



TOURISTS' PERCEPTION TOWARDS AN EFFECTIVE
DESTINATION BRAND: A STUDY OF MALDIVES

BY

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A dissertation submitted in fulfilment of the requirement for
the degree of (Master of Science Marketing)

Kulliyyah of Economics and Management Sciences
International Islamic University Malaysia

AUGUST 2015

ABSTRACT

Destination branding is considered to be highly challenging in this competitive environment where choices are vast that offers similar services and products. To differentiate the destinations have been one of the key strategies in meeting the ever changing needs and wants of the tourist. As such, to mitigate the challenges faced in branding a destination effectively, it is important to understand the tourists' perception towards the particular tourism destination. The purpose of this study is to identify the tourists perception by understanding the relationship of destination personality and destination image on destination choice through destination brand of Maldives.

Data was collected from those tourists who have already visited Maldives, through an administered online questionnaire. A total of 350 responses were received and used in the analysis. SPSS was used for the purpose of data analysis where mediate macro was integrated in the SPSS to conduct the mediation analysis. Firstly, the reliability analysis of the scale used was performed. Secondly, the Exploratory Factor Analysis (EFA) was performed in order to extract the factor underlying for each of the measured variable of interest. Then, the mediation analysis was run to test the hypotheses of the study. Findings revealed that, there is indeed significant positive impact of destination personality and destination image to destination choice through destination brand confirming the mediation effect. Similarly, it was also found that, destination image and destination personality have a significant positive impact on destination brand. Also, it was confirmed that destination brand has a positive relationship with destination choice. In sum, the finding of the research can bring some weight towards the managerial implication, especially in the area of destination branding.

ملخص البحث

تعتبر الوجهات او المقصد كعلامات تجارية تكون صعبة للغاية في هذه البيئة التنافسية حيث تكون الخيارات الواسعة التي تقدم خدمات ومنتجات مماثلة. وقد تم التفريق بين الأماكن واحدة من الاستراتيجيات الرئيسية في تلبية الاحتياجات المتغيرة ورغبات السائح. على هذا النحو، للتخفيف من التحديات التي تواجهها في العلامات او الوجهات التجارية، من المهم أن نفهم تصور السياح تجاه جهة سياحية معينة. والغرض من هذه الدراسة هو التعرف على تصور السياح من خلال فهم العلاقة الشخصية، الوجهة والمقصد من اختيار الوجهة من خلال العلامة التجارية من جزر المالديف. وقد تم جمع البيانات من أولئك السياح الذين زاروا بالفعل جزر المالديف، من خلال استبيان على الإنترنت تدار. وقد تلقى ما مجموعه 350 الردود وتستخدم في التحليل. تم استخدام SPSS لغرض تحليل البيانات حيث تم دمج ماكرو التوسط في (SPSS) لإجراء التحليل الوسيطة. أولاً، تم إجراء تحليل موثوقية المقياس المستخدم. ثانياً، تم إجراء التحليل العاملي الاستكشافي (EFA) من أجل استخراج عامل الكامنة وراء كل من متغير قياس المصالح. ثم، تم تشغيل تحليل الوسيطة لاختبار فرضيات الدراسة. وكشفت النتائج أن هناك بالفعل أثر إيجابي كبير لشخصية جهة وصورة المقصد لاختيار الوجهة من خلال العلامة التجارية المقصد تؤكد تأثير الوسيطة. وبالمثل، فقد وجد أيضاً أنه صورة الوجهة والمقصد شخصية لها تأثير إيجابي كبير على العلامة التجارية الوجهة. وباختصار، يمكن أن النتيجة التي توصلت إليها الأبحاث جلب بعض الوزن نحو ضمنا الإداري، وخاصة في مجال العلامات التجارية الوجهة. لسياحي الخلاصة الأهم هي ان هذه الدراسة تساهم بشكل كبير في توجيه الإدارة خصوصاً في مجال السياحة.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science in Marketing.

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Aishath Sheneen Ibrahim

Signature

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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**TOURISTS' PERCEPTION TOWARDS AN EFFECTIVE DESTINATION
BRAND: A STUDY OF MALDIVES**

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ACKNOWLEDGEMENTS

My ultimate praises to the Almighty Allah S.W.T., the most Gracious and the most Merciful, Lord of the universe. Peace and blessing be upon Prophet Muhammad (PBUH). Alhamdulillah, I am so grateful that Allah S.W.T has granting me this strength that assisted me to initiate and most importantly, being able to complete this project paper.

