



MACRO PERSPECTIVE IN TOURISM



DEVELOPED BY:

MRS. MARISSA S. SULIT

Mr. Rodrigo Paderanga





SUBJECT: MACRO PERSPECTIVE

UNITS: 3 UNITS

HOURS/ WEEK:3 HOURS PER WEEK

COURSE CODE:

Course Description:

This course will cover the workings, operations and the integrative activities of the major stakeholders in the tourism and hospitality Industry. The student will also gain knowledge on managing and marketing a service-oriented business organization. Apart from the scope and structure of the travel organizations, it provides an in-depth study of the nature and distinctive characteristics of each sector of the entire tourism industry, focusing on the management, organization and planning of specific business strategies for the various entities in the local setting. This will also involve the analysis of the possible impacts of external factors and trends on the different tourism industry sectors and specific types of businesses. It will also look into client profiling such as travel motivations and influences as it relates to aligning strategic and tactical solutions to the business. This course also identifies the employment opportunities available in each sector and the corresponding qualifications for the jobs..

COURSE REQUIREMENTS:

1. **WRITTEN PERFORMANCE 25% ,
PERFORMANCE TASK 50%,
MAJOR EXAMINATION 25%
TOTAL = 100%**
2. **Prelim, Midterm, Pre-Final, & Final examination**

GENERAL INSTRUCTIONS:

1. **Read first before doing anything.**

2. USE THE ACTIVITY SHEETS FOR YOUR ANSWERS. (THIS WOULD BE SUBMITTED TO THE INSTRUCTOR)

3. Read the instructions carefully before doing each task.

4. Observe honesty and integrity in doing the tasks /activity.

5. Finish the task at hand before proceeding to the next.

NOTE: DON'T FORGET TO WRITE YOUR NAME AND DATE SUBMITTED IN YOUR ACTIVITY SHEET.

IF YOU ENCOUNTER ANY DIFFICULTY IN ANSWERING THE TASKS/ACTIVITY ,DO NOT HESITATE TO CONSULT YOUR INSTRUCTOR. (MOBILE# 09234829430, GMAIL: Sulit.marissa.spist@gmail.com

A Macro Perspective Tourism and Hospitality: By. Romeo D. Lim

Principles of Tourism: By. Cruz, Zenaida

www. Google.com

www. Yahoo.com

Seth Rabindra (1999) "Tourism: Problem and Prospects" Yojna Vol. 43 No. 8, Publication Division, R.K Puran, New Delhi p.24. iaEditor(1999) "About the Issues"Yojna Vol. 43 No. 8, Publication Division, R.K. Puran, New Delhi p.6.

UNWTO Tourism Barometer, 2010;
UNWTO Tourism Highlights, 2011 Edition;
UNWTO World Tourism Barometer, 2014



MODULE OVERVIEW

MODULE # 3 TOURISM DEMAND AND SUPPLY

In this study a newly developed model, referred to as the “Match Model”, is used to express the relationship between the needs of specifically identified emerging tourist market segments and the existing tourism product offerings in selected regions. Each market segment is positioned to show the extent to which the current product offerings in a region, represented by sectors such as transport, accommodation, tours and attractions, meet the respective market segment’s needs.

INTENDED LEARNING OUTCOMES

- Acquire understanding tourism demand and supply
- Learn tourism component contributes to the economy
- Learn the tourism management supply
- Differentiate tourism demand between tourism supply
- Learn how important demand and supply in tourism industry

CONTENT

- DEFINITION OF TOURISM DEMAND
- DEFINITION OF TOURISM SUPPLY
- TOURISM MANAGEMENT-SUPPLY
- CATEGORIES OF TOURISM SUPPLY COMPONENTS



DEFINITION OF TOURISM DEMAND

Tourism demand refers to the total number of people who travel or wish to travel, and use tourist facilities and services at places away from their places of work or residence (Cooper et al. 1993). For a better understanding of tourism demand, it is useful to differentiate between the demand for travel to a destination and the demand for particular tourism related products or services within the destination e.g. hotel rooms, restaurant meals, tours etc.

The scale and the magnitude of demand differ with time and sometimes with seasons. Time demand for tourism services either advances or changes. Such changes could be due to the emergence of the so-called “new tourists” The scale and the magnitude of demand differ with time and sometimes with seasons. Time demand for tourism services either advances or changes. Such changes could be due to the emergence of the so-called “new tourists” (Poon, 1994 & 1993). These tourists want to experience something new and expect high quality service and value for their money.

