

TOURISM: FRONT AND CENTER

Courtesy of Las Vegas News Bureau.



THE PURPOSE OF THIS CHAPTER

Travel and tourism at the local, state, national, and international levels are vital to the health of our economy as well as that of the hospitality industry. Indeed, tourism is big business and continues to grow in North America and worldwide. The economic and social impacts of tourism are significant, and this chapter discusses both of these dimensions.

THIS CHAPTER SHOULD HELP YOU

1. Describe the important impact of tourism on local and national economies, and list the factors contributing to the growth of travel and tourism.
2. Identify current trends in mode of travel and trip duration.
3. Provide statistics supporting the importance of tourism in generating employment.
4. Explain why international visitors to the United States are an important means of improving the balance of payments and receipts, and how tourism affects international trade.
5. Identify major businesses outside the hospitality industry that service travelers, and explain the trends that are changing the way they do business.
6. List the noneconomic impacts of tourism, both positive and negative.

THE IMPORTANCE OF TOURISM

The importance of **tourism** to the hospitality industry is obvious. Some parts of the industry, such as hotels, derive almost all of their sales from travelers. Even food service attributes roughly 25 percent of its sales to travelers. Moreover, many **leisure**-oriented businesses with a major food service and hospitality component, such as theme parks, are also dependent on travelers.



Tourism is made up of many varied businesses. (Courtesy of Las Vegas News Bureau.)

The importance of tourism to the hospitality industry is increasing each year. As employment in smokestack industries—that is, manufacturing—continues to fall, the service industries, including those businesses serving travelers, must take up the slack by providing new jobs. Tourism, then, is central not only to the health of the hospitality industry but also to the economy as a whole.

The tourism industry is the collection of productive businesses and governmental organizations that serve the traveler away from home. These organizations include restaurants, hotels, motels, and resorts; all facets of transportation, including rental cars, travel agents, and gasoline service stations; national and state parks or recreation areas; and various private attractions. The industry also includes those organizations that support these firms' retail activities, including advertising companies, publications, transportation equipment manufacturers, and travel research and development agencies.

FACTORS AFFECTING TRAVEL AND TOURISM

Travel and tourism are as American as baseball, hot dogs, apple pie, and the interstate highway system. Figure 13.1 illustrates the growth in domestic travel from 1994 to 2008 to a level of over 1 billion person-trips. (A person-trip is defined as one person taking one trip. If two persons go on that trip, that equals two person-trips. A trip is any travel 100 miles or more away from home.) That is an increase of over 12 percent since 1994.¹ In addition, Americans took over 29 million trips overseas in 2005. With domestic travel, the main form of travel is by auto, truck, and recreational vehicle (RV), which, together, account for 75 percent of all trips.² There are also numerous transportation industries—air, rail, and bus—that help move travelers and are allied with the hospitality industry in tourism.

Moreover, tourism growth, while slow in the last few years owing to the economy, continues to be fueled by more leisure time (among certain age groups), rising family

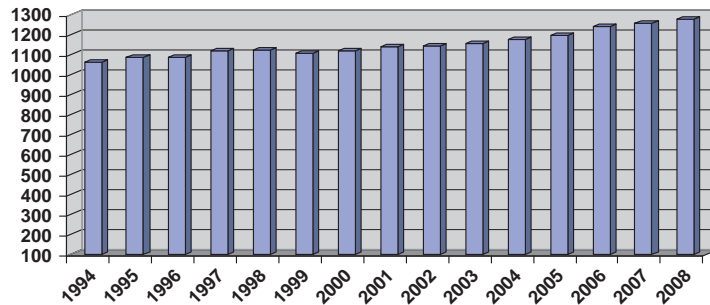


Figure 13.1

U.S. resident domestic travel volume, 1994–2008. (Source: U.S. Travel Association, www.tia.org.)

incomes, and the favorable demographic trends we have discussed in earlier chapters. We look briefly at each of these factors.

INCOME TRENDS

The two-income family has become a major factor in travel. The majority of women today expect to work outside the home. A two-income family not only increases total family income but also adds to the family's security: If one spouse loses a job, that does not eliminate all of the family's income. One scenario suggests that a portion of women leave the workforce for a period of time at the birth of a child, and many women return to work only on a part-time basis while young children are still at home. For those committed to a career outside the home, however, the ultimate intention is to return to full-time work. A further element of stability to family incomes today is the fact that if a husband loses his job or otherwise suffers an economic reversal, young mothers can and will expand their working commitment outside the home earlier than they may have originally intended.

Two-income families are not all well-to-do “yuppies” (young urban professionals). Many families pool two modest incomes to support a comfortable lifestyle. Because they are working to maintain a comfortable life, it is not surprising that they are disposed to spend their money on the goods and services they want. They are good customers—and even in bad times, they usually can maintain at least one income, making the stability of family spending greater today than it was a generation ago.

Almost all two-income families have time pressures. When both parents work, the household chores still need to be done and children must be provided care. This means that many people may have to sacrifice leisure time for household and family maintenance chores. Therefore, when they do get away, time is at a premium, and they seek “quality time.” Though sensitive to price/value comparisons, these travelers generally seek good value for their money rather than low-cost recreational experiences.

DEMOGRAPHICS AND TRAVEL

As has been suggested in previous chapters, **demographics** play a role in consumption and travel behaviors. As the population ages, much of it surpassing middle age, there will be a tremendous impact on tourism. Middle age generally means higher income and a greater propensity to travel. The age group that travels most, whether for **business travel** or **pleasure travel**, are people ages 35 to 44. This age group is most likely to use hotels and to take longer trips (1,000 miles and over). Close behind them are the 45-to-54-year-olds. It is also important to consider household behavior. According to the Travel Industry Association of America, “Traveling households are more likely than overall households to be headed by someone who is married and/or more highly educated.”³

Another significant demographic development for tourism is the growth in the mature market, that is, people 55 and over. In 2010, this segment of the population will equal 75 million people, or approximately 25.5 percent of the overall population. Growth in the same population segment from 2010 to 2020 will be 28 percent.⁴ Although this group represents a smaller share of household income, people 55 and over control over half of household wealth. In fact, the U. S. Census Bureau reports that average net worth is at its highest between 55 and 74.⁵ In effect, their mortgages are paid and a large proportion of them have a nest egg of savings and retirement benefits on which to draw. This puts them in a position to be able to travel.

