2026-08

Investigating the link between the theory of consumer purchase intention and the consumers' spending capacity: a study on the tourism sector of Bangladesh.

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A Research Paper Presented in Partial Fulfillment
of the Requirements for the Degree
Master of Science in Economics

INDEPENDENT UNIVERSITY, BANGLADESH

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Certificate of Supervisor

This is certified that the presented thesis on the "**Investigating the link between the theory of Consumer Purchase Intention and the consumers' spending capacity: A study on the tourism sector of Bangladesh.**" is an authentic work accomplished by Kazi Shawon Hadi (ID: 2421219) under my supervision and submitted to Department of Economics, School of Business & Entrepreneurship, Independent University, Bangladesh for fulfillment of his Master of Science in Economics program.

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DECLARATION

The research paper has been done under the supervision of Dr. Shahriar Kabir. The topic has been approved by my supervisors. This paper contains no material published elsewhere or extracted in whole or in part from a research project/thesis/article by which I have qualified for or been awarded another degree or diploma. No other person's work has been used without due acknowledgment in the main text of the research paper. This research paper has been undertaken to fulfill the requirements of ECN 599.

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Acknowledgement

I would like to express my sincere gratitude to everyone who supported me throughout the completion of this thesis.

First, I am deeply thankful to my supervisor, Dr. Shahriar Kabir, Professor, Department of Economics, School of Business & Entrepreneurship, Independent University Bangladesh (IUB). His continuous guidance, constructive feedback and consistent support were essential in shaping this research from beginning to end.

I would also like to thank Ms. Zakia Binte Jamal and Mr. Sohel Islam, both Lecturers at Independent University Bangladesh (IUB) for their valuable assistance in developing the research questionnaire. Their support at the early stage of this study was instrumental in moving the work forward.

I am also grateful to Dr. Md. Khaled Saifullah for his encouragement and academic support during this research process.

I would like to acknowledge my family for their financial support, which made it possible to carry out this study. I also thank my friends for their help during the pilot survey. Their contributions, big and small, played a meaningful role in the successful completion of this thesis.

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Abstract

Purpose: This study is based on the consumer purchase intention (CPI) and consumer spending capacity in the tourism sector of Bangladesh. The purpose of this study is to investigate the link between CPI and consumer spending capacity. This study investigates if commonly known factors of CPI such as attitude, subjective norms, perceived behavior control, location, preference, satisfaction, last visit and purchasing power can influence a consumer spending behavior.

Design/methodology/approach: Primary data were collected from 330 domestic tourists using a structured questionnaire. Reliability analysis, KMO and Bartlett's Test, Principal Factor Analysis, Ordinary Least Squares (OLS) and Generalized Linear Model (GLM) regression were applied.

Findings: This study finds that destination preferences, destination satisfaction, purchasing power and last visit are significantly influence the total expenditure of a domestic tourist also demographic items show that higher education, aged people and higher income group are significantly higher trip spending.

Practical Implications: The findings can help policymakers and tourism stakeholders improve tourism infrastructure, destination quality, destination facilities, destination preference and marketing strategies to increase domestic tourist expenditure.

Originality/value: It bridges psychological behavioral models and microeconomic budget constraints through an econometric framework for realized tourist expenditure in emerging tourism markets.

Keywords: Bangladesh Tourism, Tourist Expenditure, Factor Analysis, OLS, GLM, Consumer Purchase Intention, Spending Capacity.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Tourism is one of the fastest growing global sectors. It creates job, income, new business, as well as connects people, cultures and ideas across borders. Many governments treat tourism as an effective tool for economic growth beside just a leisure industry. In Bangladesh, tourism is utilized. Over the last decade to turn its natural beauty into a real economic asset. The tourism sector is an important role for economic development. The industry support direct and indirect employment opportunities across many service sectors, including hospitality, transport, food service and local handicrafts (BDPolicy Lab, 2026).

Among many attractions in Bangladesh, three destination stand out the most. The first one is Cox's Bazar. It is famous for its long sandy beach, which stretches for about 120 kilometers along the Bay of Bengal. It is also known as the tourist capital of Bangladesh and attracts a large number of domestic tourists every year. The second one is Sreemangal, known as the Tea Capital of Bangladesh. It has more than a hundred of tea gardens, rolling green hills and a calm atmosphere that is very different from a busy beach town. Visitors go there to relax, walk through tea estates and enjoy nature at a slower pace. The third and the recent growing one is Kuakata, a smaller but quieter beach town on the southern coast. Local people call it 'Sagor Konna', which means daughter of the sea because it is one of the few beaches in the world where tourists can watch both the sunrise and the sunset over the water. These three places are different from each other in almost every way, yet they all compete for the same pool of domestic tourists.

In 2024, Bangladesh earned approximately 440 million USD from tourism, representing a 13.5 percent increase from the previous year (BDPolicy Lab, 2026). Domestic visitors account for the majority of total tourism expenditure in the country (Miah et al., 2025). To understand variations in tourist expenditure, researchers examine how travelers think, evaluate value and make financial

decisions. Consumer Purchase Intention Theory provides a strong theoretical framework for this analysis. The theory suggest that individual spending decisions are determined by personal attitudes, perceived value, price sensitivity and social influence (Prebensen et al., 2023). According to consumer psychology models, behavioral intention is an important factor that influences actual spending decisions (Ajzen, 1991). When applied to tourism economics, this framework explains a simple pattern. Visitors to the same destination do not spend the same way. Some stick to a tight budget and others spends freely even when the place they are visiting, the prices and the overall experience are same.

Recent literature highlights several factors that shape travel intentions and spending behavior. Tourist satisfaction, travel distance and socioeconomic status directly influence expenditure levels (Phan et al., 2025). Digital media and mobile technology also influence travel choices and purchasing decisions, especially among younger people (Zhou & Deb, 2025). In Bangladesh, factors such as crowding, destination image and service quality can influence visitor's attitudes and their total spending during a trip (Miah et al., 2025). Despite the growing interest in domestic tourism, most studies focus on general tourist behavior. They do not clearly examine what factors affect tourist's spending. There is also limited research explore the link between consumer purchase intention and spending capacity in developing countries like Bangladesh. In Bangladesh, both low budget and high budget tourists often visit the same destinations.

1.2 Statement of the Problem

Tourism is a very important industry in Bangladesh. Every year many local tourists visit popular places like Cox's Bazar, Sreemangal and Kuakata. Even though domestic tourism is growing fast, we still do not fully understand how a tourist's mindset and budget affect how much money they actually spend during their trip. However, limited research has examined the connection between psychological factors, such as Consumer Purchase Intention (CPI) and consumers financial ability, measured through spending capacity. Most tourism literature in Bangladesh focuses either on descriptive visitor profiles or single destination case studies. As a result, there is still limited research comparing tourist spending across different types of destinations. This makes it difficult to understand why tourists spend more in some places than others. Without this knowledge,

destination marketers, hotel managers and policymakers may struggle to set suitable prices and develop services that attract high-spending tourists.

1.3 Research Questions

This research attempts to answer following queations:

i. How does Consumer Purchase Intention (CPI) affect tourist spending behavior in Bangladesh?
ii. How does an individual tourist's financial spending capacity influence their overall trip expenditure?
iii. How do tourist spending behaviors and expenditure patterns differ across Cox's Bazar, Sreemangal, and Kuakata?
iv. What environmental sustainability policies can be implemented to foster sustainable eco-tourism development across these destinations?

1.4 Objectives of the Study

The main objective of this study is to examine the link between Consumer Purchase Intention (CPI) and financial spending capacity in the domestic tourism sector of Bangladesh.

i. Identify the key behavioral and perceptual factors driving consumer purchase intention among domestic tourists.
ii. Analyze the relationship between identified factors and tourist spending behavior across varying expenditure levels.
iii. To measure the impact of age, income, occupation, location, destination perception and service quality on overall tourist expenditure.
iv. To compare tourist spending patterns across three key destinations: Cox's Bazar, Sreemangal, and Kuakata.
v. Recommend environmental sustainability policies to foster sustainable eco-tourism development.

1.5 Significance of the Study

This study is helpful in many ways. Most tourism research in Bangladesh only looks at whether tourists are happy or not. Very few studies connect tourist willingness to spend with real economic money theories. This paper helps fill that missing gap. Hotel owners, restaurant staff and local tour guides in Cox's Bazar, Sreemangal and Kuakata can use these results. It helps them understand what tourists care about most so they can improve services and set better prices. Bangladesh Tourism Board can use these findings to build better tourism plans. It gives them good ideas on how to protect nature from over tourism while still growing the local economy. Students and researchers who want to study tourist psychology, spending habits or travel economics in Bangladesh can use this work as a simple starting guide.

1.6 Organization of the study

Chapter One introduce the study outlines the study background, problem statement, research questions, objectives, significance and paper structure.

Chapter two Literature Review and Conceptual Framework the study evaluates relevant empirical literature and details the theoretical framework including the Theory of Planned Behavior and Consumer Purchase Intention.

Chapter three Research Methodology the study describes the data collection methods, sampling design, variable definitions, measurement reliability, factor analysis and regression modeling.

Chapter four Data Analysis and Results the study presents empirical findings, descriptive statistics, factor loadings, reliability indices and econometric estimation outcomes.

Chapter Five discusses these findings in relation to the existing literature. It explains what each result means in practical terms and connects the findings back to consumer purchase intention.

Chapter Six with policy suggestions based on the findings, a discussion of the study's limitations and a final conclusion that summarizes the contribution of this paper to the tourism literature in Bangladesh.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

Tourist spending behavior shows how personal motivations turn into real spending. In economics, spending depends on income and prices. Consumer expenditure is primarily governed by disposable income, relative prices and budget constraints (Varian, 2010). In tourism, travel spending also depends on attitudes, social pressure and destination quality (Ajzen, 1991; Crouch & Ritchie, 1999; Woodside & Lysonski, 1989). Tourist expenditure is the amount of money a tourist spends during a trip. It covers hotels, food, transport, shopping and local activities. Many early tourism studies only counted how many tourists visited a place but did not look into how much money each tourist actually spent. Over time, researcher realized that visitor number alone do not tell the whole story. One or more destinations can receive the same number of tourists, yet on can earn more money than the other. This is why tourist expenditure has slowly become a core research area within tourism studies. This shift matters even more for growing tourism country such as Bangladesh. Its tourism industry depends on domestic travelers, hence the tourist spending in the sector comes from within the country rather than from foreign visitors (Miah et al., 2025). Yet, very limited research goes further to explain spending decisions. Tourist expenditure should be studied separately from simply counting the number of visitors because it helps us better understand the actual economic value of tourism in Bangladesh.