First and foremost, I would like to express my appreciation to my supervisor, Prof. Dr. A.K.M. Ahasanul Haque for his support, cooperation and patience in guiding me to complete my dissertation. This dissertation would not be complete without his guidance and comments.

Secondly, special thanks to the lecturers at Kulliyah of Economics and Management Sciences (KENMS) of International Islamic University Malaysia (IIUM) who were responsible in giving me the knowledge in different subjects and taught me so well throughout the journey. My gratitude also goes to the administration staffs of KENMS Post Graduate Unit who have always been helpful and willing to assist with patience on the different procedures endured in the completion of my thesis. May Allah rewards them for their kindness and assistance throughout my study period at IIUM.

Above all, I would like to thank my beloved husband for giving me the time and been so patience in taking care of our newborn with me throughout this journey. This dissertation would not have been completed on time without his tremendous understanding and support. Few obstacles that I have encountered would not be easily overcome if it was not because of his supports and understanding.

Lastly, I am really grateful to have wonderful friends who supported me directly and indirectly in the completion of the dissertation. I really appreciate everything that was given to me, and the blessings that were bestowed upon me to have such wonderful people like all of you in my life. I can never thank you enough for your kindness and assistance. Last but not least, I presented this dissertation as a symbol of gratitude for everyone, and as the celebration of knowledge that we have gained along the ride, in hopes that it will benefit us together.

TABLE OF CONTENTS

Abstract.....	ii
Abstract in Arabic	iii
Approval page	iv
Declaration.....	v
Copyright Page.....	vi
Acknowledgement.....	vii
Table of Contents	viii
List of Tables	xi
List of Figures.....	xiii
List of Abbreviations	xiv
CHAPTER 1: INTRODUCTION	1
1.0 Introduction	1
1.1 Background of the Study.....	1
1.2 Introduction to Tourism Industry	2
1.2.1 Tourism in the Asia and the Pacific	4
1.2.2 Introduction to Tourism in the Maldives.....	6
1.2.2.1 Tourism Statistics of Maldives	8
1.2.2.2 Tourism Branding in Maldives	13
1.3 Problem of Statement	15
1.4 Research Objectives	17
1.5 Research Questions	17
1.6 Conceptual Definitions.....	18
1.7 Dissertation Structure	18
1.8 Chapter Summary.....	19
CHAPTER 2: LITERATURE REVIEW.....	20
2.0 Introduction	20
2.1 Theoretical Perspective of Destination Branding	20
2.2 Destination Personality	22
2.2.1 Destination Personality Dimensions	23
2.2.2 Destination Personality to Destination Choice	27
2.3 Destination Image.....	29
2.3.1 Destination Image Measures	33
2.3.2 Destination Image to Destination Choice	35
2.4 Destination Brand and Destination Choice	39
2.5 Conceptual Framework.....	44
CHAPTER 3: RESEARCH DESIGN & METHODOLOGY.....	45
3.0 Introduction.....	45
3.1 Research Design.....	45

3.2 Data Collection Method	46
3.3 Instrument and Data Measurement Scale	48
3.4 Questionnaire Development	48
3.4.1 Destination Personality	49
3.4.2 Destination Image	50
3.4.3 Destination Brand	51
3.4.4 Destination Choice	52
3.5 Sampling & Sample Size	53
3.6 Pilot Testing	54
3.7 Data Analysis Procedure Using SPSS Software	54
3.7.1 Exploratory Factor Analysis (EFA)	55
3.7.2 The Reliability Analysis	55
3.7.3 Justification of using “Mediate macro” for Hypotheses	56
3.8 Summary	56

