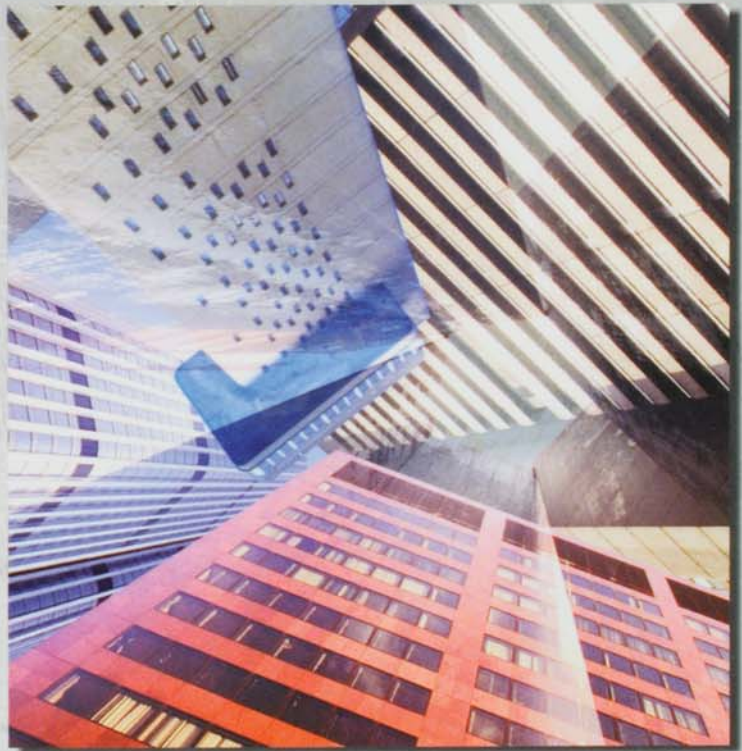


Tourism and Hospitality in the 21st Century



Edited by
**A. Lockwood
and S. Medlik**



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Preface

Throughout the world more people than ever travel and stay away from home. Tourism and hospitality are the world's major industries, which are in large part responsible for much economic growth, balance of payments, employment and regional balance in their countries. They are also important socially, culturally and environmentally – for those who become tourists and for their hosts. The future of tourism and hospitality is of interest to many businesses and other organizations, as well as governments.

This volume contemplates the future of these activities. It draws on invited contributions to the first international conference of the millennium year on 'Tourism and Hospitality in the 21st Century' at the University of Surrey in Guildford, England, in January 2000. The authors' original contributions have been edited at the discretion of the editors because of limitations of space, the need to conform otherwise to the issued guidelines, or for other reasons.

Many authors are from Britain but more than half come from the rest of Europe, North America and other parts of the world. They represent a wide range of interests involved in tourism and hospitality, and while many come from universities, most work in business, consultancy and other organizations. Their profiles are given in the list of contributors, where affiliations shown are those at the time they submitted their papers.

The book follows the successful structure of the conference programme of three main parts. Part One, consisting of nine chapters, reflects the conference plenary sessions and deals with global views. Part Two, comprising seven chapters, corresponds to the conference regional workshops and is concerned with global regions' futures and prospects. Part Three, with eleven chapters, covers most of the conference sectoral workshops and examines the futures and prospects of the component sectors. The concluding chapter reviews the problems and challenges and highlights some thoughts expressed in the three main parts of the book.

Like the conference, the book sets out to introduce educators and practitioners as well as others with an interest in the future, to the new century and the shape of things to come.

Written as it was by an international team of contributors for an international conference, and coming as it does from an international publishing company, it is aimed at an international audience. It would not have been possible without the cooperation of the authors, conference organizers or publishers, and to all of them we express our appreciation.

*A. Lockwood
S. Medlik
Guildford, 2000*

Principal contributors

Daniel Affolter

Daniel Affolter graduated with a law degree from the University of Zurich, was admitted to the Bar, and had some twenty years' varied professional legal experience. Since 1990 he has been chairman and member of several boards of directors. Over that ten-year period he has been a member, non-executive chairman and since July 1999 executive chairman of the Board of Directors, Kuoni Travel Holding Ltd, based in Zurich. His other appointments include membership of the Executive Committee of the World Travel and Tourism Council (WTTC).

Maggie Bergsma

With more than fourteen years' experience in tourism, the last eight as an international expert in tourism marketing, Maggie Bergsma has worked as a consultant for international organizations and countries, including both public and private sector clients. In 1996 she joined Interface International based in Brussels which specializes in tourism marketing, as Director of the Consulting Department. In this position she has undertaken major projects with a particular focus on tourism from Germany and the UK to Poland and on European tourism to Bulgaria.

Richard Butler

Richard Butler is currently Professor of Tourism at the University of Surrey and Emeritus Professor at the University of Western Ontario, Canada, where he previously held a Chair in the Department of Geography. He has been employed as a researcher and adviser by government and other public as well as private sector agencies in the UK, Canada, USA and Australia. Professor Butler received his doctorate from the University of Glasgow, is a Fellow of the Royal Geographical Society and Royal Society of Arts, past President of the International Academy for the Study of Tourism and the Canadian Leisure Studies Association.