This distinction is not just an academic point, rather has real financial consequences. Recent global travel data shows that arrival and spending do not always move together. In Vietnam, tourism revenue nearly reached its pre-pandemic level in 2023, despite having far fewer visitors than before. This means that a destination successful because it attracts many visitors. A destination with fewer tourists can generate more economic benefits if tourists spend more. Therefore, tourist spending is more important than visitor numbers alone. This study applies this idea to Cox’s Bazar, Sreemangal and Kuakata. This chapter builds the theoretical foundation for this study. It links the

Theory of Consumer Purchase Intention (CPI) with consumers spending capacity in Bangladesh's domestic tourism market. It connects psychological intent models with financial budget limits.

2.2 Theoretical Framework

2.2.1 Theory of Reasoned Action (TRA)

Fishbein and Ajzen (1975) developed the Theory of Reasoned Action (TRA). The theory an individual's decision depends on their behavioral intention, which has two main drivers: attitude toward the behavior and subjective norms (Fishbein & Ajzen, 1975). This model was developed to explain behavioral intentions by grouping beliefs into two categories: behavioral beliefs and normative beliefs (Ajzen & Fishbein, 1980). Behavioral beliefs shape an individual's attitude, whereas normative beliefs give rise to subjective norms (Ajzen, 1991). In the extended Theory of Planned Behavior (TPB), attitude toward the behavior and subjective norms remain the two core psychological drivers that shape a consumer's purchase intention (CPI) (Ajzen, 1991; Yadav & Pathak, 2017). Attitude represents an individual's personal an action formed by behavioral beliefs about its positive or negative outcomes (Ajzen, 1991). In domestic tourism, a positive attitude is driven by destination preferences, satisfaction, travel motivations, quality attributes, facilities and past trip satisfaction (Crouch & Ritchie, 1999; Disegna & Osti, 2016; Kozak, 2001). Subjective norms mean the social pressure people feel from others about whether to take an action (Fishbein & Ajzen, 1975). In the Bangladeshi context, subjective norms are primarily driven by family influences and collective decision making (Lam & Hsu, 2004). Together, positive personal attitudes and family influence increase a tourist's willingness to spend (CPI), which finally leads to actual travel spending depending on the tourist’s financial ability (Cannière et al., 2010; Han et al., 2010).

2.2.2 Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) is an extension of the Theory of Reasoned Action (TRA). It explains how people’s beliefs influence their decisions and behavior. TPB is based on three main types of beliefs: behavioral, normative and control beliefs (Ajzen, 1991). Behavioral beliefs affect a person’s attitude toward a behavior and whether they see it as good or bad. Normative beliefs

reflect the influence of family, friends and society on a person's decision. Control beliefs are related to the resources and opportunities available to a person and affect how easy or difficult they feel it is to perform a behavior.

2.3 Consumer Purchase Intention (CPI) and Spending Capacity

Consumer purchase intention theory explain why people decide to spend money the way they do. It is a plan to buy a product, service or trip (Jeng & Fesenmaier, 2002; Zeithaml, 1988). CPI says that a person's intention to spend comes from their attitude towards the product or experience, their beliefs about its value and the social pressure or influence around them. This idea comes from the Theory of planned behavior. Tourism researchers have used this framework for many years and its use has kept growing. A recent review found that the theory of planned behavior remains the most applied psychological theory in tourist behavior research (Li et al.,2024). At the same time newer reviews argue that classic purchase intention models were built mainly for everyday shopping not for travel decisions, which involve higher cost, longer planning time and emotion (Abbasi et al., 2021). This makes tourist spending a special case. A tourist is not simply buying a product. They are buying an experience and their intention to spend depends on how much value they expect that experience to deliver. Hence, applying consumer purchase intention theory to tourism helps explain why some tourists plan to spend a lot before they arrive, while others plan to spend as little as possible from the very beginning of the trip. It is nothing that intention and actual behavior are not always the same thing. A tourist can plan to spend a certain amount before a trip and then spend more or less once they are actually at the destination. It depending on mood, unexpected cost or to try something new. In tourism, CPI is driven by destination choices, travel motives, local facilities and visitor satisfaction (Chen & Tsai, 2007; Prayag & Ryan, 2012). In, CPI is a simple yes or no choice. In tourism, CPI is flexible. It sets the travel plan and decides how much money a tourist wants to spend on travel, food, hotels and shopping (Al-Alawi et al., 2020; Woodside & Lysonski, 1989). One gap in tourism research is the tension between what people want (CPI) and what they can afford (spending capacity). Economic theory says people try to get the most value they can but only within their budget:

$Max\ U(X,Y)$ subject to $P_X X + P_Y Y \leq I.$

Here, I indicate the total income and P is the price level. By combining TPB with economic consumer theory, Spending Capacity becomes the Perceived Behavioral Control. CPI represents travel demand. Actual spending (Y) is the real money spent within budget limits (Eisenhauer, 2003; Jang et al., 2004). If spending capacity is zero, CPI cannot turn into real spending. When spending capacity is high tourists spend more money at their destination (Jang et al., 2004; Nicolau & Más, 2002).

2.4 Motivations, Price Concern and Preference Variations

Not every tourist travel for the same reason and not every tourist equally concerns about price. Some tourists travel to relax. Others travel to explore new place, new food, culture or nature. The mix of motivations changes how tourists choose to spend their money once they arrive. At the same time some tourist watches their budget closely and others think about cost during their trip. The second one knows as price concern, can pull spending down even when a tourist has both the motivation and the money to spend more.

Accordingly, tourist expenditure is rarely spread evenly. A small group of tourists often spends far more than everyone else, while a much larger group may spend carefully and stay close to a fixed budget. This pattern is known as preference variations and it means that the same factor can affect low spending and high spending tourists in very different ways (Pérez-Rodríguez & Ledesma-Rodríguez, 2021). Income, for example may barely move the spending of budget traveler but strongly move the spending of a high value traveler. A model that reports only one average effect such as standard OLS regression, can miss this difference completely. They describe not just what tourists experience but how tourists personally relate to money and both must be understood before tourist expenditure in Bangladesh can be fully explained.

Price concerns itself is not evenly distributed across a population of tourists. It tends to shift with age, income, education and even the length of a trip. Early research on price concerns in tourism found that a tourists age and length of stay together influence preference, which in turn shape up activity choices. In addition, the spending pattern can differ by gender and age group with female tourists often spending more on food and entertainment and younger tourists prioritizing

affordability over comfort. Together, these findings support the idea that price concern are not a fixed trait. It interacts with who the tourist is, which is exactly why this paper treat demographic factors and price concern as connected rather than separate explanations for spending behavior.

2.5 Determinants of Tourist Expenditure: Empirical Literature

A tourists spending is closely tied to what the destination offers. Paper shows that destination features direct link to tourist spending. Good hotels, sights and local services raise visitor satisfaction and spending (Crouch & Ritchie, 1999; Kozak, 2001). High quality infrastructure, good transportation, comfortable hotels and attractive sightseeing spots encourage tourists to spend more money during their trip (Crouch & Ritchie, 1999). Stronger destination preferences make tourists willing to pay more for tours and special experiences (Alegre & Pou, 2004) and happy tourists stay longer. They spend more money on local food, shopping and fun activities (Disegna & Osti, 2016; Wang et al., 2006). Also, Socio demographic factors is a key difference in income, savings and spending habits (Thrane, 2014; Wang & Davidson, 2010). Income is the primary factor on spending capacity (Alegre & Pou, 2004; Brida & Scuderi, 2013). High-income households generally have greater financial resources. They spend more on travel than low income households (Thrane & Farstad, 2011). The economic life cycle (Modigliani & Brumberg, 1954) shows that spending changes with age. Young tourists have low budgets. They spend money mostly on basic travel needs. Older tourists have higher savings and stable incomes. They spend more per trip (Bernini & Cracolici, 2015; Jang & Ham, 2009) and higher education leads to higher job earnings. Educated tourists plan better and spend more money on quality travel experiences (Alegre et al., 2011; Eugenio-Martin & Campos-Soria, 2014). Travel spending depends on location. Beach towns, tea gardens and rural coastlines have different prices and travel options (Fredman, 2008; Mok & Iverson, 1997). In developing countries, top tourist hubs with good hotels earn higher spending per tourist than newer eco-tourism spots (Archer & Cooper, 1994; Tisdell, 2013).

2.6 Tourism Research in Bangladesh: An Underdeveloped Literature

Domestic tourism is growing in Bangladesh but academic research on tourist spending is still limited. Many existing studies mainly use percentages, graphs and general descriptions to discuss

tourism development (Islam, 2006; Chowdhury, 2013). These studies often describe popular destinations such as Cox's Bazar or Sylhet but they provide limited statistical evidence about how much tourists spend and what factors are associated with their spending.

Another important gap is the limited use of behavioral theories in Bangladesh's tourism research. International studies often use theories such as the Theory of Planned Behavior (TPB) to understand tourist's attitudes, intentions and decisions. However, fewer studies in Bangladesh connect psychological factors, such as Consumer Purchase Intention (CPI), with actual tourist expenditure. In addition, many studies focus on only one destination and do not compare tourist spending across different types of destinations, such as beaches, eco-tourism areas and nature-based destinations.

The Bangladesh Tourism Board has also developed a Tourism Master Plan for 2024–2041, which sets national targets for tourism development. The plan aims to increase annual foreign tourist arrivals from the 2019 baseline of 0.32 million to 3.76 million by 2041 (Bangladesh Tourism Board, 2024). However, building tourism infrastructure alone does not guarantee that tourists will spend more money. There is a need to understand what makes tourists willing and able to spend at destinations.

Therefore, this study addresses this gap by examining the relationship between Consumer Purchase Intention and tourist spending capacity. It uses primary survey data from three different destinations Cox's Bazar, Sreemangal and Kuakata to examine how psychological, economic and destination related factors are associated with per-person tourist expenditure. This approach provides a broader understanding of domestic tourist spending behavior in Bangladesh.

2.7 The Research Gap

Although domestic tourism plays a major role in Bangladesh's economy existing academic literature have some limitations. Previous domestic studies failed to merge psychological models with microeconomic budget constraints. Having a strong desire or willingness to travel does not guarantee high expenditure unless backed by financial ability. Prior research in Bangladesh analyzed tourist attitudes or demographics in isolation without integrating the Theory of Planned

Behavior (TPB) and Microeconomic Consumer Theory into a unified empirical framework. Most existing papers in Bangladesh on basic descriptive statistics (percentages and averages). The few quantitative studies that used regression analysis applied standard Ordinary Least Squares (OLS) Microeconomic logic dictates that without intention or budget, trip expenditure must equal zero. Earlier research mostly relied on single location surveys and generalized those findings to the entire country. However, spending behavior at a coastal hub differs significantly from that at an eco-tourism retreat or an emerging beach destination.

