

# **A SNAP SHOT OF THE MARKET NICHE OF THE PANAGBENGA FESTIVAL TOURISTS**

**by**

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## **ABSTRACT**

The Panagbenga has become one of the country's most visited festivals. For 20 years now, this colorful event born in the Philippines' Summer Capital had drawn significant number of tourists from all over to enjoy its month-long festivities. The objective of this study is to identify the most common type of tourists in the festival and investigate where they come from, where they stay, the facilities they look for in an accommodation; and how much they were willing to spend for it. These study aims to provide local hospitality businesses information they can use in order to improve, develop and manage their products and services.

The survey was done during the week of the street dancing and float parades and was conducted in areas frequented by tourists such as restaurants, lodging facilities, bus stations, parks, and along major roads around the city of Baguio. Cross section data was used and was tested based on its distribution and the tourists' willingness to spend for leisure was also established with respect to the salaries or the wages they receive.

The study involved 1, 829 subjects, all of whom were non-Baguio residents and were in the city only to witness the festival. Results showed that the festival attracts tourists belonging to the middle income bracket who travel in groups and spend on a budget. Most respondents stay in standard and economy class hotels. Most use their own cars, frequents the city and normally stays for 2 nights. Despite all these, most respondents still prefer an accommodation that gives value for money and looks for well-appointed guest rooms, internet connectivity and restaurant outlets, among others. In retrospect, Baguio hospitality service providers should invest on service and product improvements as Panagbenga will remain to become one of Baguio City's main attraction and its patrons require more mid-range lodging accommodations because of the promise of a repeat visit in a short moment's notice.

**Keywords:** *Flower festival, Panagbenga, Tourism, Cross Section, DOT-accredited hotels*

## **1. Introduction**

Tourism is a multifaceted industry that directly affects several sectors of the economy, such as hotels, shops, restaurants, local transport firms, entertainment establishments, handicraft producers. (Cruz, 2006) The Philippine travel and tourism sector contributed a total of P1.4 trillion to the local economy in 2014, reflecting not only the economic activities of related industries, but also the "wider effects from investment, the supply chain and induced income impacts," according to the World Travel and Tourism Council (WTTC).

Tourism-related travel involves the movement of visitors to a place to enjoy its attractions, special events, hospitality, lodging, food and entertainment. (Chon/Maier, 2010) Over the years, special events like a festival is known to most people as a day of celebration. There are many festivals celebrated throughout the world and the Philippines is no exception. A festival has been a way to attract more visitors to come to the province, town or a city and is viewed as a means to share history, identity and values of a place and its people. Festivals are event features that cause people to travel to other countries to learn their local art, culture, and history. The development of local festivals has increased cultural tourism and provides tourist destinations with economic and cultural benefits. (Kenyon, 2002) A strong theme in a festival is the enhancement of the international image of the host community, and the generation of short and long term visitor flows. (Lee, et.al, 2005).

The city of Baguio in the Cordillera Administrative Region (CAR) is one of the Philippines' top tourist destinations as it receives 75.7% of the total arrivals according to the National Statistics Coordination Board (NSCB). The city's cool climate, first class city life and a festivity that is rather unique in the entire country is held annually in this mountain resort town. The city has a population of 318, 676 as of 2010. The 20 year old *Panagbenga* Festival showcases the abundant array of flora that can be found in the Cordillera Region. Throngs of jubilant spectators congregate the cool mountain town to witness street dancing, floral float parades and midnight bazars in Baguio City's central business district. This one month-long celebration features various activities throughout the month of February such as garden making competitions and exhibitions, street bazaars, midnight markets, and highlighted by lively street dances and float parades.

The *Panagbenga* festival is considered to have contributed significantly to the cultural and economic development of the city. It has been a working coordination between the City Government, private sectors, and the Baguio Flower Festival Foundation, Inc. (BFFFI). Based on its recent enactments, the festival's mandated objective has become more coherent, which is "to promote the city's culture, unity among its people, tourism and economic industries and [to showcase] Baguio as a City of Flowers" (AO No. 008-S. 2014). The integration of environmental concerns, are indicated in some specific environmental policies and the designation of an environment/technical committee as one of the support committees.

