III. MEASURING DEMAND AND TOURIST DEMAND FORECASTING
National governments are generally extremely keen to monitor and attach measures to the movement of people into and out of their country.

- Reasons:
  - Security
  - Health
  - Immigration control
Residents of country X, who travel abroad, spend money abroad.

**POSITIVE EFFECT**
On the balance of payments of countries visited

**NEGATIVE EFFECT**
On the balance payments of the country X
Residents of a foreign country, who are incoming tourists to country X, spend money in X.

**POSITIVE EFFECT**
On the balance of payments of X

**NEGATIVE EFFECT**
On the balance payments of the country of origin of the tourist
Demand for International Tourism

Positive travel account—spending by incoming tourists exceeds spending abroad by outgoing tourists.

Combined effect will be of benefit to the balance of payments.
• All travelers who cross international frontiers are divided into two groups:

A. Those who are to be included in tourism statistics

B. Those who are not included in tourism statistics
## CLASSIFICATION OF INTERNATIONAL VISITORS (1)

<table>
<thead>
<tr>
<th>RESIDENT</th>
<th>VISITOR</th>
<th>TOURIST</th>
<th>SAME-DAY VISITOR</th>
</tr>
</thead>
</table>
| - A person is considered to be a resident in a country if the person:  
  - Has lived for most of the past year (12 months) in that country, or  
  - Has lived in that country for a shorter period and intends to return within 12 months to live in that country. | - Any person who travels to a country other than that in which s/he has his/her usual residence but outside his/her usual environment for a period not exceeding 12 months and whose main purpose of visit is other than the exercise of an activity remunerated from within the country visited | - A visitor who stays in the country visited for at least one night. | - A visitor who does not spend the night in a collective or private accommodation in the country visited. |
CLASSIFICATION OF INTERNATIONAL VISITORS (2)

- Overnight visitors en route from their destination countries.
- As defined by the United Nations in the Recommendations on Statistics of International Migration, 1980.
- Who do not leave the transit area of the airport or the port, including transfer between airports or ports.
- Crews who are not residents of the country visited and who stay.
- As defined by the United Nations High Commissioner fo Refugees, 1967.
- Visitors who arrive and leave the same day for leisure and travel when they travel from their country of origin to the duty station and vice versa (including household servants and dependants and dependants accompanying or joining them).
Measurement of demand includes:

- Statistics of volume
- Statistics of value
- Statistics of profiles
The total number of international tourist arrivals to a country and the total number of international tourist departures from that country are key measurements of demand. Such measurements are actually trips:

Number of trips = number of individuals × average number of trips taken per individual.
Total visitor expenditure is a simple measure of the economic value of foreign visitors to a country.

- Expenditure for accommodation
- Expenditure for food and drink
- Expenditure for entertainment
- Expenditure for shopping
- Expenditure for travel within the host country

Expenditure of outgoing tourists while abroad is a measure of the economic cost to a country due to its national travelling abroad.
<table>
<thead>
<tr>
<th>THE VISITOR</th>
<th>THE VISIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGE</td>
<td>ORIGIN AND DESTINATION</td>
</tr>
<tr>
<td>SEX</td>
<td>MODE OF TRANSPORT</td>
</tr>
<tr>
<td>GROUP TYPE (E.G. ALONE, FAMILY)</td>
<td>PURPOSE OF VISIT</td>
</tr>
<tr>
<td>NATIONALITY OR COUNTRY OF RESIDENCE</td>
<td>LENGTH OF STAY</td>
</tr>
<tr>
<td>OCCUPATION</td>
<td>ACCOMMODATION USED</td>
</tr>
<tr>
<td>INCOME</td>
<td>ACTIVITIES ENGAGED IN PLACES VISITED TOUR OR INDEPENDENTLY ORGANISED</td>
</tr>
</tbody>
</table>
Tourism statistics relating to international tourism are normally estimates rather than exact values.

Volume statistics are often obtained using counting procedures at entry and exit points to a country, or (for inbound tourism) sometimes through the use of registration forms at accommodation establishments.

Tourism statistics are thus a by-product of the process rather than its main aim.
DEMAND FOR DOMESTIC TOURISM

• Few people enjoy the opportunity to travel to and within countries other than their own

- To measure the contribution of tourism to the overall economy
- For promotion and marketing policies
- To assist area of development policies
- To aid social policies

• Domestic tourism is more difficult to research

“There are relatively few countries that collect domestic travel and tourism statistics” (UNWTO, 1984.)
# Classification of Internal Visitors

1. **Resident**
   - A person is considered to be a resident in a place if the person:
     1. Has lived for most of the past year (12 months) in that place, or
     2. Has lived in that place for the shorter period and intends to return within 12 months to live in that country.

