

CHAPTER 1

DEVELOP AND UPDATE TOURISM INDUSTRY KNOWLEDGE

LEARNING OUTCOMES

On successful completion of this chapter you will be able to:

- seek information on the tourism industry
 - define and undertake research
 - identify sources of information to provide information on the tourism industry
 - access and update information to assist effective work performance, specifically:
 - define tourism
 - distinguish between tourism sectors
 - identify the factors that affect tourism enterprises
 - be aware of tourism markets
 - understand the relationship between tourism and other industries
 - understand the economic impact of tourism
 - identify the social and cultural significance of tourism
 - recognise environmental issues
 - identify career opportunities
 - identify industry expectations of staff
 - understand industry working conditions
 - be familiar with industrial relations
 - appreciate the importance of quality assurance
 - be aware of current and emergin industry technology
- source and apply information on legal and ethical issues that impact on the tourism industry
 - conduct day-to-day activities according to legal obligations and ethical industry practices
- update tourism industry knowledge
 - monitor current issues of concern to the industry
 - share updated knowledge with customers and colleagues.

This chapter complies with the Hospitality, Tourism and Events Training Package, unit SITIND001C, Develop and Update Tourism Industry Knowledge.

Much has changed in the world since the first edition of this text was published in 2002—the year in which domestic tourism expenditure was more than \$51 billion and generating over \$17 billion in export earnings through the direct sales of goods and services to international visitors (Australian Government 2003).

The tourism industry is as dynamic and exciting as ever. But it has also evolved: a successful tourism business (and there are over 350 000 tourism-related enterprises in Australia) is one that has been able to quickly and effectively adapt to whatever challenges are thrown its way – not just changes in customer preferences and economic fluctuations, not just increased competition and changes to regulatory forces (among other changes in the operating environment), but to the rise in natural disasters, increased acts of terrorism and increased hostilities in certain regions of the world.

There is no doubt that the tourism industry today remains one of the most diverse, exciting, challenging and important in Australia and the world. And it is because of this that the industry is able to offer career opportunities as dynamic as the industry itself. Possibilities include work with travel agents, tour wholesaling companies, tour operators, airlines, cruise lines, government tourism bodies, regional tourism associations, visitor information centres, and hotel chains and companies that manage and operate tourist attractions and special events. The skills and abilities required generally fall into the following categories: automated ticketing and reservations; sales and marketing; information and customer services; administration and accounting; policy advice and strategic planning.

New markets continue to gain strength, creating windows of opportunity for well-trained, highly motivated people to complement existing organisations or to start their own businesses. In order to succeed in tourism, however, it is essential to possess a driving enthusiasm for customer service and satisfaction combined with a strong sense of professionalism.

As newcomers to the industry, to be successful in tourism we need to develop and maintain tourism industry knowledge that relates not only to the sectors in which we will work but to the entire industry. We also need to understand how each sector is linked. We need to know what tourism is, and understand its economic, environmental, social and cultural impacts, its relationship with other industries, the roles and responsibilities of individual staff members in a successful tourism organisation, the structure of the industry and what legislation impacts on our daily work routines.

Seek information on the tourism industry

The primary objective of this chapter is the development of a broad-based understanding and knowledge of the tourism industry. This is the foundation upon which to build employability—skills that help us succeed in our chosen field. In other words, in order to be a part of the tourism industry it is essential to develop a good understanding of how the industry works. We need to determine *what* information we need and *where* to get that information, and we need to know *how* to get the information. The *how* involves research. The *where* is about the sources of information, and the *what* is about the kind of information we need.

WHAT IS RESEARCH?

Gaining and maintaining tourism industry knowledge requires research. **Research** is a set of formal or informal techniques we can use to locate and process information relevant to our needs. Relevant information in this context is researching information relating to the industry in which we will work (tourism). If you have ever searched the World Wide Web, or read a book to gain information about any topic, or asked someone a question, then you have undertaken research.

Formal research involves systematically gathering and analysing information from primary and secondary sources relating to a product or service, or even an industry in general. **Primary source** information is information collected through interviewing (one-on-one or group sessions) or questionnaires (e.g. from the customers), or even through chatting to colleagues. An example of primary source information, a hotel guest questionnaire, is shown in Figure 1.1. **Secondary source** information is information gathered from already published data.

Informal research is not as structured or time-consuming as formal research. It involves collection of information from sources that have already formally researched the products and services (secondary sources). This could include reading newspaper articles, menus and wine lists used in the venue, or reading a brochure on other accommodation venues in the chain of venues.

Informal research can also include attending orientation and training sessions, talking with colleagues, reading the staff handbook, using the venue's facilities, personal observation and visiting competitors' establishments.

There are essentially two types of research: qualitative and quantitative. Which type we use depends on the information we are looking for. **Qualitative research** is looking for general information, exploring ideas and seeking feedback. For example, questions could include 'What did you enjoy most about the tour?', 'How could we improve our service?' and 'What additional products would you like us to offer?'

Quantitative research measures or monitors events or performance in terms of numbers and percentages over time. For example, many tourism enterprises measure their success on satisfaction surveys: 'How satisfied were you with the service we provided?' 1. Very satisfied, 2. Satisfied, 3. Not very satisfied. These types of question can help us determine the quantity of satisfied customers, usually expressed as a percentage (65 per cent very satisfied, 30 per cent satisfied, 5 per cent not satisfied). Qualitative research can help us identify what was not satisfying for customers.

QUESTIONING TECHNIQUES

Much of the research we undertake to increase our knowledge and obtain relevant data requires us to ask questions. We ask our colleagues, supervisors and customers questions, and we ask other tourism-based enterprises, associations and organisations questions. The questions need to be structured to provide us with the exact information we require. There are two types of question we can use. Which one to use depends on the type of response sought.

Open-ended questions are questions that usually make it difficult to respond with a simple 'yes' or 'no'. These types of question start with *why*, *which*, *how*, *what* and *who*. For example, 'Which services are offered by your company?' 'How many nights

Research

A set of techniques used to locate and process information.

Formal research

Systematic collection and analysis of data from primary and secondary sources.

Primary research sources

Research sources that provide us with first-hand information.

Secondary research sources

Sources of information that have already been collected and analysed.

Informal research

Collection of information from secondary sources.

Qualitative research

Explores ideas, seeks feedback on performance and helps identify preferences.

Quantitative research

Measures and monitors events and performance in terms of quantity, numbers and percentages.

FIGURE 1.1 Primary source research: guest questionnaire



Angeles Hotels

GUEST QUESTIONNAIRE

Please tick the box under the heading that best describes your experience with us.

Why did you choose to stay at our hotel?

Previous visit

Personal recommendation

Visit at other Angeles hotel

Company choice

Travel agent recommendation

Advertising

Other _____

Do you have any other comments or suggestions?

Service on arrival

Service at check in

General services

- Reservations
- Reception
- Telephonist
- Concierge
- Laundry
- Gym/pool facilities

Your room

- Cleanliness
- Facilities
- Amenities

The bistro

- Food
- Beverage
- Service

Excellent	Average	Below average	Did not use
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Please name any staff member that you felt offered outstanding service:

Name: _____

Department: _____

Would you like to be sent information about our other hotels?