The pattern of growth in the mature market suggests two subsegments that will be especially important. The 55- to 64-year-old group will grow by almost 19 percent between 2010 and 2020 as the first baby boomers move into their mature years.⁶ This



Families are an important demographic group for the travel and tourism industries. (Courtesy of PhotoDisc, Inc.)

segment will be a very active group of consumers seeking new experiences and learning to deal with extended leisure, that is, the ability to take longer vacations as seniority increases vacation entitlements and as retirement approaches or as early retirement permits. In addition, the 65- to 74-year-old age group will grow over 13 percent during the same time period. Among other things, these two age groups have the discretionary income as well as the time to take extended holidays. Households in this age group typically spend about \$17 billion a year on travel.⁷

TRAVEL TRENDS

The most frequent reason for (domestic) travel is to visit family and friends. Other pleasure travel, for outdoor recreation and entertainment, is just behind that. All pleasure travel accounts for approximately 80 percent of the some billion domestic person-trips taken. Business and convention travel (and combination business and pleasure trips) accounts for another 19 percent.⁸ As Figure 13.2 indicates, travel sales vary with the economy but have grown (historically) somewhat more rapidly than the economy. In the three years around 2001, however, business travel took the hardest hit. Pleasure travel, too, was impacted and was reduced again beginning in late 2007 but is finally beginning to come back. Pleasure travel has been impacted by the Iraq war, SARS, H1N1, and the recession, but business travel has suffered tremendously from post-September 11 effects as well as the more recent recession. Travel growth, then, is likely to come from pleasure travel, which has grown at a steady rate in each of the recent years. The effects of various events are explored more in Global Hospitality Note 13.1.

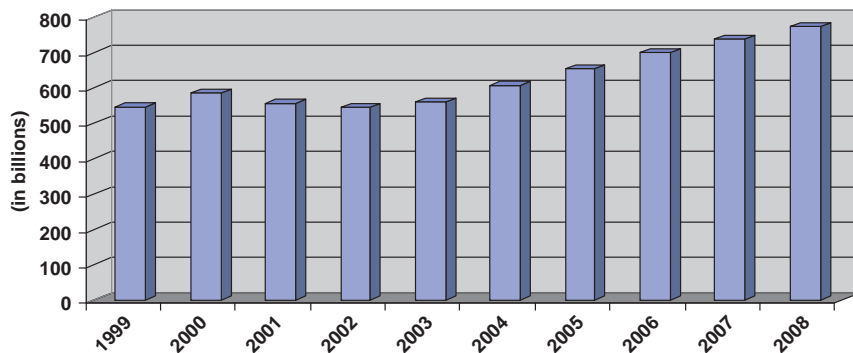


Figure 13.2

Domestic travel expenditures in the United States, 1999–2008 in billions. (Source: Travel Industry Association of America, www.tia.org.)

Public Anxiety and the Travel Industry

The first decade of the millennium has brought with it no shortage of significant events—each creating new challenges for the hospitality and tourism industries. September 11, 2001, was the most significant event and the one still in Americans' collective minds. Before we discuss the impacts that this day had on our industry, though, we need to point out that its effects reached far beyond the hospitality and tourism industries. Attitudes and behaviors of Americans changed on that day. We continue to hear that people began to reassess their relationships, saw their families in a new light, were kinder to strangers, became more aware of (and concerned with) international events, and had improved feelings toward their fellow citizens. In addition, *American Demographics* reports that 80 percent of respondents indicated that their appreciation for their families increased as a result of that day, that safety and security of family have become more important, and that people are seeking psychotherapy at a greater rate (as a way of dealing with the events).¹ That day affected families, businesses, educational institutions, nonprofit organizations, and governments. So, yes, the hospitality and tourism industries were affected, but it is important to see the larger picture.

With that being said, the airline industry and the hotel industry have suffered the most and are still having serious problems. The terrorist attacks of September 11 had an immediate effect on travel, tourism, and the hospitality industry in general. It has been said, more than a few times, that this industry was the most affected by the events of September 11. Consumer (traveling) confidence was shaken, and there were feelings of uncertainty surrounding personal safety and security. These concerns resulted in immediate reductions in personal travel, which affected hotels, restaurants, and the like. To complicate matters, the United States was on the cusp of a recession, which only exaggerated and prolonged the effects. Both U.S. airlines and international carriers shut down in the days following September 11—something that would be hard to recover from even under the best of circumstances. Total travel expenditures by Americans dropped in the last quarter of 2001 and continued to drop in 2002 (compared to the previous year's statistics). Travel to and from most countries dropped. Even tourism in the Caribbean (considered to be a "safe" destination) dropped by 10 percent in the last quarter of 2001. It should also be noted that airlines elsewhere in the world experienced problems at or around this same time, including Ansett (Australia), Swissair (Switzerland), and Sabena (Belgium). Internationally, it is estimated that the airline industry lost \$13 billion in 2002.² Some airlines continue to suffer; Japan Airlines and Mexicana airlines filed for bankruptcy protection in 2010.

The results of the shutdown of airspace on September 11 were felt across the United States as well as globally. Some estimates suggest that global travel revenues dropped as much as 30 percent in the days and weeks to follow. Hotels saw decreases in all pertinent performance measures—occupancy rates, average daily rates, and revenue per available rooms (RevPAR). These decreases occurred in most major destinations as well.

September 11 has come and gone, but concerns about safety and security remain. Furthermore, the compounding effects of the most recent recession are all contributing to a slow rate of growth, if any. Tensions in the Middle East, wars in Iraq and Afghanistan, and new and misunderstood diseases are all being used as excuses not to travel. H1N1 is perhaps the most recent and best example of how an illness

can create widespread concern. The worldwide H1N1 (swine) flu pandemic—the spread of infectious diseases across international borders—resulted in a negative impact not just on the global economy but even more ominously to many people’s lives and to the U.S. economy. The World Health Organization (WHO), responsible for the global coordination of health concerns, elevated the worldwide health alert to a level 5 on a scale of 1 to 6 at one point in 2009. In addition, there are implications to foreign policy and international relations, even among allies, as European nations alerted their citizens against traveling to North America. The implications to the economy are difficult to measure, but travel, trade, tourism, health systems, food supply, consumption, and, potentially, foreign investments in our companies and financial markets all were impacted.³

