



Career Award

Travel and Tourism

Standard Level

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Contents



Introduction	1
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Part 1 The Core Module

1 The travel and tourism industry	3
• The structure of the international travel and tourism industry	3
• Social, cultural, economic and environmental impacts of travel and tourism	15
• Role of national governments in forming tourism policy and promotion	23
• Patterns of demand for international travel and tourism	25
2 Features of worldwide destinations	31
• The main global features	31
• Time zones and climates	35
• Travel and tourism destinations	40
• What attracts tourists to a particular destination	50
3 Customer care and working procedures	64
• Dealing with customers and colleagues	64
• Essential personal skills required when working in travel and tourism	69
• Handling enquiries, making reservations and receiving money	74
• Using reference sources to obtain information	82
• Presentation and promotion of tourist facilities	86
4 Travel and tourism products and services	88
• Tourism products and ancillary services	88
• The roles of tour operators and travel agents	94
• Support facilities for travel and tourism	98
• Worldwide transport in relation to major international routes	106

Part 2 The Optional Modules

5	Marketing and promotion	118
●	Role and function of marketing and promotion	119
●	Market segmentation and targeting	123
●	'Product' as part of the marketing mix	124
●	'Price' as part of the marketing mix	127
●	'Place' as part of the marketing mix	129
●	'Promotion' as part of the marketing mix	131
6	Travel organisation	135
●	Travel providers	135
●	Methods of travel	138
●	Sources of information	148
●	Ancillary travel services	152
●	Planning a travel itinerary	156
7	Visitor services	164
●	The role and function of tourist boards and tourist information centres	165
●	Provision of products and services	171
●	Marketing and promotion	173
●	Quality control	175
●	Business travel services	178
●	Leisure travel services	181
	Examination techniques	184
	List of useful websites	186
	Glossary of terms	187
	Acknowledgements	192
	Index	193

The travel and tourism industry

Learning outcomes

In this chapter you will look at the structure of the international travel and tourism industry. By the end of the chapter you should be able to:

- explain the nature and structure of the travel and tourism industry
- describe the social, cultural, economic and environmental impacts of tourism
- identify the role of governments in forming tourism policies and promoting tourism
- describe the patterns of demand for international tourism

This chapter covers Section A of the Core Module.

The structure of the international travel and tourism industry

We begin by looking at all the main organisations involved in the travel and tourism industry. This forms the foundation for all the other topics covered in this book and explains some of the key terms that you will need to understand.

What is travel and tourism? To use the example of the World Tourism Organisation (WTO) – affiliated to the United Nations and recognised as the leading international body on global tourism – tourism is:

the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

World Tourism Organisation, 1993

Therefore the people who are considered to be ‘tourists’, are those who are:

- away from their normal place of residence for a period of up to one year (but will return home);
- taking part in activities that would normally be associated with leisure and tourism;
- on a visit that is temporary and short term;

- not necessarily away from home overnight as they could be on a day trip or excursion;
- away from home but not necessarily on holiday, as they could be away on business.

'Travel and tourism' does not necessarily involve travelling abroad. Much tourism takes place within people's home country, on visits to attractions, city breaks, trips to business meetings, sports events or concerts, and visits to friends and relatives (abbreviated as VFR).

There are three main types of tourism: domestic tourism, incoming or inbound tourism and outbound tourism. We will look at each in turn.

Domestic tourism

This is when people take holidays, short breaks and day trips in their own country. Examples would be:

- a couple taking a weekend break in their own country;
- the supporters of a football team going to an away game featuring their local team;
- a family visiting relations in another part of the country, even if they live only a few miles away.

If we take figures from the British Tourist Authority for 2000, we find that British people made a total of 174.5 million trips within the UK, broken down as follows:

- 106 million were on holidays;
- 23.7 million were on business;
- 40.6 million were visiting friends or relatives;
- 5.1 million were for other miscellaneous reasons.

Incoming/inbound tourism

This describes people entering the country in question from their home country, so it is a type of international tourism. Examples could be:

- a party of Japanese visitors coming to Europe on a trip;
- teams from different countries entering a country for an international event, such as the Olympic Games;
- families from Pakistan entering England to visit relations.

For the UK, the British Tourist Authority statistics show that 25.2 million overseas visitors came in 2000, spending £12.6 billion in the UK.