Marvin Cetron

Dr Cetron is the founder and President of Forecasting International based in Virginia, USA, and is one of the foremost forecaster-futurists. As a pioneer in corporate, industry, demographic and lifestyle forecasting, he has structured the company to provide industry and government with the benefits and insights of an international group of experts in a wide range of activities. He is an author and co-author of books, articles and papers on American and global contemporary and future scenes. Over the years he has been a consultant to more than 150 firms, government agencies and other organizations.

Kenneth Chamberlain

Ken Chamberlain studied history at Oxford and transportation management at Stanford University, USA. His business career spans more than forty years. His posts with P&O (North America) Inc. as Vice President Marketing and Executive Vice President of the cruise line were followed by senior posts with Pacific Asia Travel Association (PATA), including eleven years as Chief Executive. In the 1990s he was Executive Director of the PATA Foundation managing grants for the environment, cultural heritage and education, and he continues working as a tourism consultant.

Colin Clark

Colin Clark is a director of Horwath UK, a member of Horwath International, consultants to the tourism, hotel and leisure industries. There he was responsible for the Leisure Time Study commissioned by the World Tourism Organization (WTO). He is also a member of the WTO Business Council Leadership Forum of Advisers, Chairman of the British Standards Institute Committee on Tourism Standards and UK representative on the European Committee on Tourism Standards. Previously he was a director of the British Tourist Authority and English Tourist Board, executive agencies for tourism promotion and development.

Robert Cleverdon

Robert Cleverdon has worked for more than three decades as a travel, tourism and leisure consultant on the development of the tourism sector in the UK and overseas, trends in future demand and the market for particular products. After many years with the Economist Intelligence Unit and the UNDP/WTO Programme in the South Pacific, in the 1990s his consultancy activities have focused mainly on tourism sectors in developing countries. He is also the WTO adviser on its global tourism forecasting research and holds a senior lecturer post in the Centre for Leisure and Tourism Studies at the University of North London Business School.

Suzanne Cook

Dr Cook is the Senior Vice President of Research for the Travel Industry Association (TIA), responsible for overseeing the work of the US Travel Data Center, the TIA research department, where she directs a major multi-faceted programme of research. Prior to joining the Center in 1977 she held the position of Senior Project Director for the Arbitron Company, a major broadcasting research firm. *Travel Agent* magazine named her as one of the 200 most powerful women in the travel industry and recently she received the Lifetime Achievement Award, the highest and most prestigious award of the Travel and Tourism Research Association (TTRA).

Bryony Coulson

Bryony Coulson has nearly twenty years' experience in the travel industry and training. She joined Saga Holidays as a graduate management trainee in 1980 where she had varied responsibilities for various aspects of tour operating, reaching the position of Quality Control Manager. Over the following five years she developed quality improvement programmes at Stena Line, Hoverspeed and Utell International. Her current role as Assistant Director of the Passenger Shipping Association (PSA) and General Manager of PSARA (the training and education arm of the PSA) is to oversee and develop the seminar training programme aimed at travel agents to sell cruises.

Douglas Frechtling

Dr Frechtling is Chair of the Department of Tourism and Hospitality Management in the George Washington University's School of Business and Public Management. He began his career as an economist for the US Congress and later served as deputy assistant to the Secretary of the US Treasury. He was founding Director of the US Travel Data Center and served as its chief executive officer for fourteen years. Later he was President of GuestPlus Inc., founded to market independently owned luxury hotels to frequent travellers. He is a past president of the Travel and Tourism Research Association and for more than a decade he has been a consultant to the World Tourism Organization.

John Heeley

After graduating with Masters and PhD research degrees in tourism, Dr John Heeley was for a number of years senior lecturer in tourism in the Strathclyde Business School, Glasgow. There he authored numerous reports and articles and did extensive consultancy work for both the public and private sectors of the Scottish tourist industry. Between 1990 and 1996 he was Director of Tourism for the City of Sheffield and Managing Director of Destination Sheffield; since 1997 he has been Chief Executive of

Coventry and Warwickshire Promotions. He has developed both organizations from scratch and also played an important role in city development.

Nelson Hitchcock

Nelson Hitchcock is Group Managing Director for RCI Europe, part of the world's leading timeshare exchange organization, having previously held several key senior management positions with RCI, both at European headquarters and within the European operating units. Before joining RCI, he worked in senior marketing and management positions for several major American consumer and financial services companies, which included Citicorp in the United States and Europe. American-born, Nelson Hitchcock has an MBA from the Harvard University Graduate School of Business Administration and holds a Bachelor degree in Economics and English from Allegheny College.

Peter Jones

Professor Jones holds the Charles Forte Chair of Hotel Management and is responsible for the work of the Centre for Hospitality Industry Productivity Research in the School of Management Studies at the University of Surrey. Prior to joining Surrey in 1997 he was the Assistant Dean of the Brighton Business School. Professor Jones holds an MBA degree from London Business School and a doctorate from the University of Surrey, is a Fellow of the HCIMA, author or editor of nine textbooks and numerous journal articles. He was the first President of EuroCHRIE and serves as CHRIE's adviser to the Board of the IH&RA.

Walter Leu

Walter Leu graduated in law from the University of Zurich and had an extensive professional career in the banking, trust company and insurance sector before making a major contribution to tourism. Between 1979 and 1994 he was Director General of the Swiss National Tourist Office and since 1996 he has been Executive Director of the European Travel Commission (ETC), which represents national tourist organizations of most European countries. He has also been chairman of ETC, chairman of the Alpine Tourist Commission and member of several Swiss governmental commissions on tourism.

