Module (I)

Introduction to Tourism

June 12, 2018
Key Topics

• Tourism concepts and principles
• Tourism industry sectors and distribution channels
• Impacts of tourism: economic, social cultural, and environmental impacts
• Tourism organisations
Tourism Concepts and Principles
Terminology and Definitions

Travel

– Encompasses all kinds of journey from one place to another, e.g. travel to work, reside, study or transit etc.

Tourism

– Comprises travelling to and staying in places outside the usual environment for less than one year for non-remunerated activities (UNWTO)
Types of Tourism

Domestic Tourism
  – Trips made by residents within their countries

International Tourism
  – Trips involve between 2 or more countries.

Inbound Tourism

Outbound Tourism
Activity 1: Types of Tourism

Discuss the following cases and decide:
(1) who is a tourist; and
(2) whether he/she is an outbound tourist, inbound tourist or domestic tourist; from the perspective of Hong Kong
Cases

1. Mr. Chan flies from New York to Hong Kong for his summer holidays.

2. Anna travels from Guangzhou to Shanghai to visit her grandparents for a week.

3. Joan takes a business trip from Hong Kong to Beijing for two days, and then flies to London with her husband for the Christmas holidays.
Cases (cont’d)

4. Peter, who stays in Sydney, goes to San Francisco to study for 6 months and transit in Hong Kong.

5. Mr. Wong has been relocated to work in Taipei for a year.

6. May and Joyce go to Shenzhen for shopping and return back to Hong Kong on the same day.
Put a ✓ in the appropriate box

<table>
<thead>
<tr>
<th>Case</th>
<th>Tourist (Yes / No)</th>
<th>International</th>
<th>Domestic</th>
<th>Inbound</th>
<th>Outbound</th>
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<tbody>
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Put a ✓ in the appropriate box

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</table>
Tourism Figures

World’s Top Tourist Destinations (UNWTO, 2017)

http://media.unwto.org/content/infographics
International Tourism Timeline 1950-2030

INTERNATIONAL TOURIST ARRIVALS 1950 - 2030

Source: © Highlights 2017 - World Tourism Organization (UNWTO), July 2017
Market Share by Region of Tourist Arrivals and Tourism Receipts

INTERNATIONAL TOURISM 2017

International tourist arrivals: 1,323 million
International tourism receipts: US$ 1,237 billion

MARKET SHARE

MIDDLE EAST: 4%
AFRICA: 5%
ASIA & THE PACIFIC: 24%
AMERICAS: 16%
EUROPE: 51%

MARKET SHARE

AFRICA: 3%
MIDDLE EAST: 5%
AMERICAS: 25%
ASIA & THE PACIFIC: 30%
EUROPE: 37%

Source: © UNWTO Barometer 2016 - World Tourism Organization (UNWTO), April 2016

http://media.unwto.org/content/infographics
Tourist Arrivals and Tourism Receipts by Region

INTERNATIONAL TOURISM 2017

International tourist arrivals: 1,323 million
International tourism receipts: US$ 1,225 billion*

WORLD ARRIVALS: 1,323 MILLION

* 2016 data

Source: ©UNWTO Barometer 2018 - World Tourism Organization (UNWTO), April 2018

http://media.unwto.org/content/infographics
Mode of Transport and Purpose of Visit

Mode of Transport:
- Air: 55%
- Road: 39%
- Rail: 2%
- Water: 4%

Purpose of Visit:
- Leisure, recreation and holidays: 53%
- Visiting friends and relations (VFR), health, religion, other: 27%
- Not specified: 7%
- Business and professional: 13%

Source: © Highlights 2017 - World Tourism Organization (UNWTO), July 2017

http://media.unwto.org/content/infographics
World's Top Tourism Earners

WORLD'S TOP TOURISM EARNERS
INTERNATIONAL TOURISM RECEIPTS 2016

USA: 206 $US billion
Spain: 60 $US billion
Thailand: 50 $US billion
China: 44 $US billion
France: 42 $US billion

Source: © Highlights 2017 - World Tourism Organization (UNWTO), July 2017

http://media.unwto.org/content/infographics
World’s Top Tourism Spenders 2017

CHINA 258 us$ Billion (+5%)
USA 135 us$ Billion (+9%)
GERMANY 84 us$ Billion (+3%)
UK 63 us$ Billion (+3%)
FRANCE 41 us$ Billion (+1%)

Source: © UNWTO Barometer 2018 - World Tourism Organization (UNWTO), April 2018

http://media.unwto.org/content/infographics
Why Tourism Matters

10% GDP
1/10 JOBS
US$ 1.4 TRILLION IN EXPORTS
7% OF WORLD’S EXPORTS
30% OF SERVICES EXPORTS

WHY TOURISM MATTERS

© World Tourism Organization (UNWTO) July, 2017

http://media.unwto.org/content/infographics
Tourism is Much More Than You Imagine

Tourism is much more than you imagine.