Yes No

Your name: _____

Company: _____

Address: _____

Room no.: _____

Visit:

Business Pleasure Group tour

Dates of stay: Arrival _____

Departure _____

Date of birth: _____

would you like to stay? ‘How many flights depart on Tuesday?’ ‘Which departure do you prefer? The 9.00 am or the 1.00 pm?’

Closed questions are those questions that generally make it easy to respond ‘yes’ or ‘no’. For example, ‘Would you help me with this?’ ‘Would you like to make the booking now?’ ‘Do you have a preferred date?’ ‘Is there anything else I can do for you?’

Closed questions may also elicit a limited response, particularly if they start with *do*. For example, ‘Do you have a preferred departure date?’ ‘Yes, May 14th.’ ‘Do you want information on other tours?’ ‘Yes, African safaris.’

There is a distinct relationship between the questions we ask and the information outcome. That is, our questions must be structured to ensure we get the information we need. For example, if we want to know the number of people who visit an attraction each year, we would ask ‘How many visitors?’, not, ‘Do you get a lot of visitors?’ If we want to know where a person wants to go on holiday we would ask ‘Which destination would you like information about?’, not, ‘Do you know where you’d like to go?’

SOURCING TOURISM INFORMATION

Sourcing information is about knowing where to get the information. Fortunately, we live in an ‘information age’. That is, most of the information we need is readily accessible through a variety of channels.

Media • Local and national newspapers, trade magazines and journals, specialist magazines, and travel programs on television and radio provide information about destinations and the facilities and services available at those destinations, emerging trends, significant events and issues that may impact our industry.

Reference books • Travel guides and textbooks can provide in-depth coverage of specific destinations, sites, costs, how to get there, places to stay, the main attractions, historical context, local identities and a raft of other information to assist us.

Unions • Unions are employee industry bodies and a valuable source of information about a worker’s rights and obligations. Unions are discussed in detail later in the chapter.

Industry associations and organisations • These are valuable sources of information primarily concerned with the interests of employers and organisations. They collect and compile up-to-date tourism data that they make available to their members and other industry professionals. They are discussed in detail later in the chapter. Refer also to ‘A few useful contacts’ at the end of this book.

Libraries • Access to newspapers, magazines, the internet, reference books and computer databases relating to the tourism industry is frequently available in local libraries, schools and academic institutions.

Visiting attractions • Site visits and personal experience provide opportunities to experience at first hand the value of a tourist facility. But if we can’t physically get to an attraction, a virtual tour is often an excellent option.

Leaflets and brochures • Many destinations/regions/venues/attractions provide information about the area or facility including what to see and do and places to stay. Tourism companies and organisations also advertise their own individual products through this medium.

Tourist offices and tourism bodies • These organisations provide up-to-date information on tourist numbers, attractions, infrastructure, strategic plans for the region and other tourism-related information.

Internet • Almost anything you ever wanted to know about the tourism industry can be found on the **World Wide Web**.

Personal experience • Throughout our lives we participate in a range of activities and events that may be classified as tourism-based. These experiences give us a valuable insight into the tourism industry and how it operates.

Sources of information:

- media
- reference books
- unions and industry associations
- libraries
- networking
- personal observation
- World Wide Web
- courses and seminars
- familiarisation trips

World Wide Web (www)

Global network of internet websites.

Colleagues and associates • Our colleagues and associates are valuable sources of information and are usually willing to share their knowledge. Networking is the term used to describe meeting with colleagues and associates with the intention of finding information, making contacts and developing our careers.

Industry contacts, mentors and advisers • Throughout our careers, we can develop a vast network of contacts. They may be people we have worked for or with, and who can help us in a variety of ways including development of our industry knowledge and career opportunities. These contacts may be in professional organisations, in the form of a mentor or someone whose advice we value.

Familiarisation trips • **Familiarisation trips** are free trips offered by airlines, tour organisers and hospitality venues, and other tourism providers to industry professionals to sample (often free of charge) the products offered by those companies.

Industry seminars and training courses • There are frequent opportunities to attend seminars and courses that help develop our knowledge and skills. Our employers offer some, while unions or industry associations offer others. Seminars and courses are frequently subject-specific: they focus on a particular topic, such as a change to legislation or operating procedures.

We need to know not only where to find information (sources) but, for our research time to be effective and efficient (and to ensure we eventually get the information we want), we need to identify the *sort* of information we want and what we want to do with it.

INFORMATION TO ASSIST EFFECTIVE WORK PERFORMANCE

In whatever role we hold in tourism, we need to be informed about a range of topics that impact on us in the workplace, to assist effective work performance. As a starting point, we need knowledge about and an understanding of:

- what 'tourism' is and means
- the various tourism sectors
- factors affecting a tourism enterprise
- tourism markets
- the relationship between tourism and other industries
- economic impact of tourism
- the social and cultural significance of tourism
- environmental issues
- career opportunities
- industry expectations of staff
- industry working conditions
- industrial relations
- quality assurance
- current and emerging industry technology.

WHAT IS TOURISM?

Tourism means different things to different people and few can agree on precisely what it is. **Tourism** encompasses those activities that take people away from their usual place

Tourism

Those activities that take people away from their usual place of residence for pleasure or a holiday rather than for work.

of residence for pleasure or a holiday and for reasons other than going to their normal place of work. Most definitions of tourism will, however, preclude business travel, as tourism generally implies travel for leisure and pleasure. That is not to say that business travel is never pleasurable.

Tourism occurs as a result of the different types of business that provide a range of products and services to visitors. It also involves the input of the public sector (governments, politicians and bureaucrats) through policy formulation, regulation, legislation and funding assistance for marketing and investment. The explanation we give here is simply one view that attempts to convey the basic principle that defines tourism.

The journeys we take that contribute to the tourism industry, whether within Australia or overseas, are variously referred to as holidays, trips, travelling, visiting friends or touring. Strictly speaking, we should categorise **tourists** as those travelling solely for leisure or pleasure purposes. All other categories can be called visitors. But many of these tend to have an element of leisure or pleasure in their trip even though this may not be the main motivation for the trip. It doesn't matter what we call it: we are tourists or visitors when we meet the above criteria of tourism, and we will require a range of products and services to meet our needs during this time. Put simply, virtually all travellers become part of the business of tourism.

For the purposes of statistical analysis, Tourism Research Australia (previously the Bureau of Tourism Research), defines a **trip** as 'a stay of one or more nights but less than three months, involving a journey of at least 40 kilometres away from home'. A trip can be taken for any reason, except where the journey is related to taking up employment. A **visit**, as a component of a trip, is defined as 'being made to each place where one or more nights is spent while on the trip'. There may be many visits on a trip.

It is generally accepted that these activities are temporary, whereas a permanent relocation becomes migration.

This definition would exclude, for example, families on day trips, such as to the country or the zoo, and would also indicate that these daytime activities do not contribute to tourism figures. This would not be correct, as day trippers spend money on many other activities other than overnight accommodation.

Into this definition, however, we have introduced other factors, such as **attractions** and transportation. Tourism could therefore be said to be the umbrella under which these industries operate. These other industries are usually referred to as **sectors**, and the people using the umbrella are mainly tourists.

TOURISM INDUSTRY SECTORS

The tourism industry is structured around sectors. A **tourism sector** refers to one area of the industry, often a specialist area that is part of and contributes to the entire tourism industry. Each sector is composed of businesses that provide goods and services to tourists, visitors and all types of travellers while they are travelling.

