Tourism Satellite Accounts: The Demand Perspective

Concepts and Definitions

Tourism Expenditure and Tourism Consumption

Demi Kotsovos
Satellite Accounts and Special Studies
National Economic Accounts Division
Statistics Canada

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TSA Concepts, definitions and expenditure

• Concepts and definitions
  ▪ What is Tourism?
  ▪ Who is a visitor?
  ▪ Usual environment
  ▪ Tourism trips and types of trips
  ▪ Duration of trip
  ▪ Purpose of trip
  ▪ Being employed in place visited

• Tourism Expenditure and Tourism Consumption
Aim of the TSA

• The goal of the TSA is to measure the economic activity of tourism respecting both:
  
  • System of National Accounts (SNA)
    • internationally accepted macro-economic accounting framework

  • TSA: Recommended Methodological Framework
    • establishes common guidelines to use for measuring tourism activity in an economy
    • used by over 70 countries
The measurement framework

System of National Accounts

Supply surveys
- Transportation surveys
- Accommodation survey
- Restaurant survey
- Other supply surveys (including goods)

Supply and Use Tables

Demand surveys
- Visitor surveys
- Exit surveys
- Household surveys

Tourism Satellite Account
What is tourism?

- **Tourism** is:

  the activities of persons travelling to and staying in places *outside their usual environment* for *less than a year* for leisure, business and other purposes -- *other than to be employed by a resident entity* in the country or place visited.
A **visitor** is a traveller taking a trip to a main destination

- outside his/her usual environment,
- for less than a year,
- for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited.
What does tourism include?

- Encompasses all that visitors do for a trip or while on a trip.
- It is not restricted to sightseeing, sunbathing, visiting sites, etc.
- Business, for education and training, etc. (if the criteria set up to define tourism are met)
Basic concepts – “usual environment”

- a fundamental element for the definition of tourism

- defined as the geographical area (though not necessarily a contiguous one) within which an individual conducts his/her regular life routines.

- exclude those commuting regularly between their place of usual residence and place of work or study, or frequently visiting places within their current life routine
  - homes of friends or relatives
  - shopping centres, religious, health-care or any other facilities that might be at a substantial distance away or in a different administrative area but are regularly and frequently visited.
the determination of the usual environment should be based on the following criteria:

• Frequency of the trip (except for visits to vacation homes);
• Duration of the trip;
• The crossing of administrative or national borders;
• Distance from the place of usual residence.
Example in Canada – “usual environment”

- Old definition (operational)
  - Greater than 80 kilometres one way from home
  - Crossing an international border -- includes all international trips, no matter the distance (excludes commuters)

- New definition (2005/2011) – closer to UN-WTO
  - “same-day” trips that are “out of town” and forty kilometres or more one-way from home
  - all “out of town” overnight trips
  - Routine trips (those that are made at least once a month) are now excluded to better reflect the notion of usual environment
  - Trips for “some other business reason” are all in-scope (2011)

- Exceptions in both for crews, travel to work, for education, military purposes and migration
Tourism Trips

- Trips taken by visitors
- Main destination - defined as the place visited that is central to the decision to take the trip.
  - the place where he/she spent most of his/her time during the trip.
  - the place that is the farthest from the place of usual residence

- tourism visit refers to a stay in a place visited during a tourism trip.
Type of trips

- Domestic
- Inbound
- Outbound
A visitor (domestic, inbound or outbound) is classified as:

- **tourist (or overnight visitor)**, if his/her trip includes an overnight stay
- **same-day visitor (or excursionist)**
Main Purpose of trip

- the purpose in the absence of which the trip would not have taken place
- one of the criteria used to determine whether the trip qualifies as a tourism trip (and the traveller qualifies as a visitor).

