

Chapter 1

Understanding Tourism

Objectives

By the end of this class, students should be able to:

- Describe the historical beginnings of the tourism industry
- Discuss the importance of tourism to the overall economic well-being of Canada
- Identify and explain the sectors of tourism as designated by the North American Industry Classification System
- Illustrate reasons for growth in the tourism industry over the past 100 years
- Explain the roles played by key Canadian and international tourism organizations
- Identify key issues faced by the tourism industry, both now and in the future

Suggested Lesson Outline

Number of Minutes	Topic
	Importance of tourism to Canada and the Canadian economy
	The history of tourism
	The conditions needed for tourism development
	Reasons for growth of tourism
	NAICS—The North American Industry Classification System
	Tourism terminology: trip, tourist, foreign tourist, domestic tourist, excursionist, travel deficit, multiplier effect, leakage
	Tourism organizations

Importance of Tourism to Canada and the Canadian Economy

In 2010, worldwide tourism set a record, with 935 million international travellers, up 6.7% from 2009 and 2.4% from 2008. The Canadian tourism industry generated \$74.2 billion in revenue, with 80% coming from domestic tourism (Canadians travelling within Canada). Approximately \$29.7 billion were contributed to the total tourism gross domestic product (GDP), equalling 2% of Canada's total GDP. More than 617,000 people work in the Canadian tourism industry (up 0.1% from 2009); 47% work in the food and beverage sector.

History

To understand the scope of the tourism industry and how it has evolved over time, it is best to explain the place of tourism in history. Tourism—the need to travel and for all the necessary services that accompany travel—has generally been a by-product of three other areas: military actions, economic development, and religious movements. As these activities reached farther

afield, civilizations developed standardized systems of waterways and roadways. Most notably, this happened over 2500 years ago with the establishment of the routes of travel within China and the Roman Empire. When civilizations were not held together under stable systems of governance, safety decreased and travel slowed. Religious movement and military action often overlapped, as during the Crusades, reviving routes throughout Europe and the Middle East. Times of peace and growth, such as during the Renaissance, created a renewed interest in art and culture across regional divides. Travel flourished, as did food services, accommodations, and attractions. Yet it was the dawn of the Industrial Revolution that brought unforeseen opportunities in tourism.

Conditions Necessary for Tourism Development

To use tourism services, travellers must be willing and able to do so. Certain conditions must be in place in order for a destination to develop its tourism products and services:

Ability	Willingness
Destinations must be accessible.	All components of travel, including transportation, accommodation, and food service, must be perceived as reasonably safe.
Infrastructure must exist to transport people to and from the destination, as well as to accommodate and nourish them.	The destination must be sufficiently interesting and attractive.
People must have sufficient discretionary income to travel.	
People must have available and sufficient time to travel.	

Reasons for tourism growth over the last century

- Advancements in transportation systems
- Advancements in media coverage
- Introduction of computer systems
- Growth of the internet and e-commerce
- Better education systems
- More disposable income
- More stressful lifestyles
- Declining cost of travel
- Better marketing and promotion
- Common worldwide currency (the credit card)
- Easing of government travel restrictions
- Political stability

North American Industry Classification System

In order to allow for mutual comparison and evaluation through common statistics and measurements, Canada, the United States, and Mexico developed a standardized industry classification system. The tourism industry was divided into five distinct industry groups, or “sectors”:

1. Accommodations
2. Food and beverage
3. Recreation and entertainment
4. Transportation
5. Travel services

Footprint: David Suzuki

This new section tries to introduce new ideas or issues that might impact tourism. David Suzuki is not known for his love of tourism; however he does help us by helping the environment. Try to get students to determine in what ways this article and its information benefits tourism.

- Sea lice in salmon might harm the sport of salmon fishing, a lucrative industry in British Columbia.
- Additionally, salmon are fed on by many different species; to maintain their health is to improve the ecosystem of which they are a part. Every positive action we take to maintain and restore natural habitat impacts many different creatures.
- Can students come up with any additional ideas?

End of Chapter Questions

1. a) Define the terms “industry group” and “sector.” These terms are frequently used interchangeably.

- *Sector—describes a particular sub-group within a larger industry group.*
- *Industry—The North American Industry Classification System identifies tourism as an industry with five sectors.*

b) Why is tourism considered to be an important sector to Canada?

Tourism adds approximately \$29.7 billion dollars to our Gross Domestic Product. The GDP represents the total amount of dollars earned by Canadian industry and is a large portion of the money we use to run the country—to help balance the budget and reduce our deficit. The tourism industry accounts for 10% of the total Canadian workforce.

c) List the five sectors of tourism. What is the role each one plays in tourism? Provide two examples of businesses in each sector.