The tourism industry is therefore the umbrella term used to describe the three interconnected sectors of travel, hospitality and visitor services, as described in Table 1.1, which highlights the different types of businesses and organisations that operate within that sector.

The tourism industry boasts more than 350 000 tourism-related enterprises primarily consisting of small- to medium-sized businesses, with more than 90 per cent of these employing fewer than 20 people (Department of Industry, Tourism and Resources 2003).

Tourist

A person who travels for pleasure and for reasons other than employment or business, usually more than 40 kilometres from home and usually for a period of more than 24 hours.

Trip

A journey that involves a stay away from home being at least 40 kilometres in distance, and of at least 24 hours' duration, but not for more than three months.

Visit

As a component of a trip, is defined as 'being made to each place where one or more nights is spent while on the trip'.

Sector

One area or division of an industry.

TABLE 1.1 **Tourism sectors**

HOSPITALITY	TRAVEL OPERATIONS	VISITOR SERVICES
Accommodation	Retail travel agents	Attractions (built and natural)
Restaurants	Tour wholesalers	Special events organisers
Cafés/bars	Tour operators	Government tourism bodies
Club venues	Airlines	Regional tourist associations
Gaming facilities	Cruise lines	Visitor information centres
Conference facilities	Railways	Duty-free shops
Catering services	Coach companies	Souvenir outlets
Entertainment	Car rental companies	Recreation/sports facilities

Multiskilled

Having skills in more than one area of specialisation, enabling transfer between different job categories.

Products

The tangible aspects of tourism.

Services

The intangible aspects of tourism; what we do for our customers.

Internal factors

Those factors within the control of the enterprise.

External factors

Those factors beyond the control of the enterprise.

The jobs available offer not just diversity and a career path, but the opportunity to be **multiskilled**. Positions available vary between organisations but are offered in any number of sectors that make up the industry. The services, too, will differ, even between similar categories within the same sector.

Tourism services

Each sector offers different products and services. **Products** are the tangible aspects of tourism, the things our customers can touch or consume. **Service** or services refers to an action or an experience. It is a task performed by employees that contributes to the customer's comfort and enjoyment of the tourism experience. It is something we *do* for the customer. Unlike goods or products, a characteristic of service is its intangibility: we cannot physically touch or hold a service, and it is not something that can be stored for future use. It is the provision of goods and services to clients and customers by individuals.

Each sector also offers services that may vary between enterprises even within the same sector. These will depend on the market each enterprise is trying to attract, its location and the infrastructure already in place in that location.

FACTORS AFFECTING A TOURISM ENTERPRISE

Not every establishment is in a position to offer every conceivable service or facility available in tourism. Many establishments and organisations choose not to offer everything but instead specialise in a given area, while others are not able to offer certain services or products because of factors outside their control.

Factors that can influence an operation are either *internal* or *external*. **Internal factors**, such as pricing policies and marketing strategies, allow for some control by the enterprise, whereas **external factors**, for example government regulations and seasonal influences, are beyond the control of the enterprise. How organisations respond to the factors that impact on them can determine their level of success.

Internal factors

Standard of service/working conditions • The standard of service and working conditions are determined internally (although some working conditions are externally determined, such as those governed by an award). Failure to consistently achieve a high standard will negatively influence customer expectations and repeat business. See also 'accreditation' later in this chapter.

Pricing structure • Pricing structure, while usually determined internally, is also influenced by demand (for the service or product), supply costs, competition and location of the enterprise, among other things.

Financial support • This may be by the owners of the enterprise or government funding.

Products and services offered • These are selected by the individual enterprise but may be influenced by other factors such as location of the business and therefore availability of services and products, and the enterprise's target markets.

External factors

Trends • Trends in tourism are external factors that can impact an enterprise positively or negatively. Why is it, for example, that two resorts, located in close proximity to each other and offering similar tourist services and facilities at similar prices, may have varying degrees of success as a business? It may be that one venue has responded to new and emerging activities while the other has not. Trends, fickle though they may seem, have a significant effect. A business must never forget that the customer has a choice. Trends influence that choice. For example, we have seen a significant shift in our dining-out habits, which have taken us away from more conventional, formal styles of dining to the 'café', as the tables and chairs have tumbled out of the restaurants and onto the pavements. The onslaught of the fast-food industry, changes in drinking habits and a new consciousness about what we consume in terms of health and diet are all trends that can have us frequenting one side of the street this week and crossing the road the next.

Competition • Increased competition has forced competitors to offer better pricing and service levels and an increase in the range of facilities.

Market needs, expectations and demand • Modern technology has increased customers' knowledge and understanding about what is available to them and thus influenced their choices of the products and services they buy. These external influences can, however, influence internal factors: change in policies, introduction of new services and so on.

Seasonality • Many tourism-based operations are influenced by seasonality (weather conditions) and changing climate patterns that are out of their control.

Location • The location of an enterprise or a destination may make it more vulnerable to trends. It might also be affected by increased competition in the area.

Environmental issues • This is particularly relevant to tourism operations as the awareness of environmental issues increases. Environmental issues can also provide new marketing opportunities.

Economic variability • Economics plays an important role in why and where consumers spend their money, and how much they spend, on tourism-based experiences.

Industry regulations and legislation • Changes in regulations and legislation can affect a tourism enterprise both negatively and positively. It is important to understand how.

Suppliers • Our suppliers (of products) are likely to dictate what products we can sell to our customers and the price we can charge for their products.

Availability of skilled staff • The attractiveness and location (city or regional) of the enterprise can significantly influence the availability of skilled staff.

Government/legislation • Throughout this chapter we talk about government's involvement with tourism. The extent to which government supports tourism activities in a region or across Australia, such as the Brand Australia marketing program, can impact positively on tourism in general. Similarly, legislation, such as the introduction of no smoking in all hospitality environments (bars, gaming venues, food outlets) and changes to industrial relations law, can have impact on a business. The impacts will be felt negatively by some sectors and positively by others.



check please

1. Distinguish between formal and informal research, and qualitative and quantitative research.
2. Distinguish between open-ended and closed questioning techniques.
3. What sources of information are most readily available to you? What new sources of information might you now use?
4. Why does a definition of tourism usually exclude business travel?
5. What is a tourism sector?
6. What value to you is there in being multiskilled?
7. What is a product? What is a service?
8. What is the difference between internal and external factors that can influence a tourism operation?

TOURISM MARKETS

To help tourism-based enterprises attract tourists, it is helpful for them to understand who their markets are and from where their target markets originate. When we talk about markets, we are talking about customers. Different sectors of the industry are attempting to attract different market segments—that is, different types of customer.

It is generally accepted that tourist markets are divided into three groups:

- **Inbound tourists:** international visitors whose main place of residence is outside Australia.
- **Outbound tourists:** Australian residents travelling overseas.
- **Domestic tourists:** Australian tourists travelling within Australia, who account for 76 per cent of the tourism industry gross domestic product (Tourism Australia 2006a). Domestic tourists travelling **interstate** are visitors travelling to a state other than where they usually reside, for tourism purposes. Domestic tourists travelling **intrastate** are tourists travelling within the state in which they usually reside.

