

‘Tourism industries: Main concepts, definitions, data sources and variables’

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Governance

NEED TO COLLABORATE TO
ACHIEVE RIGOROUS DATA FOR
DECISION MAKING

TOURISM AUTHORITY

PRIVATE TOURISM SECTOR

EMPLOYMENT AUTHORITY

STATISTICAL AUTHORITY

Statistical capacity

The ability to produce consistent and reliable statistical information requires sustained statistical capacity. This requirement is not a one-off capability, but implies the ability to produce statistics on a regular basis and with the necessary timeliness.

- A sound statistical infrastructure is essential;
- Support systems to create and maintain sampling frames for business and household surveys business and household surveys;
- A critical mass of ongoing statistical activities: survey design, data collection and analysis for business and household surveys to cultivate core professional competencies;
- The technical and methodological ability to maintain and develop systems in accordance with international standards as they develop over time;
- A developed analytical capacity;
- Adequate statistical frameworks and IT infrastructure;
- Good management to make the best use of available resources; and
- All of the above integrated into a broader legal and administrative structure that recognizes the importance of good statistical information and the need to maintain the conditions under which it can be produced with high professionalism and integrity, in accordance with the UN Fundamental Principles of Official Statistics.

Without this basic capacity and the permanent resources to support it, neither the statistical needs of the country nor those of the international community will be reliably met.

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KEY CONCEPTS DEFINITIONS CLASSIFICATIONS

Tourism Sector

The tourism sector, as contemplated in the Tourism Satellite Account, is the set of production units of different industries that provide consumer goods and services demanded by visitors.

Tourism Industries

They are called tourism industries because the attraction of visitors represents such an important part of their offer that, in the absence of visitors, their production would cease to exist in significant quantity.

Identify Tourism Industries

Tourism industries are not easily identifiable. Therefore, with the adoption of the revised international classifications of activities and products (International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4 (and 5)) and the Central Product Classification (CPC See. 2), countries are encouraged to identify activities and products characteristic of tourism and to collect data classified in terms of ISIC classes and CPC subclasses.

List of categories of tourism characteristic consumption products and tourism characteristic activities (tourism industries)

Products	Activities
1. Accommodation services for visitors	1. Accommodation for visitors
2. Food and beverage serving services	2. Food and beverage serving activities
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport services	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services activities
9. Cultural services	9. Cultural activities
10. Sports and recreational services	10. Sports and recreational activities
11. Country-specific tourism characteristic goods	11. Retail trade of country-specific tourism characteristic goods
12. Country-specific tourism characteristic services	12. Other country-specific tourism characteristic activities

List of tourism characteristic activities (tourism industries) and grouping by main categories according to ISIC Rev. 4

	Tourism industries	ISIC Rev. 4	Description
1.	Accommodation for visitors	5510 5520 5590 6810 6820	Short term accommodation activities Camping grounds, recreational vehicle parks and trailer parks Other accommodation Real estate activities with own or leased property* Real estate activities on a fee or contract basis*
2.	Food and beverage serving activities	5610 5629 5630	Restaurants and mobile food service activities Other food service activities Beverage serving activities
3.	Railway passenger transport	4911	Passenger rail transport, interurban
4.	Road passenger transport	4922	Other passenger land transport
5.	Water passenger transport	5011 5021	Sea and coastal passenger water transport Inland passenger water transport
6.	Air passenger transport	5110	Passenger air transport
7.	Transport equipment rental	7710	Renting and leasing of motor vehicles
8.	Travel agencies and other reservation service activities	7911 7912 7990	Travel agency activities Tour operator activities Other reservation service and related activities
9.	Cultural activities	9000 9102 9103	Creative, arts and entertainment activities Museums activities and operation of historical sites and buildings Botanical and zoological gardens and nature reserves activities
10.	Sports and Recreational activities	7721 9200 9311 9319 9321 9329	Renting and leasing of recreational and sports goods Gambling and betting activities Operation of sports facilities Other sports activities Activities of amusement parks and theme parks Other amusement and recreation activities n.e.c.
11.	Retail trade of country-specific tourism characteristic goods		Duty free shops** Specialized retail trade of souvenirs** Specialized retail trade of handicrafts** Other specialized retail trade of tourism characteristic goods**
12.	Other country-specific tourism characteristic activities		