A tourism value chain is simply defined as a SYSTEM which describes how private sector firms in collaboration with government and civil society receive or access resources as inputs, add value through various processes (planning, development, financing, marketing, distribution, pricing, positioning, among others) and SELL the resulting products to customers. (Hawkins, 2005). situation is referred to as representing potential demand. Deferred demand describes the second sub-category of suppressed demand in that travel is postponed due to problems in the supply environment.

Factors that motivate people to travel

There are as many reasons for engaging in tourism, as there are tourists. Different people participate in tourism for different purposes. Seemingly, every purpose comes with specific tourism demand. One of the most common demands is for accommodation. Whatever the intention, tourists should be accommodated in one way or another.

The most common reasons for travel away from home are:

- For leisure, recreation and holidays
- To visit friends and relatives

- For business and professional engagements
- For health treatment
- To undertake religious and other pilgrimages
- Other more personal motives

Table 3.1 represents a classification of motives that encourage people to engage in tourism related activities.

Table 3.1: Classification of Activities

Classification	Coverage
Sport, physical activities	Non-professional active participation in all kinds of sport and outdoor and indoor activities, e.g. golf, tennis, skiing, skating, swimming, rowing, sailing, surfing, other water sports, jogging, cycling, walking, hiking, trekking, climbing, mountaineering, horse riding, pony trekking, fishing, angling, shooting, hunting.
Attending events (including sports), spectators and Participants	Theatre, concerts, festivals, opera, ballet, circus, cinema, recreation parks, theme parks, amusement parks, ballroom, discotheque, dancing, casinos, gambling, betting, other entertainment, sports events.
Education, heritage, nature	Education, studying (not connected to profession), visiting museums, exhibitions, historical sites and buildings, botanical and zoological gardens, nature reserves.
Health activities	Spas, fitness, health resorts, other treatments and cures.



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Religious activities	Attending religious events, pilgrimages, Zion Christian Church (Moria City, Limpopo, South Africa) and many others around the country
Sightseeing	Sightseeing by group trips, touring, cruising, landscape or cityscape by walking, cycling or by taking a motorized drive
Shopping	Visiting stores, shops, arcades in search of merchandise, or simply window-shopping.
Meetings and Conventions	Attending meetings, conferences, congresses, conventions, seminars, trade fair and exhibitions, incentive weekends.
Passive leisure	Relaxing, sunbathing, eating and drinking.

DEFINITION OF TOURISM SUPPLY

The definition of tourism supply should result from the definition of tourism. Thus it can be defined as the supply of all assets, services and goods to be enjoyed or bought by visitors and occasioned by the journeys of visitors.

The demand for tourism can be defined in various ways, depending on the economic, psychological, geographic and political point of view of the author. The geographic perspective defines tourism demand as the total number of persons who travel or wish to travel, and use tourist facilities and services at places away from their places of work or residence (Cooper *et al.* 1993).

One of the important issues relating to tourism as mentioned in a number of official proclamations, demands is the individual’s right. In 1980 the Manila Declaration on World Tourism stated that the ultimate aim of tourism was “*the improvement of the quality of life and the creation of better living conditions for all people*” (Cooper *et al.* 1993: 14). This sentiment is reflected in the tourism vision as stated in the 1996 South Africa Government’s White Paper on Tourism.

Cooper *et al.* (1993) identified two types of demand curves. The first one is the direct demand curve that states that a tourism product can be ascribed to the relationship between two variables like 'price' and 'quantity'. This is a relationship in the economic demand schedule. The second one is the inverse demand curve that states that the quantity of demand for tourism drops with an increase in the price associated with tourism, and vice versa.

According to Prosser (1994), the character of tourism demand will continue to change. Schwaninger (1989) predicted these changes in tourism demand as follows:

- Tourism demand will continue to grow and become increasingly differentiated.
- There will be greater market specialisation and segmentation with a stronger emphasis on more active pastimes rather than passive holidays.
- Packaged holidays will be customised to accommodate greater individual freedom through a modular product design.

Although many of us have been “tourists” at some point in our lives, defining what **tourism** actually is can be difficult. **Tourism** is the activities of people travelling to and staying in places outside their usual environment for leisure, business or other purposes for not more than one consecutive year. So, I being wanderer as well as an introductory economics student is going to discuss the demand and supply of this interesting tourism industry.

Demand:

Demand refers to how much (quantity) of a product or service is desired by buyers. The quantity demanded is the amount of a product people are willing to buy at a certain price.

The relationship between price and quantity demanded is known as the demand relationship.

Supply:

Supply is the willingness and ability of producers to create goods and services to take them to market.