Based from the 2014 Regional Social and Economic Trends Report of the Philippine Statistics Authority (PSA), visitor arrivals in Baguio City in 2013 was at 843, 473 where 26 percent comprise of those who visited during the first quarter which includes the *Panagbenga* season. It highlighted that domestic travelers comprised 90.5 percent of visitors. While among the international tourists, South Koreans comprised the biggest number with a share of 14.5 percent, followed by those from the United States, 10.8 percent, the French at 8.8 percent, and the Germans and the Japanese with 5.4 percent and 5.2 percent, respectively.

In 2014, the *Panagbenga* is estimated to have brought in approximately 2.2 to 2.5 million tourists during the street dancing and float parade events according to Anthony de Leon, the Chairman of the event. He added that the city has been more accessible due to the improved roads from Manila to Baguio City where great improvements for the road system. This is in reference to the construction of TPLEX that made travel to the city a smooth glide of about 4-5 hours. The local government together with the private sector conduct briefings on security, traffic route, safety and condition in the Central Business District to ensure the success of the activity.

The influx of tourists in the city during *Panagbenga* on the other hand have brought widespread traffic congestion, pollution and crowding. Nevertheless, tourists come up to Baguio to witness the spectacle which comes in convenient for businesses to thrive since they usually spend money during their stay at a destination. Visitor spending provides income and profit for many businesses, which includes lodging facilities. (Chon/Maier, 2010). This essentially have caused a great deal of business development particularly in the lodging industry to provide accommodations for travelers and profit from the massive inflow of tourists coming from all over. A festival demands infrastructure, such as transportation, accommodation, stadiums, and necessary construction. (Ritchie, 1984).

The components of the hospitality network may be an independent and competitive business, yet they share an interdependency. This relationships can be seen in the roles that destinations and hospitality facilities play in motivating people to travel. (Chon/Maier, 2010) One of which is a comfortable accommodation. Accommodations can be classified into various types, the most popular of which are hotels, motels, resorts, pensions, condominiums, bed and breakfast, inns, apartels, and

private homes. (Cruz, 2006) Below are the consolidated number of lodging facilities, based on the classifications by the Department of Tourism (DOT) in Baguio City as of 2010.

Types of Accommodation	Number of Hotels	Number of Rooms
Class "A" Resort	4	447
Special Interest Resort	1	7
Standard Class	19	1,078
Economy Class	11	358
Tourist Inn	27	619
Pension	11	117
Lodge	13	559
Apartel	3	95
Motor Lodge	1	38

Source: Department of Tourism, City Planning & Development Office (Baguio City)

Tourist Inns dominate the lodging facilities business in the city followed by standard class hotels, in terms of the number of establishments. The number of standard class rooms dominate the market followed by tourist inns, lodges and economy class hotels. This figures were from 2010, every year however, more hotels open and a few are being built as of the moment in the city. The total active Philippine Hotel development pipeline comprises of 15, 021 rooms, according to the Department of Tourism report in 2012. The total active pipeline data includes projects in the In Construction, Final planning and Planning Stages but did not include projects in the pre-planning stage. By 2016, the Department of Tourism projects a need for 80, 493 rooms in Northern Philippines and in the Cordilleras, at least 9, 851. As of 2012, there have been 6, 855 rooms in the region majority of which are located in Baguio City. There were 106 rooms in the pipeline as of 2012 but the requirement for the Cordilleras and Baguio City to meet the demands for room in 2016 is still short by 2, 890. With all these, this study is created to identify the most common type of tourists that congregate during the festivals and investigate where they come from, where they stay, the facilities they look for in an accommodation; and how much they were willing to spend for a comfortable and convenient lodging facility. These and other intrinsic factors could determine how else business establishments could make the most out of the *Panagbenga* tourist inflow and at the same time provide new and upcoming hospitality businesses information they can use in order to improve, develop and manage their products and services. This study will answer the following:

