International Seminar on Trade in Services & Tourism Statistics for Selected Asia Pacific Countries

Overview of the Compilation Guide for Tourism Supply Side
Agenda Item 17

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Overview of the Compilation Guide for Tourism Supply Side

OUTLINE OF PRESENTATION

I.   Introduction

II.   Classification Systems for Tourism Supply

III. Measuring Supply of Tourism Industries

IV. Main Data Sources

Overview of the Compilation Guide for Tourism Supply Side

I. Introduction

- Tourism is a demand side phenomenon

- Economic contribution of tourism is approached from the activities of visitors and their impact on acquisition of goods and services

Overview of the Compilation Guide for Tourism Supply Side

I.   Introduction

  •   From the supply side, Tourism is defined as

    ❑   A set of productive activities that cater mainly to visitors or for which an important share of their main output is consumed by visitors (IRTS para 1.12)

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I.   Introduction

- Tourism being a demand side phenomenon, tourism demand side statistics are much more developed than tourism supply side statistics

- Tourism demand side statistics have been easier (compared to the supply side) to compile

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I.   Introduction

- All countries start the compilation of their tourism statistics from the demand side (tourism expenditures)

- But in more appropriately describing and measuring tourism, the supply side (in response to demand) must also be considered

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I. Introduction

- Thus, there is increasing interest in compiling tourism supply side statistics

- In compiling tourism supply side statistics, important that what is measured on the supply side is consistent with what is measured on the demand side

- Tables 5, 6, 7, 8, & 10 of the TSA are on tourism supply

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I. Introduction

- TSA Tables on Tourism Supply:

  ❑ Table 5: Production Accounts of Tourism Industries & Other Industries
  ❑ Table 6:Total Domestic Supply & Internal Tourism Consumption
  ❑ Table 7: Employment in the Tourism Industries
  ❑ Table 8:Tourism Gross Fixed Capital Formation of Tourism Industries & Other Industries
  ❑ Table 10: Non-monetary Indicators

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I. Introduction

- Tourism Supply is covered in the IRTS 2008/IRTS 2008 Compilation Guide in

  - ❑ Chapter 5 (Classification Systems),
  - ❑ Chapter 6 (Measuring Supply of Tourism Industries, and
  - ❑ Chapter 7 (Employment in the Tourism Industries)

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II. Classification Systems for Tourism Supply

- In the collection, processing, and compilation of statistics, Classification Systems play a structuring role
- They delineate the various aspects to be measured
- They facilitate the compilation & presentation of statistical tables (cross tabulations)
- They make subnational and international comparisons of statistical data easier

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II. Classification Systems for Tourism Supply

- In the ISIC, Tourism is not one of the "Industries"
- The ISIC (Rev. 4) has
  - ❑ Agriculture, Hunting, Fishing & Forestry
  - ❑ Manufacturing
  - ❑ Trade, Repairs of Motor Vehicles
  - ❑ Transportation & Storage
  - ❑ Accommodation & Food Service Activities
  - ❑ Real Estate Activities

But no Tourism. Tourism is embedded in many of the ISIC industries

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II. Classification Systems for Tourism Supply

- Countries have to define their own Tourism "Industries"

- Basic principle is that country classification systems are coherent and consistent to the extent possible with other frameworks such as the SNA 2008, BOP (BPM6), MSITS 2010, etc.

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II. Classification Systems for Tourism Supply

- Relevant existing classification systems which can be used to compile tourism supply statistics are
  - ❑ Central Product Classification (CPC Ver.2) for the comparison of products produced by tourism industries and acquired by visitors
  - ❑ International Standard Industrial Classification of all Economic Activities (ISIC Rev. 4) for the classification of all productive activities that supply the goods and services to visitors, &
  - ❑ International Standard Classification of Occupations (ISCO-08), for employment

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II. Classification Systems for Tourism Supply

- For tourism supply measurement, countries will need a classification of products and a classification of productive activities.
- Toward this end, and to allow international comparisons among countries the IRTS 2008 proposes the use of tourism statistics classifications that are directly derived from (IRTS 2008 para 5.4)

  ❑ CPC Ver. 2 for products, and
  ❑ ISIC Rev. 4 for activities

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II. Classification Systems for Tourism Supply

- The resulting tourism statistics classifications will help define the "tourism industries"
- They should reflect the importance of certain specific products and activities for the analysis of tourism expenditure and of the major providers of goods and services to visitors (Compilation Guide para 5.22)
- These important products and activities are called tourism characteristic products and tourism characteristics activities, respectively.

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II. Classification Systems for Tourism Supply

- Tourism characteristic products – those that satisfy one or both of the following criteria (IRTS 2008 para 5.10):
  - ❑ Tourism expenditure on the product should represent a significant share of total tourism expenditure (share of expenditure/demand condition)
  - ❑ Tourism expenditure on the product should represent a significant share of the supply of the product in the economy (share of supply condition)

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II. Classification Systems for Tourism Supply

- Thus, a significant part of the expenditures of visitors goes to the purchase of a tourism characteristic product; and a significant part of the supply of a tourism characteristic product is purchased by visitors.