CHAPTER 4: RESULTS AND FINDINGS57

4.0 Introduction	57
4.1 Respondents profile	57
4.2 Reliability Analysis	62
4.2.1 Reliability Analysis for all the Items	63
4.2.2 Reliability Analysis for each Variable	65
4.2.2.1 Destination Personality	66
4.2.2.2 Destination Image	66
4.2.2.3 Destination Brand	66
4.2.2.4 Destination Choice	66
4.3 Determining the Number of Components to Retain in EFA	67
4.3.1 Correlation Matrix to Determine the Items to be removed from the Analysis	68
4.3.2 Communalities to Determine the Items to be removed from the Analysis	69
4.3.3 Criteria for Choosing Components to Retain	70
4.3.3.1 The Eigenvalue One Criterion	70
4.3.3.2 Percentage of Variance Explained	71
4.3.3.3 Scree Plot to Identify the Inflection Point in Determining the Factors to Retain	72
4.3.3.4 Interpretability Criterion	73
4.3.3.5 Decision: How Many Components to Retain	75
4.4 EFA Results After Retaining Three Components	76
4.4.1 Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test	76
4.4.2 Variance Explained After Retention of Three Factors	77
4.4.3 Result of EFA after Retention of Three Factors	77
4.5 Testing the Model Fit for Mediation	79
4.5.1 Correlation Matrix	79
4.5.2 Hypotheses Testing (Direct Effects)	80
4.5.3 Mediation Analysis through Indirect Effect	82
4.6 Discussion	84

CHAPTER 5: MANAGERIAL IMPLICATIONS & CONCLUSION.....	86
5.0 Introduction.....	86
5.1 Managerial Implications.....	86
5.2 Limitations and Future Research.....	87
5.3 Conclusion.....	88
BIBLIOGRAPHY	89
APPENDIX I.....	100

LIST OF TABLES

<u>Table no.</u>		<u>Page no.</u>
1.1	Market share of top ten tourist generating markets to the Maldives, 2012	10
1.2	Tourists arrival by Country 2013	12
1.3	Descriptive of tourists visiting Maldives	14
3.1	Destination personality dimensions	49
3.2	Destination image dimensions	50
3.3	Destination brand dimensions	51
3.4	Destination choice dimensions	52
4.1	Descriptive frequencies: Gender	58
4.2	Descriptive frequencies: Age	58
4.3	Descriptive frequencies: Marital status	59
4.4	Descriptive frequencies: Income	59
4.5	Descriptive frequencies: Country of origin	60
4.6	Descriptive frequencies: No. of visits to Maldives	61
4.7	Descriptive frequencies: Travelling parties	61
4.8	Descriptive frequencies: Tourist accommodation	62
4.9	Cronbach's alpha rule of thumb	63
4.10	Reliability statistics: All constructs	63
4.11	Item statistics of mean & standard deviation (SD)	64
4.12	Reliability statistics for individual variables	65
4.13	Correlation Matrix Items ($\leq .50$)	68

4.14	Communalities items (<.70)	69
4.15	Total variance explained with all items	71
4.16	Factors that have three or more strongly loading items	74
4.17	Kaiser-Meyer-Olkin (KMO) & Barlett's test	76
4.18	Total variance explained after retention of three factors	77
4.19	EFA result after retention of three factors	78
4.20	Bivariate correlation results	79
4.21	Relationship of destination personality and image to destination brand	80
4.22	Relationship of destination brand to destination choice	81
4.23	Mediation Relationship (Indirect Effect) based on biased bootstrap confidence interval	82

LIST OF FIGURES

<u>Figure No.</u>		<u>Page No.</u>
1.1	Asia Pacific, travel and tourism competitiveness index 2013	4
1.2	Market growth among Asia Pacific sub regions 2012	9
2.1	Conceptual framework	44
3.1	Research design flowchart	46
4.1	Graphical presentation to show how many factors to retain in the analysis	73
4.2	Mediation model with the result summary	83

LIST OF ABBREVIATIONS

DMO	Destination Marketing Organization
EFA	Exploratory Factor Analysis
SIDS	Small Island Development States
SPSS	Statistical Package for the Social Sciences
SD	Standard Deviation
KMO	Kaiser-Meyer-Olkin

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

In this chapter highlighted is the background of the study emphasizing on the tourism industries development in the years and the development of tourism in the Maldives is discussed. The problem statement, research questions and objectives is followed therein.

1.1 BACKGROUND OF THE STUDY

Destination branding is becoming complex everyday due to the vast choices tourists have that offer more or less the same travel experience. This leads to the importance of understanding the tourists' perception in giving them a differentiated travel experience that they perceive. As such, this study is based on Maldives tourism industry in determining how Maldives can be branded more effectively to the respective target market. Hence, this study examines the international tourists perception from the view point of those who have visited Maldives in order to understand and examine how they perceive the image and personality of the Maldives in determining what is their current perception of Maldives as brand. Destination personality and destination image are regarded as one of the main elements in creating a destination brand. As such, the relationship of destination personality and destination image in relation to the perception of the brand of Maldives is explored in the study to determine the significance of these factors in the selection of Maldives as their destination choice. Further explored is the relationship of destination brand to the

selection of Maldives as the destination of choice; to identify if the destination can be branded based on the choice set that tourist considered in deciding to visit Maldives.