1. **Who are they?** Domestic tourists comprise majority of tourists' arrivals in Baguio City. According to PSA, out of the 224, 788 visitors during the 1<sup>st</sup> quarter of 2013, domestic tourists comprised 95.46%. While a mere 3.79% were international visitors and .75% were *balikbayans*. This information does not provide enough for businesses to develop strategies in order to compete in the industry.
2. **Where do they stay and what are the choices they make?** Based from the report of the PSA, accommodation facilities' occupancy percentage in Baguio City during the month of February averages 38.05% from 2003-2011. This figure clearly show that not all those who visit Baguio during the Festivals contribute to the economy of the city.
3. **What do they look for in a lodging facility?** Locational convenience, high-standards of comfort and efficiency and value for money are the primary features of a lodging facility that tourists look for (Middleton, 2010) Enjoyment highly geared to perceived value provided and satisfaction experienced within the bedrooms, bathrooms, food and beverage outlets and other facilities such as swimming pools and health clubs.
4. **How much are they willing to spend for an overnight stay?** As lodging facilities mushroom the skyline and competition gets tough, the tendency for hotels is to meet the visitors'

perceived value. Standard and economy class accommodations comprise 33 percent of the total number of hotels in Baguio City. Their average room rate per night is at P1, 000-P2, 500.

## 2. Methodology

This research was conducted during the 2015 *Panagbenga* Flower Festival, to establish the potential demand for hotels in Baguio City. Enumerators were deployed from the various entry points in the City, vicinity of hotels, and in the main thoroughfares of the city. Indirect method or questionnaires was the instrument used in gathering data. This is an exploratory research which is both qualitative and quantitative, making use of a cross-section data. Results were cross tabulated and validated with existing secondary data published by the Department of Tourism and the Philippine Statistics Authority. The data used is nominal (categorical), i.e. it can be labeled, but cannot be compared.

### Locale of the Study

The survey was done during the week of the street dancing and float parades and was conducted in areas frequented by tourists such as restaurants, lodging facilities, bus stations, parks, and along major roads around the city of Baguio. The areas were identified and enumerators were strategically fielded in those areas where tourists normally stay or linger.

### Profile of Respondents

There were 1,829 respondents who were between 26-45 years old. The oldest respondent belongs to the 55 years old and above age bracket. Out of the total respondents, 57.2 percent are females and the rest are males.

**Table 1 Descriptives**

<b>Variable</b>	<b>Mean</b>	<b>Maximum</b>	<b>Std. Deviation</b>
Age	2.15	4	.939
Gender	.41	1	.493
Educational Attainment	5.02	6	1.134
Salary Range	1.44	3	.922
Transportation	1.73	6	1.137
Traveler Type	3.45	5	2.197
Type of Accommodation	3.50	6	1.819
Accommodation budget	1.56	4	.923
Frequency of visit	2.41	4	1.318
Length of stay	2.34	4	.746

Majority of the respondents (54.7 percent) finished college education, 21.7 percent are already done with or pursuing their masters and doctorate degrees, while 16 percent had some college education.

The tourists mostly fall under the P36, 000-P50, 000 salary range (47.5 percent), but mostly falling in the lower income decile.

The choice of transportation is mostly public utility bus or van and would normally have an accommodation budget equivalent to P2, 000-P4, 000 per night, staying at an average of 2 nights and 3 days.

### 3. Results and Discussion

**Tourists in Baguio: Who are they?** The influx of tourists in Baguio City brought about an increase in the number of players in the Hotel Industry. As such, out of the 201 hotels in the region, 44.77 percent can be found in Baguio City.

**Table 1. Age and Traveler Type**

Age Group	Traveler Type							Total
	Solo Traveler	Couples	Business	Families with young children	Families with older children	Groups	Others	
Below 25 years old	146	108	47	34	15	108	15	473
26-45 years old	127	98	95	166	41	182	16	725
46-55 years old	36	91	58	101	69	73	11	439
55 and above	14	24	15	26	60	17	11	167
<b>Total</b>	<b>324</b>	<b>325</b>	<b>217</b>	<b>328</b>	<b>186</b>	<b>383</b>	<b>53</b>	<b>1804</b>

At 21.23 percent, those who travel in groups dominate during the flower festival. Traveling families with young children follow at 18.18 percent and couples at 18.02 percent. Travelers aged 26-45 dominate at 40.19 percent of the total respondents followed by those below 25 years old at 26.22 percent. It is noteworthy that there is an almost equal number of families with young children, couples and solo travelers that visit during the festival.

