
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 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.

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 the fact that many industries are involved in delivering the tourism product. 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. 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 tourism industry

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 have estimated the size and scope of the tourism industry using sophisticated economic techniques. They state that travel and tourism is one of the largest and most dynamic industries of today's global economy (WTTC, 2017). The figures for 2016 speak for themselves:

- The travel and tourism industry's total percentage of world gross domestic product was 10.2%;
- The world travel and tourism industry supported 292 million jobs (11% of all world jobs);
- The world travel and tourism industry accounted for 6.6% of the world's exports; and
- There were almost 1.25 billion international tourism trips and over 6 billion domestic trips.

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 and 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); organisation (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.

To exacerbate this, the tourism industry is both misunderstood and under-explored (Debbage & Daniels, 1998). This is because it is amorphous and complex, shrouded in conceptual fuzziness and imprecise terminology (is it tourism or travel?). Debbage (2018) goes on to outline the contemporary approaches to understanding the tourism production system. These include commodity chains, neo-liberalism – with its concept of deregulating markets (Mosedale, 2016), the sharing economy and disruptive innovations such as Airbnb, and the ‘cultural turn’ with its focus on the cultural products which comprise the creative economy. Dwyer (2018) adds two further approaches to this list by considering (i) the ‘agency theory’ of firms as governance structures of actors rather than production entities; and (ii) the ‘structure-conduct-performance approach which states that the type of market structure within which a firm operates will determine its conduct and performance. This chapter aims embrace these ideas and to dispel some of the mystique surrounding tourism supply by providing a clear description of how to approach examining the scope and scale of the contemporary tourism industry.