* Part related to second homes and timeshare properties

** Not a 4 digit ISIC

Tourism industries

Sources of information

Information on industries, their output, inputs, and employment is gathered mainly through surveys, which NSOs usually conduct on a yearly basis, covering all economic activities.

The economic data thus collected is usually required for calculating the country's National Accounts, for example calculating Gross Domestic Product, Gross Value Added, etc.(6.12)

Tourism industries Sources of information

These surveys are currently well established and have a standardized format, based on the International Standard Industrial Classification of All Economic Activities (ISIC) categories (agriculture, mining, manufacture, etc.).(6.13)

Tourism industries Accommodation

Accommodation providers, for instance, often include in the bill various items beyond the product actually purchased (e.g. a head count, a sales tax or VAT as a percentage of total consumption, and a proportional compulsory service charge), and visitors may also choose to add tips.

All these payments count as part of the value of consumption, but providers usually do not include them as income in their financial statements, treating them as income received on behalf of others. Taxes and head counts, for example, are collected for governments (local or central); service charges and tips usually go to workers, as employee compensation.

In measuring supply, taxes on the product will need to be excluded but tips and service charges will have to be included, as part of value added and remuneration of employees.

Tourism industries Accommodation

Besides the usual economic variables (output, value added, employment, consumption, investment), which are common to most economic activities, various other indicators have been developed over the years and are frequently used to assess the performance of accommodation establishments and of tourism policy:

- Room occupancy rates (gross or net)
- Bed-place occupancy rates (gross or net)
- Average number of persons per room
- Average room rate
- Average revenue per room night
- Average revenue per guest night
- (Average) revenue per available room (REVPAR)
- Employees per room
- Average wage per employee
- Revenue per employee

Tourism industries Accommodation

Providers of non-market accommodation services for own final use: owner-occupied vacation homes and timeshares

- Regarding the “classical” owner-occupied vacation home, the first issue for a country is to identify dwellings used for that purpose, a task for tourism statisticians. The second issue is then to associate with such dwellings an imputed annual rent that represents the value of the service. This value would be an estimation of a tourism product. This task is the responsibility of national accountants when developing a TSA. The UN recommendation for housing censuses indicates how countries should identify dwellings not intended for year-round occupancy (see Box 6.5).
- The recommended classification of occupancy status for conventional dwellings is as follows:
 - 1 Occupied
 - 2 Vacant
 - 2.1 Seasonally vacant
 - 2.1.1 Holiday homes
 - 2.1.2 Seasonal workers’ quarters
 - 2.1.3 Other
 - 2.2 Non-seasonally vacant
 - 2.2.1 Secondary residences
 - 2.2.2 For rent
 - 2.2.3 For sale
 - 2.2.4 For demolition
 - 2.2.5 Other

Tourism industries Accommodation

Box 6.4. Estimating the importance of staying with family and friends: the case of Romania

In Romania, staying with family and friends is by far the most important form of accommodation used by visitors, both residents and non-residents. According to the figures for one year, stays with family and friends represented 58% of all non-resident guests and more than 80% of all non-resident overnights. A household survey has been proposed to measure also the incidence of same-day trips by residents and the provision of services to non-resident households. A pilot for such a survey was conducted in 2009.

Tourism industries

F&B

Providers of Food and Beverage Services

Surveys of accommodation (and other relevant) establishments need to identify the supply of food and beverages activity of these businesses in their economic surveys. This information is important in the production of a TSA.

There is no international standard classification of food/beverage providers. Countries may wish to develop their own classification system as appropriate to the types of food/beverage providers in their country.