2. **Visitor**
   - Any person residing in a country, who travels to a place within country, outside his/her usual environment for a period not exceeding 12 months and whose main purpose of visit is other than the exercise of an activity remunerated from within the place visited.

3. **Tourist**
   - A visitor who stays in the place for at least one night.

4. **Same-Day Visitor**
   - A visitor who does not spend the night in a collective or private accommodation in the place visited.
Weekly trips to the place of second residence (whether owned, inhabited free or charge rented) should be classified separately under leisure and recreation. Persons undertaking frequent trips within the country, e.g. crew members, drivers, tourist guides, salespeople, itinerant sellers, inspectors, artists, sportspeople. Attending funerals, visiting sick relatives, etc.

Minimum distance and duration of minimum absence and duration of journey may be required for a person to qualify as a same-day visitor.

**CLASSIFICATION OF INTERNAL VISITORS (2)**

1. For a period of less than 6 months, or the minimum time necessary to establish a new residence, including dependants.
2. For period of less than 12 months with the purpose of exercising an activity remunerated from within the place of destination, including dependants.
3. Admission to a hospital, prison and other institutions.
4. Trips of a routine character, part of a regular business schedule or frequent visits to a place for whatever reason.
WHAT IS MEASURED?

The measurement of domestic tourism demand covers similar areas to that of international demand.

MEASUREMENT METHODS USED

• just like those of international tourism
• normally representing informed guesses
• subject to a different levels of error
**HOUSEHOLD SURVEYS**

- Based on understanding an area’s resident population’s domestic tourism

<table>
<thead>
<tr>
<th>EN ROUTE SURVEYS</th>
<th>DESTINATION SURVEYS</th>
<th>SURVEYS OF SUPPLIERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Surveys of travellers during course of their journey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Strategic points are selected on key surface transport routes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• <strong>PROBLEM:</strong> representativeness of the sample</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Often conducted at popular tourist destinations or in areas where there are high levels of tourist activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Form of personal interviews</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• <strong>PROBLEM:</strong> ensure that the sample of visitors are representative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Undertaken in order to gain information on occupancy rates, visitor numbers, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Accommodation occupancy surveys are common worldwide</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
USING TOURISM STATISTICS

- Key points to bear in mind are the following:

Collecting tourism statistics is time-consuming and complex.
Often provide valuable trend data

Contribute towards a database which may influence decision-making

Enable the effects of decision or changes to be monitored

Enable current data to be viewed in context

Provide a means of making forecasts
Marketing intelligence and marketing research in tourism can:

1. Provide information for decision-making
2. Keep an organisation in touch with its market
3. Identify new markets
4. Monitor the performance of certain aspects of a business
5. Draw attention to specific problems
6. Monitor consumer reaction to a service or facility
7. Reduce waste
8. Demonstrate a caring attitude to the customer
THE RESEARCH PROCESS

1. Identify the need to research
2. Agree on research purpose
3. Establish research objectives
4. Develop a research design
5. Implement the chosen approach
6. Analyse the data
7. Report findings
8. Use the research
## METHODS OF COLLECTING PRIMARY DATA

Four main types of surveys:

<table>
<thead>
<tr>
<th>Personal Interview</th>
<th>Telephone Interview</th>
<th>Web-Based Interview</th>
<th>Postal Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitor survey at attractions based on personal interviews</td>
<td>Increasingly popular</td>
<td>Using email or online survey forms associated with web sites</td>
<td>Often used when the manager does not have direct access to the user, or as a follow-up such as when a holiday is sold, using customer addresses</td>
</tr>
<tr>
<td>Using questionnaires at or near exit points</td>
<td>Can be used in its own right or as a part of an overall strategy</td>
<td>Particularly useful for more in-depth information</td>
<td></td>
</tr>
</tbody>
</table>

---
DESIGNING QUESTIONNAIRES

The steps involved in the design of a questionnaire:

1. **Plan what to measure, based on the objectives of the research**
   - Formulate the questions
   - Decide on the layout and order of questions
   - Pilot test the questionnaire
   - Correct problems that arise and retest if necessary

2. **General guidelines for constructing or assessing the likely effectiveness of a questionnaire**
   - Questions should follow a logical order
   - There should be a simple introduction
   - Language used should be appropriate
   - Questions should be unambiguous
   - Avoid bias within a question
   - Do not tax the memory of the respondent

3. **Instructions on the form**
   - The questionnaire should be as short as possible
   - The form should be attractive, well laid out and easy to follow
Normally research in tourism seeks to gain information on a large number of people (or sometimes business).