Martin Lohmann

Dr Lohmann is managing and research director at NIT, Institute for Tourism and Recreational Research in Northern Europe, based in Kiel, Germany. He studied psychology, sociology and philosophy at several German universities and was a researcher at the University of Würzburg where his doctoral thesis was on stress and recreation. Before joining the Kiel

Institute he was for a number of years research director at Studienkreis für Tourismus in Starnberg, Germany, responsible for a number of projects, including the annual national travel survey 'Reiseanalyse' and studies of holiday areas.

Victor Middleton

Professor Middleton is an independent academic, consultant and author who currently holds visiting appointments at the Universities of Central Lancashire and Oxford Brookes in the UK. His career bridges international commercial organizations, tourist boards, local authorities and academic institutions over thirty years and he has undertaken visiting professor roles and consultancy assignments in many countries worldwide. As an author of more than 100 articles, books and reports, his major published contributions have been in tourism marketing and measurement, museums and heritage management and sustainable development.

Hansruedi Müller

Professor Müller teaches leisure and tourism at the University of Berne, Switzerland, where he heads the Research Institute for Leisure and Tourism (FIF). He started his academic career at the University in the early 1980s and has a wide range of publications to his credit. His most important ones dealing with leisure, tourism, ecology and quality management draw mainly on Swiss and to a lesser extent Austrian and German experience. They include a Delphi study of travel to 2005 which covers the three countries.

Michael Olsen

Michael Olsen is a Professor of Strategic Management in the Hospitality Industry at Virginia Polytechnic Institute and State University, Director of Research for the International Hotel & Restaurant Association, President of Michael D. Olsen and Associates (MDO) and Chairman of the Olsen Group Inc., a subsidiary of MDO. During more than thirty years of industry and academic experience he has served on many national and international associations, authored/co-authored/edited books and manuals as well as over 200 articles in the professional and trade press, given more than 250 presentations in some forty countries, and held a number of visiting appointments world-wide.

Auliana Poon

Dr Poon graduated with a Masters degree in Economics from the University of the West Indies and a doctorate in tourism from the University of Sussex, England. She is managing director of Caribbean Futures, based in Bielefeld, Germany, and Port-of-Spain, Trinidad, a travel and tourism

consultancy with a particular expertise in the Caribbean. Her recent clients have included a number of governmental bodies, including the European Union. Her publications include, as editor and publisher, *Tourism Industry Intelligence*, a leading travel and tourism industry newsletter.

Regina Schlüter

Dr Schlüter is Professor at the Universidad Nacional de Quilmes and co-founder and Director of the Centre for Tourism Studies and Research (CIET) in Buenos Aires, Argentina. She graduated in demography and tourism and received her doctorate in social psychology from the Universidad Argentina J. F. Kennedy. She is editor-in-chief of the social science journal *Estudios y Perspectivas en Turismo*, author of and contributor to, several books and author of articles in Latin American, North American and European journals.

John Seekings

Although brought up in South Africa, John Seekings' working life has been based in Britain. After transport-related studies at Capetown and the London School of Economics, his first appointments were in the airline business, before moving into aviation journalism as editor of *Aeroplane* and then of *Airways*. In 1975 he set up Tourism International to extend his interests into the wider world of tourism and in the early 1980s he teamed up with Steve Wheatcroft as senior partner in the consultancy Aviation and Tourism International.

Victor Teye

Dr Teye is an Associate Professor of Tourism and co-ordinator of the Travel and Tourism Programme at Arizona State University. He received his degree from the Universities of Ghana and Manitoba in Canada and was a Research Associate with the Universities of Zambia, Ghana and Manitoba, before joining Arizona State University. He served as a tourism consultant with the UNDP/ILO in Ghana, USAID in the Gambia and the Mid-Western University Consortium in Ghana's Central Region. In 1996 and 1997 he was a Fulbright Scholar at the University of Cape Coast in Ghana.

Graham Todd

With over thirty years' experience as an economist and consultant, and following ten years' specialization in international travel and tourism, Graham Todd co-founded Travel Research International Limited (TRI) in 1998 to provide research services and publications to the industry. Earlier he spent five years with the Economist Intelligence Unit (EIU), ten years with Coopers & Lybrand Associates and two years with Job Creation

Limited. He then started a career as an independent consultant, in parallel with more than ten years as managing editor of EIU travel and tourism publications, which became Travel & Tourism Intelligence.

Salah Wahab

Professor Wahab is Professor of Tourism at the University of Alexandria School of Tourism and Hotel Management, Founder and Chairman of Tourismplan and Chairperson of the Tourism Division of the National Council on Productivity and Economic Affairs in Egypt. Formerly he was Head of the State Tourism Administration, First Under Secretary of State for Tourism, Chairman of the National Organization of Tourism and Hotels, and Chairman of public and private sector investment companies. He is the author, co-author and co-editor of many books, articles and papers on tourism.

Betty Weiler

Dr Weiler is Associate Professor in the Department of Management, Monash University, Melbourne, Australia, where she heads up a small team of tourism lecturers and researchers. She completed an MA at the University of Waterloo and PhD at the University of Victoria in Canada, both with a focus on tourism, and has spent twenty years lecturing, researching and publishing in tourism. She has a strong track record in completing externally funded research and working on industry-based research projects. Since migrating to Australia ten years ago, she has focused mainly on special interest tourism, with an emphasis in recent years on ecotour guiding and interpretation.

