

**DETERMINANTS OF U.S. OUTBOUND TOURISM TO CANADA, MEXICO AND WESTERN EUROPE:
EMPIRICAL EVIDENCE FROM AN AUTOREGRESSIVE DISTRIBUTED LAG MODEL**

Macki Sissoko, Norfolk State University, U.S.A.
John Kamiru, Norfolk State University, U.S.A.
James Corprew, Norfolk State University, U.S.A.

[dx.doi.org/10.18374/JABE-20-3.8](https://doi.org/10.18374/JABE-20-3.8)

ABSTRACT

This article investigates U.S. outbound tourism demand for selected major foreign destinations, namely Mexico, Canada and Western Europe, using the Autoregressive Distributed Lag model (ARDL) and quarterly data during the period 1995Q4 – 2016Q4. No study in the tourism literature conducted an empirical analysis on U.S. outbound tourism demand, the largest source of tourist arrivals in foreign destinations in the world, using ARDL modelling. Results from the Augmented Dickey-Fuller unit root testing methods ruled out that none of the variables under consideration, in this study, is in the order of $I(2)$: both indicated that all the time series are integrated in the order of, either $I(0)$, or $I(1)$. The ARDL bounds tests reveal the existence of a long-run equilibrium relationship between the number of U.S. tourists' arrivals, relative prices of tourism in these selected foreign destinations, transportation costs, real U.S. personal disposable income, and real U.S. median home price as proxy for wealth. The estimated coefficients of the short-run dynamic ARDL models are negative as expected, and significant; thus, indicating that short-term deviations, due to shocks, are restored back into equilibrium from one period to the next at the rate of 46%, 87% and 91% for Mexico, Western Europe and Canada, respectively. Results of the CUSUM and CUSUMSSQ stability tests show that the models have remained relatively stable over the course of the study period. Overall, the findings provide useful insights for lawmakers and tourism management practitioners in those countries on how to develop policies aimed at promoting their tourism industries in order to achieve desired national goals.

Keywords: Outbound Tourism, Auto Regressive Distributed Lag Model, Bounded Testing, Long-Run Equilibrium

1. INTRODUCTION

The post-World War II period has been essentially characterized by major advancements in transportation, telecommunication, and information technologies, as well as, a rising standard of living in many countries around the world, which contributed to the remarkable expansion of domestic and international tourism. While domestic tourism (residents who travel to visit destinations located within their own country) is an important economic sector in many countries, especially in developed nations, attention has been primarily focused on international tourism because foreign tourism expenditures has been contributing to job creation and income generation thereby stimulating economic growth. International tourism (also referred to as travel and tourism by the United Nations World Tourism Organization), as part of trade, consists of inbound tourism and outbound tourism. Inbound tourism is when a country exports tourism to other nations; however, nonresidents must travel to the supply source to buy the tourism goods and services. In contrast, outbound tourism is when a country imports tourism from other nations; however, its residents must travel first in order to buy tourism goods and services at their foreign destinations.

Currently, travel and tourism account for over 10% of the total international trade and about half of the world's trade in services. Worldwide, the number of tourism arrivals rose from 25 million in 1950, 527 million in 1995 to over 1,186 million in 2015. Similarly, international tourism receipts earned by foreign destinations increased remarkably from 2 billion US dollars in 1950, 415 billion US dollars in 1995, to 1260 billion US dollars in 2015 (World Tourism Organization, UNWTO Tourism Highlights, 2016th Edition). Given the significance of tourism as an engine of economic growth, through job creation, business formation and export revenue generation, in many countries, the public and the private sectors have improved their