Source: © Highlights 2017 - World Tourism Organization (UNWTO), July 2017

http://media.unwto.org/content/infographics
Types of Tourist Travellers

– Any person who is taking a trip within or outside his / her own country of residence irrespective of the purpose of travel or means of transport

Tourists (Overnight Visitors)

– A person who visits a place outside his / her residence and working place, and stays for at least 24 hours, for the purpose of leisure or business

– International / domestic tourists
Types of Tourist (cont’d)

Excursionists (Same-day Visitors or Day Trippers)

– A person visits a place and stays for less than 24 hours, for the purpose of leisure or business, but not for transit
  • International – e.g. cruise visitors
  • Domestic – e.g. Shenzhen visitors
Classification of Tourists

• Cohen’s Classification
• Plog’s Theory
Cohen’s Classification:

Non-institutionalized tourists
– The drifter
– The explorer

Institutionalized tourists
– The individual mass tourist
– The organized mass tourist
## Cohen’s Tourist Typology

<table>
<thead>
<tr>
<th>Institutionalized Tourism</th>
<th>The Organized Mass Tourist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly catered by the tourism industry</td>
<td>Not adventurous, seek for familiar and comfortable environment (environmental bubble), purchase packaged tours</td>
</tr>
<tr>
<td>The Individual Mass Tourist</td>
<td>Similar to the organized mass tourist, tours are arranged by a travel agency except greater flexibility and control of tour arrangements</td>
</tr>
<tr>
<td>Non-institutionalized Tourism</td>
<td>The Explorer</td>
</tr>
<tr>
<td>Loosely attached to the tourism industry</td>
<td>Self-arranged tours to unusual places. Look for comfortable sleeping facilities and reliable means of transportation</td>
</tr>
<tr>
<td>The Drifter</td>
<td>Live the way the locals live, minimal or no connection with the tourism industry</td>
</tr>
</tbody>
</table>
### Examples

<table>
<thead>
<tr>
<th>Institutionalized Tourism</th>
<th>The Organized Mass Tourist</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>– Packaged tours</td>
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<tr>
<td></td>
<td>– Cruise packages</td>
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<tr>
<td></td>
<td>– Special interest tours (SIT)</td>
</tr>
<tr>
<td></td>
<td>– Incentive tours</td>
</tr>
<tr>
<td>The Individual Mass Tourist</td>
<td>– Self-drive tours</td>
</tr>
<tr>
<td></td>
<td>– Air and hotel packages</td>
</tr>
<tr>
<td></td>
<td>– Hosted sightseeing tours</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-institutionalized Tourism</th>
<th>The Explorer</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>– Trans-island cycling tours</td>
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<tr>
<td></td>
<td>– Visiting new / novel destinations</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>The Drifter</th>
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<tbody>
<tr>
<td></td>
<td>– Working holidays</td>
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<tr>
<td></td>
<td>– Student exchange</td>
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</tbody>
</table>
Video

• Backpacker skills: how to master your Bear Spray

• https://www.backpacker.com/videos-photos/master-bear-spray
Plog’s Theory

- Ranging from *psychocentric* to *allocentric* at either extreme of the personality scale
### Plog’s Classification of Tourist Personalities


<table>
<thead>
<tr>
<th>Allocentric</th>
<th>Mid-centric</th>
<th>Psychocentric</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Seek for new experiences and adventure</td>
<td>• Majority of travelers</td>
<td>• More conservative and less adventurous</td>
</tr>
<tr>
<td>• Explore new and unusual areas</td>
<td>• Seek well-known established destinations</td>
<td>• Choose destinations similar to home environment</td>
</tr>
<tr>
<td>• Interact with local people</td>
<td>• Receptive to new experiences</td>
<td>• Highly concern about safety and security</td>
</tr>
</tbody>
</table>
Allocentric Tourist

- Individuals with allocentric personality would try new food and seek self-fulfilling learning experiences and adventures