Outbound tourism

This term applies when people travel away from their home country to visit other international countries for leisure or business. Examples of this could be:

- a family from Belgium going on holiday to Austria;
- business people from the UK travelling to America to visit a major exhibition;
- a day tripper from southern Malaysia visiting Singapore.

Using BTA figures for 1999, UK residents took 50.9 million visits abroad, of which 42.8 million were for leisure and 8 million were for business.

The following table summarises the range of reasons for travelling:

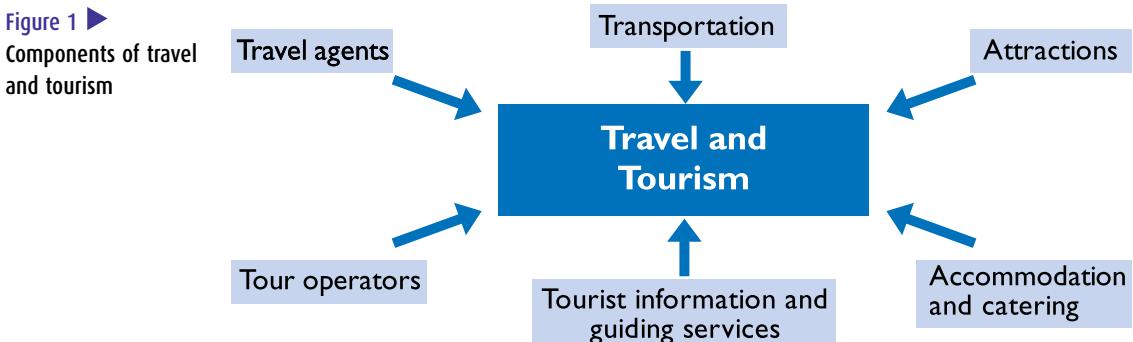
▼ Reasons for travel

LEISURE TOURISM	VISITING FRIENDS AND RELATIVES (VFR)	BUSINESS TOURISM
Holidays Health and fitness Sport Education Culture and religion Social and spiritual	Visiting elderly relatives Social visits to friends and relatives Wedding celebrations	Business meetings Exhibitions and trade fairs Conferences and conventions Incentive travel (given by businesses as rewards for sales or achievement in that business)

Activity

Contact your national tourist board to obtain the figures for domestic tourism, inbound/incoming tourism and outbound tourism over the past few years. Using these figures, discuss the reasons for any possible changes and consider the effects on the economy of your country if tourism is increasing.

In order to assist people with their travel arrangements, there are specialist **travel service** providers. These include **travel agencies** who retail travel products direct to the individual or groups and **business travel agencies** who specialise in providing travel for the business customer or promoting conference trade. **Tour operators** provide a package for the individual and **principals** provide the basic services required by the travel and tourism industry. It is possible to divide the components of the travel and tourism industry into six key areas, as represented in Figure 1.



We will look at each of these in more detail. **Travel agents** provide a customer with advice and professional guidance on the choice of a holiday or to purchase travel products. The main aims of travel agents are:

- to sell holidays and associated products like insurance, car hire and currency exchange;
- to provide information;
- to advise clients.

To do this they also provide the additional services that are outlined in Chapter 2: 'Features of worldwide destinations'. They sell their products in the same way as other high street shops, so they advertise their products and special offers to supply customers with what they want. They act as agents for the suppliers of industry products or '**principals**' such as airlines, rail companies, hotels, ferry and cruise companies, car hire companies, tour operators, and foreign currency suppliers. They earn their income from the commission paid by these principals. They supply brochures to potential customers for them to browse through and then take bookings along with any deposits or payments. They will use computer reservations systems or viewdata systems to investigate availability and the costs of any planned journey or holiday and advise on the suitability of the accommodation or transport to meet the customers' needs.

Another type of travel agent is the **business travel agent** who specialises in arranging accommodation and transport specifically for the business traveller, whether this is to attend conferences, develop new business or visit existing or new suppliers. Agents arrange flights, transfers and accommodation suitable for the business traveller. Some large companies have their own travel agencies at their headquarters to organise the travel needs for the company. This is only beneficial when a company undertakes a large volume of business travel and tends to happen in large

multi-national companies. You may also wish to refer to pages 94–8 in Chapter 4 for more detail on travel agencies.

A **tour operator** puts together holiday packages which consist of:

- travel (road, rail, sea, air)
- accommodation (hotels, guesthouses, self catering villas or apartments)
- travel services (transfers to and from the destination airport, car hire, excursions).