- The second criterion also means that a tourism characteristic product would cease to be supplied in meaningful quantities in the absence of visitors.

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II. Classification Systems for Tourism Supply

Example of a tourism characteristic product:

Accommodation services for visitors

- A significant share of expenses of visitors goes to payment for accommodation,
- Without visitors, accommodation services for visitors would cease to exist in meaningful quantities

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II. Classification Systems for Tourism Supply

- However, there is no clear guidance yet on what represents a "significant" share/part.

- This is left for countries to define.

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II. Classification Systems for Tourism Supply

- To guide countries in identifying tourism characteristic products, a list is provided in Figure 5.1 and Annex 4 of the IRTS 2008.

- The list includes 12 products, 10 of which are referred to as internationally comparable tourism characteristic products, and the other two are called country specific tourism characteristic products

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II. Classification Systems for Tourism Supply

Tourism characteristic products:
1. Accommodation services for visitors
2. Food & beverage serving services
3. Railway passenger transport services
4. Road passenger transport services
5. Water passenger transport services
6. Air passenger transport services
7. Transport equipment rental services
8. Travel agencies and other reservation services

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II. Classification Systems for Tourism Supply

Tourism characteristic products:

9. Cultural services
10. Sports & recreational services
11. Country-specific tourism characteristic goods
12. Country-specific tourism characteristic services

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II. Classification Systems for Tourism Supply

- Countries should come up with their own lists of tourism characteristic products

- From the tourism characteristic products, we can now define tourism characteristic activities or tourism industries.

- Tourism characteristic activities (or tourism industries) are productive activities that provide tourism characteristic products as their typical output

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For Tourism Supply Side

III. Measuring Supply of Tourism Industries

- In compiling tourism supply side statistics, Tourism supply is approached as the direct provision to visitors of the goods and services that correspond to tourism expenditure (IRTS 2008 para 6.2, IRTS Compilation Guide para 6.3)
- Important to remember that only part of the output of each tourism industry is attributable to visitors' expenditure ("tourism share")

❑ Not all hotel rooms are occupied by visitors

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For Tourism Supply Side

III. Measuring Supply of Tourism Industries

- Also, that visitors acquire goods and services that are not tourism-specific (e.g. newspapers, clothes)
- Thus, tourism characteristic activities do not cover all possible acquisitions by visitors.
- The first version of the IRTS 2008 Compilation Guide focuses on accommodation activities but provides some guidance on special production activities of importance to tourism such as MICE and the production & sale of handicrafts.

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For Tourism Supply Side

IV. Main Data Sources

- The IRTS 2008 recommends the Establishment as the most suitable statistical unit from which to gather data
- Main Data Sources:
  - ❑ Establishment/enterprise surveys conducted by NSOs.
  - ❑ Administrative records (business registers, IATA flows of international visitors, tax records)
  - ❑ Data from accommodation establishments, air line companies, tourism associations
  - ❑ Input Output Tables

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IV. Main Data Sources

- Information to be collected
  - ❑ No. of production establishments and their classification by size (from business registers for organized businesses)
  - ❑ Output
  - ❑ Intermediate Consumption
  - ❑ Value added
  - ❑ Compensation of employees
  - ❑ Investments (Gross Fixed Capital Formation)
  - ❑ Non-monetary indicators (% of domestic trips on package tours)

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For Tourism Supply Side

IV. Main Data Sources

- Information/Indicators to be collected/generated from accommodation establishments

  ❑ Room occupancy rates
  ❑ Bed occupancy rates
  ❑ Average number of persons per room
  ❑ Average room rate
  ❑ Average revenue per room night

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For Tourism Supply Side

IV. Main Data Sources

- Information/indicators to be collected/generated from accommodation establishments (IRTS 2008 Compilation Guide para 6.24)

  - ❑ Average revenue per guest night
  - ❑ Average revenue per available room
  - ❑ Employees per room
  - ❑ Average wage per employee
  - ❑ Revenue per employee

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For Tourism Supply Side

IV. Main Data Sources

Some Issues
- Establishment/Enterprise Surveys of NSOs often concentrate on larger statistical units and in large, industrial cities due to resource constraints.
- They thus generate structural under representation and underestimation of activities where small units predominate (case of some tourism industries engaged in food service, accommodation, and land transportation) or where tourism is not happening in the large, industrial cities.

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IV. Main Data Sources

- But very limited country experiences in this area.

- Challenge is to learn to use the best data sources currently available.

- The UNWTO will request countries to provide data on tourism industries for the Compendium of Tourism Statistics (list in Chapter 6 of the Compilation Guide, para 6.70)

Overview of the Compilation Guide on Tourism Expenditure

Thank you!

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