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Psychocentric Tourist

• Individuals with psychocentric personality have a strong need for consistency and familiarity
Example:

香港人熱愛日本，每年總會去幾次為「返鄉下」。日本最新數據顯示，原來去年有220萬香港人次到訪日本，較2016年增加21%，即是有超過三分之一人曾到訪日本，當中更有逾兩成人曾去日本超過10次。有見及此，日本國家旅遊局會繼續加強推廣日本旅遊，又會打

Source:
https://topick.hket.com/article/2046295/2%E6%88%90%E6%B8%AF%E4%BA%BA%E6%9B%BE%E5%8E%BB%E6%97%A5%E6%9C%AC%E9%80%BE10%E6%AC%A1%E3%80%80%E6%94%BF%E5%BA%9C%E9%81%A%E7%B5%90%E5%A9%9A%E5%90%B8%E5%AE%A2

返鄉下

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The Travel Needs of Millennials

• Millennials have become the fastest growing customer segment with the hospitality industry. Exploration, interaction and experience are the focus of Millennial who are willing to pay for a greater experience (Rauch 2014).

• Who are Millennials?
  – Millennials are generally refereed to those who were born in early 1980s to early 2000s.
Needs of Millennials

• Search for unique and novel experience.
• Look for an overall gourmet experience for a reasonable price.
• New lobby design integrated with their needs, e.g. lobby bars and restaurants are wide and open enough to provide spaces for them to hang around together.
• Interested in utilizing technology to do things.
• Speaking up. Turn to Twitter, Facebook, TripAdvisor to voice out complaints and share experience.

Trends in Hospitality and Tourism Industry

• https://www.youtube.com/watch?v=SJ8Momwv7Qk
10 Trends in Hospitality & Tourism Industry

1. Providing healthy food
2. E-booking
3. Providing wellness service
4. Extreme sports
5. Green- sustainable tourism & hospitality
6. Low budget tourism
7. Innovative technology
8. Social network promotions
9. Sharing economy
10. E-payment
## Activity 2: Forms of Tourism

Think about some examples for each form of tourism.

<table>
<thead>
<tr>
<th></th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure / Holiday Tourism</td>
<td></td>
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<tr>
<td>Business Tourism</td>
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<td>Cultural Tourism</td>
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<td>Eco-tourism</td>
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<td>Study Tourism</td>
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<td>Religious Pilgrimage</td>
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<td>Health Tourism</td>
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<tr>
<td>Visiting Friends and Relatives</td>
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<td>Sports Tourism</td>
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</table>
## Suggested Answers

<table>
<thead>
<tr>
<th></th>
<th>Examples</th>
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</thead>
<tbody>
<tr>
<td>Leisure / Holiday Tourism</td>
<td>Caribbean cruising, northern lights tour to Iceland</td>
</tr>
<tr>
<td>Business Tourism</td>
<td>Trade shows, conventions, exhibitions and meetings etc.</td>
</tr>
<tr>
<td>Cultural Tourism</td>
<td>Angkor Wat, observe Peruvian women weaving with alpaca wool, learn about tea ceremony in Japan</td>
</tr>
<tr>
<td>Eco-tourism</td>
<td>Living in a tree house in Laos, rainforest exploration in Amazon Forest</td>
</tr>
<tr>
<td>Study Tourism</td>
<td>Studying Korean language in Seoul, student exchange programs</td>
</tr>
<tr>
<td>Religious Pilgrimage</td>
<td>Christian pilgrimage to Israel, Muslim pilgrimage to Mecca</td>
</tr>
<tr>
<td>Health Tourism</td>
<td>Cosmetic surgery in Korea, spa tourism in Thailand, medical tourism in Malaysia</td>
</tr>
<tr>
<td>Visiting Friends and Relatives</td>
<td>Popular countries of VFR – Australia, the USA, Canada</td>
</tr>
<tr>
<td>Sports Tourism</td>
<td>Skiing in Hokkaido, watching the Olympics, diving in Maldives</td>
</tr>
</tbody>
</table>
Travel Motivations

• Why do we go travelling?
• Why do we choose to travel to a certain place?
• Why do we participate in certain travel activity?
The Formation of Travel Motivations and Travel Actions

- Travel need
- Travel motivation
- Travel action
- Individual factors, external environmental conditions
Factors that Influence Travel Motivations and Actions