The package holidays offered may cover a wide range of destinations, both national and international, and can cover a variety of holidays, such as cruises, adventure, touring, winter and summer destinations. The tour operators act as the ‘wholesalers’ in the travel industry, as they produce a package holiday and then negotiate with travel agencies the commission they will receive to sell these to the end user, the customer.

There are two types of tour operator: the wholesale operators, who put together and operate tours only through retail travel agencies; and the direct sell operators, who market their products direct to the public (in other words they do not use travel agencies to promote their products).

Tour operators may specialise in a particular type of product – some only offer holidays within the home country, others operate only in a particular field, such as cruises, whereas others cover a wide range of holiday opportunities. Incoming tour operators or inbound handling agents specialise in tours for overseas visitors in the home country thus earning money for the national economy. Examples of worldwide tour operators are American Express and Thomas Cook, though there are others such as Kuoni and Preussag.

The tour operator will cost the package to include travel and accommodation and also produce brochures, employ and train staff (such as holiday representatives or tour directors). They undertake market research on not only the type of holiday in demand but which principals to use, and maintain their central reservations systems and customer support.

The principals within the industry, as previously mentioned, include the transport, accommodation and attraction providers. These provide the finance required to operate the product and act independently of tour operators or travel agencies, earning their income from sales, whether to

individuals or tour operators. They supply the initial product, whether it is hotel accommodation, an airline, catering or an attraction.

Of the principals in the industry, **transport providers** are those operating any major form of transport. These would include the **airlines** (such as Cathay Pacific, Emirates or American Airways) providing the seats which an individual traveller, business person or tour operator may purchase. The airlines may be scheduled airlines operating to a timetable from large regional and national airports, or they may be chartered airlines. These are defined and discussed in more detail on pp. 138–9 of Chapter 6: ‘Travel organisation’.

Ferry operators are another type of transport principal. Ferries provide vital links between groups of islands, or islands and a larger land mass (such as those which operate across the English Channel between the UK and Europe, or those which operate from the Greek mainland to its many islands). These services are provided for all travellers, not just tourists, but tickets are also sold to tour operators, through travel agencies or direct to the customer.

Rail companies, whether national organisations or privately owned rail companies, are also transport principals, and provide a scheduled service within the home country. Seats may be reserved by individual or business travellers either direct with the provider or through travel agencies. Tour operators may reserve seats for specific groups of travellers on a particular route. An example of this would be a tour operator booking seats on the Rocky Mountaineer, a scenic train which runs through the Canadian Rocky Mountains. Any seats not used by the tour operator would be available to the general public to purchase on an individual basis.

A tourist’s choice of transport would depend on:

- price
- destination
- time – how much is available
- reason – visiting family or friends, business or leisure
- departure points – how easy it is to get there
- convenience.

In order to encourage more people to buy their holidays, many tour operators will provide flights from more accessible regional airports either direct to the final destination or to one of the major international airports which operate long-haul flights.

Many travellers wish to be independent at their destination and so require the services of **car hire principals** who provide cars of varying specifications to suit different group sizes and budgets. These may be hired independently through international chains, such as Hertz or Avis, to be available at the point of arrival for the period of the booking, or may be hired through travel agencies and tour operators. Many tour operators now promote self-drive holidays, where the flight and car hire are included but the more independent travellers buy their own accommodation in the destination country. Business travellers may also require car hire in order to visit customers in the destination country, so the business travel agency could make a booking.

Accommodation principals are those who build and staff hotels, villas, apartment resorts or holiday cottages which are available to any traveller. Some of these are major international chains such as Marriott Hotels, Holiday Inn, Comfort Inns and Hotels; others are smaller providers who may only own one or a small chain of hotels. The accommodation may be marketed individually by the provider or rooms purchased by a tour operator in order to make up a package holiday often at a special rate. The benefit to the accommodation provider of selling through a tour operator is that they have a more guaranteed occupancy rate throughout a holiday season. Otherwise they may have to spend large amounts of money on advertising in order to attract sufficient individual customers to make a profit.

Accommodation is divided into two basic categories: serviced accommodation (where meals are provided such as in hotels and guesthouses) and self-catering accommodation (such as cottages, chalets and apartments where the occupants provide their own food). Tourists can also reserve accommodation on different terms such as:

- bed and breakfast (where the price only includes the provision of bed and breakfast which may be cooked, buffet style or continental);
- half board (with bed, breakfast and either lunch or evening meal included in the price);
- full board (where accommodation and all meals are provided);
- all-inclusive (which includes accommodation, all meals, snacks and beverages for the period of the stay).