For collection of data for the formal food/beverage providers, such as restaurants, bars, hotels, etc., surveys can be based on business registers, usually maintained by NSOs, possibly with the assistance of lists of members of industry associations or of licensing authorities.

In *IRTS 2008*, some non-monetary indicators have been suggested, that could be used for formal and organized types of providers that are reproduced here for convenience of users:

Tourism industries

F&B

For restaurants with seating:

- Total number of clients that can be accommodated per serving
- Number of tables
- Number of seats
- Number of meals that can be served daily
- Number of meals actually served

For take-out establishments:

- Number of meals that can be served daily (according to the type of food)
- Number of meals actually served

For bars and night-clubs:

- Number of customers
- Number of drinks actually served

The collection of such data may be done by way of extra questions in the normal economic activity surveys, or by way of separate sample survey of these establishments which focuses on these data items only.

Tourism industries Transportation

Providers of Transportation Services

It is important to make the distinction between transportation to/from a destination and transportation within a destination. These have very different characteristics and are viewed differently from a tourism analysis perspective.

In the case of transportation to or from a destination it is important to establish the residence of the transport provider. This will affect how the expenditure on such transportation is treated, the expenditure could be included in domestic, inbound or outbound tourism, or possibly excluded altogether.

In relation to transportation within the destination, this is not such an issue as such transportation providers are usually – although increasingly, not always – resident in the reference economy.

A more significant issue is the inclusion of transport in packages, often the main component of some packages. Expenditure surveys of visitors must try to identify the transport (and other) components of packages, although this can be difficult and may require estimation or modelling.

Measuring the supply of passenger transport services to visitors requires the specific and separate study of each mode of transport.

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Tourism industries Intermediaries

Travel and Reservation Agencies

Travel agencies are probably one of the tourism-related industries which is most dependent on tourism demand. It is not unusual in some countries for over 95% of travel agencies' output to be consumed by visitors.

Only accommodation services and passenger air transport can come close to this level of dependency.

However, on the other hand, expenditure on travel agencies' services is not necessarily a very high proportion of total visitor expenditure.

This is because many visitors do not use their services, doing their bookings directly with the service providers, e.g. airlines, hotels and others.

Tourism industries Intermediaries

Travel and Reservation Agencies

The product sold by travel agencies to visitors is a complex one. It comprises both the travel agencies mark-up as well as the actual travel service (usually accommodation and/or travel). This makes this service unique amongst the services purchased by visitors. In cases where a package is being purchased by a visitor a third component of the “product” is the tour operator’s mark-up.

Because of the various components of the product being purchased by the visitor, it is necessary, when conducting the normal economic survey of this sector, to ensure that the questions are sufficiently detailed to enable a breakdown of total activity into those relating to each of the component parts.

In addition to this normal (albeit more detailed than for other industries) economic data, it can be useful to collect further indicators, including numbers of trips with and without packages.

Tourism industries Intermediaries

Other Non-tourism Industries

➤ Production and Trade of Handicrafts

In many countries, visitor expenditures on such goods may represent significant amounts.

Box 6.9. Production and trade of handicrafts

Handicrafts are purchased mainly by individuals, whether for their own use or as gifts.

- *Purchases made by resident individuals within their usual environment to take as gifts on an upcoming tourism visit abroad (or even in the country) are considered part of internal tourism expenditure; these purchases are basically made at handicraft shops located near the buyer's place of residence (which may or may not correspond to the places where these handicrafts are produced);*
- *Purchases made by resident individuals outside their usual environment, for their own use or to take as gifts on a forthcoming tourism visit abroad (or even in the country) are considered part of internal tourism expenditure; this occurs mainly when residents travel (for tourism purposes) to the producing regions and buy directly from the producer or from merchants established in zones nearby;*
- *Purchases made by non-residents, whether or not they are considered visitors in tourism statistics, during their stay in the producing country: these purchases would either form part of inbound tourism expenditure or not according to the classification of the traveller as a visitor or non-visitor.*

Tourism industries

Handicrafts

Other Non-tourism Industries

➤ Production and Trade of Handicrafts

In many countries, visitor expenditures on such goods may represent significant amounts.