Michael Willmott

Michael Willmott is co-founder of the Future Foundation, a research-based business 'think-tank' which he set up in July 1996 with fellow director Melanie Howard, and which has established itself as the leading independent futures research and consultancy organization in Britain. It helps organizations improve their performance through anticipating how society and marketplaces are likely to develop in the future and developing a better understanding of current customer demands and needs. Formerly Michael Willmott was Deputy Chairman and Director of Research at the UK Henley Centre for Forecasting.

Stephen Witt

Stephen Witt is Professor of Tourism Forecasting in the School of Management Studies at the University of Surrey, UK, and in the Department of Applied Economics at Victoria University, Australia. Previously he was Professor of Tourism Studies in the European Business Management

School at the University of Wales, Swansea, having started his academic career at Bradford University Management Centre. Recent visiting appointments include research posts in Australia, Denmark and Sweden.

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Part I

Global Views

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1

World travel and tourism today

Graham Todd

This chapter examines the current global dimensions and patterns of, and the recent trends in, travel and tourism, in order to provide a framework within which to consider the likely future of this global industry. It highlights the main generators of tourism demand, the main destinations of tourists and the main international tourism flows. Reference is made to the three leading tourism regions – Europe, North America and the Pacific Rim – and comments are also offered on the position of Africa, Asia and Latin America. The main trends of the 1990s are examined and the chapter concludes with some indicative pointers to the issues likely to influence tourism in the coming decades.

Definitions

It is important to acknowledge at the outset that the measurement of tourism is both an imprecise science and is increasingly susceptible to definitional problems. The central source of data on

international tourism, and the one upon which this chapter primarily draws, is provided by the World Tourism Organization (WTO) using data drawn from government sources. These data are largely concerned with two common measures of tourism – the number of arrivals registered in each country, and the levels of expenditure made by visitors. They also permit some analysis of the main generators of international tourism demand. However, as Edwards and Graham (1997) point out, destination countries use ten different measures of tourism, and origin countries use a further five, and there are often quite wide discrepancies between different data sources. They conclude that expenditure measures are the most reliable in assessing tourism's magnitude, yet it is immediately obvious that most countries, in discussing, planning and promoting their tourism industries, tend mainly to refer to arrivals numbers as if these were a reliable economic indicator. Clearly, without accurately analysing the types of arrivals, they are not.

Furthermore, international tourism traffic is the tip of the iceberg. Domestic travel, in terms of the number of trips taken, far exceeds the level of international trips. Domestic travel is rarely measured with much accuracy other than through macro-economic estimations and/or sample survey data. However, to provide just one indication of the magnitudes involved, the Prime Minister of China, Li Peng, in his opening address to the Pacific Asia Travel Association conference held in Beijing in 1997 reported that the Chinese had made 640 million domestic tourist trips in the previous year. This is 45 million more than the global total of international tourist arrivals in that same year.

It is obvious that the magnitude of domestic tourism in the industrialized world is vast – notably in North America and Europe. The oft-quoted statistic that less than 10% of Americans hold passports (despite the fact that the USA is the world's largest spender on international tourism, excluding transport costs), hints at just how massive this domestic business can be. However, the main thrust of this chapter is to focus on international tourism on which, notwithstanding data problems, information is most readily available.

Growth and magnitudes

Today's massive tourism industry has been driven by a number of factors – and these are the factors whose future directions need to be considered. They are:

- growth in real incomes;
- the advance in personal wealth as expressed in the ability of individuals to generate resources beyond those needed to pay for life's basic needs –

food, housing, clothing, education, health and, in more recent times, 'essential' consumer goods – in other words, the expanding ability for discretionary expenditure on non-essential items;

- increases in leisure time;
- peace amongst nations;
- freedom from administrative restraints on international travel;
- freedoms within international currency markets;
- expansion of fast, efficient and widely affordable public transport, coupled with wide access to private transport.

In a word, tourism depends upon economic development and open, free societies. It can be immediately seen that, measured against these basic criteria, much of today's world fares very badly. Such a comparison reveals two important facts. First, the majority of the world's population has yet to attain what we in the industrialized world would regard as a minimum level of supply of these elements. Second, and as a consequence, if the world's under-privileged can reasonably hope to attain access to these elements during the next century, the capacity for demand growth in national and international tourism is, for all practical purposes, unlimited.

For the advocates of tourism, this is wonderful news. For those concerned about wider issues of environmental integrity, it is potentially terrifying. For pragmatists, it raises issues to explore and elucidate.

The basic facts of the modern international tourism industry are well known and can be briefly stated. According to WTO data, in 1950 there were 25 million international tourist arrivals and the value of tourism receipts was US\$2.1 billion. In 1998 international arrivals had risen to an estimated 635 million and the value of receipts to US\$439 billion. Over those 48 years, the average annual increase in arrivals was around 7%; in terms of (current) tourism receipts, the average was just over 11.5%. The temptation to conclude that international tourism is subject to uninterrupted exponential growth is thus obvious but, as this chapter will show, it is also misleading, since there is clear evidence that rates of growth are now slowing down.

