neves (2016) and Marrocu et al. (2015) revealed an insignificant statistical relationship between income and total expenditure.

Several studies on trip characteristics indicate that length of stay, trip organization loyalty to the destination, type of trip, travel size, destinations visited, travel companion, facilities, and means of payment have a direct influence on tourist expenditure (Brida &

Scuderi, 2013; Marrocu et al., 2015; Mudarra-Fernández et al., 2019; Pulido-Fernández, Cárdenas-García, & Carrillo-Hidalgo, 2016; Shahrin & Marzuki, 2018). Similarly, Craggs and Schofield (2009) showed that people coming with their families are medium to heavy spenders, whereas those coming with work colleagues tend to be light spenders. Independent travelers who organize their trips with travel agencies spend more than those who do not make prior arrangements (Perez & Juaneda, 2000). As indicated in Chen and Chang (2012), travel agents have a significant influence on tourists' total travel expenditures. In an empirical study conducted by García-Sánchez, Fernández-Rubio and Collado (2013), length of stay has positive and negative effects on expenditure. Wang and Davidson (2010a) conducted a systematic review of microanalysis of tourist expenditure and emphasized the investigation of psychological and destination-related factors on tourist expenditure.

Price competitiveness

A destination may achieve competitive advantage for its tourism industry if tourist experience is superior to alternate destinations. Price competitiveness is a key factor in the overall tourism competitiveness (Dwyer & Forsyth, 2011). Lim (2006) argued that tourism demand, to a considerable extent, depends on price factors because it is a significant determinant (Morris, Wilson & Bakalis, 1995). Song, Li, Witt, and Fei (2010) asserted that a destination that lowers its cost of living to tourists compared with competing destinations may project itself as a preferred destination. Most recently, Bazargani and Kilic (2021) have found that tourism competitiveness is a major driver of the tourism flows of countries across the globe. They also have found a multidimensional nature of tourism competitiveness and suggested the need for research on tourism competitiveness to advance understanding of its characterizing variables, including price competitiveness.

Price competitiveness affects tourism demand (Morris, Wilson & Bakalis, 1995), attractiveness (Tsounta, 2008), and development. Some scholars investigated the composition

of different price competitiveness indicators (Dwyer & Forsyth, 2011). Others focused on comparing the destination competitiveness of multiple nations (Dwyer, Forsyth, & Rao, 2000). However, no study seems to have tested the effect of relative price competitiveness on tourist spending in any context.

Personality

Plog (1974; 2001) noted that tourists exhibit specific psychographic personalities. For example, tourists who travel long to explore cultural experiences are called venturers. Venturers, compared with their opposite extremes, are quick decision makers. However, given the long-distance and length of stay, they may be cautious about their daily expenditure. In a systematic review, Mudarra-Fernández et al. (2019) noted that the analysis of personality as determinant of tourist expenditure has received little attention in the academic literature. In particular, to date, previous studies have not empirically examined personality's influence on tourist expenditure and length of stay.

Tourist activity engagement

Type of activity as a predictor of travel expenditure has been examined from a destination perspective (García-Sánchez et al., 2013). Assessing the effect of activity engagement in becoming a top spender, Mehmeteglu (2007) reported that natural tourists who consider challenging activities are more likely to be heavy spenders, whereas tourists interested in visiting historical/cultural activities are light spenders. Laesser and Crouch (2006) investigated tourist expenditure in Australia and reported that participation in events such as sports and festivals reduces expenditure, whereas engagement in visiting wine regions, casinos, and rural areas increases expenditure.

– TABLE 1 ABOUT HERE –

Research Method

The main data came from a large study aimed to examine individual preferences for long-haul leisure travels (Masiero & Qiu, 2018). The survey population included adults, 18 years old and above, residing in Australia, the UK, and the US, with at least one long-haul trip within five years prior to the data collection. Respondents were asked to describe their most recent long-haul leisure travel which reflected the mix of tourist attractions they typically engage in at the destination. The data collected included information on the selected destination (at the country level), organization of the travel, type of activities undertaken at the destination, length of stay, and expenditure. The data set was collected in 2017 by a professional company that administered the survey electronically to a random sample of the survey population.

