

The Impact of Tourism Industry on the Pricing of Goods and Services in Local Business in Dapa, Surigao Del Norte

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ABSTRACT

The study employed a descriptive research design and utilized a structured questionnaire as the primary data-gathering instrument. A total of sixty (60) respondents, composed of local business owners and staff, were selected through purposive sampling. The variables examined included accommodation, food, transportation, and operational costs. Data were analyzed using frequency and percentage, mean and standard deviation, weighted mean,

Tourism is one of the major drivers of economic activity in many local communities, particularly in tourism-dependent areas such as Dapa, Surigao del Norte. While tourism generates employment and business opportunities, it also influences the pricing of goods and services, which may affect both local businesses and residents. This study aimed to determine the effect of the tourism industry on the pricing of goods and services in local businesses in Dapa, Surigao del Norte.

Keywords: Accommodation, Economic Impact, Local Businesses, Pricing, Tourism Industry]

INTRODUCTION

Tourism was growing rapidly around the globe and had emerged as a significant activity in both developed and developing countries. Trillions of dollars were contributed to the global tourism and travel GDP, and employment was created for millions (World Travel & Tourism Council [WTTC], Economic Impact Research). Although this growth was beneficial in numerous aspects, it also brought a series of social and economic consequences; one of the most prominent was the impact of tourism on the locals' standard of living in resident communities (Travel & Tourism Economic Impact Research, 2024).

Tourism was a significant international economic driving force that affected many sectors such as hospitality, retail, and local enterprises. The industry had profound impacts on price levels, as growing demand from tourists created inflationary forces on goods and services, particularly in tourism-reliant communities. Understanding these dynamics was important to align tourism development with local economic sustainability. Economic changes in areas with high tourist influx often included increased employment opportunities, inflation in the pricing of basic resources, changes in market activities, and disadvantages for local residents. Local residents in Dapa reported increasing prices of basic goods, food, and services such as transportation, accommodation, and meals. The tourism industry resulted in a dual-

pricing system where higher costs were charged to tourists, but locals were also affected as market prices adjusted. Understanding this phenomenon was essential for managing tourism in a way that promoted sustainable and inclusive development (Asian Development Bank Institute, 2024; Philippine Statistics Authority, 2024).

LITERATURE REVIEW

This research was based on the Tourism-Led Growth Hypothesis (TLGH), which was first formally proposed by Balaguer and Cantavella-Jordá in 2002. This hypothesis posited that tourism growth fueled economic advancement, enhanced employment opportunities, and raised local income. Despite these positive effects, tourism growth also produced unintended consequences, such as price inflation (Balaguer & Cantavella-Jordá, 2002).

Pricing of goods and commodities of tourism is widely recognized as a dynamic global industry that not only generates economic growth but also significantly affects the cost of living in host communities. Numerous studies conducted between 2015 and 2025 examined how tourism-driven demand influences the pricing of goods and services, creating both opportunities and challenges for local economies. Garcia-Hernández et al. (2023) established that although tourism creates employment and income opportunities for local populations, it tends to increase living expenses, particularly for food, accommodation, and transportation services. Their research further emphasized that small destinations with low supply elasticity are more vulnerable to tourism-driven inflation, forcing residents to absorb rising costs.

Tourism also influences food pricing. Gössling et al. (2011) reported that increased tourist arrivals raise demand for food services, prompting businesses to increase prices. Telfer and Wall (2000) further explained that higher raw material and transportation costs contribute to food price increases, supporting findings that food prices in Dapa are moderately affected by tourism.

Transportation pricing likewise responds to tourism development. Prideaux (2000) observed that increased tourist mobility raises demand for transportation services, while Button (2010) emphasized that limited transport options in island destinations often lead to fare increases. These findings align with the study's results regarding transportation pricing in Dapa.