**Individual Factors**
- Economic capacity
- Spare time
- Sex, age and physical conditions
- Psychological factors

**External Environmental Factors**
- Development of tourism industry
- Group, family and social atmosphere
Travel Motivation Theory

• Maslow’s Hierarchy of Needs
• The Push and Pull Theory
• Hudman’s Motivators of Travel
Maslow’s Hierarchy of Needs

 SELF-ACTUALIZATION
 (self-fulfillment, need for realising one’s potential, for continued self development)

 EGO NEEDS
 (self esteem, self confidence, respect from others, prestige, status)

 SOCIAL NEEDS
 (needs for belonging, affection, love, friendship)

 SAFETY NEEDS
 (need for security, protection)

 BASIC NEEDS
 (e.g. hunger, thirst)
豪華紅葉團 $4.8萬起火速爆
名人帶隊 歎盡米芝蓮美食

19歲港青征服珠峰 成最年輕登頂港人

05月23日(三) 02:07
Activity 3:
Maslow’s Hierarchy of Needs

Suggest appropriate tourist activities/behavior to different levels of the hierarchy needs.
<table>
<thead>
<tr>
<th>Needs</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-actualization</td>
<td>Travel around the world, space tourism, travel to the North/South Pole, bungee jump, climbing the Himalayas</td>
</tr>
<tr>
<td>Esteem</td>
<td>Shopping at brand shops, staying at 5-star hotels; visiting Michelin restaurants</td>
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<tr>
<td>Social</td>
<td>VFR, group tours, honeymoon, sharing photos on social media, WIFI</td>
</tr>
<tr>
<td>Safety</td>
<td>Safe destinations, hotel accommodations, travel insurance</td>
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<tr>
<td>Physiology</td>
<td>Food and beverage service, toilet facilities</td>
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</tbody>
</table>
The Push and Pull Theory

Push Factors

Internal or intangible factors lead to the formation of travel desires

- e.g. escape, rest and relaxation, adventure, knowledge seeking

Pull Factors

Attractiveness of the destination that draw travellers to visit the place

- e.g. climate, scenic beauty, historical attractions
Hudman’s Motivators of Travel

<table>
<thead>
<tr>
<th>Health</th>
<th>Spectator</th>
<th>Religious headquarters</th>
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</thead>
<tbody>
<tr>
<td>Physical</td>
<td>Football</td>
<td>Historical sites</td>
</tr>
<tr>
<td>Mental</td>
<td>Baseball</td>
<td>Drama and musical</td>
</tr>
<tr>
<td>Curiosity</td>
<td>Track and field</td>
<td>productions</td>
</tr>
<tr>
<td>Cultures</td>
<td>Horseracing</td>
<td>Professional and Business</td>
</tr>
<tr>
<td>Politics</td>
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<td>Travel</td>
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<tr>
<td>Society or public figures</td>
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<td>Conventions</td>
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<td>Physical features</td>
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<td>Art</td>
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<tr>
<td>Disasters</td>
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<td>Music</td>
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<tr>
<td>Sports</td>
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<td>Entertaining</td>
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<td>Participating</td>
<td>Pleasure</td>
<td>Gambling</td>
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<td>Hunting and fishing</td>
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<td>Honeymoon</td>
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<td>Golf and tennis</td>
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<td>Team competition</td>
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<td>Spiritual or Religious</td>
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<td>Roots Syndrome</td>
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<tr>
<td>Pilgrimages</td>
<td>Esteem</td>
<td>Homeland</td>
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<tr>
<td>Meetings</td>
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<td>Family research</td>
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</tbody>
</table>


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Tourism Product and Destination Planning

• Butler’s Destination Life Cycle
• Carrying Capacity
Butler’s Destination Life Cycle

## Characteristics of Destinations in Different Stages of the Destination Life Cycle

<table>
<thead>
<tr>
<th>Stage</th>
<th>Characteristic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration</td>
<td>• Few explorers or drifters, visiting sites with no public facilities&lt;br&gt;• Visitors attracted to the destination by a natural physical feature&lt;br&gt;• Specific visitor type of a select nature</td>
</tr>
<tr>
<td>Involvement</td>
<td>• Limited interaction between local residents and the developing tourism industry leads to the provision of basic services&lt;br&gt;• Increased advertising induces a definable pattern of seasonal variation&lt;br&gt;• Definite market area begins to emerge</td>
</tr>
<tr>
<td>Development</td>
<td>• Development of additional tourist facilities and increased promotional efforts&lt;br&gt;• Greater control of the tourist trade by outsiders&lt;br&gt;• Number of tourists at peak periods far outweighs the size of the resident population, inducing rising antagonism by the latter towards the former</td>
</tr>
</tbody>
</table>