The primary data were complemented with secondary data obtained from the World Economic Forum (WEF, 2017) regarding different countries' price competitiveness index (PCI). In particular, the price competitiveness comprises four components. These components are ticket taxes and airport charges (relative cost of air transport services and passenger ticket and value-added taxes), hotel price index (the average price of first-class hotel accommodation), purchasing power parity (conversion factor to official exchange rate), and fuel prices (the pump prices of the most widely sold grade diesel fuel) of each country. The PCI is defined on a 1–7 scale score, where 1 (7) represents the destinations with the least (most) competitive tourism prices.

The survey received 1417 valid responses from the three markets. Among these respondents, 204 samples were excluded because their long-haul destination's PCI was not reported in WEF (2017). Hence, the analysis proposed in the current research is conducted on a sample of 1213 respondents residing in Australia ($n = 403$), the UK ($n = 395$), and the US ($n = 415$). Most respondents were female (58%), employed (68.7%), married (58%), and held a

bachelor's degree or higher qualification (50.6%). In terms of travel pattern behavior, the majority of the respondents traveled with friends or family and organized the trip independently. Yan (2011) and McKercher (2008) established that most long-haul travelers are adults, married, and independent. Hence, the sample reflects the typical characterization of long-haul tourists.

Variable Description and Data Preparation

Table 2 describes the variables related to the respondents' long-haul leisure travel. The average total and daily expenditures were US\$7013.4 and US\$279.3, respectively. The average length of stay was 16.7 nights, which is in line with previous studies (Yan, 2011). Most of the respondents (50%) had an income lower than US\$55,000. Activity engagement items were measured with a four-point categorical scale (1 = not at all, 2 = not really, 3 = somewhat, 4 = very much). Respondents engaged mostly in natural (3.4) and cultural (3.4) attractions and, to a lesser extent, in entertainment (3.0) and outdoor (2.7) attractions. The average PCI across the long-haul destinations in the sample is equal to 4.5 and characterized by a consistent variation. The relative standing of the PCI (difference between the PCI of the destination country and the PCI of the origin country, RPC) has an average of 0.8, indicating that more tourists traveled to destinations with more competitive prices. Table 3 reports a detailed illustration of the PCI at the origin and destination. According to the PCI data for 2017, the UK and Switzerland are associated with the lowest PCI in the sample (2.8), whereas Egypt has the highest PCI (6.2). Hence, all the UK respondents in the sample traveled to destinations with lower prices.

By contrast, a variety of travels to destinations with higher and lower prices is observed for American (PCI = 4.4) and Australian (PCI = 3.8) residents. Particularly, 43 destinations for each market were characterized by a PCI higher than the origin country. Given the large

number of destinations in the sample with different PCIs, the data provided a solid base to investigate the role of PCI in the long-haul tourists' spending and length of stay.

– TABLE 2 ABOUT HERE –

– TABLE 3 ABOUT HERE –

Travel personality was measured using the Brief Sensation Seeking Scale (Hoyle et al. 2002) and the dimension of the data was reduced by conducting principal component analysis. The Kaiser-Meyer-Olkin value ($KMO = 0.91$) and Bartlett's test result ($X^2 = 4097.7$, $p < .001$) indicated the validity of the data reduction technique. Table 4 shows all the eight items related to a single component with loadings ranging from 0.61 to 0.81 and a Cronbach alpha value of 0.87, confirming the single dimension of the construct. The extracted component explained 54% of the total variance in the responses of the personality items.

– TABLE 4 ABOUT HERE –

Model Description

Following the literature review, long-haul travel expenditure and length of stay are explained with variables related to economic status, traveler and trip characteristics, activity engagement, personality, and relative price competitiveness, as follows:

$$E_{ij} = f(\mathbf{X}_{E,ij}) = f(Inc_i, S_i, Ind_i, L_{ij}, AE_{a,i}, P_i, RPC_{oj}) \quad (1)$$

$$L_{ij} = f(\mathbf{X}_{L,ij}) = f(Inc_i, S_i, Ind_i, AE_{a,i}, P_i, RPC_{oj}) \quad (2)$$