2.8 How this paper fills the research gap

This study addresses the research gap by using a clear and structured quantitative approach to examine tourist spending behavior in Bangladesh. It examines how psychological factors related to Consumer Purchase Intention (CPI) are associated with tourist's spending capacity and actual trip expenditure. The study includes several important variables, such as income, age, education, family influence, destination distance, destination cost, destination facilities and previous travel experience. These variables provide a broader view of the factors associated with tourist expenditure.

The study also uses a Regression Through the Origin (RTO) model to estimate the relationship between the selected attributes and per-person tourist expenditure. In addition, primary data were collected from tourists visiting three different destinations: Cox's Bazar, Sreemangal and Kuakata. Comparing these three destinations helps identify differences in tourist spending across different types of tourism destinations in Bangladesh. Overall, the structured approach allows the study to provide a more detailed understanding of the psychological, economic and destination-related factors associated with domestic tourist expenditure.

CHAPTER THREE

RESEARCH METHODOLOGY

This study examines the relationship between Consumer Purchase Intention (CPI) and consumers spending capacity in the tourism market of Bangladesh. The study was examining in three main parts. First, primary data were collected through a survey. Second, the collected data were organized and converted into suitable variables, including dummy variables and the collected data were examined statistical techniques including EFA, Cronbach's alpha, the KMO test, OLS and Generalized Linear Model (GLM). To model the relationship between the dependent variable and the explanatory variables, we run a (GLM) with a gamma distribution and log link function (McCullagh & Nelder, 1989), given the positive dependent variable. Generalized linear models are appropriate when the dependent variable does not follow a normal distribution (McCullagh & Nelder, 1989). As a robustness check, we also estimated an (OLS) model with heteroskedasticity-robust standard errors (White, 1980), to compare the direction and significance of the estimated relationships across model specifications.

3.1 Study Area and Destination Selection

Three destinations were selected for this study: Cox's Bazar, Sreemangal and Kuakata. These three places were not chosen at random. They were chosen because together they represent the main types of domestic tourism found in Bangladesh, from a busy beach city, to a quiet hill and tea region, to a smaller and less developed coastal town. Studying all three at once allows this paper to test whether the factors driving tourist expenditure stay the same across very different settings or whether they change depending on the type of destination.

3.2 Sampling Strategy and Sample Size

Data was collected from a total of 330 tourists across the three destinations. Since there is no complete list of tourists visiting Cox's Bazar, Sreemangal, and Kuakata in a given period. Because of this, the study used purposive on-site sampling. Tourists were approached directly at the

destinations and asked to complete the questionnaire. (Chen & Tsai, 2007; Prayag & Ryan, 2012; Saunders et al., 2019).

A sample size of 330 was considered appropriate for two reasons. First, the sample size is above the general guideline for multivariate analysis. It meets the recommended minimum of about 300 cases or 5–10 cases per variable for factor analysis and multiple regression (Hair et al., 2019). Second, the sample was divided across three destinations, with enough respondents from each place for meaningful comparison. Respondents were approached during busy visiting hours. This helped us reach tourists with different ages, income and travel purposes.

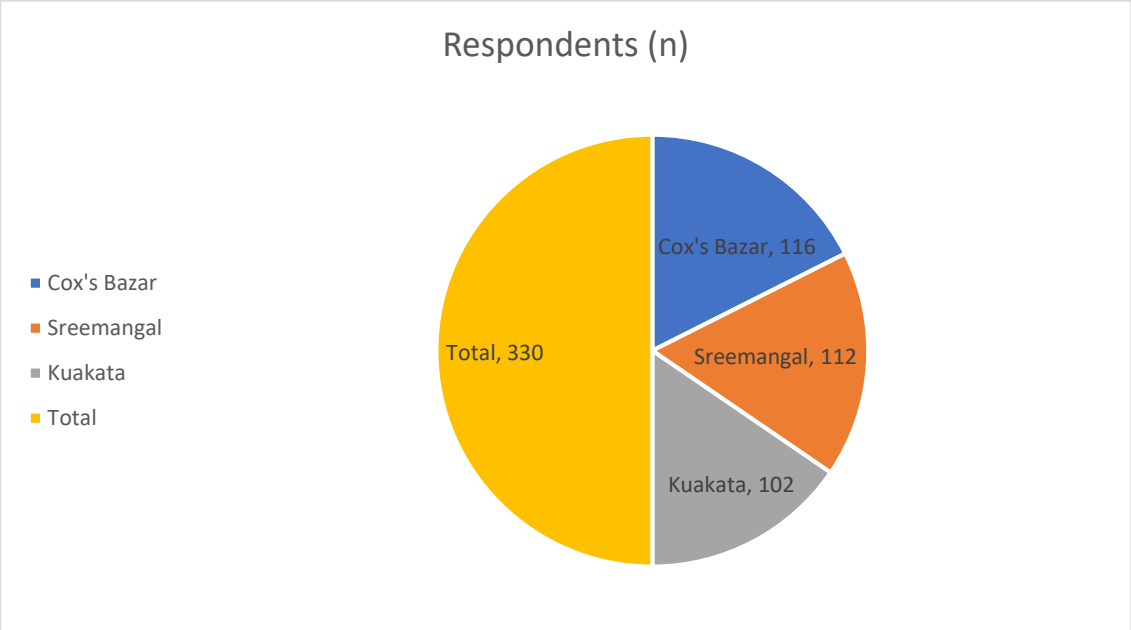

Table 3.1: Sample Distribution by Survey Location

Location	Respondents (n)	Percentage (%)
Cox's Bazar	116	35.2%
Sreemangal	112	33.9%
Kuakata	102	30.9%
Total	330	100%

Note: Source: Primary survey data collected by the author (2024–2025).

3.3 Data organization and modeling

The study used Cronbach's alpha to check the reliability of the factors affecting purchase intention. The Cronbach's alpha value was 0.69, which shows acceptable reliability (Cronbach, 1951; Hair et al., 2019; Taber, 2018). The KMO test was used to check whether the data were suitable for factor analysis. Then, Exploratory Factor Analysis (EFA) was used to identify the main factors in the data (Kaiser, 1974). Finally, OLS regression was used to examine the relationship between the dependent variable and the factors. These methods were used to analyze the study model (Greene, 2018; Wooldridge, 2020).

3.4 Statistical modeling and econometric analysis

Main mode 1, to empirically evaluate the relationship between the Theory of Consumer Purchase Intention (CPI) and consumers spending capacity in the tourism sector, a multiple regression model estimated without an intercept term (Regression Through the Origin - RTO) is specified. In this specification no intercept was use to estimate category specific expenditure levels. Economic theory dictates that zero-purchase intention and financial capability naturally correspond to zero spending capacity, making the suppression of the constant term theoretically valid (Eisenhauer, 2003; Wooldridge, 2020). The general baseline econometric equation without an intercept is expressed as:

$$Y_i = \beta X_i + \varepsilon_i \quad (1)$$

In Equation (1), the dependent variable represents consumer spending capacity, while the estimated coefficients show the relationship between each factor and spending capacity. The group of factors represents the independent variables, and the error term represents other factors that are not included in the model.

Quantitative variables such as age, income, education and occupation are measured using numerical values. On the other hand, qualitative factors such as Destination Preference, Destination Distance, Destination Cost, Destination Satisfaction, Destination Facilities, Destination Motivation, Destination Attributes, Last Visit, Purchasing Power and Family

Influence are included in the model using suitable variables. These factors may influence consumer purchase intention and spending capacity in the tourism market.

Therefore, Equation (1) is expanded into the following multiple regression model to analyze the survey data:

$$Y_{(\text{Per Person Expenditure})} = \beta1(\text{Destination Preference}) + \beta2(\text{Destination Distance}) + \beta3(\text{Destination Cost}) + \beta4(\text{Destination last visit}) + \beta5(\text{Destination Satisfaction}) + \beta6(\text{Destination Facilities}) + \beta7(\text{Family Influences}) + \beta8(\text{Purchasing Power}) + \beta9(\text{Destination Motivation}) + \beta10(\text{Destination Attributes}) + \varepsilon_i \quad (2)$$

Y is the dependent variable representing the tourists total per-person trip expenditure. Destination Preferences such as Natural Beauty, Beaches, Hills and forests, quiet place, clean and attractive places etc., Destination Distance such as Travel time, Road distance, Easy to findings transportation routes etc., Destination Cost such as Accommodation cost, Travel cost, food cost, Activity cost etc., Destination Satisfaction such as Overall travel satisfaction, value satisfaction, safety satisfaction etc., Destination Facilities such as Accommodation quality, Restaurant and food facilities, parking condition, Internet quality etc., Destination Motivation such as Exploration new area, Adventure and recreation, Entertainment etc., Destination Attributes such as Local people, Local Culture, Religious sites, Hospitality of local people etc., Last Visit, Purchasing Power, Family Influences is the key independent behavioral and economic variables identified from factor analysis and theoretical constructs. $\beta1$ $\beta2$ $\beta3 \ldots \beta10$ the estimated parameters measuring the contribution of each independent factor to total expenditure in the absence of an intercept.

3.4.1 Supplementary analysis model details

For the destination Model: 2

$$Y_{(\text{Per Person Expenditure})} = \beta1(\text{Cox's Bazar}) + \beta2(\text{Sreemangal}) + \beta3(\text{Kuakata}) + \varepsilon_i$$

This model shows how per-person tourist expenditure different by Cox's Bazar, Sreemangal and Kuakata.

For the education group Model: 3

$$Y_{(\text{Per Person Expenditure})} = \beta 1(Below\ Bachelor) + \beta 2(\text{Bachelor}) + \beta 3(\text{Above Bachelor}) + \varepsilon_i$$

This model shows how tourist expenditure different based on education level: below Bachelor, Bachelor and above Bachelor.

For the age group Model: 4

$$Y_{(\text{Per Person Expenditure})} = \beta 1(\text{Age group } 18-20) + \beta 2(\text{Age group } 21-30) + \beta 3(\text{Age group } 31-40) + \beta 4(\text{Age group } 41-50) + \beta 5(\text{Age group } 51-70) + \varepsilon_i$$

This model shows how per-person tourist expenditure different by different age groups from 18–20 to 51–70 years.