**Table 2. Salary Range and Traveler Type**

Salary Range	Traveler Type							Total
	Solo Traveler	Couples	Business	Families with young children	Families with older children	Groups	Others	
P36,000 and below	57			34	21	79	2	234
P36,000 to P50,000	194	148	87	141	84	200	9	863
P51,000 to P75,000	66	75	68	107	41	62	3	422
P75,000 and above	59	68	53	47	39	38	0	304
<b>Total</b>	<b>376</b>	<b>323</b>	<b>217</b>	<b>329</b>	<b>185</b>	<b>379</b>	<b>14</b>	<b>1823</b>

The Festival attracts middle income travelers or 47.34 percent of the respondents; their salaries range from P36, 000 to P50, 000. Among these middle income travelers go with a group, 20.79 percent while 20.63 percent travel solo.

**Table 3. Educational Attainment and Traveler Type**

Educational Attainment	Traveler Type							
	Solo Traveler	Couples	Business	Families with young children	Families with older children	Groups	Others	Total
Elementary	3	5	0	1	2	0	0	11
High School	12	7	6	7	2	9	0	43
Vocational	13	8	3	16	2	11	0	53
Undergraduate/College	91	58	20	41	19	73	5	307
Graduate	185	197	115	181	89	219	8	994
Post Graduate	72	47	73	81	70	69	0	412
<b>Total</b>	<b>376</b>	<b>322</b>	<b>217</b>	<b>327</b>	<b>184</b>	<b>381</b>	<b>13</b>	<b>1820</b>

Majority of the respondents are college graduates representing 54.62 percent while 22.64 percent claim that they are done with their post-graduate studies. The Festival is a celebration of culture and the arts. More educated visitors appreciate culture. Noticeably, college graduates travel in groups, representing the 26-45 years old bracket. Young professionals are attracted to the Festival.

**Where do they stay and what are the choices they make?** Choices are subject to budget constraints, as well as non-income determinants of consumption like education. Income is a factor of an individual's choice in determining the type of accommodation.

**Table 4. Salary Range and Accommodation Budget per night**

Salary Range	Accommodation Budget (per night)					
	Below P2,000	P2,000 to P4,000	P4,001 to P6,000	P6,001 to P10,000	P10,001 and over	Total
P35,000 and below	31	138	46	13	5	233
P36,000 to P50,000	62	506	230	58	10	866
P51,000 to P75,000	12	142	188	70	9	421
P75,000 and above	33	76	70	116	8	298
<b>Total</b>	<b>138</b>	<b>862</b>	<b>534</b>	<b>257</b>	<b>27</b>	<b>1823</b>