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Supply is positively related to the price given that at higher prices there is an incentive to **supply** more as higher prices may generate increased revenue and profits.

The four basic laws of supply and demand:

- If demand increases and supply remains unchanged, a **shortage** will result, leading to a higher equilibrium price.
- Demand decreases and supply remains unchanged, a **surplus** will result, thus leads to a lower equilibrium price
- If demand remains unchanged and supply increases, a **surplus** will result, leading to a lower equilibrium price
- If demand remains unchanged and supply decreases, a **shortage** will result, leading to a higher equilibrium price.

Equilibrium Price:

The market price at which the supply of an item equals the quantity demanded.

Now moving on to connecting these with the main topic:

Definition of 'demand for tourism':

The total number of persons who travel or wish to travel and use tourist facilities and services at places away from their places of work or residence

Demand for Tourism

Development at a tourism destination is shaped by the demand for tourism in that country. Thus the demand for tourism in any country is shaped by tourism opportunities.

Tourism opportunities represent a mix of attractions.

For a destination to succeed it is important to deliver a quality product based on sustainable principles necessary for tourism development.

Tourism Supply:

Supply — the provision of the key elements of the tourism industry by the host government and destination leadership.

- Tourism resources for a tourism supply range from natural to man-made.
- The infrastructure required includes telecommunications, accommodation, and transport.
- Tourism services include tour companies, visitor information offices, transport rental agencies

Elasticity:

The supply of some tourism facilities (eg accommodation) is 'inelastic' i.e. limited or restricted.

When supply is limited competing forces may bid the price up.

In response to higher offers suppliers may be willing to increase production (extend the hotel, release additional rooms).

Price Elasticity:

- If the %age change in demand is **greater** than the %age change in price which caused it, then demand is **elastic**.
- If the change in demand is **less** than the %age change in price which caused it, then demand is **inelastic**.
- If responsiveness of demand is **exactly proportional** to the change in price, then elasticity is **unitary**.

Simultaneous consumption of complementary products and services

Tourism products are often consumed together, such as an air flight and a hotel room along with a sightseeing tour.

So, an increase in demand for one product may cause an increase in demand for complementary products.



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Competition:

- From other tourism products, such as suppliers of similar products, or suppliers of products to other destinations.
- From non-tourism products — because expenditure on tourism is often discretionary and could be reassigned to other 'luxury' goods such as computers, cars, home theatre systems.

How does supply change to meet demand?

Changes airlines have made to meet demand with changing routes (canceling some, introducing others, adding or deleting capacity to meet the market)

Construction of new 4- and 5-star hotels in Dubai to meet the demand for higher quality accommodations.

TOURISM MANAGEMENT-SUPPLY

Tourism Management is a complex sector involving a wide range of economic operations. Tourism supply is one of the operations. It is highly reliable on the natural, artificial or man-made, operating, as well as the regulatory components involved in creating the tourism product. The supply elements are geographically confined to a fixed place hence, the stake holding businesses need to provide products and services by putting costs and anticipating promotion of their individual products and revenue.

It influences an entire tour right from starting the tour up to ending it gracefully and satisfactorily. Let us see what it is and what makes it a bundle of tourists' satisfaction.

What is Tourism Supply?

The tourism supply of an industry is derived by summing the value of tourism products sold by the tourism industry to the tourists. It takes into account accommodation services, food, transport, and other retail sales.

Properties of Tourism Supply

- Tourism supply is perishable (cannot be stored like the products).

- It cannot be examined before one purchases it.
- It is necessary to move from one place to other for its consumption.
- It is geographically fixed at different places.

Components of Tourism Supply

Here are typical components of the tourism supply – Attractions

They are the places the tourists perceive as the satisfaction of their leisure-oriented needs.

- **Natural Attractions** – Caves, canyons, rocks, waterbodies, landscapes.
- **Man-Made Attractions** – Theme parks, towers, bridges, architecture, temples, mosques, churches, and monuments.
- **Cultural Attractions** – Historical sites, monuments, local arts and crafts, local folk core, music and dance.

Transportation

They are the modes of commuting.