Within the tour operator's brochure, there will usually be some statement as to the accommodation and catering included in the cost. This will help the tourist to budget for the package holiday, knowing what is included and what must be paid for separately.

Figure 2 ▼

Examples of marketing by principals

Figure 2 shows some examples of marketing by different principals in the travel and tourism industry. These are all taken from a national newspaper in the UK and are aimed at the individual traveller, rather than one who makes a booking through a travel agency.

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Though accommodation is a major feature of travel and tourism, visitors require **catering facilities**, and principals within the industry include those providing a variety of outlets for food and refreshment. Whether a visitor is only away for a few hours, or for a longer holiday, food and/or drink will be required and these can be found at a variety of outlets. Airlines, ferries and rail principals will usually provide some form of catering and outlets will also be provided at airports or terminals. Visitor attractions often provide a variety of catering outlets which may include a cafeteria, self-service food selection area or a restaurant with waitress service. Even cinemas and theatres may sell snacks, ice creams or confectionery and drinks.

Major resort areas and hotels provide a wider choice of catering facilities, ranging from fast food outlets (such as Macdonalds, Wimpy, Pizza Hut and other international chains) to restaurants providing various meals from different ethnic regions (such as Indian, Chinese, French and Italian food). There could also be cafeterias where snacks and meals can be purchased plus bars and coffee shops. Even large shopping malls and sporting venues provide catering outlets for the convenience of participants and spectators.

The principals who provide **attractions** for the visitor will need to have undertaken market research to establish the need for the attraction in that particular location and its potential audience. Attractions may be purpose built, such as Disney theme parks in California, Florida or Paris, or they may be part of a nation's cultural heritage, such as the Louvre Gallery in Paris, or Sydney Opera House in Australia. They may also be created for a purpose, for example zoos, rare animal parks and sea-life centres set up to conserve and display animals and birds. Other attractions may relate to the industrial heritage or scientific development of a country. Some large companies allow visitors to tour their factories or manufacturing plants. An example of this is Cadbury World in the UK, the manufacturing base of Cadbury's chocolates, where visitors can see chocolate being made as well as be entertained with rides and purchase goods in the factory shop. Another example is the Corning Museum of Glass, outside New York in the USA, where visitors can watch glass-blowing demonstrations, see and touch examples explaining the history of glass and visit a café and factory shop.

Many newly developing countries and resorts see the need to have one or more visitor attraction in the area in order to widen their appeal and attract a larger number of tourists. Even those resorts which have previously relied on tourists who want a beach holiday, are now

developing alternative attractions to offer more variety to the holiday experience.

Whatever the attraction, its aim is to appeal to as many customers as possible in order to make a profit and invest further in its development or improvement. Marketing is largely undertaken by the management of the attraction itself. It may be done in various ways – through the media (television, radio or newspapers), or by offering tour operators specific discounts to include the attraction as part of a package holiday or tour.

Activities

- Using one or two copies of your national newspaper, locate advertisements placed by as many principals in the travel and tourism industry as you can. Consider whether these advertisements are targeted at the individual or group traveller.
- Identify the main attractions in your country or area and investigate the number of visitors each has received over the past 10 years. If any of you have visited any of these attractions, present a report to your group on the type of experience you had and the most and least enjoyable aspects of your visit. Suggest any attractions or catering outlets which you consider would benefit your local area.

Tourists are generally classified in statistics according to the duration and purpose of their journey. If tourists are away from home for a day or less and do not need accommodation they are classified as **day trippers**. If the stay includes accommodation then they may be classified by their **length of stay**, such as one night or more. Length of stay statistics are often grouped into stays of one night, of between two and four nights, a week, two weeks, one month, and so on. Also visitors may be classified as to whether they are touring for **business or leisure** purposes.

These data can then be analysed to identify trends within the industry that will affect not only the marketing by the principals and tour operators, but also the economy of the country. This will be looked at in more detail later in this chapter.

Many countries with an established or significant travel and tourism industry, or those who wish to increase the national income by promoting tourism further, are likely to have a separate department of government or a public body responsible to government for this purpose. These bodies are known as **National Tourism Organisations** or NTOs.