This is not the first time that a global situation altered tourism and the economy. SARS (severe acute respiratory syndrome) originated in China, and the first case was identified in February 2003 (but was believed to have been first contracted in November 2002). From there SARS spread to Canada, Singapore, Hong Kong, Vietnam, and 13 other countries. The syndrome, which causes flulike symptoms, resulted in almost 800 deaths worldwide. Travel to SARS-infected countries was affected, and the economies of Hong Kong, Toronto (and other parts of Canada), and other travel destinations were severely impacted. In the end, it is estimated that SARS cost Canada over \$500 million, including lost hotel revenues, dining revenues, and actual health-related costs of dealing with the disease. Hong Kong, perhaps the hardest hit area, initiated a \$1.5 billion plan to overcome the effects.⁴ KPMG, a global network of professional firms providing audit, tax, and advisory services, reported that at the height of the SARS episode (April 2003), visitor spending was down over 70 percent from the same period in the previous year.⁴

One result of recent security and safety issues has been the change in airport (and other transportation) procedures. One scholar has dubbed this the “hassle factor” of traveling. Indeed, given the lengthy waits in airports, the extra forms to fill out, the added cost of flying, and numerous personal searches during it all, some people are simply avoiding air travel altogether. Much will have to change to convince this segment of the population that flying is still worth the cost and aggravation.

To summarize, the business environment has changed for airlines, hotels, and all other services serving the traveler throughout the first decade of the twenty-first century. Fear and concern, and altered travel patterns, are now an accepted part of the business landscape. Certainly, one result has been that Americans are taking shorter trips, closer to home, and often by automobile. Most operators have accepted the fact that it will be a long time before things return to “normal,” if it happens at all. It remains to be seen whether annual travel growth will reach the same level as pre-2001, or if the fear and hesitation will remain.

1. Rebecca Gardyn, “The Home Front,” *American Demographics* (December 2001).

2. Standard & Poor’s, *Industry Surveys—Airlines*, March 27, 2003.

3. Global Markets, “Economic Impact of H1N1 Pandemic,” December 4, 2009, www.global economy:foreignpolicyblogs.com.

4. Canadian Broadcasting Corporation, “The Economic Impact of SARS,” November 26, 2003, www.cbc.ca.

5. KPMG, “Tourism Expenditures in Major Canadian Markets” (October 2003).



Air travel is the preferred mode of transportation for longer trips. (Courtesy of Southwest Airlines.)

MODE OF TRAVEL

According to the U.S. Department of Transportation, automobiles are the most utilized **mode of transportation**, being used for almost 90 percent of all long-distance trips. Airlines are the second most frequently used means of transportation, and they are far and away the dominant **common carrier**, despite the effect that recent events have had. In fact, airlines are used more than twice as often as all other forms of public transportation combined. Further, they are the most utilized mode of transportation for trips of 2,000 miles or more. Travel by private vehicle is still the dominant form of travel for Americans, however.

Air travel increased throughout the last 20 years as measured by revenue passenger miles (with the exception of a slight dip in 1990–91 and again in 2001–02). Air travel has also claimed an increasing percentage of overall passenger miles. When long-distance auto and air travel are compared, even though auto travel is the mode of transportation used for most trips, air travel accounts for 55.8 percent of all miles traveled (for long-distance trips) and auto accounts for 42.6 percent of total miles traveled.

TRIP DURATION

As two working spouses in a family have become more common, vacations have become shorter. The typical vacation of the 1950s and 1960s was an annual event lasting 10 to 14 days. During the 1970s and 1980s, vacations, on average, were shortened to five to seven days, and taken twice a year. In the 1990s, the two- to three-day “minivacation” became increasingly popular. Today, most domestic trips that are taken are only one to two nights in duration.⁹

Weekend vacations and shorter trips combining pleasure and business are more prevalent among younger travelers. Affluent travelers, with an average age of 50 or over, however, prefer vacations of a week or more.



The mode of travel has changed a great deal just over the last 100 years. (Courtesy of National Park Service.)

THE ECONOMIC SIGNIFICANCE OF TOURISM

In total business receipts, tourism has consistently ranked second or third among all retail businesses. Only grocery stores—and, in some years, automobile dealers—have greater sales. The travel industry (international and domestic) accounted for \$770 billion in direct expenditures in 2008. Measuring the industry in terms of employment, as Figure 13.3 does, we see that tourism provides more jobs than any other industry except health care services. In 2008, tourism provided 7.7 million

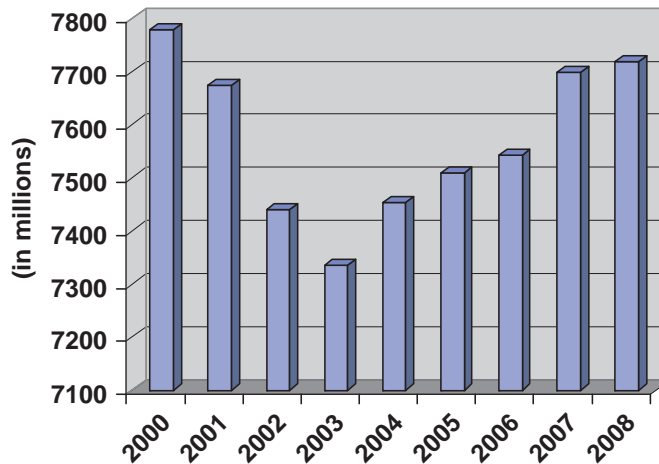


Figure 13.3

Travel employment in the United States, in thousands, 2000–2008. (Source: Travel Industry Association of America, American Hotel and Lodging Association.)

people with employment. Tourism also provided various levels of government with tax receipts of \$117 billion.¹⁰

Although tourism currently accounts for almost \$800 billion in receipts in the U.S. economy, that is only a superficial, first-order measurement of travel importance. A **travel multiplier** measures the effect of initial spending together with the chain of expenditures that results. (For example, when a traveler spends a dollar in a hotel, some portion of it goes to employees, suppliers, and owners, who, in turn, spend it—and so it goes.) Figure 13.4 illustrates how the multiplier works in practice. Although the

TOURIST SPENDING FOR	TOURIST INDUSTRY EXPENSE	SECONDARY BUSINESS BENEFICIARIES
Hotels	Wages, salaries, and tips	Employees
Restaurants	Payroll taxes	Government agencies
Entertainment and recreation	Food, beverage, and housekeeping supplies	Food industry
Clothing	Construction and maintenance	Beverage industry
Personal care	Advertising	Custodial industry
Retail	Utilities	Architectural firms
Gifts and crafts	Insurance	Repair firms
Transportation	Interest and principal	Advertising firms
Tours	Legal and accounting	News media
Museums and historical	Transportation	Water, gas, and electric
	Taxes and licenses	Telephone companies
		Banks and investors
		Legal and accounting firms
		Air, bus, auto, and fuel
		Taxi companies
		Government companies
		Wholesale suppliers
		Health care

Figure 13.4

The tourist dollar multiplier effect: tourist dollar flow into the economy. (Source: Michael Evans, *Tourism: Always a People Business* (Knoxville: University of Tennessee Press, 1984)).