## Characteristics of Destinations in Different Stages of the Destination Life Cycle (cont’)

<table>
<thead>
<tr>
<th>Stage</th>
<th>Characteristic</th>
</tr>
</thead>
</table>
| Consolidation       | • Tourism has become a major part of the local economy, but growth rates have begun to level off  
                      • A well-delineated business district has taken shape  
                      • Some of the older deteriorating facilities becomes less attractive to visitors  
                      • Local efforts are made to extend the tourist season |
| Stagnation          | • Peak numbers of tourists and capacity levels are reached  
                      • The destination has a well-established image, but it is no longer in fashion          |
| Post-stagnation     | • Five possibilities, reflecting a range of options that may be followed, depending partly on the success of local management decisions. At either extreme are rejuvenation and decline |
Activity 4: Case Study

Article - ‘Tracing Malaysia Tourism Development Lifecycle’

• Discuss the various strategic options for different life cycle stages.

• (Source: https://ijbssnet.com/journals/Vol_5_No_3_March_2014/19.pdf)
Carrying Capacity

- Carrying capacity can be defined as
  - “the maximum number of people who can use a destination without unacceptable changes in the environment and without unacceptable changes in the enjoyment gained by visitors.”
Five Types of Carrying Capacity

- Physical carrying capacity
- Environment carrying capacity
- Social-cultural carrying capacity
- Economical carrying capacity
- Psychological carrying capacity
<table>
<thead>
<tr>
<th>Carrying Capacity</th>
<th></th>
</tr>
</thead>
</table>
| **Physical Carrying Capacity**         | • Accommodation, tourist facilities, roads and water supply  
• Car park spaces, capacity of restaurants / theme parks  
• Local transport capacity                                                                                                                                                                                                                                                                                                               |
| **Environmental Carrying Capacity**    | • Trampling of grassland  
• Disturbance of wildlife  
• Physical erosion of landscape                                                                                                                                                                                                                                                                                                               |
| **Psychological Carrying Capacity**    | • Visitors’ demand  
• Visitors’ attitudes to other users’ behaviour  
• Visitors’ tolerance to physical wear and tear                                                                                                                                                                                                                                                                                        |
| **Economical Carrying Capacity**       | • Rise of property price  
• Rise of commodity price                                                                                                                                                                                                                                                                                                                                                                        |
| **Social-cultural Carrying Capacity**  | • The acceptance of tourists by local people                                                                                                                                                                                                                                                                                                                                               |
Activity 5:
Discussion on Negative Impacts

News – ‘Problems faced by Dubrovnik’
What kinds of impacts brought by tourism development?
  – Crowds and cruise ships have 'ruined' Dubrovnik
Criticism of Carrying Capacity

1. Difficult to implement
2. Some of the types of capacity are subjective.
3. The current techniques for measuring capacity are rather crude and do not take into account:
   1. The type of tourism and market segments which the destination attracts
   2. The type of destination and the fragility of the environment
4. The assumption is too simplistic
5. The measurement of the capacity does not consider the cost of reducing tourist volume
Tourism Distribution Channels
Types of Distribution Channel

• One-stage
• Two-stage
• Three-stage
One-stage

Suppliers

Customers
Two-stage

Suppliers

Travel Agencies

Customers
Three-stage

Suppliers

Wholesalers /Tour operators

Travel Agencies

Customers
Suppliers

- Airlines
- Hotels
- Cruise companies
- Restaurants
- Attractions
- Rail companies
Travel Wholesalers

• Buy large quantities from suppliers and sell in smaller quantities to retailers
• Bulk purchase generates economies of scale
• May sell directly to consumers
Tour Operators

• Plan and sell group tours
• Purchase from different suppliers
• Sell through
  – Own retail outlets or
  – Other retail travel agencies
• Deliver own services
  – Tour escort/guide
Travel Agencies

• Act on behalf on suppliers and /or travel wholesalers
• Provide a convenient sales network for both suppliers & customers
• Receive commission from suppliers or mark up net rates to earn a profit
Functions of Travel Agencies