Long-haul travel expenditure is defined by the daily expenditure per person i in destination j (E_{ij}) and is expressed in logarithmic form, whereas the length of stay is defined by the number of nights spent during the trip (L_{ij}). The explanatory variables refer to income (Inc_i), size of travel party (S_i), independent travel arrangement (Ind_i), length of stay (L_{ij}), engagement in natural, cultural, outdoor, and entertainment attractions ($AE_{a,i}$), personality score associated with the sensation seeking scale (P_i), and relative standing of the price competitive index at destination with respect to the country of origin (RPC_{oj}). To provide further insights into the effect of price competitiveness on the two dependent variables, two model specifications were estimated by distinguishing between a linear (RPC_{oj}) effect (Models 1 and 3) and a nonlinear quadratic (RPC_{oj}^2) effect (Models 2 and 4).

The modeling of the logarithm of daily expenditure per person (Models 1 and 2) relied on the specification of linear regressions ($\ln E_{ij} = \alpha + \sum_k \beta_k x_{E,ijk}$). The estimation of the coefficients β_k for Models 1 and 2 was performed through the ordinary least squares method. Considering its count nature, the variable expressing the number of nights was modeled through negative binomial regressions (Models 3 and 4), which specifies the probability of observing the length of stay L_{ij} as follows:

$$Prob(L_{ij}) = \frac{\Gamma(\alpha^{-1} + L_{ij})}{\Gamma(\alpha^{-1})\Gamma(L_{ij} + 1)} \left(\frac{\alpha^{-1}}{\alpha^{-1} + e^{\sum_k \beta_k x_{L,ijk}}} \right)^{\alpha^{-1}} \left(\frac{e^{\sum_k \beta_k x_{L,ijk}}}{\alpha^{-1} + e^{\sum_k \beta_k x_{L,ijk}}} \right)^{L_{ij}} \quad (3)$$

where Γ indicates the Gamma function and α is a parameter associated with the dispersion in the data. The estimation of the coefficients β_k and parameter α for Models 3 and 4 relied on the maximum likelihood method.

Results and Discussion

The results and discussion are presented in two sections. The first section deals with long-haul tourists' daily expenditure per person, and the second section focuses on the length of stay.

Determinants of Long-Haul Tourists' Daily Expenditure

Table 5 displays the results of the two regression models estimated for the long-haul tourists' daily expenditure. The variance inflation factor (VIF) values are well below the most conservative threshold ($VIF < 3$), indicating the absence of collinearity problem. The difference of price competitiveness between destination and origin, tourists' income, trip organization method, and length of stay significantly affect long-haul tourists' daily spending per person.

Regarding the effect of relative price competitiveness on spending, the two model specifications provide a differentiated interpretation. The result of Model 1 indicates that the expenditure per person decreases (about 9% decrease per one-unit increase in RPC) when long-haul tourists face more competitive prices at the destination than at their country of residence, and increases (by about 10%) when the prices at the destination are less competitive than at the origin. This result is slightly counter-intuitive, where the increase in RPC — indicating a better deal at the destination — does not encourage tourists to increase their spending at the destination. Two plausible reasons lead to this result. On one hand, this could be an indication of inelastic relative price elasticity of demand in the long-haul market. The increase in RPC means lower price at the destination relative to the origin. With inelastic relative price elasticity of demand, the percentage increase in sales cannot cover the percentage decrease in the price. Therefore, attractive deals at the destination likely encourage the engagement in tourism activities. However, lower prices cause total expenditure to decrease. On the other hand, tourism product is intangible and variable in the sense that tourists cannot fully know the

quality of the product before consumption. Price in such cases can serve as a quality signal, where low price is perceived as a sign of low quality and discourages travel (Jo & Sarigollu, 2007; Rao & Monroe, 1989). The negative relative price elasticity of expenditure implies that discounts may not be as beneficial as it seems in generating tourism revenues. Although the pricing strategy can be an excellent advertisement to attract tourists and increase the size of the market, its effect on total tourism revenue is indecisive due to the reduced expenditure per capita.