In the UK, the NTO is the British Tourist Authority, and its mission is to build the value of inbound tourism to Britain, generating additional revenue throughout Britain, throughout the year. It operates in 27 overseas markets, working in partnership with the national tourism boards of England, Scotland, Wales and Northern Ireland, and gathers essential market intelligence for the tourism industry. It is funded by grant aid from the government's Department for Culture, Media and Sport, and has partnership support from airlines, hotels, local authorities and others to increase the marketing resources. It helps the tourism businesses reach overseas customers cost-effectively.

A typical NTO will have four main areas of responsibility:

- marketing;
- research and corporate planning (i.e. undertaking market research and deciding the policies and strategies for the organisation);
- development (looking at ways to develop tourism further, through customer care and quality assurance, liaison over training, trade relations and product development);
- finance and administration (managing its budgets, corporate press and publicity, staffing and general administration functions including information technology).

▼ Figure 3
Examples of marketing
by National Tourism
Organisations



Dive into Paradise

Set in the centre of the Pacific there is no place more beautiful or exotic to dive than Tahiti and Her 118 islands.

SCUBA HIGHLIGHTS

- TAHITI: wrecks, reef fish and corals
- ROTA: marine rays and legumes
- HUAHINE: armadas schools of fish
- MARQUESAS: hammer head sharks

MOOREA: sharks, reef, dolphin, coral and rays

RAROTONGA: swimming pedigree, sandy wrecks

NAURU: MUDWALL AND TAKARABE: sharks, reef, rays and dolphins

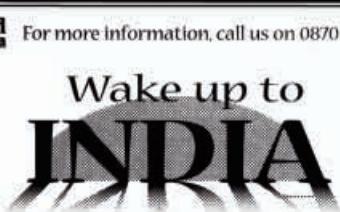
SHARKS: hammerhead sharks

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As already mentioned, in the UK, the national tourism bodies (such as Wales Tourist Board, Scottish Tourist Board etc.) work in close partnership with the BTA (British Tourist Authority), and they in turn work closely with regional tourist boards. There are ten regional tourist boards in England who work closely with the local authorities or councils and tourism principals in order to improve the provision and promotion of tourist facilities and attractions in that region. Each local authority or town council may also have an officer responsible for the promotion of tourism within that smaller area, who will have the benefit of more specific knowledge of the needs of that smaller area. To try and make this clearer, study the following diagram and compare this with the operation of the NTO in your area.



Part of the role of the regional tourist boards is to provide information to visitors when they are actually in that area. This is done through **Tourist Information Centres** (TICs). These may be located at points of entry to the areas (such as railway or bus stations) or at central points in the towns or cities, often with signs directing visitors to them. Inside the TIC there will be displays of leaflets and brochures on local attractions, entertainment venues and events, and possibly details about public transport such as timetables for buses and rail travel within the local area. There may also be a touch-screen facility enabling visitors to locate particular places of interest. One of the services provided by the TIC is information on accommodation in the area and many are able to take bookings on behalf of local hotels and guesthouses for a small deposit.

You will find more information on TICs in Chapter 6 (see pp. 149–50). You could also visit your local TIC to find out what services and information it provides to visitors.

Another ancillary service within the industry is the provision of **tourist guiding services**. These may come in the form of guides or tour directors who accompany groups of tourists round an attraction or on a specific tour provided by an operator (such as a coach tour). They are selected because of their knowledge of the specific area and also their ability to organise and manage people, so their skills must include good communication and administration. They may be required to deal with customer complaints and negotiate with other providers, such as the coach company, hotel accommodation if this is provided and excursion providers whilst on a tour.

Other types of guiding services include those specifically located at an attraction, such as museum guides. They usually have a specific, detailed knowledge of the attraction in question, and may be able to conduct tours in a particular foreign language to help visitors from overseas who do not speak the local language.

Some attraction providers now supply audio packages in various languages which can be hired by visitors for the duration of their visit. These audio tapes guide the visitor round the attraction and describe exhibits or features along the selected route. These can actually be more cost-effective for providers than employing guides, though they do lack the personal touch. Some cities also provide ‘walking guides’ who accompany small groups of visitors round an area, pointing out places of interest. These tend to be people local to the specific area who know it well, have been suitably trained and hold a tour guide qualification.