1. *Accommodations—This sector provides the traveller with a place to sleep and includes all forms of lodging: hotels, motels, inns, campgrounds, resorts, and bed and breakfasts.*
2. *Food and Beverage—This sector provides the traveller with food and drink and includes both direct foodservice and foodservice that supports other sectors: full-service restaurants, quick-service restaurants, pubs, airport cafeterias, and catering firms.*
3. *Recreation and Entertainment—This sector encompasses activities that travellers can participate in and typically revolves around entertainment, educational, or interactive themes: festivals, sporting events, adventure tourism, outdoor recreation, historical sites, and ecotourism.*
4. *Transportation—This sector moves travellers from one destination to another, and includes all modes of travel: airlines, trains, cars, buses, and ships.*
5. *Travel Services—This sector combines all of the support services available to the other four sectors, including packaging and selling tourism products and providing government and association assistance: tour guides, sales representatives, travel writers, teachers, travel agents, and non-governmental organizations (NGOs).*

2. Explain how the five sectors of tourism satisfy all of a vacationing tourist's needs.

Tourists are people who have travelled away from their homes. Their movements require service from the transportation sector, whether by aircraft or by the use of their own cars. Accommodations are required during their trip, and choices range from upscale hotel to local campground. Food and beverages are basic human needs and can be attended to through quick service restaurants or through unique dining offerings meant to create an "experience." People require things to do—recreation and entertainment—things that attract them and engage their attention. Travel services support many of these sectors.

A person attending a conference might fly to the destination city, rent a car during the visit, stay at the downtown hotel hosting the conference, eat most of their meals at the hotel (but also engage in some unique food service at local restaurants during the evening), and attend a play or visit a museum during some free time. To arrange this collection of services, a tourist might use a travel agent to make all the necessary arrangements.

3. a) Identify and discuss eight reasons for the growth of tourism.

1. *Better media coverage*
2. *Advancements in transportation systems*
3. *Newer, faster, more innovative computer systems*
4. *The internet*
5. *Better education*
6. *More disposable income*
7. *Higher stress levels*
8. *Declining cost of travel*

9. *Better marketing and promotion of our products*
10. *A “common currency” (the credit card)*
11. *Overall political stability*

b) Explain how, in your opinion, any four of the growth factors you listed above will affect tourism over the next twenty years. Defend your answer using examples.

These answers will change depending on the students and their views of the world. No one reason is any more or less important than another, but they should illustrate the reason behind their choices.

4. What do you believe are some of the current barriers that keep travellers from visiting their preferred destinations? Provide examples.

These answers will change depending on the students and their views of the world. No one reason is any more or less important than another, but they should illustrate the reason behind their choices. Many answers could be grounded in the conditions necessary for tourism development.

5. Define, in your own words, the following tourism terms: tourism, trip, domestic tourist, foreign tourist, excursionist, leakage, multiplier effect, cuisine tourism, agriculture tourism, LGBT tourism.

- *Tourism—the industry that encompasses the transportation, feeding, lodging, and entertainment of visitors*
- *Trip—any travel of 80 km or more from your place of residence not for the purpose of schooling or work*
- *Domestic tourist—any visitor who takes a “trip” in his or her own country and stays away from home for at least 24 hours*
- *Foreign tourist—any person who crosses an international border and stays away at least 24 hours*
- *Excursionist—any person who travels at least 40 km from home, who does not stay overnight, and who is not a commuter*
- *Leakage—occurs when a destination cannot support the number of tourists who visit and must import workers and/or goods in order to support the industry. This is a negative side to tourism because it means that not all of the dollars spent in the area stay in the area to benefit the community. Instead, a portion of that revenue is spent outside the community*
- *Multiplier effect—the ripple effect of the tourist dollar into the economy of a region. The multiplier effect means that every person in the community benefits from tourist dollars spent there*

- *Cuisine tourism—tourism that focuses on culinary products such as a tour of wineries, a short course at a cooking school, a series of lectures on foods from a specific culture or region combined with a local food festival*
- *Agricultural tourism—tourism experiences that teach travellers about the agricultural history of Canada through hands-on farm life activities*
- *LGBT tourism—niche tourism focused specifically on the market for lesbian, gay, bisexual, and transgendered tourists. Many tourism businesses are aligning themselves with the LGBT communities and establishing LGBT friendly destinations.*

6. Canada's travel deficit has fluctuated over the past five years.

a) Define the term "travel deficit."

A travel deficit occurs when residents of a country spend more tourism dollars abroad than foreign visitors spend in that country.

b) Identify the reasons for this fluctuation.

Canada has had a very large travel deficit and is unlikely to entirely abolish it because of our harsh winters and the desire of Canadians to find some sun between November and May. However, while additional revenues spent on advertising help increase the number of foreign tourists to Canada, reducing the deficit by 50%, other factors such as SARS, the war in Iraq, mad cow disease, and a reduction in federal dollars used for promotion have driven the travel deficit to \$4.1 billion, an eleven year high.

c) Suggest one measure that you think the CTC should take to help reduce the travel deficit.