For the income group Model: 5

$$Y_{(\text{Per Person Expenditure})} = \beta 1(\text{Income range } 10k-25k) + \beta 2(\text{Income range } 25k-50k) + \beta 3(\text{Income range } 50k-100k) + \beta 4(\text{Income range } 100k-150k) + \beta 5(\text{Income range } 150k-200k) + \varepsilon_i$$

This model shows how per-person tourist expenditure different by different income groups from BDT 10,000–25,000 up to BDT 150,000–200,000.

3.5 Respondent Profile

3.5.1 Geographic Distribution of Respondents: Respondents came from all eight divisions of Bangladesh, demonstrating that the three survey destinations attract visitors from across the entire country. However**,** the biggest group of respondents which include 146 tourists (44.2%) came from Dhaka Division, reflecting the capital's concentration of working professionals and middle-class families who constitute the primary domestic tourist market.

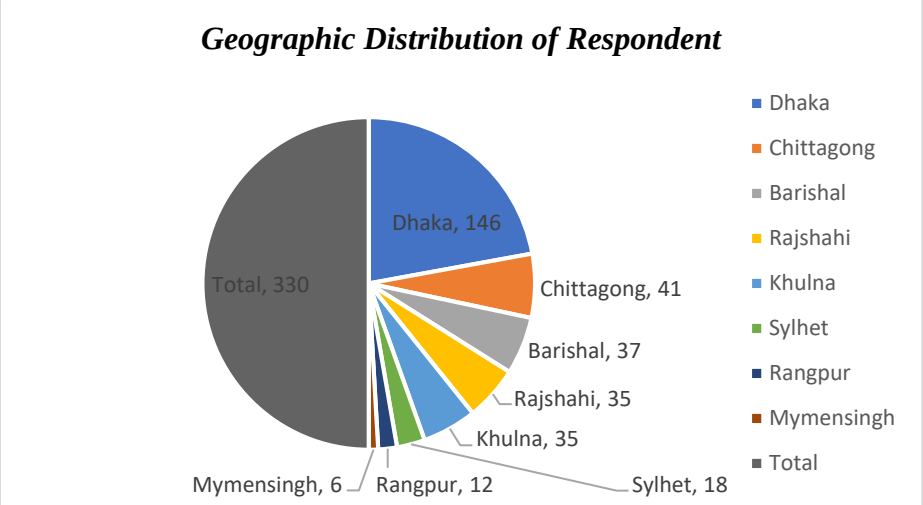

Table 3.2: Division of Origin

Division	Number of Tourists (n)	Percentage (%)
Dhaka	146	44.2%
Chittagong	41	12.4%
Barishal	37	11.2%
Rajshahi	35	10.6%
Khulna	35	10.6%
Sylhet	18	5.5%
Rangpur	12	3.6%
Mymensingh	6	1.8%
Total	330	100%

Source: Primary survey data

3.5.2 Age Distribution: The tourists who took part in this study were between 18 and 70 years old. Mean of the age group was 33 years old and median was 30 years old. Nearly half the sample, 164 people or 49.7%, were between 21 and 30 years old. This shows that young adults are the main group driving domestic tourism in Bangladesh. Adding the next age group 31- 40 years (29.1%) together the two groups make up 78.8% of all the tourists surveyed meaning that roughly 4 out of every 5 tourists are between 21 and 40 years old.

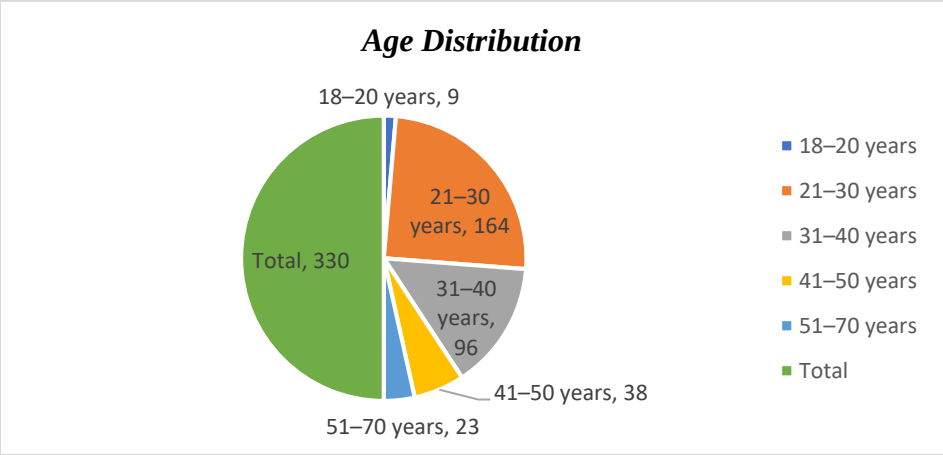

Table 3.3: Age Groups of Tourists

Age Groups	Number of Tourists (n)	Percentage (%)
18–20 years	9	2.7%
21–30 years	164	49.7%
31–40 years	96	29.1%
41–50 years	38	11.5%
51–70 years	23	7.0%
Total	330	100%

Source: Primary survey data

3.5.3 Occupation: The biggest group of 131 tourists were with regular job people, which is about 40% of total survey. The second biggest group were business owners and entrepreneurs, making up about 21.5% (71 tourist). Putting the two groups together, it makes up roughly 61% of all tourists more than half. This shows that working professionals, whether salaried or self-employed are the main group traveling within Bangladesh.

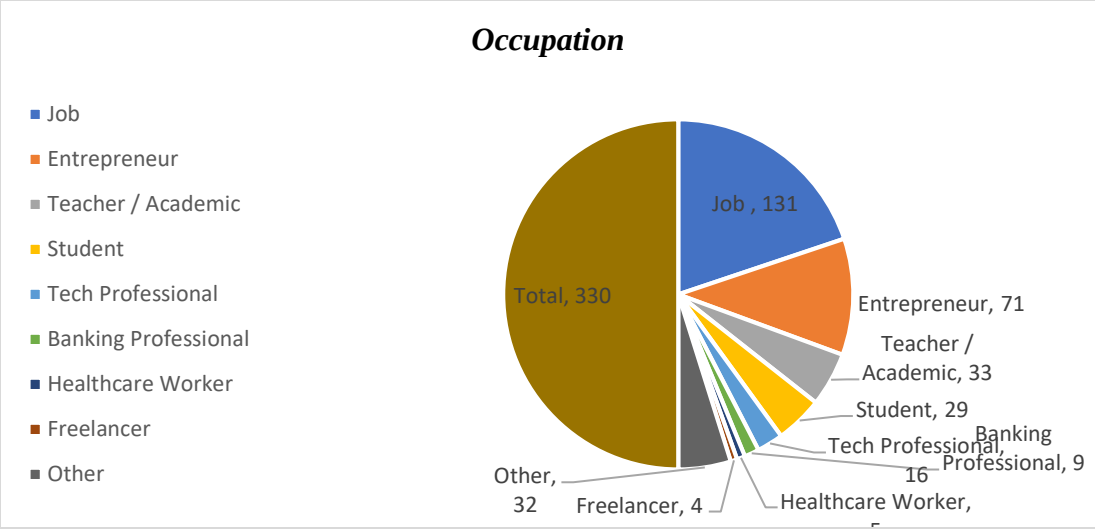

Table 3.4: Occupation of Tourists

Occupation	Number of Tourists (n)	Percentage (%)
Job	131	39.7%
Entrepreneur	71	21.5%
Teacher / Academic	33	10.0%
Student	29	8.8%
Tech Professional	16	4.8%
Banking Professional	9	2.7%
Healthcare Worker	5	1.5%
Freelancer	4	1.2%
Other	32	9.7%
Total	330	100%

Source: Primary survey data.

3.5.4 Education Level: This sample observes relative educated respondent groups. The largest group of tourists (134 tourists, 41%) held a Master's degree followed by about (125 tourists, 38%) with a Bachelor's degree. Together, these two groups make up nearly 79% of whole sample, showing that domestic tourism in Bangladesh is highly driven by educated, urban tourists.

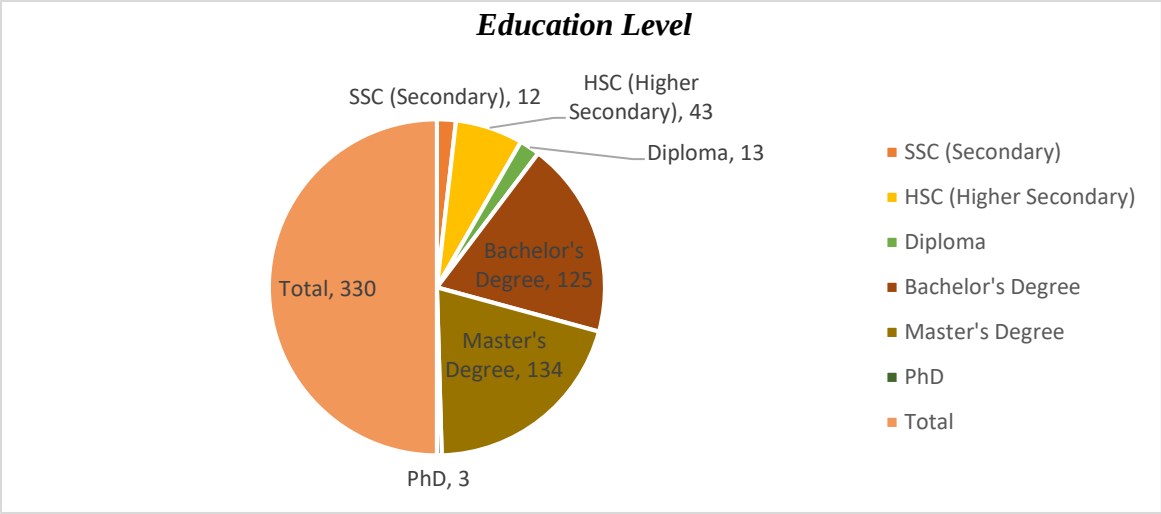

Table 3.5: Education Level of Tourists.

Education Level	Number of Tourists (n)	Percentage (%)
SSC (Secondary)	12	3.6%
HSC (Higher Secondary)	43	13.0%
Diploma	13	3.9%
Bachelor's Degree	125	37.9%
Master's Degree	134	40.6%
PhD	3	0.9%
Total	330	100%

Source: Primary survey data.

3.5.5 Monthly Income: Most tourists in this study fall into the lower middle-income bracket. The biggest group earned between BDT 25,000 and 50,000 per month of 132 tourists (40% of the sample). The next biggest group earned between BDT 50,000 and 100,000 per month, which is about 28.5% (94 tourists). Together, these two income groups make up close to 69% of all the whole sample, showing that domestic tourism in Bangladesh is mainly a driven by middle and lower middle-income earners.