The results of Model 2 suggest an inverted U-shaped effect of the price competitiveness on the daily expenditure of long-haul tourists. The higher adjusted R^2 observed for Model 2 compared with Model 1 confirms the validity of this nonlinear effect assumed for the relative price competitiveness. In particular, travels to destinations with higher or lower price competitiveness than the origin country are both associated with a decrease in daily expenditure. However, the magnitude of the decrease is much more pronounced for travels to destinations with cheaper prices than the origin country. When compared with a trip to a destination characterized by prices equally competitive than the prices at the origin country, the daily expenditure decreases by approximately 8% if the destination is two-point less competitive than the origin, and it drops by 21% if the destination is two-point more competitive than the origin. Figure 1 illustrates the marginal effect (ME) of RPC on daily tourists' expenditure in both model specifications. In the positive RPC realm, where the destination has a more competitive price than the origin, the result of the nonlinear specification of RPC is in line with that of the linear counterpart, except for the faster marginal progression in the former. A one-unit increase in RPC leads to approximately an 8% decrease in expenditure per person per night, which is similar to the 9% in the case of the linear specification. A two (three)-unit increase in RPC leads to a 21% (38%) decrease in expenditure per person per night in contrast to 17% (24%) in the linear specification. Interestingly, the

result in the negative RPC realm, where the destination has a less competitive price than the origin, reveals a different story. The marginal effect of RPC on an individual's expenditure per person per night is minor when the destination has a slight unfavorable tourism price (less price competitive by one unit of PCI than the origin). By contrast, the influence of RPC on the expenditure is significantly negative (roughly 8%) when this price disadvantage is large (less price competitive by two units of PCI than the origin). This nonlinear result indicates a variable price elasticity of expenditure in the long-haul tourism market. Practically, a price promotion campaign is only effective in encouraging the daily expenditure of the tourists when the destination price is significantly higher than those in major source markets. Comparatively, price discounts may lead to lower revenue per capita in other scenarios.

– FIGURE 1 ABOUT HERE –

As for the influence of activity engagement on spending, our findings reveal that activity engagement in entertainment and outdoor attractions positively influences daily expenditure. Tourists who engage in entertainment or outdoor recreational activities very often have approximately 3% to 4% higher daily expenditure than those who indicate their engagement as “somewhat engaged.” All entertainment activities require tourists to spend money, and outdoor activities can reinforce indirect spending. This outcome consolidates the findings of Garcia-Sanchez et al. (2013), who reported that all entertainment and sport-related activities significantly affect Spain's daily expenditure. Although Mehmeteglu (2007) reported the significant effect of historical/cultural and nature-based activities on spending intensity,

neither culture nor nature activity engagement are detected as statistically significant determinants of long-haul tourist expenditure in the present study.

As widely documented in the literature, length of stay has an inverse relationship with daily expenditure. Our results indicate that length of stay exhibits a negative and significant effect on expenditure per person per night, confirming the results of Bunning et al. (2016) and Smolčić Jurdana and Soldić Frleta (2017). The trip organization method is another predictor of daily spending. The organization of independent trips is associated with a lower daily expenditure than the expenses registered by respondents who participated in tour group trips. Economically, the markup of travel agencies and tour organizers partially comes from the members who participate in tour groups. Furthermore, in group trips, tourists' willingness to consume certain products can be influenced by other group members (Marcevoval, Coles, & Shaw, 2010). This phenomenon is less significant in an independent trip.

Our findings reveal that travel party size displays a significant and negative association with daily expenditure, indicating economies of scale in long-haul travels. Quite often, tourism products and resources can be shared among the members in one group (e.g., taxi or hotel rooms). Additional tourists in the group may only result in a minor increase in cost. Our result indicates that as travel party size increases by one, the expenditure per tourist per night reduces by approximately 15%. Garcia-Sanchez et al. (2013) and Marrocu et al. (2015) reported that group or party size negatively affects foreign tourists' daily spending in Spain and Italy, respectively. Our result further supports Kolyesnikova and Dodd (2008)'s assertion that an increased group size causes a reduction in tourists' expenditure on wine and souvenirs.

Income effect on spending behavior follows the law of demand: tourists with higher incomes spend more than those with lower incomes. Specifically, tourists who earn US\$ 55,000 to \$85,000 per year and more than \$85,000 per year spend approximately 16% and 28% more

per person per night, respectively, than those who earn less than US\$ 55,000 per annum. This result confirms the positive association between income and daily expenditure observed in previous studies (e.g., Anderson, 2010; Marrocu et al., 2015 Garcia-Sanchez et al., 2013; Smolčić Jurdana and Soldić Frleta, 2017).