1.2 INTRODUCTION TO TOURISM INDUSTRY

Tourism industry around the globe has been expanding vastly in the years and as of 2013 it is recorded that 9% of the world GDP comes from tourism, whereby 1 out of 11 jobs is from the tourism industry (United Nations World Tourism Organization , 2014; World Economic Forum, 2013). Tourism has become one of the largest and the fastest-growing economic sectors in the world and there has been an increase in the international tourist arrivals throughout the past six decades of which 1087 million tourists arrivals has been recorded in 2013 (United Nations World Tourism Organization , 2014) which accounts for a total of USD 6 trillion (World Economic Forum, 2013). In addition many new destinations are emerging (United Nations World Tourism Organization , 2014) making it a highly competitive industry around the globe.

Technological development and innovations with respect to information and communication technologies have given rise to ease of information for tourists (Munar, 2011) making it easier to access information regarding the vast choices of destination. Perception of tourists changes in accordance to the information available as such, in order to remain successful (Tan, 2008) Destination Marketing Organizations (DMOs) need to identify the perception of the tourists to uniquely define a particular destination. Hence, leading to the importance of destination branding.

Furthermore, the ever increase in destination choices (Henderson, Uniquely Singapore? A case study in destination branding, 2007) that are available throughout

the globe makes it harder for particular destinations to be differentiated (Qu, Kim, & Im, 2011) as there are destinations that offers more or less the same experience (Qu, Kim, & Im, 2011; Blain, Levy, & Ritc, 2005) with same quality of services (Qu, Kim, & Im, 2011) creating higher competition among the different tourist destinations (Artuğer , Çetinsöz , & Kılıç, The effect of destination image on destination loyalty: an application In Alanya, 2013; Chen & Phou, 2013). As such, it is vital for the destinations to create a destination brand that can be identified by the tourists as a unique alternative to travel (Qu, Kim, & Im, 2011).

Creating a destination brand is far more challenging. Having a vast range of tourist from different backgrounds and ethnic groups visiting a particular destination (Tsiotsou & Ratten, 2010; Balakrishnan M. S., 2008; Fan, 2006) makes it harder for marketers to brand a destination. Hence, identifying the main reasons or brand related factors (Roodurmun & Juwaheer, 2010) that attracts a tourist to a particular destination, knowing the kind of image tourists create based on their perception of the destination (Balakrishnan, Nekhili, & Lewis, 2011) helps in creating a brand that is appealing to the target market segment. Furthermore, the combination of product, service and corporate branding elements that is to be considered makes destination branding even more complicated (Balakrishnan, Nekhili, & Lewis, 2011). However, justly branding a destination can be a powerful tool to increase customer loyalty and customer retention (Roodurmun & Juwaheer, 2010). DMOs such as governmental bodies, hospitality related entities, tour operators and firms that directly or indirectly support tourism including retail outlets, airlines etc (Blain, Levy, & Ritc, 2005) plays an important role in marketing the destination and in creating tourist visitation of the destination (Gretzel, Fesenmaier, Formi, & O'Leary, 2006; Blain, Levy, & Ritc, 2005).

1.2.1 Tourism in the Asia and the Pacific

According to the UNWTO tourism highlights 2014, there was a 6% increase of tourist arrivals in 2013 compared to 2012 in Asia and the Pacific and this has been the fourth continuous year of tourism growth in the region. Earning from tourism of the region amounts to US\$ 359 billion in 2012 which accounts for 31% of the receipt of the world.

According to a study done among 140 countries around the world (World Economic Forum, 2013), the Travel & Tourism Competitiveness Index 2013 for Asia Pacific countries Singapore is the most competitive travel destination ranking no.1 in the region. Refer to figure 1.1 below.