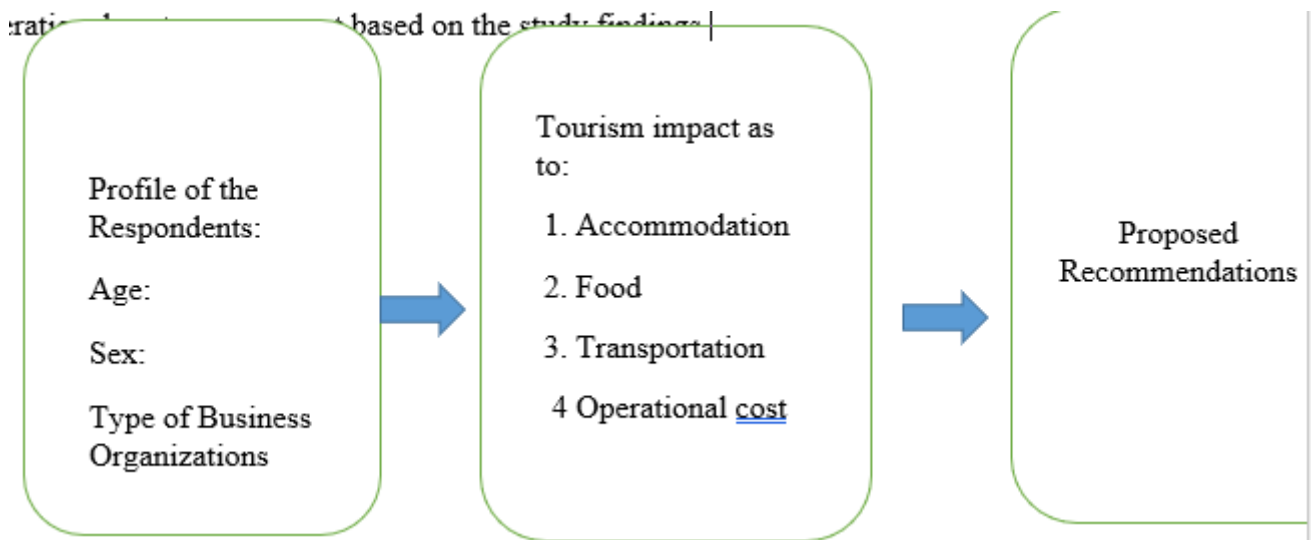
FRAMEWORK OF THE STUDY

The study also employed the Demand and Supply Theory (Applied in 2023- Present) Originally developed by Alfred Marshall (1890) from microeconomics, which explained how increased tourist arrivals raised the demand for goods and services. In response to this heightened demand, businesses adjusted prices upward to maximize profits. While this adjustment benefited business owners, it potentially disadvantaged local consumers through higher costs. This phenomenon was consistent with the Price Adjustment Theory developed by Leon Walras (1874) applied in 2023 - Present, which explained that businesses varied prices according to external factors such as seasonal demand, market competition, and tourists' spending power, resulting in either temporary or sustained price inflation.

It was presumed in this study that increased tourist arrivals resulted in higher demand for goods and services, which contributed to price inflation in the local market. A surge in tourist volumes increased demand, prompting prices to rise for both goods and services. According to the Price Adjustment Theory, firms raised or lowered prices based on external forces such as seasonality, competition, and tourists' purchasing capacity, thereby generating short-term or long-term upward pressure on prices (Investopedia, 2022).

In box 1, This section presents the respondents’ age, sex, and type of business organization to describe their background and support better interpretation of the study results.

While in box 2, This section presents the impact of tourism in terms of accommodation, food, transportation, and operational cost. Tourism increases demand for lodging, food services, and transport. Lastly, in the box 3, provides suggestions to improve accommodation, food, transportation, and operational cost management based on the study findings.