Inbound tourist

Visitors whose main place of residence is outside Australia.

Outbound tourists

Australian residents travelling overseas.

Domestic tourists

Australian residents travelling within Australia.

file this



- ▶ Actual overseas visitor arrivals to Australia between March 2006 and March 2007 were 5 156 539 aged 15 and over (Tourism Australia 2007).

Within each of these classifications are **target markets** and **market segments**. A target market (or customer base) is defined as a category of people who have been identified as potential customers because of their income, age, place of residence and other factors. Marketing strategies for organisations usually target specific markets. Identifying a target market is sometimes referred to as market segmentation, in that it identifies a portion (or segment) of the market that has similar traits, needs and desires that the organisation wants to attract to buy its product.

Target market

A category or group of people (customers) with similar characteristics (such as income, age, residence) and buying habits that an organisation wants to attract.

Market segment

Portion of a target market with similar traits, needs and desires.

Purpose of travel

Irrespective of where tourists originate from, there is always a purpose for the travel. The purpose of travel refers to the visitor's reason or main motivation for travel. This becomes important when we are passing on information or wanting to attract a specific type of person/traveller. By knowing why people travel we are better able to provide information that meets their specific needs for their tourism experience. For example, for the year ended June 2006, 52 per cent of inbound visitors travelled for the purpose of holiday, 20 per cent visited friends and relatives, 16 per cent travelled for business, 6 per cent travelled for education and 2 per cent for employment (3 per cent other) (Tourism Australia 2006c). Table 1.2 shows the purpose of travel according to the country of residence.

quick thinker



- ▶ Apart from accommodation and food, make a list of all the services and facilities you think these visitors may require while at their destination.

Tourism markets are discussed in greater detail in Chapter 7, Sell Products and Services. Table 1.3 shows both the actual and the forecast arrivals for inbound, domestic and outbound markets, and the economic value of each segment.

file this



- ▶ Visitors from the UK and Ireland usually stay longer, primarily because of distance travelled, but spend less than their Asian counterparts because they more often stay with friends and relatives (VFR).

RELATIONSHIP BETWEEN TOURISM AND OTHER INDUSTRIES

Tourism does not operate in isolation; it is closely aligned with other industries. It is important to have a broad understanding of the relationships between tourism and these other industries.

Tourism and hospitality

When people travel away from home overnight, they need a place to stay. A large percentage chooses paid accommodation (as opposed to staying with friends or family), with the choice of accommodation depending on several factors:

TABLE 1.2 **Visitors by country of residence and main purpose of journey**
Year ended 31 March 2003 -2007

COUNTRY OF RESIDENCE	YEAR ENDED 31 MARCH									
	2003		2004		2005		2006		2007	
	'000	%	'000	%	'000	%	'000	%	'000	%
New Zealand	709	16	797	18	959	19	979	20	976	19
Japan	665	15	599	13	668	14	631	13	582	11
Hong Kong	128	3	119	3	131	3	141	3	139	3
Singapore	241	5	214	5	221	4	224	4	224	4
Malaysia	138	3	143	3	147	3	143	3	138	3
Indonesia	78	2	81	2	75	2	75	1	75	1
Taiwan	87	2	80	2	94	2	101	2	83	2
Thailand	75	2	67	2	73	1	70	1	69	1
Korea	179	4	188	4	206	4	223	4	244	5
China	188	4	178	4	262	5	267	5	319	6
Other Asia	105	2	112	3	126	3	144	3	176	3
USA	400	9	397	9	412	8	414	8	429	8
Canada	83	2	86	2	96	2	99	2	104	2
United Kingdom	598	14	639	14	657	13	653	13	691	13
Germany	132	3	136	3	137	3	143	3	144	3
Other Europe	385	9	390	9	415	8	432	9	455	9
Other countries	234	5	245	5	261	5	279	6	309	6
MAIN PURPOSE OF JOURNEY (INCLUDING BACKPACKERS)										
Holiday	2,422	55	2,374	53	2,668	54	2,661	53	2,639	51
Visiting friends & relatives	841	19	922	21	1,040	21	1,015	20	1,063	21
Business	664	15	664	15	715	14	786	16	845	16
Education	264	6	270	6	281	6	291	6	330	6
Employment	53	1	71	2	64	1	85	2	116	2
Other	180	4	170	4	170	3	180	4	163	3
MAIN PURPOSE OF JOURNEY (EXCLUDING BACKPACKERS)										
Holiday	2,093	47	2,032	45	2,302	47	2,288	46	2,246	44
Visiting friends & relatives	799	18	882	20	1,001	20	976	19	1,018	20
Business	652	15	655	15	706	14	772	15	826	16
Education	211	5	217	5	228	5	242	5	275	5
Employment	46	1	59	1	52	1	67	1	87	2
Other	161	4	151	3	157	3	168	3	154	3
Backpackers	462	10	474	11	492	10	507	10	551	11
Total	4,425	100	4,471	100	4,939	100	5,019	100	5,157	100

Base: All visitors aged 15 years and over.

Note: Rounded percentages may not sum to 100.

Source: Tourism Research Australia, *Quarterly results of the International Visitor Survey March 2007*, Tourism Australia, table 3, p. 12. Reproduced with permission.

TABLE 1.3 International visitor arrivals: inbound, domestic and outbound

YEAR	INBOUND VISITOR ARRIVALS (THOUSANDS)	CHANGE ON PREVIOUS YEAR (PER CENT)	DOMESTIC VISITOR NIGHTS (THOUSANDS)	CHANGE ON PREVIOUS YEAR (PER CENT)	OUTBOUND DEPART. (THOUSANDS)	CHANGE ON PREVIOUS YEAR (PER CENT)	TIEV ^a (REAL)	CHANGE ON PREVIOUS YEAR (PER CENT)	TDEV ^b (REAL)	CHANGE ON PREVIOUS YEAR (PER CENT)
2001	4 855	—	289 644	—	3 443	—	22	—	63	—
2002	4 841	-0.3	298 657	3.1	3 461	0.5	21	-0.5	63	0.9
2003	4 746	-2.0	294 112	-1.5	3 388	-2.1	20	-6.3	62	-2.9
2004	5 215	9.9	296 876	0.9	4 369	28.9	21	2.9	61	-1.1
2005	5 499	5.5	275 860	-7.1	4 754	8.8	20	-1.8	60	-0.6
2006	5 532	0.6	285 659	3.6	4 941	3.9	22	8.1	62	2.3
2007	5 688	2.8	288 517	1.0	5 211	5.5	23	3.6	62	-0.5
2008	5 939	4.4	282 746	-2.0	5 395	3.5	24	4.1	63	1.9
2009	6 255	5.3	274 264	-3.0	5 935	10.0	25	5.2	64	2.6
2010	6 572	5.1	274 201	0.0	6 350	7.0	26	4.9	65	0.8
2011	6 928	5.4	275 578	0.5	6 730	6.0	28	5.3	65	0.4
2012	7 297	5.3	276 679	0.4	7 069	5.0	29	5.3	65	0.2
2013	7 660	5.0	277 805	0.4	7 354	4.0	30	4.9	65	0.1
2014	8 045	5.0	279 061	0.5	7 646	4.0	32	5.0	65	0.1
2015	8 457	5.1	280 360	0.5	7 910	3.4	34	5.2	65	0.0
2016	8 891	5.1	281 562	0.4	8 474	3.3	35	5.1	65	0.0
Compound annual growth rate (%)	4.9	—	0.1	—	5.2	—	4.9	—	0.5	—

Numbers shaded are forecasts.