Social, cultural, economic and environmental impacts of travel and tourism

Social and cultural impacts of tourism

Tourism may have many different effects on the social and cultural aspects of life in a particular region or area, depending on the cultural and religious strengths of that region. The interaction between tourists and the host community can be one of the factors that may affect a community as tourists may not be sensitive to local customs, traditions and standards. The effect can be positive or negative on the host community.

Positive impacts on an area include such benefits as:

- local community can mix with people from diverse backgrounds with different lifestyles which through ‘demonstration effect’ may lead to the development of improved lifestyles and practices from the tourists’ examples;
- there can be an improvement in local life through better local facilities and infrastructure (developed to sustain tourism) which could lead to better education, health care, employment opportunities and income;
- more cultural and social events available for local people such as entertainment, exhibitions etc.
- improved sports and leisure facilities created for the tourists which local people may use, particularly out of the tourist season;
- conservation of the local cultural heritage of an area and rebirth of its crafts, architectural traditions and ancestral heritage;
- urban areas which may be in decline can be revived and the movement of people from rural areas to urban areas for employment may be reversed as jobs will be available in the tourism industry;
- increase in youth exchange programmes, village tourism, home swap programmes and voluntary work overseas.

Dubai is a good example of a tourist destination where the development of tourism has had positive effects on the social and cultural life of the area. As you will see in the case study in Chapter 2 (pp. 40–9), considerable financial investment by both public and private sectors has led to improvements in the infrastructure and to job creation. Archaeological and heritage sites are preserved, and local traditions maintained. The hospitable culture of the Arab world and acceptance of others’ lifestyles means that tourists are welcomed but do not threaten existing ways of life.

However, tourism may have **negative effects** on an area, such as:

- the infrastructure (roads, railways, health care provision) may not be able to cope with the greater numbers created by tourism;
- poor sanitation may lead to diseases for both tourists and local population;
- local population’s activities and lifestyles may suffer intrusion from tourists leading to resentment towards tourists;
- the local population may copy lifestyles of tourists through the ‘demonstration effect’ and the result could be a loss to local customs and traditions as well as standards of behaviour;
- there could be a loss of native languages and traditions leading to the area losing some of its original appeal;
- increased crime could develop through a decline in moral and religious values, leading to greed and jealousy of wealthier visitors;

- traditional industries may be lost and local goods substituted by imported and mass-produced goods which lack authenticity but appeal to a mass market;
- tourists may act in an anti-social manner which could cause offence to the local population. Unless sufficient information is provided by the host nation and tourist providers on the standards of behaviour expected in that area, local populations may come to resent tourists and act aggressively towards them, or the host community adopts the same anti-social behaviour;
- tourists may be unprepared for social contact and interaction with the host community (particularly in large self-contained resort areas) which leads to resentment and constraint in the host community;
- there may be language barriers between the tourist and the host community which may create communication problems.

Providing careful planning is undertaken in an area where tourist development is being considered and the host community fully involved in that planning, many of these negative factors can be overcome. However, some of the negative factors may take some time to become apparent in the host community so planners need to research tourist development and its effects to try and prevent problems arising.

Economic impacts of tourism

The major benefit of tourism for a region or country is economic as it provides an opportunity for job creation and generation of revenue at international, national, regional and local levels. Tourism can also benefit economies at regional and local levels, as money comes into urban and rural areas which in turn stimulates new business enterprises and promotes a more positive image in an area. As an example, we could look at figures for the UK to show the level of spending on tourism in 2000:

	£ billion	Spending on tourism in 2000
Visits to the UK	12.8	
Fares to UK carriers	3.5	
Spending by domestic tourists		
Trips of 1+ nights	26.1	
Day trips	32.7	

In the UK tourism accounts for around 4 per cent of GDP (Gross Domestic Product) and employs 1.8 million people. (Gross Domestic Product is the total value of goods and services produced in the country plus its net revenues from abroad. Studying the contribution of tourism to a country's GDP can give an indication of the importance of tourism in relation to other industries in that country.) Globally, the World Travel and Tourism Council indicated that in 1996 tourism generated a total output of US\$3.6 trillion and contributed 10.7 per cent of global Gross Domestic Product. Many governments now actively promote tourism in order to bring foreign currency into a country and generate more wealth for that country. The income generated helps the national balance of payments, earning revenue through direct taxation, as well as from indirect taxes on goods and services purchased by tourists.

When an area develops as a tourist destination, the local economy benefits because new jobs are created and visitors bring more business to local shops and restaurants. The income generated can then be used to improve local services, whether by developing better transport and infrastructure, or by providing more facilities for residents and visitors, such as leisure centres, shopping areas and entertainment or attractions. This is known as the '**multiplier effect**'.