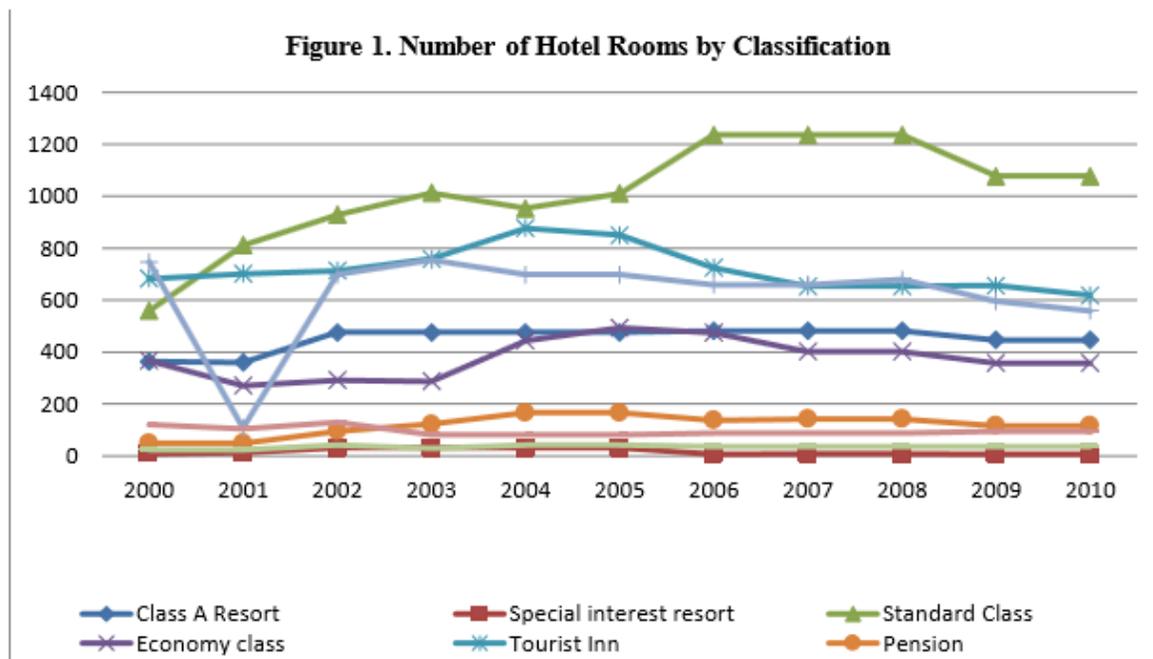
The results show that 47.29 percent of the respondents choose an accommodation within the P2000 to P4000 budget, those who do so have a P36,000 to P50,000 salary range representing 47.50 percent of the respondents. Young professionals who travel by groups prefer low to mid-range priced accommodations during the Festival. This explains why there are more standard and economy class hotels in Baguio. Moreover, the proliferation of budget accommodations such as tourist inns, lodges, pensions and apartels is remarkable.

**Table 5. Educational Attainment and Choice of Accommodation**

Educational Attainment	Type of Accommodation					
	Friend or relative's house	Transient House	Inn/ Lodge/Pension House	Motel	Hotel	Total
Elementary	3	6	2	1	4	11
High School	24	8	2	0	8	42
Vocational	20	19	2	0	12	53
Undergraduate/ College	104	54	16	10	124	308
Graduate	199	137	56	10	595	997
Post Graduate	59	40	29	3	275	163
<b>Total</b>	409	264	107	24	1018	1822

The table above shows that 55.8 percent of the respondents stays at hotels; 22.45 percent either stays with friends or at relatives. Majority of those who stays at hotels have a graduate and post graduate degrees. This can explain the PSA report of an average of 38.05 percent occupancy in Baguio City hotels during the first quarter of every year since 2003.

This result can be corroborated by the data on the number of hotel rooms by classification, as well. There is an increase in the number of standard and economy class hotels in the city, they comprise 38.8% of all DOT-accredited hotels. Evidently, respondents with higher educational attainments prefer to stay in hotels.



Source: Philippine Statistics Authority / *A Closer Look at the Hotel Industry in Baguio City: An Industry Analysis* (Posadas, M.C. et.al)

**Tourists' Choice on Transportation.**

**Table 6. Salary Range and Choice of Transportation**

Salary Range	Transportation					
	Own Car	Private rented vehicle	Public Utility Bus	Public Utility Van	Others	Total
P35,000 and below	101	36	52	20	23	232
P36,000 to P50,000	480	101	175	71	38	865
P51,000 to P75,000	306	56	41	8	10	421
P75,000 and above	223	29	29	4	17	302
Total	1110	222	297	103	88	1820

Majority of the respondents use own car during the festival. And majority of those who travel using their own cars belong to the mid-income bracket. They are the young professionals who travel by groups. Notably, there are also many tourists who travel by a public utility bus.