This chapter concentrates on the trends evident during the 1990s. As Table 1.1 shows, the rate of growth in international tourism arrivals averaged just over 4% a year between 1990 and 1998, but with very wide differences by region. The world's two major tourism regions – Europe and North America – both exhibited below-average growth. The fastest growing regions were Latin America, the Middle East and Africa – all relative back-markers in volume terms.

Table 1.1 International tourist arrivals by region, 1990–98 (mn)

	1990	1995	1996	1997	1998	% change from 1990 to 1998 ^a	Annual average % change
Africa	15.1	20.1	21.5	23.2	24.7	63.9	6.3
North America	71.7	80.5	85.2	84.7	85.0	18.5	2.2
Caribbean	11.4	14.0	14.3	15.3	16.0	40.0	4.3
Latin America	10.4	15.8	17.2	18.9	21.7	75.1	9.6
East Asia/Pacific	54.6	81.4	89.2	88.0	86.6	58.7	5.9
Europe	282.3	333.9	349.0	369.8	381.1	35.0	3.8
Middle East	9.0	13.5	14.1	14.9	15.0	67.8	6.8
South Asia	3.2	4.2	4.4	4.8	5.0	59.4	6.0
Total^b	457.6	563.4	595.0	619.6	635.1	38.8	4.2

^aCalculated on unrounded data.^bTotals may not add due to rounding.

Source: World Tourism Organization

Table 1.2 Regional shares of international tourist arrivals, 1990–98 (%)

	1990	1995	1996	1997	1998
Africa	3.3	3.6	3.6	3.7	3.9
North America	15.7	14.3	14.3	13.7	13.4
Caribbean	2.5	2.5	2.4	2.5	2.5
Latin America	2.3	2.8	2.9	3.0	3.4
East Asia/Pacific	11.9	14.4	15.0	14.2	13.6
Europe	61.7	59.3	58.7	59.7	60.0
Middle East	2.0	2.4	2.4	2.4	2.4
South Asia	0.7	0.7	0.7	0.8	0.8
Total^a	100.0	100.0	100.0	100.0	100.0

^aTotals may not add due to rounding.

Source: World Tourism Organization

In terms of market share, Europe remains the dominant influence on international tourism by the arrivals measure, accounting for 60% of all international arrivals in 1998, with East Asia/Pacific and North America next in importance. Together, these three regions account for almost nine out of every ten arrivals globally.

Table 1.3 International tourism receipts by region, 1990–98 (US\$ bn)

	1990	1995	1996	1997	1998	Annual average % change 1990/98
Africa	5.3	7.5	8.7	9.0	9.6	7.7
Americas	70.0	102.7	112.4	118.9	120.0	7.0
East Asia/Pacific	39.2	74.2	82.0	76.4	68.6	7.3
Europe	146.8	207.6	222.2	220.5	228.9	5.7
Middle East	4.4	7.5	8.2	9.1	8.0	7.7
South Asia	2.0	3.5	3.9	4.3	4.3	10.1
Total^a	267.8	403.0	437.6	438.2	439.4	6.4

^aTotals may not add due to rounding.

Source: World Tourism Organization

Looking now at tourism receipts, during the 1990s these grew in current US dollar terms at an average annual rate of 6.4% to 1998. Only Europe was below average during this period, with South Asia leading the pack, and Africa and the Middle East being the next best performers.

However, the major earners in terms of the volume of total receipts remain again Europe, the Americas (of which North America accounts for almost three-quarters) and East Asia/Pacific. The fastest growing regions are the small ones, and it should also be noted that the rate of growth in receipts in East Asia/Pacific until 1996 was 13.1% – by far the fastest – before the first hints of a slowdown in Asia's economies became apparent. Europe's

Table 1.4 Share of international tourism receipts by region, 1990–98 (%)

	1990	1995	1996	1997	1998
Africa	2.0	1.9	2.0	2.1	2.2
Americas	26.1	25.5	25.7	27.1	27.3
East Asia/Pacific	14.6	18.4	18.7	17.4	15.6
Europe	54.8	51.5	50.8	50.3	52.1
Middle East	1.6	1.9	1.9	2.1	1.8
South Asia	0.7	0.9	0.9	1.0	1.0
Total^a	100.0	100.0	100.0	100.0	100.0

^aTotals may not add due to rounding.

Source: World Tourism Organization

share of total tourism receipts has hovered around the 50% mark since the mid-1990s, having eroded slightly in the face of the rapid expansion in Asia in the early 1990s but recovering slightly thereafter. Similarly, the share of the Americas has remained broadly stable, the slight increase in the latter years being attributable partly to accelerated growth in Latin America, while the share of East Asia/Pacific fell back.

Europe is, of course, unique in international tourism owing to its geography. Most of its countries are accessible to most of its citizens by the simple means of taking a private car or train across borders. Where distances are too great for surface transport, air transport offers a short journey time alternative – rarely in excess of a 3-hour flight. The development of mass international tourism in the post-war era largely took place within Europe, based on these factors and assisted, of course, by the progressive liberalization of air transport markets. This allowed charter flights to drive leisure tourism forward, coupled with the development of the inclusive tour which took care of anxieties, inexperience and uncertainties arising from taking a holiday in another country where a foreign language and customs prevailed.

