
Section 4: The Contemporary Tourism Industry

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The Scope of the Contemporary Tourism Sector

Chapter objectives

After reading this chapter you will:

- Be aware of the scale and scope of the contemporary tourism industry.
- Understand the implications of the Covid-19 pandemic for tourism data collection
- Understand the difficulties of defining the contemporary tourism industry.
- Be aware of the various approaches to defining tourism from a supply-side perspective.
- Recognise that tourism is a partially-industrialised system.
- Recognise the issues involved in measuring the contemporary tourism industry.
- Understand the status of tourism in standard industrial classifications.
- Appreciate the tourism satellite account approach and its benefits.
- Be familiar with the challenges of measuring the scale of tourism employment and assessing the impact of the pandemic.

Introduction

Tourism is often described as one of the world's largest industries with huge figures quoted for the value of the tourism industry and the numbers it employs. This chapter provides a reality check for this 'boosterism' by demonstrating that we are far from reaching agreement as to just how to define the tourism industry. The chapter outlines the approaches to date in trying to define and measure tourism as an industry and outlines the problems faced in doing so, not least (i) the fact that many industries are involved in delivering the tourism product, and (ii) that the Covid-19 pandemic has demanded accurate data relating to tourism. It demonstrates that tourism is in fact only partially an industry as governments, communities and others are involved in delivering the tourism product – in effect, these distinct characteristics of the tourism supply environment set it aside from the way that we analyse other economic sectors, as we will see (Hara, 2018). We go on to show how tourism is not recognised as an industry in standard industrial classifications and national statistical systems; indeed, Dwyer (2018) speaks of tourism as a 'hidden activity'. The chapter then outlines the breakthrough in defining and measuring the tourism industry in the form of the tourism satellite account (TSA), which has now been accepted by the United Nations as the industry standard in defining and measuring the tourism industry. The TSA can be used to compare tourism with other economic sectors and so to provide policy makers and planners with useful information. The chapter closes by considering how tourism employment is measured and some of the problems involved in doing so.

The size and scope of the contemporary tourism industry

Before the Covid-19 pandemic there was some agreement on tourism definitions and how to measure tourism. The pandemic, however, has highlighted differences between tourism data collection, analysis, and definitions used by National Statistical Offices, as the need for accurate and timely data has come into sharp focus with many stakeholders attempting to gauge the impact of the pandemic (Committee for the Coordination of Statistical Activities, 2021; Volo, 2018). Here the UNWTO (2021) has clarified international standards of data collection and definitions in order to establish consistency, as these new situations have emerged from the pandemic.

So, what does this new, post-pandemic world look like in terms of the scale and scope of tourism globally? The World Travel and Tourism Council (WTTC) is an industry lobby group comprising the major tourism corporations in the world (www.wttc.org). As part of their work, they estimate the size and scope of the tourism industry using sophisticated economic techniques. In their lobbying role, they have

consistently stated that travel and tourism is one of the largest and most dynamic industries of today's global economy. Indeed, this was likely true as before the pandemic tourism accounted for 10.6% of jobs globally; 10.4% of global GDP and generated 27.4% of global services exports (WTTC, 2021). However, the impact of the pandemic over the two years 2020/2021 has severely impacted upon the size and scope of the tourism industry. The WTTC's research shows that:

- The sector's contribution to global GDP fell to 5.5% in 2020, a fall of 49.1%;
- In 2020, 62 million jobs were lost, representing a drop of 18.5%; and
- Domestic visitor spending decreased by 45%, while international visitor spending declined by 69.4%.

The question posed by these numbers is just how did the WTTC come up with these estimates, and what do they include as being a part of the travel and tourism industry? This key issue is occupying the minds of academics and politicians alike, as well as industry lobbyists such as the WTTC. The problem is simple – how to measure the scale and scope of tourism, because tourism is an industry that challenges conventional paradigms. Yet it is important to do so as tourism is a complex industrial system, a major employer and generator of revenues (Dwyer, 2018). Indeed, this was recognised by Britton in a seminal publication of 1991, arguing that tourism is an increasingly important driver of economic change. Debbage and Ioannides (1998) go on to speak of the commodification of tourism that has created this machinery of production:

“Although changes in consumer demand and the evolution of increasingly more sophisticated consumer preferences can play substantive roles in shaping the tourism product, it is the actual ‘machinery of production’ that helps to manipulate and facilitate origin-destination tourist flows across the world” (Debbage & Ioannides, 1998: 287).

Ioannides and Debbage (1998) vent their frustration at the fact that we have not yet satisfactorily got to grips with analysing the supply side of tourism. They point to a lack of quality analysis of tourism as a supply-side phenomenon, despite the fact that tourism is bought and sold as a commodity and the industry is organised along capitalist lines, albeit with some unique characteristics. These include the facts that:

- The tourism industry is highly diverse – from size of establishment (SMEs to corporations); business type (IT to service provision); sector (air transport to accommodation); organization (public and private sector); and process. It is therefore more a collection of industries than a single industry.
- Tourism is not a single product but a diverse range of products and services that interact.
- It comprises tangible and non-tangible elements.
- It is produced where it is consumed.