RESEARCH QUESTIONS

This study aimed to determine the effect of the tourism industry on the pricing of goods and services in local businesses in Dapa, Surigao del Norte. Specifically, it sought to answer the following questions:

1. What were the socio-demographic characteristics of the respondents in terms of:
 - Age
 - Sex
 - Type of business organization
2. How has the tourism industry affected the pricing of goods and services in local businesses in terms of:
 - Accommodation
 - Food
 - Transportation
 - Operational cost
3. Is there a significant difference in the effect of tourism on pricing when respondents when grouped according to the profile variables?
4. What recommendations could be proposed based on the findings?

5. METHODOLOGY

The quantitative a descriptive research design to systematically gather detailed information on how the tourism industry impact the pricing of goods and services in local businesses in Dapa, Surigao del Norte. The descriptive design was used because the study aimed to describe and analyze the effects of the tourism

industry on pricing without manipulating any variables. Descriptive research was appropriate for this study as it focused on presenting the existing situation as it naturally occurred.

Questionnaire served as the primary data-gathering instrument. The questionnaire consisted of two parts. Part (I) gathered the respondents’ socio-demographic profile, including age, sex, and type of business organization. Part (II) focused on the perceived impact of tourism on the pricing of goods and services, allowing respondents to share their perspectives on how tourism influenced local costs.

Frequency and Percentage were used to describe the respondents’ socio-demographic profile, The Mean and Standard Deviation were used to determine the average responses and variations among answers, The Mean was used to determine the overall perceived effect of tourism on pricing, One-Way ANOVA (Non-Parametric) was used to compare differences among three or more independent groups when assumptions for parametric testing were not met.

6. Results and Discussion

Profile of the respondents

Variable	Category	Frequency (f)	Percentage (%)	Cumulative %
Age	18-25 year’s old	22	36.7	36.7
	26-35 year’s old	16	26.7	63.3
	36-45 year’s old	18	30.0	93.3
	46-55 year’s old	2	3.3	96.7
	56 years old and above	2	3.3	100.0
Sex	Female	24	40.0	40.0
	Male	36	60.0	100.0
Types of Business Organization	Single Proprietorship	13	21.7	21.7
	Partnership	27	45.0	66.7
	Corporation	20	33.3	100.0

Presents the frequencies of respondents’ ages in this study. The highest proportion of respondents falls within the age range of 18–25 years old, accounting for 22 individuals or 36.7% of the total sample. The data shows that females constitute the majority, with 36 respondents or 60.0% of the total sample. Males, on the other hand, account for 24 respondents or 40.0%. This indicates that women are more actively involved in operating or managing local businesses in Dapa, Surigao del Norte, particularly in sectors influenced by tourism. The data shows that partnership businesses are the most common, with 27 respondents or 45.0% of the total sample. This indicates that collaboration among two or more individuals is the preferred mode of business operation in the local tourism economy, likely because pooling resources and sharing responsibilities can better meet the demands and fluctuations of tourism-driven markets. Single proprietorships account for 13 respondents or 21.7%, Corporations make up 20 respondents or 33.3%

Table 2. Descriptives on the effects of tourism industry on pricing of goods and services in local businesses in Dapa, Surigao del Norte.

Variable	N	Mean	Median	SD
Accommodation	60	3.24	3.00	0.358
Food	60	3.16	3.20	0.445
Transportation	60	3.12	3.00	0.397
Operational Cost	60	3.11	3.10	0.489

On the effects of tourism on the pricing of goods and services in local businesses. The mean scores indicate that accommodation has the highest impact with a mean of $M=3.24$ Supporting Studies (2020-2024), These studies support the present finding that food pricing in Dapa is moderately affected by tourism activities, transportation at $M=3.12$, this finding aligns with Prideaux (2000), These studies support the conclusion that tourism contributes to moderate changes in transportation pricing in Dapa. and operational cost at $M=3.11$ this finding is supported by the United Nations World Tourism Organization (UNWTO, 2018), The consistency between the present findings and previous studies confirms that accommodation pricing in Dapa is highly influenced by tourism activities, followed by food at $M=3.16$ this result is supported by Gössling et al. (2011). Overall, tourism has a measurable impact on local pricing strategies, and understanding these effects is critical for both business planning and policy-making in Dapa.