– TABLE 5 ABOUT HERE –

Determinants of Long-Haul Tourists' Length of Stay

Table 6 displays the negative binomial model results for the determinants of long-haul tourists' length of stay. The estimation of the parameter α in the negative binomial regression allows accounting for overdispersion in the data by assuming that the conditional variance of the errors differs from the conditional mean. A restricted case is represented by the Poisson regression, where the underlying distribution assumption for the error term (Poisson distribution) implies equality between mean and variance (i.e., $\alpha = 0$). The significance of the parameter α and the result of the log likelihood ratio test confirm the appropriateness of the negative binomial regression over the Poisson regression. As for the model specification, the statistically insignificant coefficient associated with the quadratic term of RPC and the log-likelihood ratio test indicate that the specification in Model 3 is more appropriate than that in Model 4. Particularly, the result indicates that the price difference between destination and origin has a linear impact on long-haul tourists' length of stay. The number of nights spent at the destination increases by 0.66 nights per one-unit increase in RPC. That is, tourists tend to stay longer at the destination if its prices are more competitive than the prices at the country of residence.

Regarding the activity engagement at the destination, the model indicates that the participation in natural, cultural, and entertainment attractions significantly affect long-haul tourists' length of stay. As the association is positive, engagement in either of the three activities increases the length of stay. In line with this finding, Baros and Machado (2010) observed that activity in nature and entertainment (casino) extends tourists' length of stay. Neither the engagement in outdoor activities nor the tourist personality register a significant effect in the estimated models. The trip organization method affects long-haul tourists' length of stay. Tourists who organize their trip independently tend to have 4.5 nights longer stay than those who participated in a group trip.

The coefficient on travel party size is negative and significant, indicating that an increase of one person in the travel party is expected to decrease the length of stay by 0.7 nights. This finding supports Kruger and Saayman's (2014) and Scholtz et al.'s (2015) assertions that tourists who pay for more people have a shorter stay at the destination. Household income level is identified as a significant predictor of length of stay in many studies (Peypoch et al., 2012; Wang et al., 2012). However, the estimated models do not provide significant evidence of a difference in the length of stay among low-, middle- and high-income groups.

– TABLE 6 ABOUT HERE –

Conclusions

The study investigates long-haul travel expenditure and length of stay from an outbound tourism perspective using data collected among residents in the US, the UK, and Australia. The survey data are complemented with secondary information about the destinations' price

competitiveness compiled by the WEF. The secondary information allows the analysis to focus on the difference between the price competitiveness at destination and origin and examine its effect on daily expenditure and length of stay of long-haul tourists. We observe opposite effects of price competitiveness on the two dependent variables. An enhancement of price competitiveness at the destination relative to the origin does not have a favorable influence on individual tourists' daily spending. Nevertheless, it facilitates longer stays at the destination. Deviating from the classic economic theory, where price decrease encourages consumption, discounts do not seem to increase individual tourists' daily expenditure in a long-haul travel context. This finding may be attributed to the inelastic relative price elasticity of demand in the long-haul tourism markets. It is worth noting that our findings only apply to individual daily spending in the long-haul travel context. The effect of price competitiveness on market demand at a macro level is beyond the scope of this study and demands further investigation.

In addition to price competitiveness, the study finds that travel party size, trip organization method, and activity engagement in entertainment are significant determinants of daily expenditure per person per night and length of stay of long-haul tourists. Daily spending is further influenced by length of stay, income, and outdoor activity engagement. By contrast, engagement in cultural and natural attractions contributes to predicting the length of stay of long-haul tourists.