^a Total inbound economic value: estimates and forecasts based on ABS ATSA consumption estimates

^b Total domestic economic value: estimates and forecasts based on ABS ATSA consumption estimates

Source: Tourism Research Australia, *Tourism Forecasting Committee Forecast 2007*, Issue 1, Tourism Australia, p. 70. Reproduced with permission.

- cost
- standard or quality
- availability
- length of stay
- destination/location
- purpose of travel
- star rating standard
- types of services and facilities available.

In addition, travellers also need food and drink, which they usually obtain from services in the hospitality industry. However, the relationship between tourism and hospitality does not end there. The two are intrinsically linked and need to work together to help sustain each other. For example, a travel agent may book accommodation for a client or a **package holiday**, which can include travel arrangements, accommodation, meals, tours, transfers, activities and entertainment for one all-inclusive price.

Package holiday

An inclusive arrangement usually for transport, accommodation, transfers, some meals, occasionally tours and various other aspects of a trip for an all-inclusive price.

While from a travel operations' perspective tourism is mainly concerned with getting people to a destination, the role of hospitality is to provide accommodation as well as food and beverages, entertainment and activities (such as in a resort) and to offer a range of other services and facilities that tourists seek.

If a client wants to travel to a particular destination, but the destination cannot offer all the hospitality services and attractions required, this may effectively stop the person from visiting that place.

Conversely, accommodation venues are dependent on tourism; without tourists, many accommodation venues would cease to exist. Only a small percentage of accommodation venues are sustainable with business travellers and the food and beverage side of their operation as the primary source of income.

Tourism and travel operations

How do people get to their destination? They travel there by car, bus, train, air or sea. Therefore we have a travel industry that helps to arrange transport and assist people to travel from one place to another.

When people travel they choose a mode of transport that meets their requirements. Their requirements may be affected by time restraints, budget, and transport comfort, convenience or preferences. Travel arrangements can usually be made directly with the transport organisation—a flight can be booked directly with the airline, a train seat can be booked directly through the railway operator, and so on. Alternatively, transportation can be arranged through a retail travel operation, that is, a travel agent, and travel arrangements can be included in a package.

A travel agency often provides a link between the tourism sectors. A travel agency can book all travel requirements, transport, accommodation, attractions and tours, and can assist with travel insurance, passports and visas. It acts as the retail outlet or shopfront for people to buy their travel products. It can provide the knowledge and information required to allow consumers (tourists) to make their decision about holiday destinations. It also sells packaged holidays to suit the required budget for a variety of different consumers.

Tourism and visitor services

When a person reaches their chosen destination, what do they do? Apart from sleeping, eating, drinking and relaxing, they also tend to visit attractions, take part in recreational activities and tours, shop for souvenirs and visit information centres. Each of these services contributes to the enjoyment a visitor receives from visiting a particular destination.

Without these facilities and services in place, a destination may not hold the right mix of services to attract visitors. This is why state and Commonwealth government tourism bodies and regional tourist associations (together with local government) spend large amounts of money researching the value of a destination and investing in the marketing and promotion of particular destinations. They also assist with investment in basic **infrastructure** and other facilities to service tourists. Moreover, most people involved in the tourism industry at these destinations want these visitors to return again in the future, so it makes sense to make them feel welcome and offer them an interesting, relaxing and enjoyable tourism experience.

Tourism and other industries

Tourism as an industry is only sustainable through the existing mechanisms that support a community as a whole. That is, the tourism industry is reliant on and usually has a direct linkage to other industry sectors that supply part of the infrastructure and other goods and services for a destination. For example, hotels must be built and fitted out so that visitors have a place to stay. Other industries are then required to supply the hotel with furnishings for the rooms and other public areas, food and beverages, linen hire, cleaning, and kitchen equipment and utensils.

Tourism establishments are also large consumers of public utilities such as power, water and gas. The industry relies on the availability and suitability of all these industries in order to survive and prosper. Other services and facilities needed within the community to maintain appeal for visitors include local transport services, a labour market, theatres, events, retail shopping outlets, banks, chemists and doctors.

In addition to the more obvious relationships between hospitality, infrastructure development, government research and marketing (of tourism products), and public utility consumption, tourism facilitates the sustainability of many other industries and thus maintains important links to other industries.

Entertainment • The entertainment industry includes music, festivals and theatrical events, among other forms of entertainment that benefit from tourist patronage. Many people travel specifically for these events, benefiting many businesses in a region due to visitors' need for other tourism-related services (in addition to participating in the entertainment). Even if the entertainment is not the primary purpose of a visit, entertainment is frequently an aspect of the overall consumption experience in tourism activities.

Arts • Tourist activities in the arts industry can include visiting galleries, museums and the theatre, and the purchase of artwork and souvenirs. With increasing interest in niche markets such as art tourism and Indigenous tourism, the interrelationship between art and tourism gains considerable importance. A significant relationship with the arts exists also with the ever-increasing popularity of Australia for the film-making industry. The Australian Tourist Commission (ATC) is leveraging this popularity by developing relationships with various film marketing bodies and organisations.

Infrastructure

Structural foundations (of a region, city, town) such as roads and other permanent installations, services and facilities including attractions, hospitals, sewers, and utilities such as gas, water, electricity and telecommunications.

Food and wine • Food and wine tourism represents a significant growth area as Australia's global reputation as a significant culinary and wine destination spreads.

Sports • As one of the major cultural features of Australian life, it is not surprising a strong link exists between sport and tourism activities. Every year there are thousands of trips taken by sports fans to see their teams play. It is important the tourism networks and services available at destinations are able to meet the needs of these visitors. Another significant relationship between sport and tourism is the annual end-of-season team trip!

Conservation • One of the roles of government in researching and promoting tourism is ensuring the conservation of our amazing country. While tourism is an economic imperative, it still needs to be considerate of conserving our natural features. Accordingly, the interrelationship between conservation and tourism focuses heavily on preservation. The features that make a destination attractive are often the very features that need protecting. Tourism therefore needs to be managed to ensure that the level of protection needed is provided to sustain the attraction. Ecotourism and sustainability are discussed in detail later in this chapter.

Science and research • An interrelationship between tourism, science and research is not always apparent. The fact is that much research is undertaken with regard to tourism activities both by the private sector and government, particularly with respect the environment.

Retail • Many retail businesses are hugely reliant on tourism. Retail businesses are those businesses that sell products and services to the end user—consumers; in these instances, tourists. Some of the retail businesses that benefit from tourism spending (and thus enjoy a relationship with the tourism industry) include fashion stores, souvenir shops, liquor outlets and supermarkets.