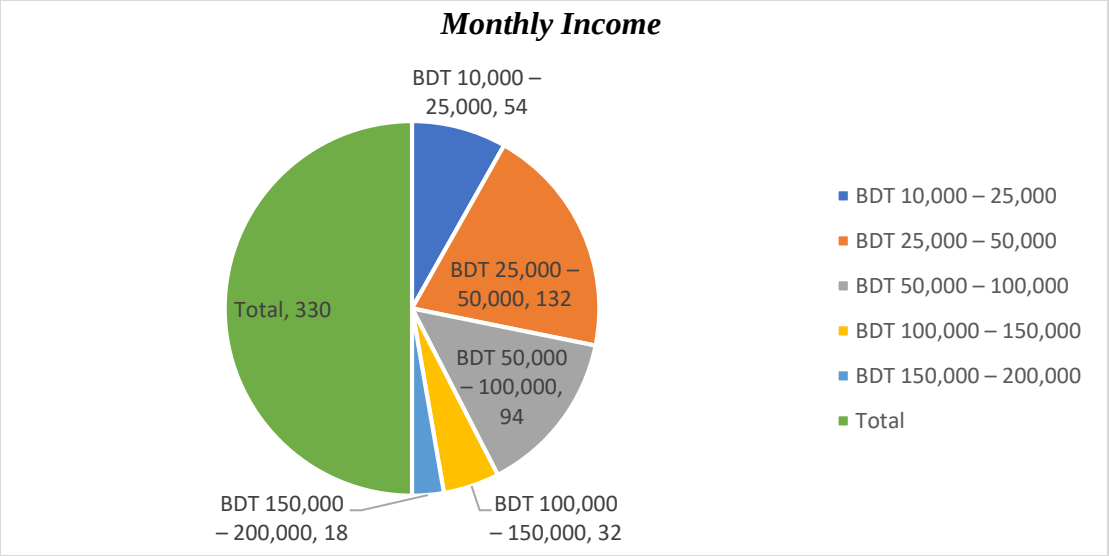

Table 3.6: Monthly Income of Tourists (BDT).

Monthly Income (BDT)	Number of Tourists (n)	Percentage (%)
BDT 10,000 – 25,000	54	16.4%
BDT 25,000 – 50,000	132	40.0%
BDT 50,000 – 100,000	94	28.5%
BDT 100,000 – 150,000	32	9.7%
BDT 150,000 – 200,000	18	5.5%
Total	330	100%

Source: Primary survey data.

3.6 Ethical Considerations

This study followed standard ethical practices for survey based social science research (Bryman, 2016). Participation was voluntary. Every tourist approached was told the purpose of the study before agreeing to take part and no one was pressured or paid to respond. Tourists were free to skip any question they did not want to answer or to stop the survey at any point without giving a reason.

No identifying information was requested from the respondents. The questionnaire did not collect details such as names, phone numbers, or residential addresses. Responses were recorded and stored using anonymous identification numbers rather than names so individual tourists cannot be traced back to their answers in the final dataset. All data was used strictly for academic purposes connected to this thesis, and results are reported only in aggregated or statistical form, never as individual responses linked to a specific person. These steps were taken to protect respondent privacy while still allowing the data to support meaningful statistical analysis.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1 Overview of the Analytical Approach

This chapter presents the results of the empirical analysis conducted to identify the factors influencing domestic tourist expenditure in Bangladesh. The analysis is based on data collected from 330 domestic tourists through a structured questionnaire. The collected data were analyzed using Stata statistical software. Different statistical methods were applied to examine the relationships between the study variables and tourist expenditure.

4.2 Factor Analysis

4.2.1 Cronbach's alpha. Reliability: Cronbach's alpha is used to check the consistency and reliability of the items in a questionnaire. It shows whether the items measure the same concept consistently (Tavakol and Dennick, 2011). Generally, an alpha value of 0.61-0.70 indicates weak but usable reliability, while 0.71-0.80 is considered acceptable. Values of 0.81-0.90 indicate good reliability, and values above 0.90 indicate excellent reliability (Bland and Altman, 1997).

In this study, the Cronbach's alpha value for the influential factors was 0.69, which is close to the commonly used 0.70 level and indicates acceptable reliability for an exploratory study. Demographic questions such as age, occupation, income, and location are basic background questions and are not expected to measure the same concept. Therefore, Cronbach's alpha is not appropriate for these questions, and their reliability should not be evaluated in the same way.

Table 4.1: Reliability Statistics

Measure	Cronbach's Alpha	Number of Items
Survey Location	0.405	3
Occupation	0.254	2
Education	0.505	3
Age	0.438	5
Income	0.313	5
Influential Factors	0.685	10

Note: Computed from primary survey data (N = 330).

4.2.2 KMO Bartlett's Test: The Kaiser-Meyer-Olkin (KMO) test is used to check the data are suitable for factor analysis. It shows whether the relationships among the variables are strong enough to perform factor analysis (Williams, 2010). KMO value below 0.50 is considered unsuitable, while a value of 0.50 or above is acceptable. Higher KMO values indicate better suitability for factor analysis (Shrestha, 2021). KMO values indicate the suitability of data for factor analysis. Based on Kaiser (1974), values below 0.50 are considered unacceptable. Values between 0.50 and 0.59 are miserable, 0.60 and 0.69 are mediocre, 0.70 and 0.79 are middling, 0.80 and 0.89 are meritorious, while values from 0.90 to 1.00 are considered marvelous.

Table 4.2: KMO and Bartlett's Test Results

Construct Block	KMO Metric	Bartlett's χ^2	df
Demographic Profile	0.056		153
Influential Factors	0.697	618.192***	45

Note: *** p ≤ 0.01.

Influential Factors (Suitable): The Influential factor scored 0.697 on the KMO test comfortably above the benchmark of 0.50. Bartlett's Test also support with high significant ($p < 0.001$), confirming that the questions are meaningfully related to each other.

Demographic Profile (Not Suitable): The demographic questions (like age, job, income etc.) got a very low KMO score of 0.056 which is well below the acceptable level of 0.50. This is not So surprising because demographic questions are just background information not questions designed to measure any shared idea. So, they are simply not the right type of data for factor analysis.

4.3 Exploratory factor analysis

Factor analysis is a commonly used method for analyzing survey data (Costello and Osborne, 2005). It helps simplify a large number of variables by grouping related variables into factors. In this study, factor analysis was used to examine the ten factors related to consumer purchase intention. A factor loading of 0.50 or higher is generally considered meaningful and an eigenvalue of 1 or higher is commonly used to retain a factor (Costello and Osborne, 2005).

Table 4.3: Factor Analysis

Variables	Factor 1 loading Value	Uniqueness	Cronbach's Alpha	communality (1-uniqueness)	Eigenvalue > 1.0
Destination Preferences	0.7251	0.3152		0.6848	
Destination Satisfaction	0.5610	0.6000	0.7445	0.4000	2.2372
Destination Facilities	0.6940	0.3378		0.6622	
Destination Motivation	0.6298	0.5224		0.4776	

Note: Six items were dropped due to factor loadings falling below 0.50.

Factor 1 includes four important variables. Destination preference such as natural beauty, beaches, hills and forests, quiet places and clean and attractive places had the highest factor loading (0.7251). Destination satisfaction, such as overall travel satisfaction, value for money and safety had a loading of 0.5610. Destination facilities including accommodation quality, restaurant and food facilities, parking conditions and internet quality had a loading of 0.6940. Destination Motivation including exploring new areas, adventure, recreation and entertainment had a loading of 0.6298. These four variables had acceptable factor loadings and were therefore retained in the model. Here, factor loading shows how strongly a variable is related to an underlying factor. A higher loading means a stronger relationship.

The other six variables destination distance, destination cost, last visit, purchasing power, family influences and destination attributes were removed because their factor loadings were below the 0.50. According to Costello and Osborne (2005), a factor loading of 0.50 or above is generally considered acceptable. Based on Kaiser's criterion, a factor is retained when its eigenvalue is greater than 1. In this study, only Factor 1 fulfill this criterion with an eigenvalue of 2.2372. Factor

1 explained 22.37% of the total variance in the ten items. Cronbach's alpha was also used to check the internal consistency of the four items included in Factor 1. The Cronbach's alpha value was 0.7445, indicating that the items had acceptable reliability. Table 4.3 presents the factor loadings and unique variances of the ten surveyed attributes. Uniqueness represents the part of a variable that is not explained by the common factor while communality represents the part explained by the common factor. Communality is calculated as one minus uniqueness (Child, 2006).

4.4 Econometric analysis of model

The econometric analysis of the model equation (2) using the survey data is performed. The analysis applies two techniques: OLS and GLM. Result are presented in table 4.4. These results are adjusted for multicollinearity and heteroscedasticity.

Table: 4.4 OLS and GLM analysis

Variables Name	OLS (SE)	OLS (R.SE)	GLM (R.SE)
Destination Preference	6403.785*** (1988.292)	6403.79*** (2091.912)	8.088881*** (.3787591)
Destination Distance	1475.45 (1450.957)	1475.45 (1617.135)	5.706957*** (.5799708)
Destination Cost	-2109.179 (1635.644)	-2109.179 (1645.491)	4.279979*** (1.621755)
Last Visit	2017.188 (1308.589)	2017.188* (1178.395)	6.726733*** (.3188857)
Destination Satisfaction	3575.761** (1524.867)	3575.76** (1519.984)	6.271005*** (.643143)
Destination Facilities	-596.6353 (1979.784)	-596.6353 (2055.12)	-1.434782*** (.5151374)
Family Influences	2688.984 (1633.509)	2688.984 (1915.775)	.7275877 (1.377266)
Purchasing Power	3203.044** (1269.777)	3203.04*** (961.4404)	6.292446*** (.298372)
Destination Motivation	1409.217 (1621.818)	1409.217 (1364.811)	-.27143 (.4361918)
Destination Attributes	-874.779 (2403.545)	-874.779 (3395.163)	.0581659 (1.107476)

Table 4.4 represent the OLS and GLM analysis result. For OLS (R.SE): *** $p \leq 0.01$. N=330, $R^2 = 0.4755$, ($p < 0.001$). No-constant model, coefficients represent estimated expenditure associated with each variable. For GLM: *** $p \leq 0.01$, N=330. The model is estimated using maximum likelihood (ML) with 320 residual degrees of freedom. Robust standard errors are reported. The mean VIF value is 1.47.