Activity

Look at the pie chart below, showing the domestic and overseas tourist spending breakdown for the UK in 1999. Obtain similar statistics for your own area and compare the percentages in each of the principal areas.

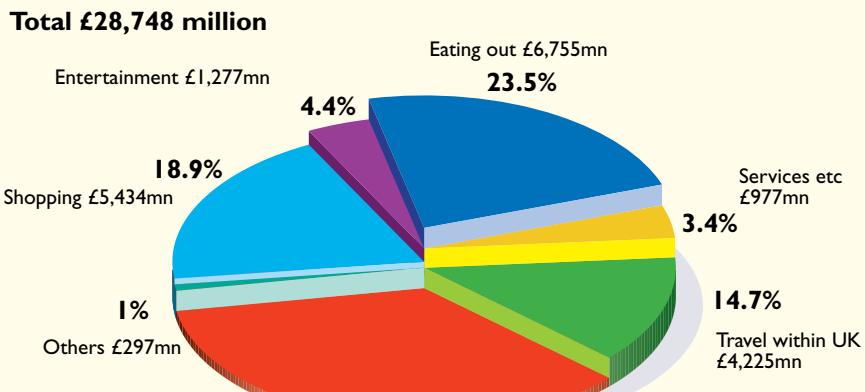


Figure 5 ►
UK tourist spending breakdown, 1999

Source: www.staruk.org.uk, sponsored by the National Tourist Boards and the Department for Culture, Media and Sport

The **balance of payments** is a statement which shows the flows of international currency and capital items to and from a particular country. Items are classed as either 'visible' or 'invisible'. Visibles are items which can be seen – such as cars, electrical products or raw materials – and invisible items are those which cannot be physically seen – such as shipping, banking, tourism and insurance. The tourism balance of payments for a particular country is the figure which shows all the earnings from overseas visitors, less any payments made by its own residents who travel abroad.

If we use the figures for the UK we can see how the tourism balance of payments has changed over a period of time:

		1975	1987	1996	1997	1998	Spending on tourism 1975–98, in £ millions
	Money spent in UK by overseas residents	1,218	6,260	12,290	12,244	12,671	
	Money spent abroad by UK residents	917	7,280	16,223	16,931	19,489	
	Balance on travel account	301	-1,202	-3,933	-4,687	-6,819	

Source: National Statistics for the UK

Using these figures, it is evident that the tourism balance of payments for the UK is in deficit (i.e. more money is going out of the country than coming in) and obviously the BTA has the target to improve this balance and reduce the deficit. One of the problems for the UK is that most regional tourism tends to be seasonal. In other words it is affected by weather patterns, with the bulk of tourism occurring in the summer months, though London and other larger cities may attract visitors throughout the year. Other countries may also be affected by weather patterns, such as monsoon or hurricane seasons, or some may attract particular types of visitors in specific seasons, such as ski and winter sports resorts.

The **multiplier** concept is the term used to calculate the benefit of tourism income to a particular region. Money spent by tourists in a destination area has both direct and indirect economic benefits. Enterprises which offer tourist facilities, such as hotels, attractions and transport operators, benefit directly from tourist spending. Other businesses may also benefit from the presence of the tourist, such as shops, banks, and businesses which provide goods and services for the tourist (like laundries and food suppliers). If visitors to London, for

example, stay overnight, they will have to pay the hotel for the accommodation. The hotel uses this income to pay its staff and suppliers. Those staff will spend some of their wages in local shops and the suppliers will pay their own staff. So the money is circulating in the area and thus creating more wealth in that area for other businesses. However, a portion of the visitor's payment to the hotel is lost to the area, through taxation paid by the hotel to the government, or to suppliers outside the local area. This is known as 'leakage' from the local economy.

A small local restaurant is more likely to have a higher income multiplier effect, as it would use local staff and probably local suppliers. But a large city-centre hotel may be part of a national or international chain, and goods and services may be purchased centrally by the organisation, so less of the income earned by the hotel is spent in the local area.