Table 3.1. Kruskal-Wallis Test on the effects of tourism industry on pricing of goods and services in local businesses in Dapa, Surigao del Nore when grouped according to age.

Variable	χ^2	df	p
Accommodation	6.69	4	0.153
Food	6.11	4	0.191
Transportation	4.88	4	0.300
Operational Cost	6.91	4	0.141

Presents the Kruskal-Wallis test results on the effects of tourism on the pricing of goods and services in local businesses in Dapa, Surigao del Norte, grouped by respondents' age. The test results show that for accommodation ($\chi^2 = 6.69, p = 0.153$), food ($\chi^2 = 6.11, p = 0.191$), transportation ($\chi^2 = 4.88, p = 0.300$), and operational cost ($\chi^2 = 6.91, p = 0.141$)

Table 3.2. Independent Samples T-Test on the effects of tourism industry on pricing of goods and services in local businesses in Dapa, Surigao del Nore when grouped according to sex.

Variable	Statistical Test	Statistic	p
Accommodation	Mann-Whitney U	393	0.537
Food	Mann-Whitney U	406	0.696
Transportation	Mann-Whitney U	410	0.735
Operational Cost	Mann-Whitney U	382	0.445

Note. $H_a \mu_1 \neq \mu_2$

The results of the Independent Samples Mann-Whitney U test on the effects of tourism on the pricing of goods and services in local businesses in Dapa, Surigao del Norte, grouped by sex. The results indicate

that for accommodation ($U = 393, p = 0.537$), food ($U = 406, p = 0.696$), transportation ($U = 410, p = 0.735$), and operational cost ($U = 382, p = 0.445$).

Table 3.3. Kruskal-Wallis Test on the effects of tourism industry on pricing of goods and services in local businesses in Dapa, Surigao del Norte when grouped according to type of business organization.

Variable	χ^2	df	p
Accommodation	1.48	2	0.476
Food	2.80	2	0.247
Transportation	1.15	2	0.562
Operational Cost	2.54	2	0.281

Kruskal-Wallis test results on the effects of tourism on the pricing of goods and services in local businesses in Dapa, Surigao del Norte, grouped by type of business organization. The results show that for accommodation ($\chi^2 = 1.48, p = 0.476$), food ($\chi^2 = 2.80, p = 0.247$), transportation ($\chi^2 = 1.15, p = 0.562$), and operational cost ($\chi^2 = 2.54, p = 0.281$), the p-values are all greater than 0.05. This indicates that there are no statistically significant differences in how tourism affects pricing among single proprietorships, partnerships, and corporations. In essence, regardless of the business structure, operators perceive and respond to tourism’s impact on pricing similarly across all categories.

7. CONCLUSION AND RECOMMENDATIONS

Based on the findings of the study, it can be concluded that the tourism industry has a noticeable but moderate influence on the pricing of goods and services among local businesses in Dapa, Surigao del Norte. Tourism demand contributes to price adjustments in accommodation, food, transportation, and operational costs, with accommodation services being the most affected due to their direct dependence on tourist arrivals and seasonal demand. The study further concludes that increases in tourist activity lead businesses to adjust prices primarily to manage higher operational expenses, including supplies, utilities, labor, and transportation costs. While tourism generates economic opportunities and increased business activity, it also contributes to rising business expenses that are reflected in pricing decisions.

Local business owners are advised to use fair and flexible pricing, adjusting prices during peak and off-peak seasons to balance profit and affordability. LGUs should monitor and regulate prices of basic goods and services to prevent overpricing, especially during tourist seasons. Tourism planners and policymakers are encouraged to support sustainable tourism by helping small businesses, managing accommodation prices, and reducing negative economic impacts. Communities should be educated about fair pricing and responsible spending through awareness programs and cooperation between locals and businesses. Lastly, future researchers are encouraged to expand the study by including residents, looking at long-term price changes, and comparing other tourism areas.

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