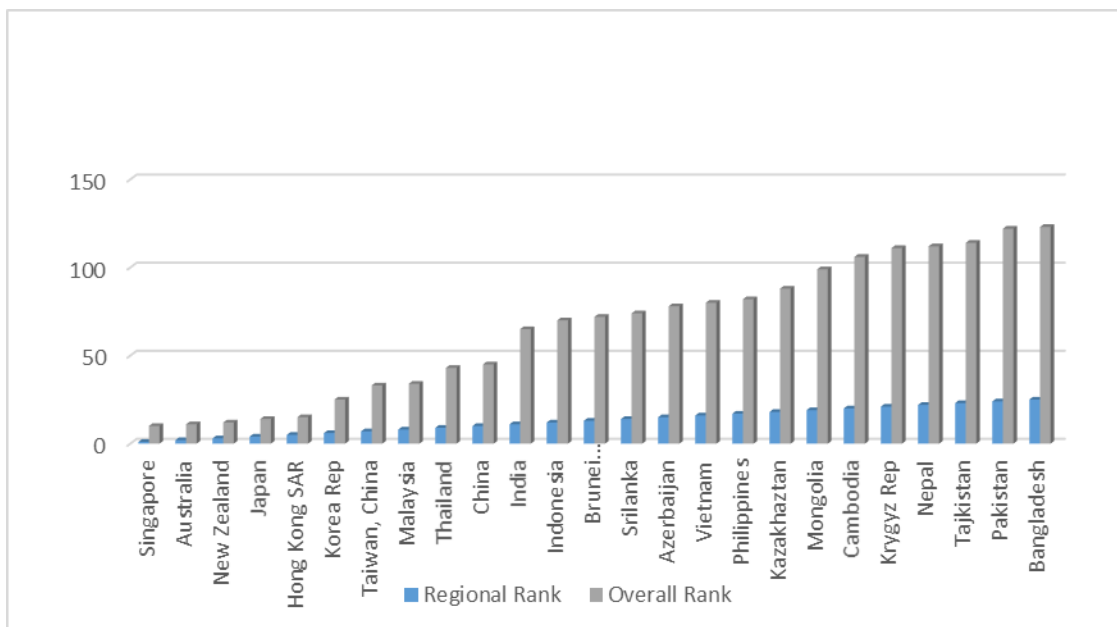


Figure 1.1 Asia Pacific, Travel & Tourism Competitiveness Index 2013

Among the sub regions in Asia and Pacific, South-East Asia had the highest growth rate whereby Thailand, Myanmar, Timor-Leste, Cambodia, Vietnam, Philippines and Indonesia had an increase in the growth rate in tourist arrivals of 19%, 52%, 42%,

18%, 11%, 10% and 9% respectively (United Nations World Tourism Organization , 2014).

However, the largest sub region in Asia and the Pacific: North-East Asia showed only 4% increase in 2013 which is from the countries Japan, Republic of Korea, Macao, Hong Kong, China and Taiwan (United Nations World Tourism Organization , 2014).

The region South Asia in which Maldives is located showed a solid growth of 6% in 2013. Whereby, Sri Lanka had a growth rate of 27% and Maldives had a growth rate of 17% while India had a growth rate of 4% (United Nations World Tourism Organization , 2014). Growth of tourism in the regions heightens the competition for Maldives and give rise to the need to understand their target markets perception in creating a distinguish brand.

Furthermore, in Small Island Developing States (SIDS) tourism developing strategies pertaining to economic development is a leading economical factor in these nations (Prayag, A Research agenda for understanding tourism development in Indian-Ocean islands, 2011). Due to the unique eco-systems, culture, geographical isolation, SIDS have a comparative advantage in tourism related activities (Hall C. M., 2009; Croes, 2006). Maldives is among the SIDS countries emphasizing on tourism since 1970s (Henderson, The politics of tourism: a perspective from the Maldives, 2008) having these appealing characteristics that makes SIDS unique travel destinations (Prayag, A Research agenda for understanding tourism development in Indian-Ocean islands, 2011).