Tourism is a very people-oriented business, therefore the opportunity to create **employment** in an area is one of the attractions to governments. If an area has suffered from declining industries and levels of unemployment are high, tourism could be a way of revitalising that area and creating employment. But the skills needed within the industry may not be the same as the traditional industry, so efforts are made to retrain and recruit those with the necessary expertise (such as communication, personal presentation or specific catering qualifications, for example). Some of the employees may need to be relocated to the developing area, particularly where there are skills shortages, but others will be employed locally. Other local residents may see an opportunity to become self-employed and develop their own business in the tourism sector. An example of this may be the owner of a farm in a declining area converting buildings into holiday cottages, or a fisherman unable to earn sufficient income through fishing alone offering boating or fishing trips to visitors round the local coastline.

Direct employment in tourism occurs in accommodation and catering, transport operations, travel agencies, tour operators, tourist attractions and government departments (such as tourist boards and tourism information centres, national parks and monuments, air traffic control and lifeguards). Tourism employment opportunities may also arise more indirectly, through areas such as customs and immigration officials at land borders, ports and airports; and capital investment jobs (design and construction of highways, airports, aircraft, hotels/resorts and cruise ships, for example). Employment opportunities may also grow in areas concerned with the supply and production of travel products (film

developers, sign makers, laundries, food producers and chemists, for example).

The **negative impact** of employment within the tourism industry can be that, as the work may be seasonal, the employees may not have the same loyalty and commitment to the job, and take little interest in gaining skills and qualifications in the industry. The hours can be long and the pay may not always compete favourably with other industries, so potential employees may not see their work as a career opportunity. This can have an effect on the way tourists experience an area. Poor service or an otherwise unfavourable experience may affect a tourist's enjoyment of an area. The tourist is unlikely to return to that area and may tell others, thus creating a decline in demand affecting other tourism providers in that area.

Tourism is considered to be a growth industry, but if potential visitors do not have the income to spend on tourism, a negative aspect could be a recession in tourism. If a developing country is **over-dependent** on tourism, then the economic and social problems caused by a recession in the industry could be great. Governments need to develop strategies to reduce over-reliance on tourism employment to minimise these effects. A further aspect of over-dependence is that employees may be attracted to employment in tourism-related work and leave their traditional primary industries, particularly in developing countries. This has the effect of loss of labour in those traditional industries, causing labour supply problems.

Another negative impact of tourism can be **inflation** in prices of goods and services in an area, which causes difficulties for the local residents. The businesses catering for the tourist may increase their prices to attract more revenue but the local population may not be able to pay these higher prices. Prices of houses in a popular tourist area may rise, so local people may no longer be able to afford to buy there. This can happen where houses are purchased as second homes or holiday villas meaning they are no longer available to local residents. A social difficulty could arise as younger people may be forced to move from the area in order to be able to purchase a property. Local shops and businesses may decide to cater more for the tourist market, thus reducing the facilities and choice for local inhabitants who may need to travel further for basic supplies of goods. If an area is spending money on the development of facilities for tourists, such as hotels or roads, then there is less money available for other capital projects such as schools and hospitals which an area may need.

Environmental impacts of tourism

An attractive environment appeals to tourists, whether natural or built, and the development of tourism in a locality will relate to the surrounding area. The term 'environment' refers to the physical setting in which tourism takes place – this could be coastal resorts, historic cities, mountain ranges, picturesque villages, sites of cultural interest including museums and national monuments – and which provides the stimulus for travel.

Tourism itself will affect the environment in both positive and negative ways. The following lists summarise these effects:

The positive effects may include:

- increased investment in the area (may improve facilities, access and enable development);
- conservation of features encouraged (buildings, wildlife, countryside);
- increased income for upkeep and preservation of facilities.

On the other hand, negative aspects could include:

- appealing environment spoilt by over-development;
- local people displaced due to development of coastal resorts;
- damage to natural flora and fauna;
- scarcity or reduction in water supply/quality to meet tourism demands;
- increased litter and waste disposal problems;
- greater air pollution and noise from overcrowded facilities/increased air traffic.

There are pressure groups who campaign to preserve the environment and try to prevent over-development, such as Friends of the Earth and Tourism Concern. Government departments in many countries aim to achieve sensitive tourism development that is respectful of local environments and customs. The more involved a local community is with the development of tourism in an area, the less damaging the impact of tourism may be on that area. However, the local community may see the benefits of tourism development without being fully aware of the negative effects or costs to the community. Or they may focus on the threats to the environment without seeing the positive aspects. This is where local tourism forums (such as regional tourist boards) can help focus the issues and provide an opportunity for discussion and analysis as well as raising public awareness.