The travel industry provides many jobs for many people. (Courtesy of National Park Service.)



precise computation of the travel multiplier need not concern us, the final impact of the travel market for 2008 was over \$1.8 trillion.

TOURISM AND EMPLOYMENT

There is clearly a strong link between **tourism and employment**. Just over 1 in every 8 U.S. non-farm jobs is created directly or indirectly or is influenced by travel and tourism. The travel industry contributes to job growth well in excess of its size. Employment in the last decade, as indicated in Figure 13.3, has consistently grown more rapidly than employment in the economy as a whole. Approximately one-quarter of food service employment can be traced to tourism, and a much larger proportion of hotel and motel employment serves travelers away from home.

PUBLICITY AS AN ECONOMIC BENEFIT

Communities often spend large sums of money to advertise their virtues to visitors and investors. They establish economic development bureaus to bring employers to town and even offer tax incentives and low-cost financing. Aside from its direct economic impact, tourism also offers a chance to achieve many of these same benefits. That is, a tourist attraction brings visitors to a city or area, and they can then judge for themselves the community's suitability as a place to live and work. A major tourist event in a city or region attracts huge numbers of visitors, often for their first visit to the area. Assuming the region has natural charms and man-made attractions, some visitors are likely to become interested in relocating there—or at least in making a return visit.

THE UNITED STATES AS AN INTERNATIONAL TOURIST ATTRACTION

Tourism is the world's largest industry, accounting for over one-tenth of worldwide economic activity. In fact, according to the World Travel & Tourism Council (WTTC), tourism now accounts for 10.3 percent of total economic contribution.¹¹ In 2006, world tourism spending was \$5 trillion.¹² By 2012, the WTTC estimates that spending will have reached \$6 trillion. Such numbers perhaps boggle the mind as much as they enlighten it, but they are cited to help us grasp an important fact: The international tourism industry is, indeed, a huge set of businesses whose effects are worth taking the time to understand.

MEASURING THE VOLUME

There are two different ways to measure the volume of international tourism. **Arrivals and departures** measure the volume of people traveling; **receipts and payments** measure money spent. Dollar figures have the disadvantage of being distorted by fluctuating currency values, but to measure the economic impact, currency measures must be used. The best measure of activity, however, is the physical measure, arrivals and departures.

ARRIVALS AND DEPARTURES IN THE UNITED STATES. Figure 13.5 shows arrivals and departures to and from the United States. Total arrivals to the United States show some interesting fluctuations—they dropped between 2000 and 2003 and then rose

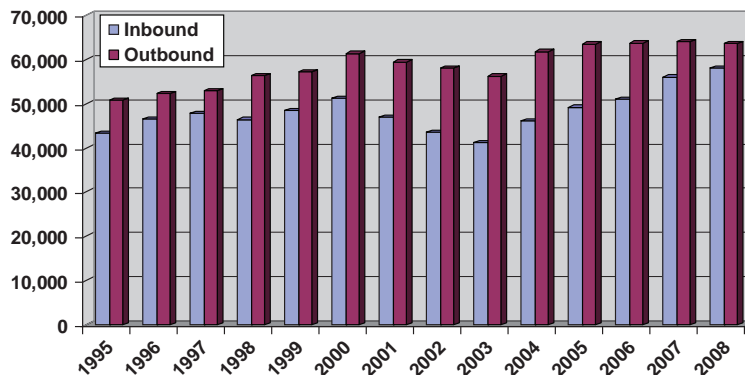


Figure 13.5

International arrivals to the United States versus U.S. travelers outside the United States in thousands. (Source: U.S. Department of Commerce, Office of Travel and Tourism Industries, 2009.)

again through 2005. The drop-off can be attributed to a variety of factors but can be boiled down to two things: the strength of the U.S. dollar against other currencies and certain events (including September 11)—keeping in mind that much of the travel reflected here represents other North Americans traveling to the United States. As a result, the amount of travel is largely dependent on how well the Canadian and Mexican economies are doing at any given time. The value of the Canadian dollar (against the U.S. dollar) decreased between 2000 and 2002, then increased through 2006, and then declined by the end of the decade. Generally, changes in exchange rates directly impact visitations, which is what has happened with Canadians traveling to the United States. Another example, involving Mexican tourists, is illustrated by the crash of the peso in 1995, which resulted in decreased travel from Mexico for several years. There was a slight stabilization in 1996, which saw inbound travel increase again. The subsequent drop through 2002 was due to a variety of reasons, as discussed earlier in the chapter (and specifically in Global Hospitality Note 13.1). The Mexican peso has since stabilized, as has the Canadian dollar. Just over half of total arrivals from year to year are from Canada and Mexico. A large portion of these are very short stays, many less than a day. In the end, over a near 20-year period, the number of overseas visitors has more than doubled (since 1988).

THE TRAVEL TRADE BALANCE. From the end of World War II until the mid-1980s, there was considerable concern about what was then called the “travel gap”: the much larger number of persons—and travel dollars—leaving the United States than arriving here from international destinations. Even as recently as 1985, the number of Americans traveling outside the country was more than the number of international visitors, creating an unfavorable **travel trade balance** of nearly \$9 billion. The travel trade balance turned in favor of the United States by 1989 and increased for several years. Since 1996, it has fluctuated in size but still remains in favor of the United States. Today, a favorable travel trade balance exists in the amount of over \$8 billion, which is expected to increase over the next several years.¹³

REASONS FOR GROWTH OF THE UNITED STATES AS A DESTINATION

One of the principal reasons for growth in travel to the United States is the world’s rising standard of living, particularly in Western Europe, Asia (especially China), and Latin America. Moreover, the political changes in Eastern Europe led to a large percentage of growth in travel, although from a very low starting point. Another factor appears to be increasing competition among international air carriers, which has held fares down. In addition, as more people travel, more people want to travel. People hear about places from friends and want to go there. The United States also has the destinations,

whether it is Disney World, natural attractions such as the Grand Canyon, or urban centers such as New York City and Washington, DC. International travel is seen less as a venture into the unknown and more as something everybody's doing.