1.2.2 Introduction to Tourism in the Maldives

The Maldives consists of 11,900 coral islands (Ministry of Tourism, Arts and Culture, 2013) mostly inhabited islands (Ministry of Tourism, Arts and Culture, 2013; Henderson, The politics of tourism: a perspective from the Maldives, 2008) dispersed into 26 atolls in the Indian Ocean (Henderson, The politics of tourism: a perspective from the Maldives, 2008) measuring 754 kilometers in length and 118 kilometers in width where 80% of the land is below sea level (Domroes, 2001). Maldives welcomed its first tourists in 1970s when they opened the first resort in 1972 in accordance with the national expansion plan (de-Miguel, de-Miguel, & Rumiche, 2011). The economic reform program in 1989 allowed liberalization and privatization of the exports allowing more foreign investment in the Maldives (de-Miguel, de-Miguel, & Rumiche, 2011). The Maldives with its unique tropical climate, geography (de-Miguel, de-Miguel, & Rumiche, 2011) make it a favorable luxury resort destination (de-Miguel, de-Miguel, & Rumiche, 2011) and has grown rapidly (de-Miguel, de-Miguel, & Rumiche, 2011; Henderson, The politics of tourism: a perspective from the Maldives, 2008) with its distinctive concept of 'one-island-one-resort' making Maldives among the leading island destinations in the world (Ministry of Tourism, Arts and Culture, 2013).

Economic development of tourism in the Maldives is under Ministry of Tourism Arts and Culture (MTAC) formerly known as Ministry of Tourism and Civil Aviation, Maldives Tourism Promotion Board (MTPB) and Maldives Tourism Development Board (MTDB) formed in 2006 whereby 45% of its shares are held by the government (Henderson, The politics of tourism: a perspective from the Maldives, 2008). The government authorities have strict control of the industry where resorts

are leased to private parties for development, in which the islands are owned by the state (Ministry of Tourism and Civil Aviation, 2007a).

One of the catastrophes that directly impacted the Maldives environment and the tourism industry was the Indian Ocean Tsunami in late December 2004. Tourism losses were estimated to be US\$300 million (Carlsen J. , 2006) and had a diverse/contracted effect on GDP of the Maldives (de-Miguel, de-Miguel, & Rumiche, 2011). The reconstruction and development of the new resorts (de-Miguel, de-Miguel, & Rumiche, 2011) helped the economy to recover in the year 2006 from the aftermath of the tsunami (Henderson, The politics of tourism: a perspective from the Maldives, 2008).

Due to the threats to the environment when developing the resorts Maldives government adhered to developing regulation ensuring that the environment is protected (de-Miguel, de-Miguel, & Rumiche, 2011) it was included in the third plan that was run from 2007-2011 (Ministry of Tourism and Civil Aviation, 2007b). In accordance to the regulation developers were restricted to use only 20% of the island for building while preserving 80% of the island ensuring a balance between resource protection and the usage (de-Miguel, de-Miguel, & Rumiche, 2011). Maldives also moved forward with protecting the local ecosystem by adhering to the international agreements from UN Environment Programme in developing a sustainable tourism environment. In accordance to this new regulations such as Environmental Protection and Preservation Act of Maldives, the Tourism Act of Maldives and the Regulation on the Protection and Conservation of environment in the Tourism Industry was developed by the Maldives Government (de-Miguel, de-Miguel, & Rumiche, 2011). As of today, Maldives is highly reliant on the tourism industry for its economic development (Prayag, A Research agenda for understanding tourism development in

Indian-Ocean islands, 2011) and in 2012 Maldives marked its 40th year in the tourism industry (Ministry of Tourism, Arts and Culture, 2013).

1.2.2.1 Tourism Statistics of Maldives

In the Maldives there was an annual average growth of 4.8% in the tourist accommodation from 2008 to 2012. There has been an increase of 28% in the tourist establishments from 2008 to 2012 with a total of 28,120 beds registered in the Maldives at the end of 2012. Among the different forms of accommodations in the Maldives resorts were the most popular source of tourist accommodation throughout the years (Ministry of Tourism, Arts and Culture, 2013). The largest contributor to the Maldives tourism market is European region with 54% tourist arrivals in 2012. European region plays an important role in generating tourists to the Maldives whereby markets such as German, United Kingdom, Russia, Italy, France and Switzerland are among the countries from the region that visited Maldives (Ministry of Tourism, Arts and Culture, 2013). However, the European region market declined by -3.7% in 2012 compared to 2011 and the market leader has been gradually losing its market share over the last five years due to the economic situation within the region (Ministry of Tourism, Arts and Culture, 2013).

The second largest region that generates the most tourists to the Maldives the Asia and the Pacific region grew at an average rate of 21.6% over the five years 2008 to 2012 and looks promising as their market share increased from 22.9% in 2008 to 40.1% in 2012 and it recorded an increase of 10.2% market growth from the region compared to 2011.