No other region of the world has such characteristics, so it is of little surprise that Europe is so massively important. It is, however, worth reverting for a moment to definitional issues in tourism measurement. Historically, Europe has consisted of some 30 independent states, each with normal border controls and each with its own currency. As the European Union proceeds with economic integration, these characteristics will fade. A common currency will soon be sufficiently widely in use for foreign exchange measures of tourism expenditure and receipts with the EU to become first increasingly difficult to make and ultimately irrelevant. In economic terms, intra-European tourism is on the way to becoming a domestic market. Already, border formalities between signatories to the Schengen Agreement are negligible, making the measurement of tourism flows also increasingly difficult. If the EU continues over, say, the next half century, on its path to create a European super-state, for all practical purposes intra-European tourism will become as domestic in its nature as is already the case within the USA. The point at which this becomes widely recognized is debatable, of course, but if and when it does, Europe will no longer be the dominant force in what will then be termed 'international tourism'.

The leading origin countries

Looking at the level of expenditure on international tourism, excluding fares, four countries – the USA, Germany, Japan and the UK – account for over 40% of global tourism. The ranking of these countries has not changed during the 1990s. Indeed, there has been little change in the rankings of the top eight countries since then. It is noticeable that the world's largest country – the Peoples' Republic of China – has leapt from fortieth to ninth place in 7 years, with newly liberated Poland (not shown in Table 1.5), also rising from forty-sixth place to fourteenth in the rankings over the same period.

Table 1.5 Top 12 international travel origin markets by expenditure abroad (excluding transport costs), 1997

<i>Ranking 1990</i>	<i>1997</i>	<i>Country</i>	<i>Expenditure 1997 (US\$ mn)</i>	<i>% share of world total</i>
1	1	USA	51 220	13.5
2	2	Germany	46 200	12.2
3	3	Japan	33 041	8.7
4	4	UK	27 710	7.3
5	5	Italy	16 631	4.4
6	6	France	16 576	4.4
7	7	Canada	11 268	3.0
9	8	Netherlands	10 232	2.7
40	9	China	10 166	2.7
8	10	Austria	10 124	2.7
–	11	Russian Fedn	10 113	2.7
13	12	Belgium	8 275	2.2
Sub-total			251 556	66.5
All other			128 201	33.5
World total			379 757	100.0

Source: World Tourism Organization

The leading destination countries

The ranking of tourism destination countries is different according to the measure used. In terms of international arrivals, France, Spain, the USA, Italy and the UK form the top five and account for 35% of all international

Table 1.6 Top 15 destinations by arrivals totals, 1990–98 (mn)

	1990	1995	1996	1997	1998	% change 1990/98
France	52.5	60.0	62.4	67.3	70.0	33.3
Spain	34.1	38.8	40.5	43.3	47.7	40.1
USA	39.4	43.3	46.5	47.8	46.4	17.9
Italy	26.7	31.1	32.9	34.1	34.8	30.5
UK	18.0	23.5	25.3	25.5	25.8	43.0
China	10.5	20.0	22.8	23.8	25.1	139.2
Mexico	17.2	20.2	21.4	19.4	19.8	15.3
Canada	15.2	16.9	17.3	17.6	18.8	23.8
Poland	3.4	19.2	19.4	19.5	18.8	453.5
Austria	19.0	17.2	17.1	16.6	17.4	−8.7
Germany	17.0	14.8	15.2	15.8	16.5	−3.3
Czech Republic	7.3	16.5	17.0	16.8	16.3	124.3
Russian Federation	7.2 ^a	9.3	14.6	15.4	15.8	119.5
Hungary	20.5	20.7	20.7	17.2	15.0	−26.9
Greece	8.9	10.1	9.2	10.1	11.1	24.8
Sub-total	296.8	361.8	382.3	390.2	399.3	34.5
% of world total	64.9	64.2	64.2	63.0	62.9	—

^aFormer USSR.

Source: World Tourism Organization

arrivals. Again, China and Poland have made rapid progress up the league table since 1990 to take sixth and ninth place respectively by 1998. The UK has moved from seventh to fifth place, while Austria and Hungary have lost ground.

Ranked in terms of tourism receipts, however, the order at the top of the league table is different. The USA emerges as the largest earner of non-transport tourism revenues (as well as being the largest spender on international tourism), followed by Italy, France, Spain and the UK. These top five – the same as those in arrivals terms – accounted for 41% of global tourism receipts in 1998, and it is noteworthy that the USA earned over twice the level of receipts of Italy in second place. The main winners during the 1990s by this measure were China, Turkey and Poland, and the main loser in the rankings was Switzerland, albeit falling only from eighth to eleventh place.

Table 1.7 Top 15 international tourism destinations by value of receipts (excluding transport), 1990–98

<i>Ranking 1990</i>	<i>1998</i>	<i>Country</i>	<i>Receipts 1998 (US\$ mn)</i>	<i>% share of world total</i>
1	1	USA	71 116	16.2
3	2	Italy	30 427	6.9
2	3	France	29 700	6.8
4	4	Spain	29 585	6.7
6	5	UK	21 233	4.8
5	6	Germany	15 859	3.6
5	7	China	12 600	2.9
7	8	Austria	11 560	2.6
9	9	Canada	9 133	2.1
21	10	Turkey	8 300	1.9
8	11	Switzerland	8 208	1.9
65	12	Poland	8 000	1.8
10	13	Mexico	7 897	1.8
11	14	Hong Kong, SAR, China	7 109	1.6
23 ^a	15	Russian Fed.	7 107	1.6
Sub-total			277 834	63.2
All other			161 559	36.8
World total			439 393	100.0

^a former USSR

Source: World Tourism Organization

Country-to-country flows

Analysing the principal bilateral travel flows again raises some problems of definition. For example, China records 24 million arrivals in 1997, but most of these were related to cross-border travel from Hong Kong, often work-related, and can lead to misleading conclusions. What might be considered as 'genuine international tourists' to China may not number many more than 5 million. Day trips are sometimes included in countries' arrivals counts and sometimes excluded. The potential for distortions in the data in the case of contiguous countries is high in such cases.