An important factor in international travel, and in the long-term growth of the United States as a destination, is currency fluctuation. Following World War II, the U.S. dollar was the strongest currency in the world. Other currencies were weak largely because those countries were recovering from war damage. By the 1970s, however, that recovery was complete, and other currencies gained against the dollar. In the 1980s, economic growth in many of these countries accelerated the trend. The cheaper dollar, then, made the United States a travel bargain, and travelers to the United States and travel spending increased dramatically. This factor is a double-edged sword. When Asian currencies crashed in 1996 and 1997, the visitor flow from those countries to the United States slowed appreciably. More recent fluctuations have had similar effects. Now the U.S. dollar has rebounded slightly after weakening against other major currencies.

In the hotel industry, some properties in large cities with large numbers of international tourists attribute one-third or more of their occupancy to visitors from outside the country. Twenty-five percent of international visitors' budgets goes for lodging. Many hotels, responding to the needs of this market, are eager to hire multilingual managers, clerks, and service personnel. Some hotels have also begun to actively promote international business through representation at travel trade fairs abroad and through solicitation of international tour business from travel agents. The importance of international visitors to restaurants is suggested by the fact that their second most popular recreation activity (after shopping) was dining and food and beverage purchases. Nineteen percent of international visitors' expenditures is for food and beverage. Nearly half of international visitors' spending, then, is accounted for by the hospitality industry.

BUSINESSES SERVING THE TRAVELER

PASSENGER TRANSPORTATION

Earlier, we looked at travel trends as a part of tourism. Here, our concern is to see travel as an allied industry that works with hospitality firms in serving travelers. You may recall that growth in travel by air has increased compared to travel by auto or other private vehicle. Bus travel has been increasing while rail travel has declined. Bus and rail, in any case, account for only a small share of travel. The growth component in common-carrier travel, then, has been air. The growth of the airline industry during the last decade is detailed in Figure 13.6. The figure expresses growth

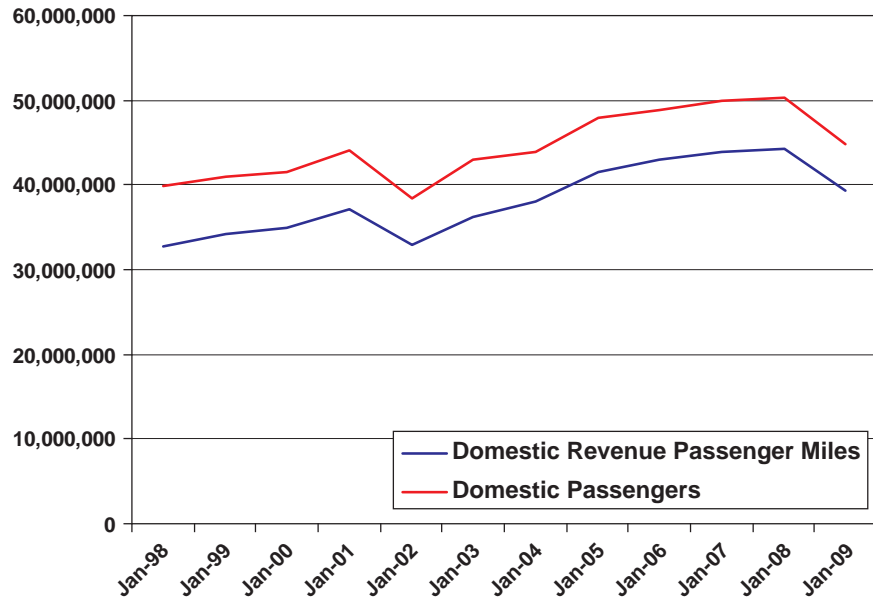


Figure 13.6

Domestic air seat passenger miles. (Source: U.S. Department of Transportation, Bureau of *Transportation Statistics, Transportation Indicators Report, 2009*, www.bts.gov/publications/key_transportation_indicators/december_2009/index.html.)

in terms of (1) available seat miles, (2) revenue passenger miles, and (3) unused seat miles. Available seat miles is a measure of capacity, revenue passenger miles is a measure of volume, and unused seat miles is a measure of utilization. Keep in mind, however, that while revenues may be increasing overall, deep dips in airline sales volume can occur. Airlines, like most tourism industries, are very sensitive to the general economic climate.

TRENDS IN AIR TRAVEL. The airlines have grown from an oddity in the transportation world of the 1920s, when only the daring flew, to the dominant common carrier worldwide. Following deregulation in 1978, the number of airlines increased dramatically and competition became fierce on most routes. In order to achieve greater economies of scale, large airlines developed the **hub-and-spoke system** in the early 1980s. In this system, passengers are assembled at a central point—a hub—such as Chicago, New York, or Detroit by smaller aircraft that form commuter airlines. There they board larger aircraft that fly to another hub, from which passengers are distributed to their final destinations by the same feeder system. If large aircraft fly with efficient load levels on high-volume routes, the hub-and-spoke system achieves the advantages of economies of scale.



Airlines represent a complex system of transportation, communication, coordination, and customer service. (Courtesy of Southwest Airlines.)

However, there are some offsetting disadvantages to hub-and-spoke systems. Because of the complex schedules required to service such a system, traffic control and weather delays can create serious problems. Delays multiply through the system, increasing costs because of idle aircraft and personnel time—to say nothing of passenger annoyance. Moreover, the large investment in people and equipment at hubs raises the fixed costs for operators using the centralized system.

An alternative to the hub-and-spoke system is the short-haul airline, specializing in **point-to-point service**. In the mid-1990s, these short-haul airlines became more aggressive in both price and service. Point-to-point carriers manage short aircraft turnarounds, minimize staff, and hold down investment. As a result, they can offer lower fares and more frequent service, generally of the no-frills variety. As the point-to-point system has proved to have real competitive advantages, many of the larger

carriers began launching no-frills, short-haul carrier subsidiaries that duplicated the shorter routes, limited service, and lower fares offered by short-haul carriers. One of the first and still most successful airlines using the point-to-point strategy is Southwest Airlines.