However, some purchases of handicrafts are not part of tourism expenditure:

- *Purchases made by resident individuals within their usual environment for their own use do not form part of tourism expenditure; they are to be included in final consumption of resident households and not in tourism final consumption; this occurs mainly in the case of purchases made at handicraft shops located near the buyer's place of residence (which may or may not correspond to the places where these handicrafts are produced);*
- *Purchases made by enterprises for their own use as decorative objects or useful objects (for example, furniture, tableware, etc... acquired by restaurants, hotels, etc.) do not form part of tourism expenditure although they could be taken into account in a broader and more sophisticated measurement of the demand linked to tourism if such establishments are engaged in tourism characteristic activities;*
- *Purchases made by merchants for export or direct exports by artisans or associations of artisans do not form part of tourism expenditure.*

Tourism industries

The Meetings Industry

Box 6.11: UNWTO has promoted some conceptual and statistical approaches to the meetings industry by way of two documents

- *Measuring the Economic Importance of the Meetings Industry – Developing a Tourism Satellite Account Extension*; and
- *Global Meetings Initiative*:
 - Basic concepts and definitions (volume 1)
 - Identifying the link between tourism and the meetings industry: case studies (volume 2)
 - Pilot country data schedule (volume 3)

The aim of this research is to analyse whether and how the TSA conceptual framework can be adapted for use in measuring the meetings industry. Specific aims of the research are to provide an understanding of the global meetings industry with particular attention to measurement of the industry's economic importance.

Tourism industries

Tables of results

The information to be collected from establishments in tourism industries, refers to:

- Number of production establishments and their classification by size (derived directly from business registers for organized businesses);
- Output: its valuation should be at basic prices, that is, excluding taxes on products, but including all additional charges that clients have to pay;
- Intermediate consumption;
- Value added;
- Compensation of employees;
- Investments (labelled as “Gross fixed capital formation”);
- Relevant non-monetary indicators that illustrate the level of potential and actual activity. These indicators might be different for each tourism industry.

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Tourism industries

Table 6.1: Example table of results – tourism industries

COUNTRY X		
Basic data and indicators	Units	YEAR X
4. TOURISM INDUSTRIES		
<i>Data</i>		
Number of establishments		
4.1	Total	Units
4.2	◆ Accommodation for visitors	Units
4.3	* of which, "hotels and similar establishments"	Units
4.4	◆ Food and beverage serving activities	Units
4.5	◆ Passenger transportation	Units
4.6	◆ Travel agencies and other reservation services activities	Units
4.7	◆ Other tourism industries	Units
Accommodation for visitors in hotels and similar establishments		
Monetary data		
4.8	◆ Output	US\$ Mn
4.9	◆ Intermediate consumption	US\$ Mn
4.10	◆ Gross value added	US\$ Mn
4.11	◆ Compensation of employees	US\$ Mn
4.12	◆ Gross fixed capital formation	US\$ Mn
Non-monetary data		
4.13	◆ Number of establishments	Units
4.14	◆ Number of rooms	Units
4.15	◆ Number of bed-places	Units
<i>Indicators</i>		
4.16	Occupancy rate / rooms	Percent
4.17	Occupancy rate / bed-places	Percent
4.18	Average length of stay	Nights
4.19	Available capacity (bed-places per 1000 inhabitants)	Percent
Travel agencies and other reservation service activities		
Monetary data		
4.20	◆ Output	US\$ Mn
4.21	◆ Intermediate consumption	US\$ Mn
4.22	◆ Gross value added	US\$ Mn
4.23	◆ Compensation of employees	US\$ Mn
4.24	◆ Gross fixed capital formation	US\$ Mn
Non-monetary data		
◆ Domestic trips		
4.25	* with package tour	Percent
4.26	* without package tour	Percent
◆ Inbound trips		
4.27	* with package tour	Percent
4.28	* without package tour	Percent
◆ Outbound trips		
4.29	* with package tour	Percent
4.30	* without package tour	Percent