The econometric analysis of the model specified in Equation (2) is conducted using the survey data of 330 tourists. The results from both models show that s four factors are associated with per-person tourist expenditure. Most importantly, Destination Preference, Last Visit, Destination Satisfaction and Purchasing Power are positive and statistically significant in both OLS and GLM models. These four findings are consistent in both models.

Destination Preference shows the strongest positive relationship in the OLS model with a coefficient of 6,403.79 ($p \leq 0.01$). This indicates that tourists who prefer attractive destinations including natural beauty, beaches, hills and forests, quiet places and clean surroundings usually spend more. In the no-constant OLS model, this is associated with approximately BDT 6,404 higher per-person expenditure, holding other variables are constant. The GLM result also shows a strong positive and significant relationship, with a coefficient of 8.089 ($p < 0.01$). Since the GLM uses a log link. This coefficient is interpreted on the log scale rather than directly as a BDT amount.

Destination Satisfaction is also positive and significant in both models. In the OLS model, its coefficient is 3,575.76 ($p \leq 0.05$) and it indicating approximately BDT 3,576 higher per-person expenditure associated with destination satisfaction, holding other variables are constant. The GLM also reports a positive and significant coefficient of 6.271 ($p < 0.01$). This suggests that tourists who are more satisfied with their overall travel experience, value and safety have higher expected expenditure.

Purchasing Power has a positive and significant relationship with tourist expenditure in both models. Its OLS coefficient is 3,203.04 ($p \leq 0.01$) and it indicating approximately BDT 3,203 higher per-person expenditure associated with purchasing power, holding other variables are constant. In the GLM model, the coefficient is 6.292 ($p < 0.01$), again showing a positive and significant relationship. This finding suggests that tourists with greater financial capacity are more likely to spend more on accommodation, food, transportation, shopping, and recreational activities.

Last Visit is also positive and significant in both models. The OLS coefficient is 2,017.19 ($p \leq 0.10$) and it indicating approximately BDT 2,017 higher per-person expenditure for tourists associated with a previous visit holding other variables constant. In the GLM model, last visit has a positive coefficient of 6.727 ($p < 0.01$). This suggests that previous experience with a destination

associated with higher expected tourist expenditure because returning visitors are more familiar with local hotels, restaurants, transportation and tourism activities.

The two models also show some differences. Destination distance, destination cost and destination facilities are not statistically significant in the OLS model but become significant in the GLM model. Destination distance and destination cost have positive coefficients in the GLM while destination facilities have a negative coefficient. On the other hand, family influences, destination motivation and destination attributes remain statistically insignificant in the GLM model.

Overall, the findings from both models indicate that destination preference, destination satisfaction, purchasing power and last visit are associated with tourist expenditure. Among these, destination preference has the strongest relationship in the OLS model. The results suggest that tourist's destination preferences, satisfaction, previous visiting experience and financial capacity are important factors associated with their spending behavior.

4.5 Empirical Consistency Between Factor Loadings OLS and GLM

A comparison of the factor analysis, OLS and GLM results shows an important factor associated with tourist expenditure. In the factor analysis, destination preference showed the strongest factor loading of 0.7251 indicating that it was an important variable related to the underlying factor. Similarly, in the OLS model destination preference had a positive and statistically significant coefficient of BDT 6,403.79 ($p < 0.01$). This indicates that tourists with a positive destination preference were associated with approximately BDT 6,404 higher per-person expenditure, holding the other included variables constant. The GLM results also support the importance of destination preference. The GLM coefficient was 8.088881 and statistically significant at the 1% level. So, the GLM result also provides that destination preference is strongly associated with tourist expenditure.

Destination satisfaction also shows a similar pattern. It had a factor loading of 0.5610 indicating a meaningful relationship with the underlying factor. In the OLS model, destination satisfaction had a positive and statistically significant coefficient of BDT 3,575.76 ($p < 0.05$). This suggests that tourists with destination satisfaction is related to have higher per-person expenditure. The GLM

results also show a positive and statistically significant relationship for destination satisfaction supporting the OLS finding.

The results suggest that the importance of purchasing power. While destination preference and destination satisfaction represent important behavioral aspects of tourism consumption, purchasing power represents the economic capacity to spend. The results show that tourists with more money tend to spend more. This is consistent with consumer theory, which says that financial resources affect spending.

Last visit also is an important factor in the regression analysis. Its significance in the regression results suggests that previous travel experience is related with current tourist expenditure. Tourists who have visited a destination before may have different spending patterns because of their familiarity with the destination and previous travel experience.

The findings are also consistent with the basic idea of the Theory of Planned Behavior (TPB). TPB suggests that attitudes and intentions can influence behavior (Ajzen, 1991). In this study, destination preference and destination satisfaction represent important behavioral and travel experiences while tourist expenditure represents spending behavior. At the same time, purchasing power indicates that the ability to spend is also important for actual expenditure. Overall, the factor analysis, OLS and GLM results shows that destination preference, destination satisfaction, purchasing power and last visit are important factors associated with tourist expenditure. The similar results from the OLS and GLM models strengthen the reliability of the findings, while the factor analysis further shows the importance of the tourism-related variables.

4.6 Supplementary Analysis

To additional insights into the factors that determine per-person tourist expenditure, a supplementary analysis was conducted using selected demographic characteristics. This analysis examines whether average tourist expenditure differs across different destination, education, age and income groups. These characteristics were selected to understand how tourists background and economic conditions are related to their spending behavior. The models use mutually exclusive dummy variables meaning that each tourist belongs to only one category within each group. The

models are estimated without a constant term so each coefficient directly represents the estimated average per-person tourist expenditure for the corresponding category. This approach makes it easier to compare the average spending levels across different demographic and destination groups.

4.6.1 Demographic Information Regression

Table 4.5: Destinations on Per-Person Tourist Expenditure.

Variable Name	Coefficient β (R.SE)
Cox's Bazar	14978.25*** (1464.972)
Sreemangal	8750.357*** (434.0959)
Kuakata	9926.471*** (836.3183)

Note: *** $p \leq 0.01$, ** $p \leq 0.05$. N = 330, $R^2 = 0.5391$, Adj. $R^2 = 0.5349$, F (3, 327) = 127.51, $p < 0.001$.
Robust standard errors are used. Source: Stata regression output, primary survey data.

Table 4.5 shows the OLS regression results for the three destination groups. The overall model is statistically significant, with F (3, 327) = 127.51 and $p < 0.001$. The model explains 53.91% of the variation in per-person tourist expenditure ($R^2 = 0.5391$). The model was estimated without a constant term. Therefore, each coefficient represents the estimated average per-person tourist expenditure for the respective destination group.

Cox's Bazar has the highest estimated average expenditure at 14,978.25 per person. Sreemangal has an estimated average expenditure at 8750.35, while Kuakata has an average expenditure at 9926.47 per person. These results suggest that destination specific characteristics, such as the availability of tourism facilities, recreational activities, accommodation options and travel-related services, may substantially influence tourists' expenditure patterns. The estimated coefficients indicate that destination variables have a positive and statistically significant related with per-person tourist expenditure at the 1% significance level. Overall, the result indicate that estimated average tourist expenditure differs across the three destinations with Cox's Bazar showing the highest estimated average expenditure among the three destinations.

Table 4.6: Education Groups on Per-Person Tourist Expenditure.

Variable Name	Coefficient β (R.SE)
Below Bachelor	9188.857*** (528.5693)
Bachelor	11085.12*** (1006.786)
Above Bachelor	12579.03*** (1125.631)

Note: *** $p \leq 0.01$, ** $p \leq 0.05$. N = 330, $R^2 = 0.5156$, Adj. $R^2 = 0.5112$, F (3, 327) = 116.02, $p < 0.001$.
Robust standard errors are used. Source: Stata regression output, primary survey data.

Table 4.6 presents the OLS regression results for different education group. The Overall model is statistically significant (F (3, 327) = 116.02, $p < 0.001$) and explains approximately 51.56% of the variation in per person tourist expenditure ($R^2 = 0.5156$). Since the model is estimated without a constant term and each coefficient represent the estimated average per person tourist expenditure for the education groups. Tourists with below bachelor level have an estimated average expenditure at 9188.86 per person. Tourists with a bachelor level have an estimated average expenditure at 11085.12, while those with above bachelor level have an estimated average expenditure at 12579.03 per person. The estimated coefficients indicate that education level variables have a positive and statistically significant related with per-person tourist expenditure at the 1% significance level. Overall, the result indicates that higher estimated average expenditure among tourists with higher levels of educational level.

Table 4.7: Age Groups on Per-Person Tourist Expenditure.

Variable Name	Coefficient β (R.SE)
Age Group (18-20)	8611.111*** (936.0022)
Age Group (21-30)	10892.48*** (675.1767)
Age Group (31-40)	10571.88*** (1218.839)
Age Group (41-50)	13248.68*** (2644.457)
Age Group (51-70)	15121.74*** (2926.453)

Note: *** $p \leq 0.01$, ** $p \leq 0.05$. N = 330, $R^2 = 0.5166$, Adj. $R^2 = 0.5092$, F (5, 325) = 69.46, $p < 0.001$.
Robust standard errors are used. Source: Stata regression output, primary survey data.

Table 4.7 presents the OLS regression results for different age groups. The overall model is statistically significant (F (5, 325) = 69.46, $p < 0.001$) with $R^2 = 0.5166$. Since the model is estimated without a constant term and each coefficient represent the estimated average per person tourist expenditure for the age groups.

Tourists aged 18-20 have an estimated average expenditure at 8611.11 per person. The estimated average expenditure for the 21-30, 31-40, 41-50 and 51-70 age groups are 10,892.48, 10,571.88, 13,248.68 and 15,121.74. The coefficient for the 18-20 age group is statistically significant at the 5% level and others age groups are the 1% significant level. Overall, the findings indicate a general

upward trend in tourism expenditure with increasing age. Tourists aged 51-70 record the highest level of expenditure, while those aged 18-20 record the lowest. Although the pattern is not perfectly increasing because the 31-40 group shows a marginally lower average than the 21-30 group the broad trend confirms that age plays an important role in shaping tourists' spending behavior. This may reflect the fact that older tourists tend to have greater purchasing power, more stable incomes and stronger financial capacity to spend on accommodation, transportation, food, shopping and recreational activities during their trips.

Table 4.8: Income Categories on Per-Person Tourist Expenditure.