The research has several theoretical implications. First, unlike other investigations focusing on tourists in one or several destinations (Aguilo, Rosello & Vila, 2017; Fredman, 2008; Disegna & Osti, 2016; Wang & Davidson, 2010), the present study examines the outbound tourists from three similar markets. This outbound tourism perspective enhances the homogeneity of the respondents in terms of cultural background and travel distances. Therefore, the findings of the present study suffer less from the influence of cultural

heterogeneity of the respondents compared with those inbound travel-focused articles. Second, distance decay theory explains that the expenditure and length of stay of long-haul tourists are greater than those of short-haul tourists (Mckercher, 2008), but it does not specify the determinants of expenditure and duration of stay. The current research extends the literature by identifying the determinants of long-haul tourists' daily expenditure and length of stay. The study tests price competitiveness, activity engagement, tourists' income, travel party size, trip organization method, and personality as potential determinants of daily expenditure and length of stay. Among which, price competitiveness and activity engagement are rarely tested in the literature. Third, most studies indicate a price influence on tourists' expenditure by asking or examining the actual amount of spending. This study takes a novel perspective and tests the effect of relative price competitiveness between the destination and origin on tourist expenditure and length of stay. In addition, the models consider the nonlinearity of the relative price competitiveness in influencing daily expenditure and length of stay and find nonlinear relative price elasticity of expenditure when the tourists facing increase or decrease of the destination price competitiveness.

This study can contribute to destination marketing and management in numerous ways. Destinations that heavily rely on long-haul markets should consider their tourism products and pricing strategies accordingly. Tourism products related to entertainment and outdoor recreational activities can be beneficial in increasing daily spending and length of stay of the tourists, whereas enhancing price competitiveness with lower prices may not be very effective. In the long-haul tourism market, maintaining a superior price status to make every sale counts in their tourist receipts may be profitable for the destinations. Discount pricing strategy aiming at massively increasing sales does not suit the long-haul tourism market. In addition, cultural, natural, and leisure activities are indispensable in attracting tourists to stay longer at the destination. Destination marketing offices can emphasize these activities and products in their

marketing campaign to motivate tourists to extend their stay at the destination. Furthermore, encouraging independent travelers through promotion can help maximize the daily and total spending of individual travelers.

Like other studies, this research has limitations. The respondents are from three western markets; thus, the finding cannot be generalized to all long-haul source markets. Future studies that include more source markets from different cultural backgrounds can help reach a comprehensive and holistic view on long-haul outbound tourism. In addition, some of the variables are examined for the first time. Therefore, we encourage future studies to examine the effect of personality, activity engagement, and price competitiveness on expenditure and length of stay in more contexts. Moreover, research aimed at examining determinants of short-haul tourists' expenditure and duration of stay can enhance the existing theory and discourse in the future.

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Tables

Table 1. Previous studies on determinants of expenditure and length of stay

Author/s	Daily expenditure predictors	Context
Anderson (2010)	Age (-), nationality, income (+), length of stay (-),	All-inclusive package tourists Majorca, Spain
Smolčić Jurdana & Soldić Frleta (2017)	Income (+), duration of stay (-), satisfaction (+)	
Buning, Cole, & McNamee (2016)	Travel party size (-), duration of stay (-)	Sport event
García-Sánchez, Fernández-Rubio, & Collado (2013)	Activities (+), group size (-), income (+), education (+), age (+)	183,821 foreign tourists to Spain
Kastenholz (2005)	Age (+), duration of stay (-), history & culture (+), fun (-)	Rural tourism, Northern Portugal
Mak, Moncur, & Yonamine (1977)	Income (+), party size (-), married (-), age (-), education (-), length of stay (-)	US visitors to Hawaii
Borges, Rodrigues, & Matias (2016)	Age (+), gender (+), residence (+), satisfaction (+)	1138 (N), Musical festival, North Portugal
Marrocu, Paci, & Zara (2015)	Income (+), gender (-), age (-), party size (-), length of stay (-)	Sardina, Italy
Author/s	Length of stay predictors	Context
Alegre & Pou (2006)	Age (+), companion (-), daily price (-), total expenditure (+)	Mediterranean Sun and Sand destination, Spain
Kruger & Saayman (2014)	Total expenditure (+), number of people paying for (-),	410 Kruger National Park Visitors, South Africa
Peypoch, Randriamboarison, Rasoamananjara, & Solonandrasan, (2012)	Age (+), income (+)	618 tourists, Madagascar
Gokovali, Bahar, & Kozak (2007)	Education (-), daily expenditure (-),	957 tourists visiting Sun and Sand dest., Turkey
Scholtz, Kruger, & Saayman (2015)	Spending per person (+), people paid for (-)	496 tourists of three NPs in South Africa
Mak et al. (1977)	Daily spending (-), income (+), married (-), age (+),	
Wang, Little, & DelHomme-Little (2012)	Education (+), age (+), income (+)	Coastal tourism, Dalian Northeastern China

