

The objectives of this study were (1) to study factors that may affect the demand for air travelling through Chiang Mai airport, and (2) to forecast the future trend of passengers travelling through Chiang Mai airport. Yearly statistical time series data between 1988 and 2001 were used.

Factors which were hypothesized to affect the number of passengers through Chiang Mai airport were the gross domestic product of Thailand, the number of foreign visitors, population size of Thailand, the advertising budget of the Tourism Authority of Thailand, and the average exchange rate between Thai Baht and \$US. Log linear equation method was used to estimate the coefficients of the relationship between the number of passengers travelling through Chiang Mai airport and the above mentioned factors affecting them. Single exponential method was used to estimate the future trend.

The results of the study showed that the correlation coefficient of the relationship between the dependent and independent variables in the model has a value of 0.9744 ($R^2 = 0.9744$). Statistically significant factor at the level of 0.05 is the gross domestic product and significant at the level of 0.1 is the number of foreign visitors. Both factors are found to vary in the same direction as the number of passengers travelling through the Chiang Mai airport. The factors that are found not to be statistically significant are the number of population of Thailand, the

advertising budget of the Tourism Authority of Thailand, and the average exchange rate between Thai Baht and \$US.

Forecasting the trend of passengers for the year 2002 showed that there would be more passengers than in the year 2001. The number forecasted is 2.21 million passengers or about 0.029 % increase from the previous year.