Although some of the data in Table 1.8 are a little out-of-date, they indicate the broad magnitude of current tourism traffic (including the day trip/excursionist business in some cases, such as France to Spain). Nearly all of

Table 1.8 The world's leading country-to-country tourism flows (mn)

	<i>Arrivals</i>	<i>Year</i>
France to Spain	20	1995
USA to Mexico	18	1997
USA to Canada	15	1998
Germany to France	13	1996
Canada to USA	13	1998
UK to France	12	1998
Germany to Spain	12	1998
UK to Spain	12	1998
Germany to Austria	10	1998
Mexico to USA	9	1998
Switzerland to Italy	8	1997
Germany to Italy	8	1997

Source: Travel & Tourism Intelligence, *International Tourism Forecasts to 2010*; World Tourism Organization data; International Passenger Survey, UK; Direction du Tourisme, France

these massive bilateral tourist movements are between countries with a common land border. Where they are not, they either require transit through a third country or, in one case (UK to France), demand a short sea crossing.

This analysis underlines some very important points about international tourism. First, in volume terms it is relatively highly concentrated between a small number of countries. Of the 240-odd sovereign territories in the world, the 15 largest tourism origin countries account for around 75% of all spending on international tourism and for seven in every ten trips. On the destination side of the equation, the top 15 destination countries receive almost 70% of all international tourism receipts. In arrivals terms, the 12 bilateral flows listed above account for almost 25% of all international arrivals worldwide.

We are accustomed to refer to and think of the international travel and tourism sector as a global economic activity. While that is true in one sense, the reality is that it is dominated by relatively few countries and could be quite accurately described as an activity open to an elite only – those at the top of the global income tree, living in relatively open, prosperous, stable and secure societies and generally travelling to similar societies either for leisure or business purposes. International travel is out of the reach of the great majority of the world's population. The 1998s arrivals of 635 million account for only around 11% of the world's population and obviously many within that 635 million make more than one international trip a year.

Regional issues

The great majority of international travel takes place within rather than between regions (although long-haul travel has shown some tendency to increase its overall share of the leisure market during the 1990s). Edwards and Graham (1997) estimate that 92% of trips from European countries are to European destinations, that 65% of North American trips are to North American destinations (including Mexico), and that 73% of Asia/Pacific trips are also intra-regional. Thus the recent downturn in travel within Asia which has accompanied the economic difficulties in the region cannot easily be replaced by traffic from extra-regional long-haul origin markets.

Europe is, as we have seen, the centre of international tourism and it is hard to see how it will ever be less than the regional leader, other than by changes in the definition of 'international' as already mentioned. *North America* is the next most dominant region, and together these two account for almost three in every four international arrivals, four in every five tourism dollars received and generate seven in every ten tourism dollars spent.

The *Asia-Pacific* region's explosive growth in international travel from the late 1980s until the onset of recession in the latter half of the 1990s in part reflected the immaturity of Asian origin markets – countries in which international travel had not previously featured in anything like the same degree as in Europe or North America. The leader in volume terms has been Japan. Elsewhere in the region, destinations such as China, Thailand, Australia, Hong Kong and Indonesia forged ahead during the 1990s. While some have been badly hit by economic and political upheavals in the past two years, others such as Australia and China still have great growth potential and can be expected to continue to expand their tourism sectors. China is, of course, also an increasingly important origin market.

The rest of the world as yet accounts for little volume in international tourism, either inbound or outbound. Africa, despite its above-average rate of growth in arrivals since 1990, remains tiny in its global tourism share, with less than 4% of arrivals and just over 2% of receipts. In the *Middle East* the key element in leisure tourism remains the issue of regional peace.

South America is perhaps the continent with the greatest potential to become a more important player on the international tourism scene. Although volumes remain small (Latin America – including the Central American republics, accounted for only 3.4% of global international arrivals in 1998 – a smaller share than that of Africa), the rate of growth in arrivals during the 1990s was the fastest in the world.

Finally in this rapid global tour, mention should be made of the *Caribbean*. Although the region receives less than 3% of global arrivals and accounts for a similar share of global tourism receipts, it is unique in its economic dependency on international tourism (individual countries such as the small islands of the Indian Ocean and the Pacific share similar features). Without tourism, the West Indian economy would be in serious trouble; no other region in the world is so dependent for its future on making the right policy decisions for the tourism sector.

Some broad conclusions

Of necessity this has been a whistle-stop tour of the subject against which issues can be examined in much greater detail. This chapter has avoided any mention of tourism forecasts since that is the province of other authors. None the less, some broad conclusions can be drawn before considering some of the issues that will determine the industry's future.