Variable Name	Coefficient β (R.SE)
Income Range 10-25K	9326.296*** (627.8902)
Income Range 25-50K	11592.2*** (948.7177)
Income Range 50-100K	10114.89*** (989.3353)
Income Range 100-150K	12513.34*** (1951.687)
Income Range 150-200K	19166.67*** (5656.048)

Note: *** $p \leq 0.01$, ** $p \leq 0.05$. N = 330, $R^2 = 0.5274$, Adj. $R^2 = 0.5201$, F (5, 325) = 72.52, $p < 0.001$.
Robust standard errors are used. Source: Stata regression output, primary survey data.

Table 4.8 presents the Ordinary Least Squares (OLS) regression results for different income categories on per-person tourist expenditure. The overall regression model is statistically significant (F = (5, 325) = 72.52, $p < 0.001$), indicating that income categories have a significant influence on tourist's expenditure. The model explains approximately 52.74% of the variation in per-person tourist expenditure ($R^2 = 0.5274$), suggesting that income is an important part of tourist spending. Since the model is estimated without a constant term and each coefficient represent the estimated average per person tourist expenditure for the income groups.

Tourist with monthly income 10,000-25,000 have an estimated average expenditure at 9,326.30 per person. The corresponding estimates for the 25,000-50,000, 50,000-100,00, 100,00-150,000 and 150,00-200,00 categories are 11,592.20, 10,114.89, 12,513.34 and 19,166.67 respectively.

Overall, the findings indicate that tourists to higher income categories tend to spend more during their trips. In particular, the 150-200K income category records the highest level of expenditure, while 10-25K records the lowest. This suggests that income plays an important role in tourists spending behavior with higher-income tourists generally spending more on travel-related expenses such as accommodation, transportation, food, shopping and recreational activities.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter discusses the main findings from the statistical analysis presented in Chapter Four. The main objective of this study is to examine the relationship between Consumer Purchase Intention (CPI) and consumers spending capacity in the domestic tourism sector of Bangladesh. The study focuses on three major tourist destinations: Cox's Bazar, Sreemangal and Kuakata.

The chapter discusses the findings from Exploratory Factor Analysis (EFA), Ordinary Least Squares (OLS) and Generalized Linear Model (GLM). The EFA identifies important factors related to tourist's preferences and experiences while the OLS and GLM models examine the relationship between these factors and per-person tourist expenditure.

The OLS model is estimated without a constant term because the explanatory variables represent specific tourist attributes. The GLM is estimated using a Gamma family with a log link, which provides an alternative approach for analyzing the positive and continuous expenditure variable. Robust standard errors are used in both models. The findings are also discussed in relation to the Theory of Planned Behavior (TPB) and Microeconomic Consumer Theory. Overall, the results indicate that tourist expenditure is associated with both psychological factors such as destination preference and satisfaction and economic factor such as purchasing power.

5.2 Synthesis of Theoretical Framework and Empirical Results

The findings of this study suggest that tourist expenditure understood by combining behavioral and economic perspectives. The Theory of Planned Behavior (TPB) explains how attitudes, preferences and intentions are related to behavioral decisions, while microeconomic consumer theory explains how income and financial capacity influence consumption decisions.

The empirical results support both perspectives. Destination preference and destination satisfaction show positive and statistically significant relationships with tourist expenditure in the OLS and GLM models. This indicates that tourist's preferences and experiences are associated with their spending decisions. At the same time purchasing power and last visit also shows a positive and statistically significant relationship with tourist expenditure in both models. This indicates that financial capacity is an important condition for actual spending. Therefore, tourist expenditure is related to both tourist's willingness to spend and their ability to spend. A tourist may have a strong preference for a destination and satisfied with the travel experience but actual expenditure is also associated with the financial capacity to the tourist.

5.2.1 Linking Consumer Purchase Intention with Spending Capacity

Consumer Purchase Intention represents tourist's willingness or intention to purchase tourism related goods and services. However, intention alone may not fully explain actual spending because tourists also need sufficient financial capacity. The OLS results show that destination preference has a coefficient of 6,403.79 ($p < 0.01$), while destination satisfaction has a coefficient of 3,575.76 ($p < 0.05$). Both variables have positive and statistically significant relationships with per-person tourist expenditure. The GLM results provide similar result. Destination preference has a positive coefficient of 8.089 ($p < 0.01$), while destination satisfaction has a positive coefficient of 6.271 ($p < 0.01$). Purchasing power is also positive and statistically significant in both models. Its OLS coefficient is 3,203.04 ($p < 0.01$), while its GLM coefficient is 6.292 ($p < 0.01$). This shows that financial capacity is related with tourist expenditure.

Overall, the findings suggest that tourist spending is related to both psychological willingness and economic ability. Destination preference, destination satisfaction and last visit represent important behavioral part while purchasing power represents an important economic condition.

5.2.2 Performance of the Regression Through the Origin Model

The study uses a Regression Through the Origin (RTO) model. It meaning that the OLS regression is estimated without a constant term. This specification was selected because the explanatory

variables represent specific tourist attributes and are coded as binary variables. The OLS model has an R^2 of 0.4755 and it indicating that approximately 47.55% of the variation in per-person tourist expenditure is explained by the included variables. The model is statistically significant, with $p < 0.001$. Since the model does not include a constant term, the OLS coefficients represent the estimated expenditure associated with each variable, holding the other included variables constant. The GLM provides an alternative estimation approach. The model uses a Gamma family with a log link. The GLM results also show the statistically significant relationships with the factors and tourist expenditure.

5.3 Discussion of Key Determinants of Tourist Expenditure

The results from both OLS and GLM show that several factors are associated with per-person tourist expenditure. Destination preference, last visit, destination satisfaction and purchasing power are positive and statistically significant in both models. The two models provide support for these four main findings. However, some differences are also observed. Destination distance, destination cost and destination facilities are statistically significant in the GLM but not in the OLS model.

5.3.1 Destination Preference: An Important Behavioral Factor

Destination preference includes natural beauty, beaches, hills and forests, quiet places and clean and attractive surroundings. It is one of the most important factors associated with tourist expenditure. In the EFA, destination preference had the highest factor loading of 0.7251 and a relatively low uniqueness value of 0.3152. This indicates that destination preference has a strong relationship with the underlying common factor.

In the OLS model, destination preference has the largest coefficient of 6,403.79 ($p < 0.01$). Under the no-constant specification this indicates approximately BDT 6,404 higher per-person tourist expenditure associated with the presence of destination preference, holding the other variables constant. The GLM also shows a positive and statistically significant coefficient of 8.089 ($p < 0.01$).

Overall, both models indicate that tourist's destination preferences are strongly associated with their spending behavior. Tourists who prefer attractive and enjoyable destinations spend more on accommodation, food, transportation, recreation, shopping and other tourism services.

5.3.2 Destination Facilities: Supporting the Tourist Experience

Destination Facilities include accommodation, food and hygiene, transportation, internet access, parking and recreational facilities. In the EFA, destination facilities had a factor loading of 0.6940 and a relatively low uniqueness value of 0.3378, indicating that it is an important component of the underlying factor. In the OLS model, destination facilities have a negative coefficient of −596.64, but it is not statistically significant. Therefore, the OLS model does not provide sufficient evidence of a relationship between Destination Facilities and tourist expenditure and the GLM shows a statistically significant negative coefficient of −1.435 ($p < 0.01$). This represents approximately a 76.18% lower expected expenditure associated with the variable, holding the other variables constant. Destination facilities are important in the factor analysis, the regression results do not provide positive relationship with tourist expenditure.

5.3.3 Destination Satisfaction: A Positive Spending Relationship

Destination satisfaction includes overall travel satisfaction, satisfaction with value for money and safety satisfaction. In the EFA, Destination Satisfaction had a factor loading of 0.5610, indicating a meaningful relationship with the underlying factor. In the OLS model, destination satisfaction has a positive and statistically significant coefficient of 3,575.76 ($p < 0.05$). This indicates approximately BDT 3,576 higher per-person tourist expenditure associated with the destination satisfaction, holding the other variables constant.

The GLM also shows a positive and statistically significant coefficient of 6.271 ($p < 0.01$). This represent to higher expected expenditure. This suggests that tourists who are more satisfied with their overall travel experience, value for money and safety are associated with higher expenditure. Satisfied tourists more willing to use local services, participate in tourism activities, purchase local products and spend on food and accommodation.

5.3.4 Purchasing Power: An Important Financial Factor

Purchasing power represents the financial ability of tourists to spend during their trips. In the OLS model, purchasing power has a positive and statistically significant coefficient of 3,203.04. This indicates approximately BDT 3,203 higher per-person tourist expenditure associated with purchasing power holding the other variables constant and the GLM model also a positive and statistically significant coefficient of 6.292. This result is consistent with consumer theory. Tourists with greater financial capacity have more flexibility to spend on accommodation, food, transportation, shopping, leisure and recreational activities. So, purchasing power help tourists convert their preferences and intentions into actual spending.

5.3.5 Last Visit: Previous Experience and Tourist Spending

Last visit also shows a positive and statistically significant relationship with tourist expenditure in both models. In the OLS model last visit has a coefficient of 2,017.19 ($p < 0.10$). This indicates approximately BDT 2,017 higher per-person expenditure associated with a previous visit, holding the other variables constant and the GLM show a positive and statistically significant coefficient of 6.727 ($p < 0.01$) and higher expected expenditure. The result show both models is that Last visit has a positive and statistically significant relationship with tourist expenditure. Previous visitors already be familiar with local accommodation, restaurants, transportation, attractions and recreational activities. This familiarity associated with greater spending during their trips.

5.3.6 Other Variables and Differences Between OLS and GLM

The OLS and GLM models shows different results for some variables. Destination distance is not statistically significant in OLS, with a coefficient of 1,475.45, but it becomes positive and statistically significant in the GLM, with a coefficient of 5.707 ($p < 0.01$). The GLM coefficient indicate higher expected expenditure. Destination cost has a negative and statistically insignificant OLS coefficient of −2,109.18, while the GLM reports a positive and statistically significant coefficient of 4.280 ($p < 0.01$). The GLM coefficient corresponds to higher expected expenditure. Family influences are statistically insignificant in both models. The GLM coefficient is 0.728,

which would correspond to higher expected expenditure but because the variable is not statistically significant (p = 0.597). Destination motivation is also statistically insignificant in both models. Its GLM coefficient is −0.271 and lower expected expenditure but the relationship is not statistically significant (p = 0.534). Destination attributes are also statistically insignificant in both models. The GLM coefficient is 0.058 and higher expected expenditure but this relationship is not statistically significant (p = 0.958).

5.4 Discussion of Supplementary Regression Results

In addition to the main OLS and GLM models, supplementary regressions were conducted to examine differences in tourist expenditure across destination, education, age and income groups.