- Providing one-stop tourism products
- The most important retail channel for tourism products
- Facilitating customers’ tourism activities
- Promoting the development of tourism industry
## Product Knowledge Required by a Travel Agent

<table>
<thead>
<tr>
<th>Product Knowledge</th>
<th>Examples</th>
</tr>
</thead>
</table>
| **1. Destinations** | • Climatic conditions;  
• Political situations;  
• Special events and public holidays;  
• Customs, culture and cuisine of country/destination;  
• Major attractions;  
• Health and other hazards;  
• Currency exchange rates;  
• Travel regulations and documents; and  
• Accommodation facilities, etc. |
| **2. Airlines** | • Reservation system;  
• Route operations;  
• Flight schedules;  
• Fares;  
• Types of airplanes;  
• Services offered on board; and  
• Connecting flights, etc. |

Source: Indira Gandhi National Open University (2012). Managerial practices in tourism– 1, Unit 23– Travel agencies. Retained from: https://www.nic.in/node/26596/1/Unit-23--Travel-agencies
<table>
<thead>
<tr>
<th>Product Knowledge</th>
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<tbody>
<tr>
<td>3. Airports</td>
<td>• Timings;</td>
</tr>
<tr>
<td></td>
<td>• Facilities;</td>
</tr>
<tr>
<td></td>
<td>• Custom and security regulations;</td>
</tr>
<tr>
<td></td>
<td>• Taxes; and</td>
</tr>
<tr>
<td></td>
<td>• Distances from cities, etc.</td>
</tr>
<tr>
<td>4. Surface (Rail and Road) and Water Transport</td>
<td>• Time tables;</td>
</tr>
<tr>
<td></td>
<td>• Connections;</td>
</tr>
<tr>
<td></td>
<td>• Fares and car rentals;</td>
</tr>
<tr>
<td></td>
<td>• Facilities;</td>
</tr>
<tr>
<td></td>
<td>• Reservation systems and procedures, etc.</td>
</tr>
<tr>
<td>5. Principal Suppliers</td>
<td>• Image and financial standing;</td>
</tr>
<tr>
<td></td>
<td>• Service offered;</td>
</tr>
<tr>
<td></td>
<td>• Quality of service;</td>
</tr>
<tr>
<td></td>
<td>• Commissions offered, etc.</td>
</tr>
<tr>
<td>6. Knowledge of Other Aspects</td>
<td>• Package tours;</td>
</tr>
<tr>
<td></td>
<td>• Local excursions;</td>
</tr>
<tr>
<td></td>
<td>• Special interest tours, etc.</td>
</tr>
</tbody>
</table>

Impacts of Tourism
Tourism Impacts

It is conventional to consider the impacts of tourism under the headings of:

1. Economic
2. Socio-cultural
3. Environmental
Economic Benefits & Costs

Benefits
- Business / personal income
- GDP Growth / tax revenue
- Jobs generation / regional growth
- Foreign exchange

Costs
- Seasonal jobs
- Inflation
- Financial costs
- Leakage

Hotel, Service & Tourism Studies
酒店、服務及旅遊學
An Example of the Multiplier Effect

Tourist pays the hotel

Hotel pays the food suppliers

Staff of food suppliers spend part of the salary in a salon

Direct Revenue

Indirect Revenue

Hotel, Staff, etc. Induced Revenue
The Multiplier Effect

• Money spent by tourists in a destination has both primary (direct) and secondary (indirect & induced) benefits.

• Direct effect (first-order)
  – The new spending on the first tier service providers in the destination, e.g. enterprises offering facilities for tourists such as hotels, attractions and transport operators.
• **Indirect effect (second order)**
  
  – In order to produce the services, the enterprises must purchase certain inputs from other business. If these inputs were from local suppliers, these purchases represent additional local economic activity. E.g. restaurants purchase food from the local markets; travel agencies hire tour buses from coach companies.
• Induced effect (third order)
  – The additional spending that occurs when employees of tourism-related businesses spend their income on other service spectrum such as housing, food, transportation and other services.
Activity 6: Discussion on Positive Impacts

How Dubai is benefited from tourism development?

Leakage

• Some countries, normally the less developed countries, cannot enjoy the benefits brought by tourism due to the fact that most of the tourism incomes are not retained in the local economy. This is known as leakage. Two major kinds of leakage

  — Import leakage
  — Export leakage

Leakage in the tourism industry

Video http://www.youtube.com/watch?v=xZfA2Rns6bM
Import Leakage

• This happens when tourists demand standard of equipment, food and other products that the host country cannot supply, especially in less-developed countries.