Source: authors compilation

Table 2. Descriptive statistics of long-haul leisure travel

	Mean or percentage	Standard deviation
Total Expenditure	7013.4	8369.9
Expenditure per person per night	279.3	212.0
Length of stay	16.7	15.8
Number of pax paid by the respondent	2.1	1.6
Income		
Up to US\$ 55,000	47.9%	
US\$ 55,000 - US\$ 85,000	23.5%	
Above US\$ 85,000	28.6%	
Trip organized independently	85.1%	
Activity engagement		
Cultural attractions	3.4	0.8
Natural attractions	3.4	0.7
Outdoor recreational attractions	2.7	1.0
Entertainment attractions	3.0	0.9
Price competitiveness index	4.5	0.8
Relative Price Competitiveness	0.8	1.1

Table 3. List of long-haul destinations and their PCI status

Origin	Price competitiveness index (PCI) & Sample (N)	Typical destination
Australia	Low price (PCI \geq 3.8) N = 335	Bangladesh, Belgium, Bhutan, Brazil, Cameroon, Canada, Cape Verd, Chile, China, Cyprus, Czech Republic, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, India, Ireland, Italy, Japan, Korea (ROK), Lebanon, Malta, Mauritius, Mexico, Nepal, Netherlands, Pakistan, Portugal, Romania, Russia Federation, Rwanda, Serbia, South Africa, Spain, Sweden, Thailand, Trinidad and Tobago, Turkey, UAE, and the USA
	High price (PCI < 3.8) N = 70	Iceland, Israel, Switzerland, and the UK
UK	Low price (PCI \geq 2.8) N = 395	Argentina, Australia, Barbados, Bhutan, Brazil, Canada, China, Costa Rica, Dominic Republic, Ethiopia, Gabon, India, Indonesia, Jamaica, Japan, Kenya, Malawi, Mauritius, Mexico, Nepal, New Zealand, Pakistan, the Philippines, Russia Federation, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, Trinidad and Tobago, UAE, the USA, and Viet Nam
	High price (PCI < 2.8) N = 0	None
USA	Low (PCI \geq 4.4) N = 208	Argentina, Armenia, Bangladesh, Belgium, Cape Verd, Cheli, China, Croatia, Czech Republic, Egypt, Georgia, Greece, Hungary, India, Japan, Jordan, Kazakhstan, Kenya, Korea (ROK), Lebanon, Madagascar, Malaysia, Mali, Morrocco, Namibia, New Zealand, Nigeria, Pakistan, Paraguay, Philippines, Poland, Portugal, Russia Federation, South Africa, Spain, Tanzania, Thailand, Turkey, Uganda, Ukraine, UAE, and Viet Nam.
	High (PCI < 4.4) N = 207	Australia, Austria, Cyprus, Denmark, France, Germany, Ghana, Iceland, Ireland, Israel, Italy, the Netherlands, Switzerland, the UK, and Uruguay

Source: compiled by authors based on WEF (2017) PCI report

Table 4. Principal component analysis results for personality items

<i>Personality</i>	<i>Mean</i>	<i>St.dev.</i>	<i>Median</i>	<i>Loading</i>
I sometimes like to do things that are a little frightening.	3.31	1.15	3	0.81
I like to have new and exciting experiences and sensations, even if they are a little frightening, unconventional, or illegal.	3.02	1.34	3	0.81
I prefer excitingly unpredictable friends.	3.17	1.17	3	0.80
I like “wild” uninhibited parties.	2.75	1.32	3	0.79
I would like to try parachute jumping.	2.96	1.47	3	0.70
I would like to take off on a trip with no pre-planned or definite routes or timetables.	3.33	1.23	4	0.69
I like to explore a strange city or section of town by myself, even if it means getting lost.	3.61	1.20	4	0.62
I get very restless if I have to stay around home for any length of time.	3.47	1.13	4	0.61
Cronbach’s alpha				0.87

Note: Kaiser-Meyer-Olkin = .91, Bartlett’s Test = 4097.7.1 ($p < .001$), total variance explained = 54%