**SAMPLE SURVEY**
- Sample must mirror the population from which is taken
- Findings based on the sample will be valid for the population as a whole

It is difficult to construct with confidence a representative sample of visits at a tourist destination.
DATA ANALYSIS

Data from questionnaire returns or other data sheets can be input into computer files for analysis.

- **Stages:**
  - Establishing counts or frequencies of response (best expressed as percentages)
  - “Cross-tabulation” of variables
  - 40% of visitors are in family groups
  - 30% of holiday visitors to the hotel were dissatisfied with the leisure facilities, compared with only 5% of business visitors
DETERMINANTS OF DEMAND FOR TOURISM

Ability to travel will depend on a number of factors related to both the individual and the supply environment. These factors can be termed determinants of demand – DEMAND DETERMINANTS.

• Factors can be divided into two groups:

<table>
<thead>
<tr>
<th>LIFESTYLE</th>
<th>LIFE CYCLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Income</td>
<td>• Age and domestic circumstances of an individual effect both the amount and type of tourist demand</td>
</tr>
<tr>
<td>• Employment</td>
<td></td>
</tr>
<tr>
<td>• Holiday entitlement</td>
<td></td>
</tr>
<tr>
<td>• Education attainment</td>
<td></td>
</tr>
<tr>
<td>• Mobility</td>
<td></td>
</tr>
</tbody>
</table>


LIFESTYLE DETERMINANTS OF DEMAND FOR TOURISM (1)

INCOME AND EMPLOYMENT

- Closely linked
- Expert important influences upon both the level and the nature of tourism demand by an individual

DISCRETIONARY INCOME –
The income left over when tax, housing and the basics of life have been accounted for

Certain tourism activities are highly sensitive to income
- Additional holidays and expensive pursuits
LIFESTYLE DETERMINANTS OF DEMAND FOR TOURISM (2)

PAID HOLIDAY ENTITLEMENT

• Most nations have a number of one-day national holiday, as well as annual paid holiday entitlement by law or collective agreements.

Low entitlement – act as a real constraint upon the ability to travel

High entitlement – encourages travel

The pattern of entitlement is also responsible in part for the seasonality of tourism in some destinations.
LIFESTYLE DETERMINANTS OF DEMAND FOR TOURISM (3)

EDUCATION AND MOBILITY

• Level of educational attainment is an important determinant of travel propensity as education broadens horizons and stimulates the desire to travel

The better educated the individual, the higher the awareness of travel opportunities, and susceptibility to information, media, advertising and sales promotion

Personal mobility also has an important influence on travel propensity
LIFESTYLE DETERMINANTS OF DEMAND FOR TOURISM (4)

RACE AND GENDER

- Relationships are not clearly understood

Most surveys of participation in tourism suggest that it is whites and males who have the highest levels of effective demand for tourism.

Some writers have attempted to analyse tourism or leisure lifestyles by performing multivariante analysis on the determinants of tourism demand and then trying to group individuals into particular categories.
## Suppressed Demand for Tourism

### Reasons why people do not travel:

<table>
<thead>
<tr>
<th>Travel is expensive and demands a certain threshold of income</th>
<th>Lack of time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical limitations (such as ill health)</td>
<td>Family circumstances</td>
</tr>
<tr>
<td>Government restrictions</td>
<td>Lack of interest /fear</td>
</tr>
</tbody>
</table>
MACRO DETERMINANTS OF TOUR

It will decrease with characteristics such as:

- Income
- Level of urbanisation
- Education levels
- Mobility levels (such as car ownership)
# Major Determinants of Tourism Demand