• The average imported-related leakage
  – In most developing economies: 40% to 50% of the gross tourism earnings
  – In most advanced and diversified economies: 10% to 20%.
Export Leakage

- Multinational corporations and large foreign businesses invest heavily in the construction of tourism infrastructures and facilities.
- An export leakage arises when overseas investors who finance the resorts and hotels take their profits back to their country of origin.
Activity 7:
Give Examples on Leakage

<table>
<thead>
<tr>
<th>Imported goods and services required by tourists</th>
</tr>
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<tr>
<td>Imported capital goods and services required by the tourism industry</td>
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<tr>
<td>Imports for building the tourism infrastructure</td>
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<tr>
<td>Factor payments</td>
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The Demonstration Effect

- Demonstration effect means the local people imitate the lifestyle of tourists.
- According to the acculturation theory, when two cultures interact, the dominant culture overpowers the weaker one, resulting in changes within the weaker culture.
Social-cultural Impacts

Positive

- Improve the way of life
- Encourage cultural exchange
- Boost for cultural conservation

Negative

- Congestion, change of occupation, health problems
- Commodification of culture
- Demonstration effect
- Crime, prostitution, sex tourism
Occupation Change
Lifestyle Change
Cultural Commoditization

- The exotic cultures are attractive to tourists. Tourism firms or local people try to **package these cultures for sale**.
- Tourists seek for cultural experiences, e.g. dances or rituals with religious / cultural properties.
- Since some rituals may take days to perform, which may not fit into tourists’ schedule. Therefore, the **rituals are staged** to fit into tourist’s time frame. This is known as cultural commoditization.
Cultural Commoditization (cont’d)

- Cultural commoditization also occurs when local people mass produce handicrafts to sell to tourists, bypassing traditional methods of manufacturing.
- Moreover, local traditions are commoditized by marketing concepts. As a result, strong traditions are ignored and eventually lost as they become products for sale.
Commercialization of Festivals
Commercialization of Arts and Crafts
# Doxey’s Irritation Index

| Level of Irritation | Responses of Local Residents | Likely Stage(s) in Destination Life Cycle
<table>
<thead>
<tr>
<th></th>
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<td>1. Euphoria</td>
<td>Visitors are welcome and there is little tourism planning</td>
<td>Butler (1980)</td>
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<tr>
<td>2. Apathy</td>
<td>Visitors are taken for granted and contact with tourists becomes more formal</td>
<td></td>
</tr>
<tr>
<td>3. Irritation / Annoyance</td>
<td>Saturation is approached and the local people have misgivings. Planning try to control via increasing infrastructure rather than controlling the growth</td>
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<td>4. Antagonism</td>
<td>Open expression of irritation; planning is remedial; more promotion to offset the deteriorating reputation</td>
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## Doxey’s Irritation Index

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<td>1. Euphoria</td>
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<td>Exploration</td>
<td>Involvement</td>
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<td>Stagnation</td>
<td>Decline</td>
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</table>
Doxey’s Irritation Index
– Attitude of Local People

1. **Euphoria** — delight in contact
2. **Apathy** — increasing indifference with larger number of visitors
3. **Irritation / Annoyance** — concerns and annoyance over price rises, crime, rudeness, and cultural rules being broken
4. **Antagonism** — covert and overt aggression to visitors
Activity 8: Discussion on Negative Impacts

News - ‘The most overcrowded tourist destinations’

• Discuss the negative impacts caused by the over-development of tourism.

• (Source: https://www.independent.co.uk/travel/news-and-advice/most-overcrowded-tourist-destinations-amsterdam-rome-venice-warsaw-dubrovnik-a8108096.html)
Positive Environmental Impacts

- Preservation and conservation of environment
- Enhancement of environment
- Development of environmental awareness
Negative Environmental Impacts

- Water pollution
- Soil pollution
- Noise pollution
- Visual pollution
- Distribution of wildlife & vegetation

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Video on Tourism Impacts

Impact of Tourism on the Himalayas

https://www.youtube.com/watch?v=bWXLA00taMo
Tourism Organisations
Tourism Commission

• Vision and Strategy

• Major tourism projects

• Review of the Operation and Regulatory Framework of the Tourism Sector in Hong Kong

• Development blueprint for Hong Kong’s Tourism Industry
The End

Thank You