Southwest is a notable company for many reasons. Southwest is the sixth largest airline company in the country (by revenues) and the first in terms of “passenger miles”—carrying over 101.9 million passengers in 2008. Its average fare in 2008 was \$119.16, up from \$106.60 in 2007 and \$104.75 in 2006. It is able to keep fares low because of its focus on short-haul and high-frequency flights. In addition to using the point-to-point strategy, it is the only major airline company to have made a profit in recent years, although it did suffer losses in the last two quarters of 2008 and first quarter of 2009. Still, the company’s performance is impressive, given the massive losses reported by competitors and the airlines in other markets that have embraced Southwest’s strategy, including Easy Jet and Ryan Air. It is particularly notable, given the high costs associated with running an airline, which include high capital costs, high labor costs, and the fluctuation (and high expense) of fuel. Finally, another differentiating factor is its booking model—the majority of fares are booked directly through the company, and 73 percent of the company’s revenue is booked through its Web site.

THE AIRLINE INDUSTRY. Several factors have affected the way in which business is conducted in the airline industry. One of the most significant was deregulation of the industry, which took place in 1978. It had the effect of lowering costs and allowing more carriers into the market. Deregulation also had the effect of encouraging greater price competition. There are literally hundreds of thousands of special fares—many available only for a short period of time, ranging from a few minutes to a few days. (Special fares generally appear on the computer network used by airlines and travel agents and can be discontinued at will by the carrier.) Almost all of these special fares are discounted fares, and the impact of discounting has been to hold down the cost of travel for cost-sensitive travelers. Most special fares, however, are structured so that they will not be attractive to the business traveler. Many, for instance, require travelers to stay over a Saturday night, a night when most business travelers would rather be home with their families. The effect of discounted fares has been to keep personal travel costs down while business travel costs rise. As a result, the volume of personal travel has been more buoyant than business travel.

Another significant development in air travel has been the growth of partnerships between airlines, generally airlines with noncompetitive route structures. These partnerships offer advantages to both customer and airline through the practice known as code sharing, whereby airlines share marketing and operating expenses over a route

structure that is larger than either of their individual routes. As an example, consider the alliances that exist between international carriers. One such arrangement is the Star Alliance, which includes a partnership that spans 26 airlines, including Air Canada, United, and Singapore Airlines, among others. Through code sharing, the airlines can sell tickets on the same aircraft, whether it is operated by United, Air Canada, or any one of the other partners. Each airline will have a flight number designating that flight: say, United Flight 1 and Air Canada Flight 001. When the passenger goes to the terminal, he or she will be directed to the same aircraft by both airlines—with a simple explanation if the passenger has any questions. This permits the airlines to achieve a higher load factor. The term *load factor* refers to the percentage of seats sold and is analogous to occupancy in the hotel business. Like the hotel business, airlines are a low-variable-cost, high-fixed-cost industry. As a result, efforts that raise the efficiency of their use of resources have a pronounced favorable effect on profits. Overall, with regular rises and falls, airline load factors have been increasing. The biggest factor in this improvement, however, has been the reduction of overcapacity that existed in the early 1990s.

Another aspect of partnerships is that, by means of code sharing, airlines can quote through fares, which are substantially less expensive than two separate tickets would be. Thus, Northwest can quote a fare from Minneapolis to Antwerp, Belgium, working with its partner KLM. In all probability, passengers will travel on both Northwest and KLM but use the same ticket. This makes each airline more attractive in its own origination markets while adding passengers to each other's aircraft to achieve higher load factors. Notice, too, that because both airlines can both advertise this "better deal" of a through fare, they share marketing expenses as well as aircraft. The increased efficiency is passed on, in part, to the customer with the lower through fare mentioned a moment ago. Another feature that is attractive to passengers is that frequent-flyer miles earned on both airlines can apply to the frequent-flyer program of the passenger's choice. Code sharing is under active consideration between airlines whose principal routes are in the United States, but questions of antitrust regulation and acceptance by the unions must be resolved.

THE INFRASTRUCTURE CRISIS. What is likely to interfere with the growth in air travel and ultimately retard or even halt it is the **infrastructure crisis**. Air transport congestion is one potential problem. Airports all over the world are trying to address this issue through expansion, upgrading, and redesign. This overload is even worse in Europe and approaching critical proportions in much of Asia. New airports are being built in large metropolitan areas. It is not unusual now for a major city to have two, or even three, major airports.

CHANNELS OF DISTRIBUTION

In lodging, the emergence of **channels of distribution** as a significant factor is a relatively new development. (See Chapter 12.) In other industries, however, distribution channels have long been a fact of business. Those who manufacture consumer goods have several layers of businesses between the manufacturer and the final customer. Some of these intermediary businesses and agents are wholesalers, manufacturer's representatives, and brokers. Typically, these intermediaries move the product from the manufacturer to the retailer, who then sells to the final user, the retail customer. Although much of the hospitality industry is made up of retailers who provide goods and services directly to the customer, the travel agent and tour operators represent an important channel for many hotels as well as for other tourism operators.

TRAVEL AGENCIES. The Office of Travel and Tourism Industries defines **travel agencies** as follows: "Travel agencies make travel reservations for the public and sell transportation, lodging, and other travel services on behalf of the producers of the services. They are retailers: they sell travel services provided by others directly to the final customer." As we speak, the role of travel agencies is changing. Commissions are dropping (or being eliminated entirely), consumers are doing more of their own travel planning, and travel agencies are becoming more specialized, focusing on niche markets. Some of the basic services offered by travel agencies, as well as some more current issues, are discussed below.

Although the large travel agencies are the most visible, the smaller agencies with gross billings (i.e., ticket and travel package sales) under \$2 million annually still constitute the largest majority of agencies. In total, there are an estimated 20,000 agencies in the United States (as associated with the Airlines Reporting Corporation).¹⁴ This number doesn't begin to reflect how many businesses there are that offer travel-related services, though. American Express and Carlson Wagonlit Travel are the two largest "traditional" travel agencies.