How the relationship between tourism and other sectors and industries works is shown in Figure 1.2.

check please

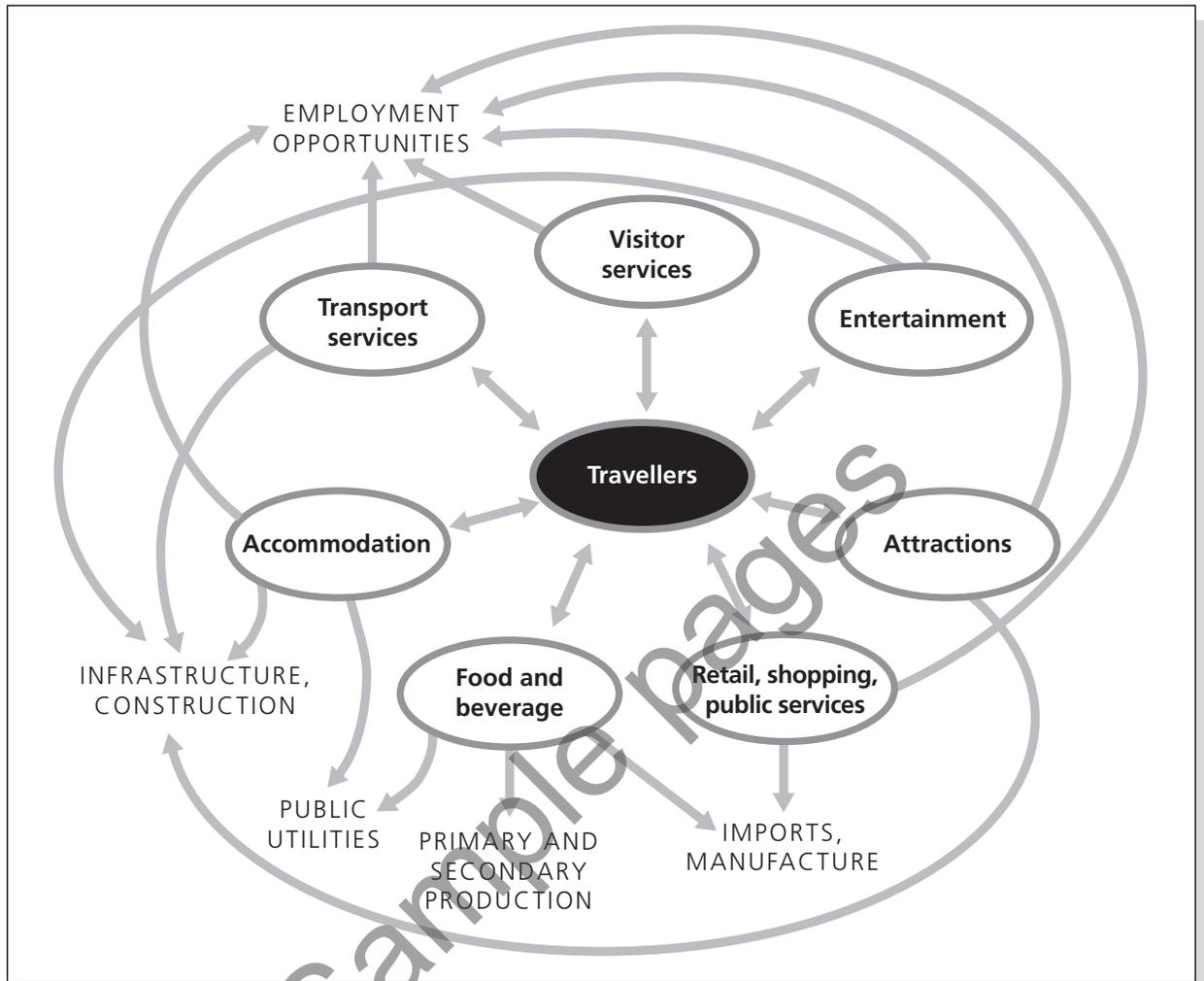


9. Explain the difference between 'inbound tourist' and 'outbound tourist'.
10. To what does the 'purpose of travel' refer? Why is it important in a marketing context?
11. What is the relationship between tourism and hospitality? Tourism and travel operations? Tourism and visitor services?
12. Why is the development infrastructure so important to a destination?

ECONOMIC IMPACT OF TOURISM

Tourism contributes significantly to the economic development of Australia, employing more than half a million people, either directly or indirectly, and generating in excess of \$71 billion per year in revenue (\$53 billion in domestic tourism and \$18.3 in inbound tourism in the year ended June 2006) (Tourism Australia 2006a, 2006c), of which domestic tourism accounts for 75 per cent. This means tourism is a major factor in

FIGURE 1.2 Direct and indirect relationships of tourism



federal, state and territory government economic strategies, with seemingly unlimited potential as a growth industry. Due to the positive impact of tourism on the economy, the government is usually very willing to research, plan and promote it. Tourism will continue to expand, creating wealth and job opportunities, particularly in regional Australia.

Its importance was evidenced by the publication of the *Tourism White Paper* (Department of Industry, Tourism and Resources 2003), the Australian Government’s medium- to long-term strategy for tourism in Australia. The Paper argues that the continued significance of tourism and the changing dynamics of the industry make it vitally important to initiate, develop, implement and maintain strategies for maximising the industry’s potential and for responding to the changing landscape of the industry.

Indeed, the Paper suggested weaknesses in Australia’s capacity to maintain a sustained growth and respond quickly and effectively to major incidents such as a

downturn in tourism as a consequence of increased terrorism activity, continued severe acute respiratory syndrome (SARS) outbreaks or natural disasters.

Each state and territory can and does benefit from the promotion of its many attractions, tours and events that encourage visitors, irrespective of visitor origin, to generate a flow of spending in the community. Overseas visitors bring ‘new’ money into the economy when they exchange their foreign currency for Australian dollars and spend it at the destinations they visit. Hence tourism is regarded as a service-based **export**, earning foreign currency that can, in turn, be used to invest or purchase **imports**.

Federal, state and local government contribute to the development and promotion of tourism on many levels: policy development, destination planning and development, niche/sector strategy development, visitor servicing and marketing.

Tourism operates under the same economic principles as any other market—demand and supply. Some attractions and events—Grand Prix, international sporting events, annual music and movie festivals, AFL grand final, Mardi Gras—will always affect tourism trends, but permanent features such as the Sydney Opera House, Uluru, Kakadu, Phillip Island, the Barrier Reef and the Outback create ongoing benefits for the health of the economy through long-term employment and business opportunities, income, infrastructure, support services and more.

Naturally, each market segment reacts differently to economic trends, depending on length of stay, reason for travel and country of origin. For example, people travelling for business purposes usually stay only a short time but spend more per head, per night, than any other market. Backpackers are usually the longest in visitor nights, spending a small amount each day but the most overall as a result of the length of stay. Irrespective of the length of stay, however, all inbound tourists are affected by the value of their currency compared with the currency of their destination. Table 1.4 shows the actual and forecast total inbound economic value by market from 2000 to 2016.

Export

Goods and services sold by a business within a country to other countries to earn foreign currency.

Import

Goods and services purchased by businesses within a country from other countries.



file this

- ▶ Visitors from the UK, Ireland and Scotland usually stay longer, primarily because of distance, but spend less than their Asian counterparts because they more often stay with friends and relatives.

Multiplier effect

As we learned earlier, there is an intrinsic link between tourism and several other industries. Each of these industries generates a flow of spending through the community as a result of tourism. This flow of spending is called a **multiplier effect** and works in stages as the money is passed from one business to the next and on to the next as each supplies a different service or product to meet the initial demand from the tourist. How it works is demonstrated in the ‘Paint a picture’ below. It is not difficult to appreciate how large the contribution tourism makes to the economy as the money filters through these stages.