**Chi-Square Test**

**Table 7a**

Control Variable	Transportation		Traveler Type		Type of Accommodation	
	x <sup>2</sup>	p-value	x <sup>2</sup>	p-value	x <sup>2</sup>	p-value
Age	125.356	0.02377	421.884	1.77E-25	159.967	0.21955
	sig:	yes	sig:	yes	sig:	no
Salary	138.234	5.78E-05	118.607	0.00941	155.031	0.00109
	sig:	yes	sig:	yes	sig:	yes
Education	135.944	3.97E-06	340.27	6.90E-17	340.27	2.37E-25
	sig:	yes	sig:	yes	sig:	yes

In this Chi-Square test, the visitor's age has a significant bearing on the choice of transportation and speaks about who they are as a traveler. They are young professionals who are on the go and can be swayed on a spur of the moment decision to go on a road trip. Although, their age does not necessarily affect their choice of accommodation.

The respondent's salary has an effect on their choice of transportation mode. Young professionals in middle income bracket travel in groups. They are on a budget. Thus the increase in the number of budget hotels in the city.

**Table 7b**

Control Variable	Accommodation Budget		Frequency of Visit		Length of Stay	
	x <sup>2</sup>	p-value	x <sup>2</sup>	p-value	x <sup>2</sup>	p-value
Age	230.5	0.135915	277.6	0.157878	105.618	0.97497
	sig:	no	sig:	no	sig:	no
Salary	897.297	8.4629E-113	1600.953	1.9499E-2	53.5623	0.84362
	sig:	yes	sig:	yes	sig:	no
Education	395.942	5.25929E-22	345.6353	7.29773E-15	165.867961	8.0889E-09
	sig:	yes	sig:	yes	sig:	yes

The respondent's salary has an effect on their accommodation budget and the frequency of their visit. Their level of education has an effect on their accommodation budget, frequency of visit and length of stay. The more educated they are, the more appreciation on culture and the arts.

#### 4. Conclusion

The *Panagbenga* in Baguio City is one of the country's most popular festivals. It attracts tourists who are in their 25-40s, travel in groups, and they belong to the middle income bracket and spends on a budget. They are educated, always on the go and prefers to stay in standard and economy class hotel. This result can be corroborated by the data on the number of hotel rooms by classification. Majority of the hotels in Baguio are standard and economy class, they comprise 38.8% of all DOT-accredited hotels. Their attained educational level may have contributed to their love for the culture and the arts. Those belonging to the 25-40 age brackets have a sense of adventure, ready for a road trip at short moment's notice. Evidently, respondents with higher educational attainments prefer to stay in hotels. Most of them use their own cars, frequents Baguio and normally stays for a night or two. There are a significant number of couples and solo travelers as well. Notably, there are also families who visit the festival with their young children.

Existing, new and upcoming lodging business ventures in the city may use these data to come up with strategies that can give them competitive advantage. It is noteworthy that visitors prefer an accommodation that gives value for money and looks for well-appointed guest rooms, internet connectivity and restaurant outlets, among others. In retrospect, Baguio hospitality service providers should invest on service and product improvements as *Panagbenga* will remain to become one of Baguio City's main attraction and its patrons require more mid-range lodging accommodations because of the promise of a repeat visit in a short moment's notice.

#### 5. Policy Implication and Future Research Direction

This research, however, did not cover whether the visitors came here for the first time, or several times already for the festival. This can be an area to be considered for future researches given the increasing congestion brought about by the influx of tourists in the city. Other possible areas for research are as follows:

1. Multiplier effect. For every peso spent by the tourist during the festival, how much income is generated? Notable in this research is that a significant number of tourists stay with relatives and friends. Thus, is the festival contributing to job generation, or extended work hours only for hotel workers/employees during peak season?

2. Externalities. Does the festival allow an increase in total social welfare, or otherwise? Does the marginal social benefit created during the conduct of the flower festival, exceed the marginal social cost of implementation? There is a need to look beyond the absolute values and take into consideration the social impact of the festival.
3. Environmental issues. Is Panagbenga a sustainable tourism activity in the long run? Will the local community and its environment willing and able to provide for the needs of the festival, natural resources-wise?

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