Expedia, Travelocity, and Orbitz (all "online" travel agencies) are also in the top ten in terms of sales. Online travel agencies now account for just over 10 percent of travel agent revenues but continue to grow at the expense of traditional travel agencies. The lines between traditional agencies and online agencies are becoming blurred, though, with more and more traditional agencies offering online services as part of their overall services. With the decrease in potential commissions from the sale of airline tickets (as well as the increasing use of the Internet), travel agents are booking fewer airline tickets. A study by the Travel Industry Association of America found that 43 percent



Travel agents have played a large part in the growth of the cruise industry. (Source: Radisson Seven Seas Cruises; Courtesy of Carlson Cruises Worldwide.)

of travelers booked some travel plans online and 36 percent of them booked airline tickets online, making airline tickets by far the most common type of travel product or service booked online. In addition, the study found that more consumers booked their airline tickets online than any other type of travel-related product or service (such as hotel rooms or tickets for attractions).¹⁵

Smaller agencies have been hit especially hard by the airlines' cutback in the commissions they pay travel agencies, from 10 percent, to 8 percent, to none at all in some cases. Many of the larger U.S. airlines stopped paying commissions as early as 2002. Agents continue to collect commissions for other types of sales, however, and earn income from either incentives from airlines (for selling a certain volume of tickets) or from charging service fees to customers (an average of about \$30 per ticket). Although airline commissions have been reduced, hotel, tour package, and cruise line commissions, which range from 10 to 15 percent, encourage travel agencies to devote more of their efforts to selling those products to travelers. Many agencies earn more overall through the sale of these activities than they do from the

sale of airline tickets. Travel agents not only make reservations and sell tickets but also sell packaged tours. About one-fifth of their sales of leisure travel are packaged tours. It's clear that travel agents have considerable influence on the consumer and, thus, on the sales of other firms serving travelers. A majority of pleasure travelers, for instance, seek the advice of their travel agent on hotel selection, package tour choice, and car rental. Roughly 60 percent of business travelers still use travel agents to make their travel arrangements. Travel agencies have had to adjust to the decreased margins in the travel industry by offering solutions to their customers. Some have repositioned themselves as "travel consultants," essentially charging for offering travel advice rather than selling tangible products. One example of how a travel agency "reinvented" itself is the Rex Travel Organization in Chicago. Rex Fritschi, the owner of the company, is a well-traveled veteran of the industry. When he began to notice the changes taking place in the travel planning industry, he began to change what he offered customers. Instead of just offering his customers tickets and brochures of destinations, he now allows customers to tap into his personal knowledge base of some 144 countries that he has visited. He now runs something closer to a travel consultancy—charging customers for inside knowledge of an area, travel tips, and even providing local contacts. Similar agencies offer the same services but to niche markets. One company in New York offers its services only to professional tennis players. The business of providing travel consultation is a growing field—travel counselors can even earn a professional designation now.¹⁶

Travel wholesalers and tour brokers represent another segment of the industry. Brokers and wholesalers arrange to purchase space and services from all of the firms that serve travelers—carriers, hotels, restaurants, and attractions. Then they sell the services of these firms to the consumer, generally through retail travel agents in return for a commission on those sales. Travel wholesalers, such as American Express, often retail their own tours, but they also work with the retail travel agencies that sell the tour packages to customers in their local markets. Carriers (such as airlines and bus and rail operators) also have their own tour operations and act as wholesalers of package tours. Tour wholesalers purchase services at deep discounts. They make their package attractive by offering a retail price that is still significantly less than the cost of all the package elements if the traveler purchased them separately. Even after this discount, both the tour broker and the retail travel agent have a margin for their operating costs and profit.

Hotels (especially resort hotels) often profit handsomely from their associations with travel agencies. In return for the commissions they pay these agencies, the hotels have their properties represented in many communities. The travel wholesaler, too, can be important to hotels, because a listing in a wholesale package guarantees a listing with all of the wholesaler's retail affiliates. Some hotels, however, avoid travel

agent representation and the accompanying commissions if it produces, on balance, relatively little income.

RESERVATION NETWORKS

In the past, airline companies made airline reservations, and hotels and car companies made their own reservations. Travel agents called the appropriate reservation system to inquire about or reserve a seat, room, or automobile. The revolutionary development in the area of **reservation networks** has been the linkup of these systems. All of these reservation systems can communicate with one another on virtually a worldwide basis. Because nearly all travel agents have computer terminals linked to one or more of the airline systems, the emerging system has literally thousands of instantaneous selling points. More and more of these companies are offering online booking systems to Internet users. As a result, what is emerging is an even more competitive travel marketplace. Offering to book tickets is no longer enough for survival. Travel agents, increasingly, must use the tools of their information-rich environment and their expertise to provide services to consumers they cannot readily provide for themselves. Although the information revolution is making a great deal possible, it is not necessarily making it easy—and the information environment of travel is becoming increasingly complex. Ultimately, travel agencies and other intermediaries who make it possible for the consumer to choose intelligently from the many options now available will survive. Those who simply book tickets may not.

NONECONOMIC EFFECTS OF TOURISM

So far, we have stressed the economic structure and impact of tourism. As we will see, however, tourism has other impacts, both unfavorable and favorable, and certain **noneconomic effects**.

CROWDING

A successful tourist attraction may, in effect, self-destruct from its own success. One of the major potential problems of tourism is **crowding**: So many people want to see the attraction that its own success destroys its charm. Many students can probably think of one of their own personal experiences that could support this.



As one strays from the beaten path in places such as Grand Teton National Park, Wyoming, the effects of crowding are greatly diminished by the difficulty of access. (Courtesy of Corbis Digital Stock.)

At successful theme parks, this problem is addressed by designing places where guests will be waiting in line as “staging areas,” with interesting views and even live or mechanized entertainment to distract the visitors. Another theme park tactic is to have lots of cleanup help, so that paper, cigarette butts, and other trash never accumulate, thus reducing or eliminating some of the evidence of crowding.

Another example can be found in areas of scenic beauty, such as popular national parks, where trails often become more and more difficult as they progress. Most people turn around and return to the parking lot once the pavement ends, and even fewer continue once the unpaved trail actually becomes difficult to follow. In effect, reducing the amenities is a subtle form of rationing; the ultimate example of this is the wilderness area, where entrance is only on foot or by horse. Difficulty of access can thus reduce crowding. Another reaction to mass tourism and its impact is ecotourism, which is discussed further in the next chapter.