The stages of the multiplier effect do not necessarily flow in the same order each time and not all industries are going to benefit from every tourist or visitor. Also, it is not only tourists who support the tourism industry. People who travel for other

Multiplier effect

The flow of spending through the community as a result of tourism activities.

TABLE 1.4 Total inbound economic value by market, calendar year (real, base = quarter 1 2007)

YEAR	NEW ZLAND	JAPAN	UNITED STATES	CHINA	S'PORE	SOUTH KOREA	HONG KONG	GERMANY	INDONESIA	TAIWAN	T'LAND	MIDDLE EAST	OTHER ASIA	FRANCE	IRELAND	ITALY	NETHER. SWITZ.	OTHER EUROPE	CANADA	SOUTH AFRICA	OTHER WORLD	TOTAL CHANGE PER CENT	
2000	1.7	2.6	3.3	2.6	0.7	0.9	0.7	0.6	0.7	0.8	0.3	0.5	0.4	0.4	0.3	0.3	0.4	0.3	1.1	0.5	0.2	0.8	21.1
2001	1.7	2.4	3.6	2.7	1.1	1.0	0.7	0.6	0.8	0.9	0.3	0.4	0.4	0.4	0.2	0.4	0.4	0.4	1.0	0.6	0.2	0.7	21.5
2002	1.7	2.4	3.6	2.7	1.1	1.0	0.8	0.6	0.7	0.9	0.3	0.5	0.4	0.2	0.4	0.2	0.5	0.4	0.9	0.5	0.3	0.6	21.4
2003	1.7	2.0	3.9	2.1	1.0	0.8	0.8	0.6	0.5	0.8	0.2	0.4	0.3	0.3	0.4	0.1	0.4	0.4	0.9	0.5	0.4	0.4	20.1
2004	2.0	2.2	3.5	2.0	1.5	0.7	0.8	0.7	0.6	0.8	0.2	0.4	0.3	0.4	0.2	0.4	0.3	0.9	0.5	0.4	0.5	20.7	
2005	2.1	2.1	3.4	1.8	1.4	0.8	0.9	0.6	0.7	0.3	0.4	0.3	0.4	0.3	0.5	0.2	0.2	0.3	0.9	0.5	0.3	0.7	20.3
2006	2.0	1.9	3.7	2.0	1.7	0.8	1.2	0.6	0.6	0.7	0.4	0.4	0.3	0.4	0.3	0.5	0.3	1.0	0.6	0.3	0.7	21.9	
2007	2.2	1.7	3.8	2.1	1.9	0.9	1.3	0.6	0.6	0.8	0.5	0.4	0.3	0.3	0.4	0.5	0.3	0.3	1.0	0.6	0.3	0.7	22.7
2008	2.2	1.7	3.9	2.2	2.1	0.9	1.3	0.7	0.6	0.9	0.6	0.4	0.3	0.3	0.4	0.5	0.3	0.3	1.0	0.7	0.3	0.8	23.7
2009	2.3	1.7	4.1	2.4	2.3	0.9	1.4	0.7	0.7	0.9	0.7	0.5	0.3	0.3	0.5	0.6	0.4	0.6	1.1	0.7	0.3	0.8	24.9
2010	2.4	1.7	4.2	2.6	2.6	0.9	1.4	0.7	0.7	1.0	0.8	0.5	0.3	0.3	0.5	0.6	0.4	0.6	1.1	0.7	0.3	0.9	26.1
2011	2.4	1.8	4.3	2.9	2.8	0.9	1.4	0.8	0.7	1.0	0.9	0.6	0.3	0.3	0.6	0.7	0.4	0.6	1.2	0.8	0.4	0.9	27.5
2012	2.5	1.8	4.4	3.1	3.1	0.9	1.5	0.8	0.7	1.0	1.1	0.6	0.3	0.4	0.7	0.7	0.4	0.6	1.3	0.8	0.4	1.0	29.0
2013	2.5	1.8	4.5	3.3	3.5	0.9	1.6	0.8	0.7	1.0	1.2	0.7	0.3	0.4	0.7	0.8	0.5	0.6	1.3	0.9	0.4	1.0	30.4
2014	2.6	1.8	4.6	3.6	3.9	0.9	1.6	0.9	0.7	1.1	1.3	0.8	0.3	0.4	0.8	0.8	0.5	0.6	1.4	0.9	0.4	1.1	31.9
2015	2.6	1.9	4.8	3.8	4.3	0.9	1.7	0.9	0.8	1.1	1.5	0.8	0.3	0.4	0.9	0.9	0.5	0.6	1.5	0.9	0.5	1.1	33.6
2016	2.6	1.9	4.9	4.1	4.8	0.9	1.7	0.9	0.8	1.1	1.6	0.9	0.3	0.4	1.0	1.0	0.5	0.6	1.5	1.0	0.5	1.2	35.3
GROWTH																							
(BILLIONS)																							
2001-06	0.4	-0.5	0.1	-0.6	0.8	-0.1	0.5	0.0	-0.2	-0.1	0.1	0.0	-0.1	0.0	0.0	0.1	0.1	0.1	-0.1	0.0	0.0	0.0	0.4
2006-11	0.4	-0.1	0.6	0.8	1.1	0.0	0.2	0.1	0.1	0.2	0.5	0.1	0.0	0.0	0.3	0.2	0.1	0.1	0.0	0.3	0.2	0.1	0.2
2012-16	0.2	0.1	0.6	1.2	2.0	0.0	0.3	0.2	0.1	0.2	0.7	0.3	0.0	0.1	0.4	0.3	0.1	0.1	0.0	0.1	0.1	0.3	0.7
GROWTH (%)																							
2001-06	22.2	-22.2	1.6	-22.7	93.5	-11.1	68.8	7.7	-21.0	-7.5	45.7	-1.2	-24.0	-8.7	-10.1	-1.9	22.5	31.1	45.2	-35.7	-28.9	-7.6	5.4
2006-11	18.6	-5.7	17.0	39.7	67.2	4.5	16.9	18.4	13.8	19.5	116.6	30.9	-13.5	7.5	113.4	52.4	24.7	13.6	-1.1	23.8	17.8	26.8	26.3
2011-16	9.4	7.8	13.3	42.5	69.0	3.2	18.6	20.6	12.4	16.0	76.3	58.4	5.3	21.6	61.8	44.2	18.3	8.7	1.0	20.8	25.9	28.3	21.1
Numbers shaded are forecasts.																							
Source: Tourism Research Australia, Tourism Forecasting Committee, Forecast 2007, Issue 1, Tourism Australia, p. 18. Reproduced with permission.																							

paint a picture ► The multiplier effect



Mr and Mrs Brown, who live in Perth, decide to holiday in Melbourne for two weeks. Several options are available to the Browns. They could drive, fly, or take a train or bus. Where will they stay? They could pre-book accommodation through a travel agent, or find a hotel when they reach there. When they arrive they will visit the zoo, Phillip Island, the beaches and a few wineries, and go shopping. Each night they'll dine at a different restaurant.