<table>
<thead>
<tr>
<th>Economic Demand</th>
<th>Social-Psychological Determinants</th>
<th>Exogenous Determinants (Business Environment)</th>
</tr>
</thead>
</table>
| - disposable income  
- GNP per capita income  
- private consumption  
- cost of living (CPI)  
- tourism prices  
- transportation costs  
- cost of living in relation to destination  
- exchange rate differentials  
- relative pricing among competing destinations  
- promotional expenditures  
- marketing effectiveness  
- physical distance | - demographic factors  
  - motivations  
  - travel preferences  
  - benefits sought  
  - images of destinations  
  - perceptions of destination  
  - awareness of opportunities  
  - cognitive distance  
  - attitudes about destinations  
  - amount of leisure time  
  - amount of travel time  
  - paid vacations  
  - past experience  
  - life span  
  - physical capacity, health and wellness  
  - cultural similarities  
  - affiliations | - availability of supply resources  
- economic growth and stability  
  - political and social environment  
  - recession  
- technological advancements  
  - accessibility  
- levels of development, infrastructure and superstructure  
  - natural disaster  
  - war, terrorism  
- social and cultural attractions  
  - degree of urbanisation  
- special factors / Olympic Games, mega events  
  - barriers and obstacles  
  - restrictions, rules and laws |
**STEP ANALYSIS**

Analysing the impact of:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S</strong></td>
<td>Social factors</td>
</tr>
<tr>
<td><strong>T</strong></td>
<td>Technological factors</td>
</tr>
<tr>
<td><strong>E</strong></td>
<td>Economic factors</td>
</tr>
<tr>
<td><strong>P</strong></td>
<td>Political factors</td>
</tr>
</tbody>
</table>
SOCIAL FACTORS

Travel propensity is affected by:

- Levels of population growth
- Development of population
- Distribution of population
- Density of population
TECHNOLOGICAL FACTORS

Transport technology
Development of the jet engine
Availability of tourism products
Demand for international travel

DEVELOPMENT OF INFORMATION TECHNOLOGY
INTERNET

"RECREATIONAL TECHNOLOGY"
ECONOMIC FACTORS

Economy influences so many critical, and interrelated, factors

Division of world economies:

Affluent “north”
- Countries are major generators and recipients of both international and domestic tourism

Poor “south”
- Some countries are becoming generators of international tourism but mostly tourism is domestic
<table>
<thead>
<tr>
<th>ECONOMIC STAGE</th>
<th>SOME CHARACTERISTICS</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take-off</td>
<td>Leaders in favour of change gain power and alter production methods and economic structure. Manufacturing and services expand</td>
<td></td>
</tr>
<tr>
<td>Drive to maturity</td>
<td>Industrialisation continues in all economic sectors with a switch from heavily manufacturing to sophisticated and diversified products.</td>
<td>Mexico, parts of South America</td>
</tr>
<tr>
<td>High mass consumption</td>
<td>Economy now at full potential, producing large number of consumer goods and services. New emphasis on satisfying cultural needs.</td>
<td>The developed world Major generators of international and domestic tourism. North America, Western Europe, Japan, Australia, New Zealand</td>
</tr>
</tbody>
</table>
POLITICAL FACTORS

Degree of government involvement in promoting and providing facilities for tourism depends upon the political complexion of the government.

Governments that support the free market try to create an environment in which the tourism industries can flourish.

Government restrictions on travel also include visa and passport controls as well as taxes on travel.
FORECASTING TOURISM DEMAND

Reliable and accurate forecasts

Planning and making decisions for the future

TOO HIGH FORECAST
- Beds will be empty
- Theme park rides will be unused
- Staff will be laid off

TOO LOW FORECAST
- Opportunities will be missed
- Too few beds will be provided
- Theme parks will be congested
Managers can choose from two basic methods for forecasting tourism demand:

- Purpose of the forecast
- The time period required
- Level of accuracy required
- Availability of information
- The cost of the forecast and the available budget

Factors that determine the choice of method to use:

- Purpose of the forecast
- The time period required
- Level of accuracy required
- Availability of information
- The cost of the forecast and the available budget
Within most patterns of demand in tourism, there are regular fluctuations due solely to the time of year.

**SEASONALITY**

Tourism is subjected to:
- general economic cycles
- regular events such as festivals, games or exhibitions cycles

**REDUCING SEASONALITY**
- creating or shifting demand to the shoulder of trough months
- targeting marketing at groups that have the time to travel
QUALITATIVE FORECASTING APPROACHES

(1)

Most common techniques are:

- Delphi technique
- Scenario writing

Relies upon a panel of experts to deliver a consensus view of the future.
QUALITATIVE FORECASTING APPROACHES (2)

SCENARIO WRITING

Baseline analysis

A future path for the future scenario

A future scenario

Relies upon creating alternative hypothetical futures relating to particular “states” or sets of circumstances that will impact upon demand in the future.
ISSUES IN FORECASTING TOURISM DEMAND

Include:

- Levels of accuracy
- Availability of good quality data
- The influence of variables and events external to tourism
- The need to monitor forecasts after they have been done
THANK YOU FOR YOUR ATTENTION!