Table 5. Regression models for long-haul tourists’ daily expenditure

	Model 1	Model 2
Constant	5.843***	5.880***
Income (ref: up to US\$ 55k)		
Income US\$55k - US\$ 85k	0.151***	0.154***
Income above US\$ 85k	0.248***	0.254***
Number of pax paid	-0.157***	-0.156***
Trip organized independently	-0.167***	-0.154***
Length of stay	-0.014***	-0.015***
Activity engagement		
Cultural attractions	-0.006	-0.001
Natural attractions	0.004	0.005
Outdoor recreational attractions	0.035*	0.030
Entertainment attractions	0.044**	0.037*
Personality factor	0.028	0.033
Relative Price Competitiveness	-0.091***	-0.039*
Relative Price Competitiveness ²		-0.040***
R²	0.248	0.255
Adjusted R²	0.241	0.247

Note: * = $p < 0.1$, ** = $p < 0.05$, *** = $p < 0.01$.

Table 6: Regression models for long-haul tourists' length of stay

	Model 3		Model 4	
	Coeff	ME	Coeff	ME
Constant	1.911***		1.925***	
Income (ref: up to US\$ 55k)				
Income US\$55k - US\$ 85k	0.004	0.059	0.007	0.111
Income above US\$ 85k	-0.057	-0.940	-0.054	-0.884
Number of pax paid	-0.042***	-0.701	-0.042***	-0.699
Trip organized independently	0.296***	4.443	0.302***	4.527
Activity engagement				
Cultural attractions	0.079***	1.322	0.082***	1.367
Natural attractions	0.078***	1.295	0.078***	1.296
Outdoor recreational attractions	0.009	0.152	0.007	0.118
Entertainment attractions	0.050**	0.841	0.047**	0.788
Personality factor	0.005	0.079	0.006	0.106
Relative Price Competitiveness	0.039***	0.655	0.064***	1.063
Relative Price Competitiveness ²			-0.019	-0.311
Alpha	0.408***		0.407***	
Log-Likelihood	-4460.5		-4459.5	
Log-L test (Alpha)	7621***		7610***	
Log-L test (M4, M3)			1.961	

Note: * p < .1, ** p < .05, *** p < .01

Figures

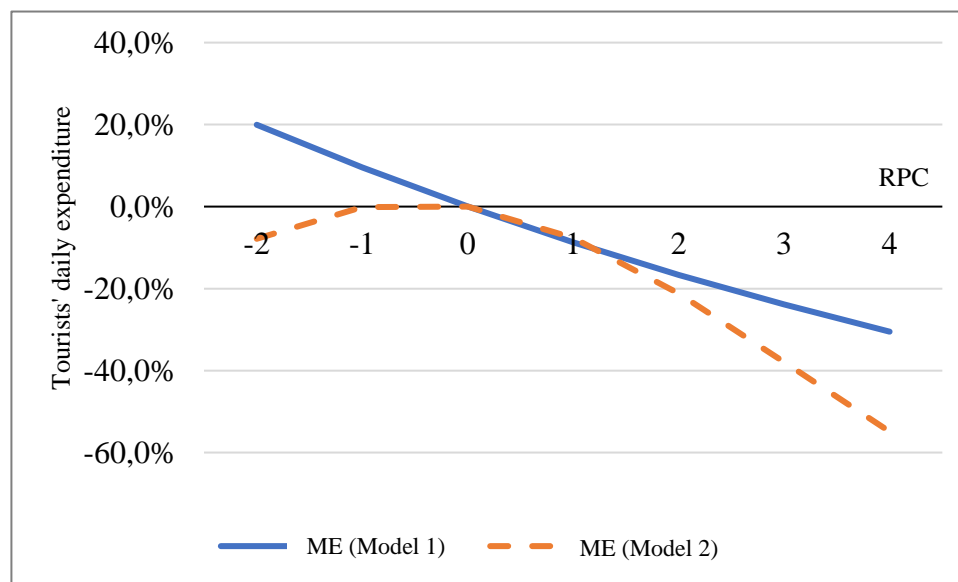


Figure 1: Marginal effect of RPC on long-haul tourists' daily expenditure