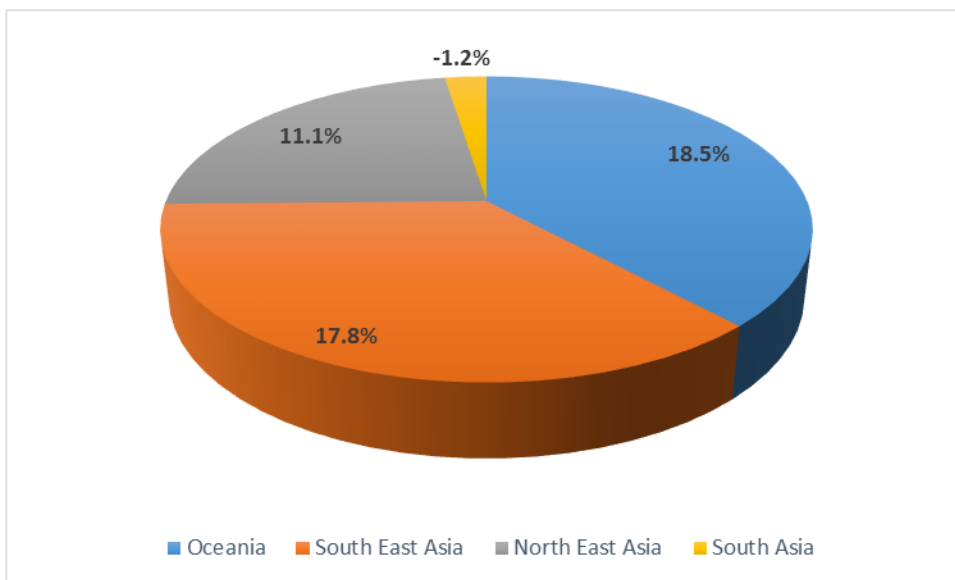


Figure 1.2 Market growth among Asia Pacific sub regions 2012

According to the figure 1.2 above, market growth among Asia Pacific sub regions in 2012 the highest contributor is Oceania followed by South East Asia, North East Asia and South Asia having a market growth percentage of 18.5%, 17.8%, 11.1% and negative 1.2% respectively for the regions.

The third most tourist generating region to the Maldives is America which has an increased in the market share from 2.1% to 2.8% as of 2012. From 2008 to 2012 tourist arrivals increase at an average rate of 13.9% from the region showing a positive growth of 13.9% in 2012 and United States of America contributed to the most tourists visited among this region which generated 16,049 tourists (Ministry of Tourism, Arts and Culture, 2013).

The other markets that contributes to the growth of tourism in the Maldives includes Middle East market and African market. In which Middle East market grew at an average rate of 28.6% from 2008 to 2012 contributing to the growth of its market

share from 1.3% in 2008 to 2.3% by 2012. African market share in 2012 remained constant at 0.7% compared to 2011 (Ministry of Tourism, Arts and Culture, 2013).

The top 10 most tourist generating markets for the Maldives in the year 2012 shown in table 1.1 below, contributes to 77% of the share from the total tourists arrivals to Maldives (Ministry of Tourism, Arts and Culture, 2013).

Table 1.1
Market share of top ten tourist generating markets to the Maldives, 2012

Rank	Country	Market Share %
1	China	24
2	Germany	10.3
3	United Kingdom	9.6
4	Russia	6.9
5	Italy	6.6
6	France	5.9
7	Japan	3.8
8	Switzerland	3.7
9	India	3.3
10	Korea	2.5
Total		76.5

Due to the change in the government administration in 2012 that created political unrest in the country, it was a challenging year for the tourism industry where the tourist arrivals were affected adversely with below average growth rate (Ministry of Tourism, Arts and Culture, 2013) and the target for the year of 1 million tourist arrivals was not reached. However, the overall growth rate remained positive at 2.9% with the increase in the growth of the Chinese market while the market share of the loyal European market dropped tremendously.

As of 2012 there has been 105 islands developed as resorts in 17 Atolls in the Maldives which provides a bed capacity of 22,889 beds, in which Kaafu Atoll and Alifu Dhaalu Atoll has a major share percentage of 39.9% and 16.7% respectively