5.4.1 Destination and Tourist Expenditure

The supplementary regression shows differences in estimated per-person expenditure across the three destinations. Cox's Bazar has the highest estimated expenditure at approximately BDT 14,978, followed by Kuakata at BDT 9,926 and Sreemangal at BDT 8,750. This difference is related to the characteristics of each destination including accommodation, transportation, food, attractions and recreational activities. The results suggest that destination specific characteristics are associated with differences in tourist spending.

5.4.2 Income and Tourist Expenditure

Income is also related with differences in tourist expenditure. The BDT 150,000–200,000 income group has the highest estimated expenditure of approximately BDT 19,167 per person. Higher-income tourists generally have more financial flexibility and may spend more on accommodation, transportation, food, shopping and recreational activities. This finding is consistent with consumer theory which suggests that people with more financial capacity can spend more.

5.4.3 Education and Tourist Expenditure

The results also show differences in expenditure across education groups. Estimated expenditure is approximately BDT 9,189 for tourists below bachelor level, BDT 11,085 for bachelor-level tourists and BDT 12,579 for tourists above bachelor level. Higher education is positively related with better employment opportunities and greater financial capacity. More educated tourist has different travel preferences and spend more on quality accommodation, cultural experiences and recreational activities.

5.4.4 Age and Tourist Expenditure

The estimated expenditure varies across age groups. Expenditure is approximately BDT 8,611 for tourists aged 18–20, BDT 10,892 for 21–30, BDT 10,572 for 31–40, BDT 13,249 for 41–50, and BDT 15,122 for 51–70. Overall, Aged tourists generally show higher estimated expenditure than younger tourists. Younger tourists have more limited financial capacity while aged tourists have greater income, savings and financial stability. This finding is consistent with consumer theory which suggests that people with more financial capacity and wealth can spend more.

5.5 Empirical Consistency Between Factor Analysis, OLS and GLM

The comparison of the EFA, OLS and GLM results provides important findings about the major factors associated with tourist expenditure. Destination preference has the highest factor loading in the EFA (0.7251), the largest positive and significant coefficient in OLS (6,403.79, $p < 0.01$) and a positive and significant coefficient in GLM (8.089, $p < 0.01$). Destination satisfaction also has a similar effect. It has a factor loading of 0.5610 a positive and significant OLS coefficient of 3,575.76 ($p < 0.05$) and a positive and significant GLM coefficient of 6.271 ($p < 0.01$). Purchasing Power and Last Visit are also positive and statistically significant in both OLS and GLM. EFA identifies the important variables while OLS and GLM show their relationship with tourist expenditure. Both models support the four main findings: Destination preference, destination satisfaction, purchasing power and last visit.

5.6 Theoretical Implications

The findings have some theoretical implications. First, they support the use of both behavioral and economic part to understand tourist expenditure. The positive relationships between destination preference and destination satisfaction and tourist expenditure are consistent with the behavioral part of TPB. Tourists preferences and satisfaction are related with their spending behavior. Second, the significant relationship between purchasing power and tourist expenditure supports the role of financial capacity. A tourist has a strong preference for a destination but actual spending is also related to the ability to pay. Third, the findings suggest that both consumer purchase intention and spending capacity are important in understanding tourism consumption. This means that both tourists willingness to spend and their ability to spend affect their expenditure behavior.

5.7 Practical Implications

The findings provide several implications for tourism businesses, destination managers and policymakers. First, destination managers should improve the features that tourist's value particularly natural beauty, cleanliness, safety and overall destination experience. Second, improving tourist satisfaction encourage tourists to use more local services and participate in tourism activities. Third, tourism businesses should provide services at different price levels to accommodate tourists with different purchasing capacities. Fourth, destinations should focus on improving service quality to encourage repeat visits because previous visits are positively associated with tourist expenditure. Finally, destination specific strategies are important because the supplementary analysis shows differences in spending across Cox's Bazar, Sreemangal and Kuakata.

5.8 Overall Discussion

Overall, the findings indicate that tourist expenditure in Bangladesh is associated with a combination of behavioral, experiential and economic factors. The most important findings are the OLS and GLM models are destination preference, destination satisfaction, purchasing power and

last visit. Four variables show positive and statistically significant relationships with per-person tourist expenditure in both models.

Destination preference has the strongest relationship in the OLS model with an estimated BDT 6,403.79 higher per-person expenditure. Destination satisfaction is associated with approximately BDT 3,575.76 higher expenditure while purchasing power is associated with approximately BDT 3,203.04 higher expenditure. Last Visit is associated with approximately BDT 2,017.19 higher expenditure. The GLM results support the same relationships. Destination preference, destination satisfaction, purchasing power and last visit have positive and statistically significant GLM coefficients. The GLM also identifies significant relationships for destination distance, destination cost and destination facilities but these variables are not significant in the OLS model and the supplementary analyses show that tourist expenditure differs across destinations and demographic groups, particularly by destination, income, education and age. Overall, the findings support the idea that tourist spending is related to both willingness and ability to spend. Tourist's preferences and satisfaction are associated with their willingness to connect with tourism services while purchasing power represents their financial ability to spend. Previous experience with a destination is also associated with higher expenditure. So, understanding domestic tourist expenditure in Bangladesh requires consideration of both behavioral factors and economic conditions.

CHAPTER SIX

POLICY SUGGESTIONS AND CONCLUSION

6.1 Policy Suggestions

This study gives us some useful ideas. These ideas can help Bangladesh grow domestic tourism spending. They come from our factor analysis and regression results. Destination preference, satisfaction, last visit and purchasing power are matter for tourist spending. Destinations need to be more attractive. This came out in our results. Destination preference had the biggest impact on spending. Keep nature looking good, clean and peaceful. Beaches, hills and forests need care. These spots need protection and promotion. Good branding helps tourists interested in new places. Next, facilities need work. Good hotels, clean restaurants, transport, parking, fun activities and internet access matter. All these things add comfort and comfortable tourists stay longer and when they stay longer, they spend more. Satisfaction is another big part. Happy tourists spend more money. That is just how it works. Safety, cleanliness needs attention. Also, the findings related to last visit suggest that previous travel experience is related with tourist expenditure. Tourism businesses can use this information to encourage repeat visits. Loyalty programs, discounts for returning tourists, special packages and new activities can encourage tourists to revisit destinations. Previous visitors also be more familiar with a destination, so providing new experiences can increase their interest in returning.

Value for money matters a lot. When tourists feel good about their trip, they open up their wallets and try local food, they join activities and they buy local goods. Money matters because purchasing power drives spending. That is simple economics. Give people options. Some tourists have more to spend and some have less. Family packages and affordable deals help the tourists. This way more people can enjoy tourism not just the wealthy few. Cox's Bazar, Sreemangal and Kuakata are not equal. Spending differs across these places. Build up the weaker spots, improve their services and facilities. It also eases pressure on crowded spots and it brings new income to local areas.

Sustainability cannot be ignored. Natural beauty is the whole draw. Beaches, forests, hills, rivers and wildlife need protection. Pollution hurts everyone in the long run because of overbuilding, overcrowding. Good waste, clean water and eco-friendly facilities help the systems. Businesses can use less plastic. They can save more energy and local communities should be part of this. They should earn from eco-tourism and they should help protect it. This way, everyone wins. The environment stays safe and the economy stays strong. At the end keep listening to tourists. Run surveys regularly. Find out what people want, find out what makes them happy and find out what is changing. This helps authorities plan better. It helps businesses improve faster and it keeps tourism moving in the right direction.

6.2 Research Limitations

This study has several limitations. First, we only surveyed 330 domestic tourists and only in three places: Cox's Bazar, Sreemangal and Kuakata. These spots give a good mix of beach and eco-tourism but they do not tell us much about how people travel to other parts of Bangladesh, like historical sites or big cities.

Second, we collected all the data at one point in time. Travel habits change a lot depending on the season, inflation or holidays and we cannot really say how spending patterns shift over the year or over longer periods.

Third, the spending numbers came from what people told us themselves. That means there is a chance some tourists did not remember their exact costs and rounded up or down without meaning to. It is a normal thing that happens with self-reported data but it is still worth keeping in mind.

Lastly, this study only looked at domestic tourists in Bangladesh. So, we cannot really say the same patterns apply to foreign visitors, since they usually have different budgets, deal with currency exchange and have different preferences when they travel.

6.3 Conclusion

This study looked at tourism in Bangladesh. We wanted to know one thing. Why do some tourists spend more than others? We used two ideas to guide us. One is the Theory of Planned Behavior. The other is basic consumer economics. Together they helped explain tourist spending habits. We ran a few types of analysis such as factor analysis, OLS regression, GLM and some extra checks on the side. All of this gave us useful insights. First finding is destination matters a lot. People who love nature they spend more. Think beaches, hills, forests, peaceful, clean places. If tourists like the destination they open their wallets more. Second finding is satisfaction plays a big role. If people enjoy their trip, they spend more. Feeling safe and getting good value matters. Happy tourists pay for hotels, pay for food, pay for fun activities and shopping.

Third finding is money talks. Tourists with more money spend more. This makes sense but it means something important. Loving a place is not enough. Wanting to spend is not enough either people need the cash to back it up. We also looked deeper spending changes by destination. It changes by income, by education, by age. All these factors shape how much people spend. Now let's talk locations. We studied three places Cox's Bazar, Sreemangal, Kuakata and Cox's Bazar wins on spending. Tourists spend the most there. Why? More hotels, more restaurants, more transport options, more things to do. Also, last visit is an important factor in the regression analysis. This suggests that previous travel experience is related with current tourist expenditure. Familiarity with a destination and previous experience an influence how tourists spend during their trips.

This tells us something important. Getting more tourists is not the whole answer. The experience needs to improve. Better experiences mean more spending. That is the real goal. So, what is next for Bangladesh? A few things need focus. Make destinations more attractive, improve service quality, keep tourists happy, keep prices fair. These four things matter most.

But there is more. Nature needs protection beaches, forests, hills. These are treasures. We cannot lose them to careless tourism. Local communities matter as well. They should be part of this growth. They should share in the benefits. Tourist spending comes down to two things. How people feel about a place and whether they can afford to enjoy it. Good tourism strategy handles both. Attract people first. Then give them reasons to spend and the means to do it. Government

needs to step up. Private businesses, local communities as well. Everyone needs to work together. Keep prices fair. Build better infrastructure. Protect what makes these places special. Do this right and Bangladesh wins big. A tourism sector that is attractive, sustainable and good for the economy.

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