- main purpose is to be employed – not tourism
- employment to cover expenses (young people)
Purpose of trip categories

1. Personal
   • 1.1. Holidays, leisure and recreation
   • 1.2. Visiting friends and relatives
   • 1.3. Education and training
   • 1.4. Health and medical care
   • 1.5. Religion/pilgrimages
   • 1.6. Shopping
   • 1.7. Transit
   • 1.8. Other

2. Business and professional
Tourism and being employed by a resident entity in the country visited

- Is the purpose of visit – to be employed?
- Is person employed by a resident entity in place visited?
- Is place visited outside the person’s usual environment? Frequency (routine?)
- Is there an employee-employer relationship?
  - based on the same criteria used in the BOP) and labour force statistics
  - payment for the labour input provided has to be considered as compensation of an employee.
What is Tourism Expenditure

- Tourism expenditure is the amount paid for the acquisition of consumption goods and services, as well as valuables,
- for own use or to give away,
- for and during tourism trips.
- includes expenditure by visitors themselves as well as expenses that are paid for or reimbursed by others.
Tourism expenditure includes:

- Goods and services paid for directly by the employer for employees on business travel
- Expenditure by the visitor refunded by a third party
- Payment made by visitors for the individual services provided and subsidized by Government and non-profit institutions
- Out-of-pocket payments for services provided to employees and their families on tourism trips financed principally by employers
Tourism expenditure excludes

- all payments that do not correspond to the acquisition of goods and services
  - The payment of taxes and duties (not part of the purchasers’ prices)
  - The payment of all classes of interest, (including those on expenditures made during and for trips)
  - The purchase of financial and non-financial assets, including land and real estate, but excluding valuables
Tourism expenditure also excludes:

- The purchase of goods for resale purposes, either on behalf of third parties (producers or others) or on own account.

- All transfers in cash, such as donations to charities or to other individuals (in particular to family and relatives).
Recommended to exclude

- The purchase of housing, real estate, and all expenditure related to major repairs and improvements – capital expenses excluded from the concept of consumption. (GFCF)

- Current expenses related to vacation homes such as those usually incurred by an owner as a producer of accommodation services
Summary - Tourism Expenditure

- All goods and services, when purchased on a trip may, in principle, be part of tourism expenditure.

- Excluded are purchases of real estate, land, all expenditures related to major repairs and improvements and all items purchased for resale or business use.
Tourism Consumption

- Same as tourism expenditure but goes beyond expenditure to include imputed consumption by including:
  - Own account services
  - Tourism social transfers in kind
  - Other imputed consumption.
Special issues

- Tourism consumption as an intermediate consumption of producers
- Services provided within the household for the benefit of its members
- Housing services provided by vacation homes on own account
- Tourism single-purpose consumer durables
**Tourism single-purpose consumer durables**

- Spending made by a traveller before a trip but for the sole purpose of traveling

- In Canada:
  - Tourism single-purpose durable goods: Motor homes, travel and tent trailers, luggage and travel sets, tents and camping equipment and sleeping bags
  - Pleasure boats
  - Supply and disposition method at national level
Figure 4.1
Classification of products in tables 1-4

A. Consumption products
   A.1 Tourism characteristic products
      1. Accommodation services for visitors
         1.a Accommodation services for visitors other than 1.b
         1.b Accommodation services associated with all types of vacation home ownership
      2. Food and 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
      9. Cultural services
      10. Sports and recreational services
      11. Country-specific tourism characteristic goods
      12. Country-specific tourism characteristic services
   A.2 Tourism connected products
   A.3 Non-tourism related consumption products

B.1 Valuables
Tourism Demand and Supply

- Measuring tourism demand
  - Built up from travel surveys
- Measuring supply of tourism commodities
  - Taken from output matrix of IO Tables
Preparing for Reconciliation

- Several calculations are made in Canadian TSA to make demand consistent with supply to fill data gaps and to adhere to SNA and international TSA standards
  - Domestic portion of international trips
  - Canadian carrier fares of international trips
  - Domestic tourism of the residents of the territories
  - Travel agents commission (for travel abroad)
  - Tourism single-purpose consumer durable goods
  - Demand to supply reconciliation
Thank you

For more information visit:


1. International Recommendations for Tourism Statistics 2008