Tourism Ratio

Tourism statisticians should be aware of an issue that bears on the credibility of the tourism industries' basic data and indicators (see "Tables of results", paragraphs 6.21 to 6.23) and that National Tourism Administrations (NTAs), National Statistical Offices (NSOs) and other government agencies that publish tourism data should warn users about: **only part of the output of each tourism industry is attributable to visitors' consumption.** This issue is explicitly identified and treated in the TSA by the use of "tourism shares" (or "tourism ratios") within their total output (TSA:RMF 2008, 4.50. and 4.55.).

It should also be recalled that visitors acquire goods and services that are **not tourism-specific** (newspapers, clothes, medical care, cleaning, hairdressing, etc.), so that studying tourism characteristic activities does not cover all possible acquisitions by visitors (IRTS 2008, 4.4.).

Tourism ratio

CANADA CASE and USA CASE

NO DIRECT OBSERVATION

Ratios emerge from:

Inbound and domestic tourism expenditure → visitors spend how much on what, versus all other expenditure.

+

Expert knowledge to define ratios

- ✓ Hotel 80%
- ✓ Airplanes 76%
- ✓ Auto rental & leasing 58%
- ✓ Taxis 46%
- ✓ Sports 32%
- ✓ Buses 23%
- ✓ Travel Agencies and reservation services 21%
- ✓ Amusement 20%
- ✓ Cinema 18%
- ✓ Restaurants 17%
- ✓ Ships 17%
- ✓ Gas station 7%
- ✓ Shopping 3%

example

Tourism ratio

NEW ZEALAND CASE

- The derivation of tourism employment is reliant on the relationship between tourism expenditure as a proportion of an industry's output multiplied by that industry's employment counts. The substantial loss of international tourism expenditure, and some domestic tourism expenditure, together with COVID-19's wider impact on industries' output, and the tourism recovery to date has seen these historically relatively consistent industry ratios change significantly. Furthermore, employment counts in industries have also been affected, noting that during COVID-19 this included a number of people being determined as being employed who have been supported by wage subsidy payments.
- A basic example of the tourism derivation impact is featured in the table below for the air transport industry using indicative rather than actual data. Derived counts are rounded.

Tourism derivation impact – indicative example for the air transport industry

March year	Industry ratio – passenger revenue to industry output	Employment counts	Applied industry ratio to derive direct tourism employment attribution – number of people employed
A	0.86	12,300	10,600
B	0.86	12,600	10,800
C	0.67	10,800	7,200

- Based on this, users should interpret tourism employment as what can be attributed to tourism, and that this is one lens on overall employment which can show a differing perspective.

Tourism ratio

Supply side ask first:
does your business depend on tourism?
If yes then ask: how much from 0 to 100%
And then the use this table:

Tourism ratio

Interrelación de los dos enfoques

Tourism Characteristic industries		Other industries.		
Main production: Characteristic products	Secondary production: Other products	Main production: Other products	Secondary production: Characteristic products	
1	2	3	4	Analysis focused on tourism demand
5	6	7	8	Analysis focused on NOT tourism demand
Analysis focused on tourism supply				



Re-ordenación de los datos: ratios turísticas por productos e industrias

	Tourism Characteristic industries		Other industries.			
	Production for tourism demand	Production for NON tourism demand	Production for tourism demand	Production for NON tourism demand	TOTAL Production for tourism demand	Tourism RATIO per product
Characteristic products	1	5	4	8	1+1 +	(1+4)/ Total Characteristic P.
Other products	2	6	3	7	2+3	(2+3)/ Total Other Products
Tourism RATIO per industries	(1+2)/ Total Characteristic Industries		(4+3)/ Total Other Industries			