

## Determinants of Free Independent Traveler Tourist Expenditures in Israel: Quantile Regression Model

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**Abstract :** Tourism, one of the world's largest and fastest growing industries, exerts a major economic influence. The number of international tourists is growing every year, and the relative portion of independent (FIT) tourists is growing as well. The characteristics of independent tourists differ from those of tourists who travel in organized trips. The purpose of the research is to identify the factors that affect the individual tourist's expenses in Israel: total expenses, expenses per day, expenses per tourist, expenses per day per tourist, accommodation expenses, dining expenses and transportation expenses. Most of the research analyzed the total expenses using OLS regression. The determinants influencing expenses were divided into four groups: budget constraints, socio-demographic data, psychological characteristics and travel-related characteristics. Since the effect of each variable may change over different levels of total expenses the quantile regression (QR) theory will be applied. The current research will use data collected by the Israeli Ministry of Tourism in 2015 from individual independent tourists at the end of their visit to Israel. Preliminary results show that: At lower levels of expense, only income has a (positive) effect on total expenses, while at higher levels of expense, both income and length of stay have (positive) effects. -The effect of income on total expenses is higher for higher levels of expenses than for lower level of expenses. -The number of sites visited during the trip has a (negative) effect on tourist accommodation expenses only for tourists with a high level of total expenses. Due to the increasing share of independent tourism in Israel and around the world and due to the importance of tourism to Israel, it is very important to understand the factors that influence the expenses and behavior of independent tourists. Understanding the factors that affect independent tourists' expenses in Israel can help Israeli policymakers in their promotional efforts to attract tourism to Israel.

**Keywords :** independent tourist, quantile regression theory, tourism expenses, tourism

**Conference Title :** ICHT 2017 : International Conference on Hospitality and Tourism

**Conference Location :** Vancouver, Canada

**Conference Dates :** August 07-08, 2017