The CTC is dealing both with fluctuations in the travel deficit and large reductions in government investment, which is impeding their ability to develop larger promotions directed to potential visitors. Using the money available, the CTC needs to be strategic in its spending, focusing on international travellers who have a higher likelihood of visiting Canada. This strategy could be based on geography, such as the border cities in the United States, or based on strong economies, such as the Pacific Rim.

7. a) Discuss four global tourism organizations and four Canadian tourism organizations that you feel have the greatest impact on Canadian tourism products, explaining why you have chosen them.

The international organizations identified in the text are:

1. *World Tourism Organization (UNWTO) The official consultative body of the United Nations whose purpose is to promote economic development, international understanding, world peace, prosperity and universal respect for and observance of human rights and fundamental freedoms for all.*

2. International Civil Aviation Organization (ICAO) The official consultative organization for the United Nations that is responsible for encouraging the safe, orderly development of the world airline industry.
3. World Travel and Tourism Organization (WTTO) A private organization with members from the executive levels of tourism. The WTTO works with governments around the world to help them realize the full economic benefits of their tourism industries.
4. Pacific Asia Travel Association (PATA) One of the oldest and most successful marketing organizations in the world. Its mandate has been to promote travel to the Pacific Rim countries, but it also promotes education and meets regularly to discuss common problems and adjust its long-range plans and activities to meet new consumer demands.

The Canadian organizations identified in the text are:

1. Canadian Tourism Commission (CTC): A working partnership between the federal government, provincial/territorial governments, and the tourism industry that plans, directs, manages, and implements programs that generate and promote tourism in Canada.
2. Tourism Industry Association of Canada (TIAC): A private, not-for-profit organization that acts as the lobbying group for the Canadian tourism industry at the national level. It is currently responsible for Canada's largest tourism trade show, Rendez-vous Canada
3. Association of Canadian Travel Agents (ACTA): A not-for-profit trade association representing the travel trade sector of tourism. ACTA has a broad membership base of tourism-related companies and focuses on the education and training of travel agents.
4. Canadian Tourism Human Resource Council (CTHRC): A council providing a national forum for the provincial Tourism Education Councils, bringing training and certification of tourism professional under a national framework.
5. Canadian Tourism Research Institute (CTRI): A branch of the Conference Board of Canada, our foremost research institute. CTRI current, relative data on the tourism industry to inform the industry and the public about tourism's performance and future.

b) Looking at the eight components of tourism (Figure 1.1), in which component would you find each of the organizations you discussed?

The organizations are part of the tourism services area. They work to support the industry and do not provide actual industry products or services directly to customers. Governments and tourism organizations and associations form the largest part of this sector.

Case Study: The Inns and Outs of a New Business

If you ask students at the beginning of a tourism course why they are taking the course, undoubtedly a number of them will say they would like to open up their own tourism business one day. This case should stimulate discussion of issues that lie outside of the basic dream of opening an inn, including understanding the tourism environment and the interconnectedness of different sectors in the tourism industry.

1. What information about tourism in Stratford, Ontario, do you think their banker would like to know?

Before making a financial commitment to the Koch family, their bank wants to know there is a high likelihood of success. The bank might wish to know about competitors, potential partners and complementary businesses, historic levels of tourism business in Stratford, success/failure rates of new tourism operations in the last few years, events and attractions in the region, planned investment by the region or the government in improvement to infrastructure and marketing. This is a good question to brainstorm a wide range of topics.

2. What resources (for example, surveys, government data, comment cards, and so forth) might the Kochs use to collect timely information about their business? Where could they find this information?

The Kochs could collect public information on the region's competition regarding products, services, and prices. They could access regional and provincial data on tourism already collected. When key customer markets emerge, they could visit those areas to engage with potential visitors (focus groups) or work with a tourism research firm to collect a sampling of data on accommodation preferences, acceptable pricing levels, and reasons for travel. As they run their business, they can track data from their customers, including geographic and demographic information (number of people, age, home location, duration of stay, reason for stay, etc.). Additionally, comment cards and tools could be used to gain feedback on both current services and suggestions for improvements to better match desires and/or expectations.

3. Discuss how you think the Kochs' inn might become interconnected with the other tourism businesses in the region.

Joining regional business groups and associations is a good way to begin connecting with other businesses in the same industry. This strategy could include joining business improvement associations, the chamber of commerce, and/or tourism industry associations.

4. Do you think building relationships with other organizations is important to the success of the Kochs' business? Which relationships would you advise them to begin building right away?

This answer will likely vary based on the experiences of students and could stimulate some interesting and novel conversation about making real connections.