It has been shown that international tourism has yet to touch the lives of the majority of the world's population. While countries such as Austria and Switzerland have already achieved very high levels of travel intensity – defined as the number of foreign trips made per head of population, where both countries already make well in excess of two trips abroad per person per year – others have scarcely begun. The world's most valuable origin market, the USA, has a travel intensity of around 0.15. Europe's biggest origin market of Germany has achieved an intensity of around 1.3, the UK's figure is 0.85 and that of France is 0.68. Japan's travel intensity, for all its burgeoning growth during the late 1980s and early 1990s, has only reached 0.13. China, which offers perhaps the greatest potential and which has certainly shown rapid growth, has an international travel intensity of just 0.002.

To all intents and purposes international tourism is confined to a relatively small elite. A handful of countries account for the lion's share of the industry, both as origin markets and as destinations. To regard international tourism as a global activity in which every country has a major stake is misleading. Yet almost every country in the world, given peace with its neighbours and a rational approach to development, would like to see tourism play its part in their economies. This is mainly because tourism offers a ready source of employment, demands a wide range of skills, has the capacity to earn often scarce foreign currency, and the potential to fund conservation where few alternative sources of income exist.

While tourism, both domestic and international, is driven by many factors, the economic and environmental ones are of central importance. By the same

token, examining the activity of tourism in the context of the behaviour of markets can help to focus attention on the determinants of demand and supply in future, and highlight some of the main issues involved.

Rising real incomes, expanding discretionary spending, increasing leisure time, faster and cheaper transport and the spread of global awareness through the printed and broadcast media and increasingly now through the Internet all fuel demand for travel. Most individuals in most countries, given the means and freedom to travel within their own countries and then to other countries would wish to take up the opportunity to do so.

At the same time, given the extreme inequalities in travel participation rates and travel opportunities, the potential for growth country-by-country is highly variable. In countries where travel intensities are already high, the scope for further growth is limited. This is not just a feature of the proportion of discretionary expenditure that individuals might wish to devote to travel, but is also affected by leisure time limitations. Travel is time-intensive, and there is growing evidence that leisure time ceilings have been reached in many of the industrialized countries – or even that available leisure time is shrinking. There are also other calls on leisure time and it cannot be taken for granted that travel will remain high on the priority list.

Another central influence on international travel demand has been the reduction in relative travel costs, especially in air transport. The progressive decline in seat-mile costs in air transport which has been achieved by step increases in the size, range and fuel efficiency of aircraft may be harder to maintain in the next 50 years of aircraft development than in the past 50. However, there are on the horizon some greater challenges to the maintenance of or further reduction in international travel costs.

Air transport and road transport infrastructure in the industrialized world, and especially in Europe, is showing signs of capacity constraints. While it may be possible to achieve the same level of flight intensity within Europe's air traffic control system as has already been achieved in the USA (and current limits are once again driving up average flight delays in Europe), the supply of airport facilities may prove much harder to expand. A free-market approach would show that, where there is a risk of excess demand, new supply will be introduced to meet it. Airport capacity, however, is driven by environmental and political concerns as well. If such concerns did not apply, Tokyo's Narita airport – an excellent example of unsatisfied demand for airport infrastructure – would have a second runway by now, and London's Heathrow might well have a third, but we all know that things are not that simple.

Ground transport is similarly under increasing threat of hitting capacity constraints. As well as influencing the airport debate directly, since ground access is integral to successful airport operations, rising congestion on the roads is reducing average speeds, raising average journey times and imposing additional time costs on travellers as a result. For the business traveller, these costs are relatively easily measurable and thus rational price-based solutions can be applied (such as the greater use of non-travel solutions like conference calls). For the leisure traveller these costs, although not so easily valued, manifest themselves in a willingness to travel to the chosen leisure destination, whether that is a seaside resort for a weekend, or an historic castle or a theme park for a day trip. Each individual will reach his or her own judgement on the point where the time costs involved in a given journey outweigh the benefits of the destination visit; at that point, behaviour will change and other, non-travel activities will be substituted.

The issue of congestion and excess demand may be thought to be a problem solely of the industrialized world, but this may not prove to be the case in tourism. For example, there are physical limits to the number of people who can have access to a given location at any one time – whether that is an ancient tomb, a natural beauty spot, a beach or an historic house. Left to market mechanisms, the solution is obvious – cause or allow the access price to rise to a point where excess demand is choked off. However, the proposition that access to desirable tourism destinations should be determined solely by the ability to pay might win few friends. Some kind of administrative limits would probably have to be imposed (countries such as New Zealand, for example, already limit access to national parks on a simple quantitative basis by setting annual visitation maxima).

The wider environmental issues implied by these problems might well turn out to be the most important influence on the future of international and domestic tourism in this new century. It is entirely conceivable that access to air transport, which has been so enormously widened in the past 30 years or so by a combination of rising wealth and falling relative prices, may soon go into reverse in some markets due to absolute limitations on transport infrastructure. While access to a national park on the sole basis of ability to pay may be unacceptable, access to international air transport on the same basis may be more acceptable, especially if seen in terms of meeting some of the costs of the negative externalities which are already part of the debate on road and private car pricing. There is much *a priori* evidence to suggest that relative travel costs may start to rise again in the coming years; if so, this would invalidate substantially some of the assumptions on which current travel forecasts are based. Continuing reductions in relative travel costs can