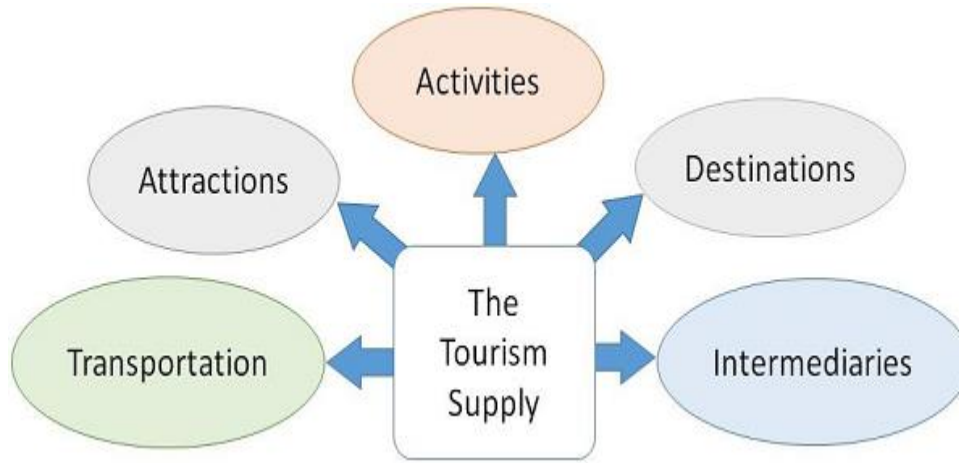
- **Road** – Car, bus, cycle.
- **Rail** – Long distance, high speed, commuter, or intercity trains.
- **Water** – Boats, ferries, cruises.
- **Air** – Carriers that operate on fixed schedule, Charters that operate as and when required.

Intermediaries

- They are the mediators.
- **Travel Agents** – The business of selling hospitality and tourism products.
- **Tour Operators** – They deal with the operating components for rates.



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- Destination
 - It is the place the tourists visit. It is composed of –
 - Accommodation – Hotel, motel, lodge, guest house, B&B.
 - Restaurant – Specialty restaurants, themed restaurants, branded restaurants such as CCD, KFC, Bistros, and takeaway food joints.
 - Tourist Facilities – Pubs, entertainment parks, shopping centers, and casinos.
- Activities
 - They include activities the tourists are interested to engage in –
 - Adventure Sports – Mountain biking, bungee jumping, rafting, and other similar activities.
 - Leisure – Basking on beaches, swimming, dining near waterbody.
 - Business Activities – Attending seminars, business meetings, promotions.
 - Health Activities – Attending Yoga sessions, exercising, undergoing naturopathy, and similar such activities.

CATEGORIES OF TOURISM SUPPLY COMPONENTS

Tourism supply incorporates the following components –

Natural Components



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They are mainly the Environmental components. They are the natural elements for visitors' experience and enjoyment.

- Climate
- Milieus of the destination
- Flora and fauna
- Natural beauty of destination

Constructed Components

They are the infrastructure and superstructures. They include all surface, underground, and above the ground constructions and facilities.

- Water Supply System
- Cooking gas supply system
- Electric supply system
- Drainage and sewage system
- Rest rooms for sanitation
- Airports
- Transport hubs
- Parking hubs
- Accommodations/hotels/Restaurants
- Museums
- Gardens
- Shopping centers
- Attractions

Operating Components

They are mainly related to the services. They include the work force that is instrumental in imparting excellent experience to the tourists.

- Transport service
- Food service
- Accommodation service
- Service at the places of attraction

Regulatory Components

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They are the permitting authorities.

- The public sector – Government policies
- Licensing
- Civil rights authorities
- NGOs

The tourist supply inspires, conducts, and affects the entire tour. If any one of the above given components does not work well, it impedes the experience of the tourists and the tour does not turn out to the tourists' satisfaction.



COURSE : _____
MODULE # : 3 Midterm
INSTRUCTOR: Mr.Rodrigo Paderanga
NAME OF THE STUDENT: _____
YEARLEVEL/COURSE: _____
DATE SUBMITTED: _____

Activity 1.

1. What is tourism supply ?

2. What are the components of tourism supply?

[illegible]



Direction: Identify if it is Natural components, Regulatory Components, Operating components Constructed Components

- 1. The public sector – Government policies
- 2. Licensing
- 3. Service at the places of attraction
- 4. Water Supply System
- 5. Cooking gas supply system
- 6. Natural beauty of destination
- 7. Civil rights authorities
- 8. Milieus of the destination
- 9. Climate
- 10. Airports
- 11. Transport hubs
- 12. Transport service
- 13. Food service
- 14. Accommodation service
- 15. NGOs

1. What are the 5 A's in tourism?

NAME OF THE STUDENT: _____

YEAR/LEVEL: _____

COURSE/ MAJOR: _____

MOBILE/LANDLINE # _____



YOU MAY WRITE YOUR FEEDBACK AND SUGGESTION REGARDING THE MODULE

ASSIGNMENT!