Travelling around Melbourne is easy; they can hire a car, take taxis, or catch a tram, bus or train. The Browns travel with traveller's cheques but also use credit cards. In the event of an emergency, they have protected their interests with travel insurance. Never having been to Melbourne before, they plan to pack in as much as possible and have budgeted for quite a few souvenirs.

Which industries will potentially benefit from the Browns' trip?

reasons—such as on business, for a conference or for educational purposes—use the industry because of the need to travel away from home, creating a need for food, accommodation and other services and products while they are away.

Employment

In 2003–04 tourism was directly responsible for the employment of over 550 000 persons, which represents 5.6 per cent of total employment in Australia (Tourism Australia 2005c). The more visitors a destination attracts, the more people that are needed to service these visitors. As mentioned previously, the tourism industry is an umbrella of different sectors and numerous businesses and organisations and these businesses must continue to employ more people to service their growing number of customers. Many tourists in certain market segments, particularly within hotels and resorts, also demand high-quality service standards, which often mean high staff-to-guest ratios.

Thus tourism-based operations offer substantial employment opportunities, both ongoing and seasonal, in many destinations. This in turn improves the overall economic welfare of that area and generates a new flow of spending through the community, as the employees themselves often have to spend their income on a place to live, the use of local services and amenities and indeed also visit local attractions.

Infrastructure development

To make any tourist destination functional, attractive and appealing for the visitor, the infrastructure of roads, bridges, airports, transport systems, telecommunications, water systems, waste disposal and so on needs to be developed and/or upgraded to a certain standard. This requires a massive investment in financial and human terms. Often tourism can act as a catalyst for this and can be of enormous benefit to local communities and residents as well as to their visitors. Tourists also require accommodation and in 2004–05 \$1044 million was invested in the construction of new hotels and similar establishments in Australia (Australian Bureau of Statistics 2007).

Recent impacts on tourism

There is no disputing the positive impact that tourism has on the Australian economy; however, our distance from major tourist markets and the cost of travel to Australia



- ▶ Tourism employs almost 6 per cent of the Australian workforce and represents 11.2 per cent of total export earnings.

can prove to be major obstacles to tourism growth in Australia. For example, the value of the Australian dollar can either positively or negatively impact visitor numbers; a strong Australian dollar means Australia is a more expensive destination for inbound tourists. Conversely, a weak Australian dollar makes Australia a cheaper, more attractive destination for inbound tourists. A link can be shown to exist in the marginal decline in inbound tourism for 2006 (down from 2005) as a result of a strong Australian dollar.

Several years ago the onset of difficulties in many Asian financial markets impacted on Australia's tourism. For example, the devaluation in some Asian currencies not only boosted tourism to those countries by Australian tourists (which took money away from Australian domestic tourism) but also caused a shift in the patterns of tourists visiting Australia from those countries.

In the year 2000, on the other hand, the record decrease in the value of the Australian dollar against the American dollar and other major currencies made Australia a more affordable destination (for inbound tourists), resulting in an increased number of visitors from Europe and North America. In other words, their currency could buy more Australian dollars and became more valuable in Australia. Five years later, the increasing strength of the Australian dollar reversed this impact.

In 2001, the September 11 terrorist attacks on the World Trade Center in New York and the Pentagon in Washington, DC, caused many people to rethink travel options. Many people changed their overseas travel plans, causing a significant decrease in outbound and inbound tourism earnings but resulting in an increase in domestic travel. The anticipated worldwide rebound in global travel begun in 2003 (World Tourism Organization 2005) suffered setbacks with repeated terrorist strikes (Madrid 2004, London 2005, Bali 2003 and 2005), catastrophic natural disasters (tsunami, Indian Ocean 2004; earthquakes, Iraq 2003 and Pakistan 2005) and ongoing hostilities in many parts of the world. Not unexpectedly, Australia is one of the destinations affected.

In addition, the collapse of Ansett (2001) caused the loss of thousands of jobs—not just for those directly employed by the airline but also for many in associated sectors, such as retail travel outlets, transport operators, airport concession holders and so on—and a decrease in earnings for many hospitality-related enterprises that relied on package holidays associated with Ansett. The collapse also had a direct impact on tourism spending.

In March 2003, severe acute respiratory syndrome (SARS) was first recognised as a global threat after an initial outbreak in China in November 2002. It has since claimed the lives of approximately 800 people (primarily in South-East Asian countries) but more than 8000 people have contracted the virus (Department of Health and Ageing 2006). Fear of contracting SARS impacted many people's travel plans both to and from regions exposed to the virus. There is a current threat from SARS.

By late 2004 there was another potential threat to tourism in the form of bird flu (avian influenza). A number of human deaths from bird flu have been confirmed in

Impacts on tourism:

- currency movements
- natural disasters
- terrorism
- corporate collapse
- health threats
- wars

China, Cambodia, Vietnam, Thailand and Indonesia. Although the virus does not spread easily from birds to people, there is a low risk of contracting the disease from occasional contact with infected birds.

In the summer of 2006–07, severe bushfires in many parts of Australia, particularly Victoria, had a devastating effect on businesses catering to summer holidaymakers. Where a destination relies heavily on seasonal visitors, widespread bushfires can seriously impede the ongoing viability of the business, even the region.

Despite all this, tourism continues. What changes, for a time, is the choice of destination, travel date and length of stay. Bali suffered a terrible downturn in tourism after the bombings and many people were reluctant to travel to certain parts of Asia after the SARS and bird flu outbreaks and again after the tsunami. New York received a different kind of attention (by tourists) as a result of the terrorist attacks; most sectors of the industry (if not employees) affected by the collapse of Ansett rebounded relatively quickly.

In the future we are likely to be faced with other impacts on, or challenges to the industry, which is why it is important to understand how past incidents have affected us and why forecasting (tourism numbers) is important but isn't always correct. These events can, to some extent, help tourism businesses learn from the past and plan for the future.

Table 1.5 shows both the actual and the forecast arrivals from the main source markets (origin), as well as the revised forecast average rate of growth of international visitors. When you have finished your studies, revisit the forecasts on the Tourism Australia website and think about what has happened in the world since looking at this forecast today and that later point in time.

SOCIAL AND CULTURAL SIGNIFICANCE OF TOURISM

The tourism industry is often described as a 'people industry', meaning that the very nature of the activity or the experience ensures that you will meet new people in new places. As workers in the industry we also have plenty of face-to-face personal contact with our customers and clients, particularly the visitor or guest using our services. Even people who know each other well can often find out new things about each other when travelling together and sharing a tourism experience. Tourism actually encourages such social interaction, particularly when people are in holiday mode.

Tourism can also cause considerable social and cultural costs to a community. Too many tourists to a destination can cause overcrowding to the extent that local people feel their lives are being disrupted as access to services, facilities and sometimes even land becomes more difficult. However, such problems can be curtailed with more responsible planning, management and promotion of tourism. **Responsible tourism development** attempts to balance the needs of local communities with those of the tourists. It is the job not only of governments but of tourism professionals in the industry as well.

Better quality of life

The economic benefits of tourism (such as increased business activity, employment opportunities, and improvements to facilities and infrastructure) can also be classed as social benefits as they help to improve the quality of life in local communities. Community pride can also be reinforced, as was witnessed at the Sydney Olympic

Responsible tourism development

Balancing the needs of local communities with those of the tourists.