Along with crowding, tourism can result in noise, odors, and pollution. A special form of crowding is the traffic jam. In many areas, tourist traffic has increased, but the local infrastructure—roads, bridges, and airports, for instance—has not kept up. The result is traffic overload, causing delays and, in some cases, accidents and injuries as well. The traffic jam is equally annoying to visitors and local inhabitants. This is an especially serious problem in the developing world, where infrastructure was not highly developed in the first place. In the face of exploding traffic, the situation often becomes critical. Not surprisingly, people who live in a tourist attraction area may have mixed or hostile feelings about further development because of their concern for privacy, the environment, or just their ability to get safely to and from home on crowded highways. This can contribute to the love-hate relationship that often exists between tourists and locals.

Another possible impact of crowding is “crowding out.” For example, a beach or other scenic area formerly used by local people may be bought and its use restricted to paying visitors. This has happened on several Caribbean islands and, in some cases, resulted in the local populace’s becoming unfriendly or even hostile as they found themselves deprived of access to their beaches. This situation has led, in a number of instances, to sharp clashes between local people and visitors, an unfriendly environment, and a subsequent drop in the number of visitors. Another example, albeit an extreme one, is Mount Everest, where few people travel to (and climb) but that is experiencing the effects of the garbage left behind by trekkers. Because of the extreme weather, garbage can remain intact for decades. There are now policies in place for the removal of garbage.

These potentially unfavorable developments related to tourism give rise to the notion of “carrying capacity,” that is, the idea that an area can accept only a certain number of visitors without being made less desirable as a destination. That carrying capacity can be seen in terms of the physical infrastructure we discussed in an earlier section of this chapter, but the notion extends to social institutions as well.

FAVORABLE NONECONOMIC EFFECTS

Not all noneconomic effects, however, are necessarily unfavorable. Successful tourist destinations can often fuel local pride: Some tourist events, such as festivals and fairs, may even be staged to celebrate some aspect of the local culture. Agricultural fairs, for instance, which draw thousands—and sometimes hundreds of thousands—of visitors, celebrate a region’s agricultural heritage and its favored crops as well as provide important educational activities, such as 4-H meetings and contests.

In other cases, a local tradition may be observed. In a Portuguese community, it may be a blessing of the fishing fleet; in an area where many of German descent live,



Golf has become an increasingly popular vacation activity. (Courtesy of ClubCorp.)

it could be Oktoberfest. In these cases, adults are reminded of their background, and the young see their heritage dramatized as visitors come to admire it.

Another positive noneconomic effect occurs through volunteer tourism, a concept discussed in Global Hospitality Note 13.2.

Because of its importance to the hospitality industry, tourism is significant to students of hospitality management. However, even if this weren't your field of study, it would be important for you to know about tourism. This is because whatever problems tourism raises, its positive economic, cultural, and social impacts make it an important phenomenon of contemporary mass society.

Volunteer Tourism—or Voluntourism

Education and social status have long been motivations for travel, as have pleasure and sightseeing. Since the latter part of the twentieth century, tourists have begun to search for new and different forms of travel other than mass travel. Along with backpacking, adventure tourism, and ecotourism, volunteer tourism—commonly referred to now as **voluntourism**—has emerged as a popular type of alternative tourism. Voluntourism is often identified with international volunteering, social work, and conservation corps work.

Voluntourism generally covers these four major themes: nature based, community involvement, learning experience, and interaction/exchange. Voluntourism offers an opportunity to participate in various activities, such as scientific research, conservation projects, medical assistance, economic and social development, and cultural restoration. Actual activities can include translating, cooking, cutting wood, curriculum planning, and organic farming. In addition to these activities, the volunteer has an opportunity to take part in local activities and interact further with the community.

Volunteer opportunities cover all regions of the world with Africa, Asia, and Central and South America as some of the more popular locations. The tourism experience can take place in varied locations such as rain forests, conversation areas, developing communities, hospitals, and high schools.

Project duration can range from one to two weeks, to several months, to two years and beyond. According to McGehee and Santos,² although the interactions between volunteers and the locals may not be particularly lengthy, the intensity often makes up for the duration. The fact that volunteers often need to share meals, sleeping areas, training time, and even travel to and from sites suggests that there are many opportunities to exchange information and develop meaningful connections.

The volunteer activities are indeed mutually beneficial, benefiting locals and visitors. While providing much-needed community development, tourists themselves experience a direct interaction that creates changes in their values, consciousness, and lifestyle. It has a substantial impact on the personal development of the participants. They often feel empowered, feel that they have made a difference, and often become more confident in their ideas and beliefs. Thus, voluntourism can be viewed as a development strategy leading to sustainable development and centering the convergence of natural resource qualities.

Voluntourists are usually required to have free time and money to spend on sustainable development efforts. Voluntourists usually pay an amount that is more than an average tourist would expect to pay on a regular holiday to a similar location. Some organizations such as Earthwatch, Community Aids Abroad, and Youth Challenge International (YCI) often provide some international support or sponsorship programs. Information regarding volunteer travel opportunities is relatively easy to locate through student travel agents on the Internet. GoAbroad.com,³ for example, is a leading international education and experiential travel resource. Its directories contain over 25,000 opportunities abroad, including volunteer opportunities.

The voluntourism market segment includes tourists from all demographic groups and individual characteristics. High school students and early university students are the major part of the market. This explains why more and more youth development programs are integrated into volunteer programs. The nonprofit YCI, for example, provides the opportunity for over 4,000 17- to 25-year-olds from all over

the world to work on different projects in over 30 countries. The representatives of its SERR Project are generally college students with an average age of 21 to 22 years old.

A well-designed volunteer program requires collaboration from different tourism sectors (governments, private enterprise, local communities and organizations, conservation, nongovernmental organizations, and international institutions). To enhance the future of voluntourism, there is a need for tourism infrastructure, supply-led marketing, and the establishment and monitoring of the carrying capacities (environmental and cultural). Voluntourism introduces new business structures, new travel motivations, new experiences, and undeniably a new emerging type of tourist. It requires a people-oriented approach. In the future, it is believed that voluntourism can move the industry toward more ethical practices, helping to embed these tourists more richly in the local cultures so that they may gain a more thorough understanding of host values and traditions.

1. The information in this note was gathered from: S.Wearing, *Volunteer Tourism: Experiences That Make a Difference* London: CAB International, 2001). This note was originally prepared by Novie Johan, Graduate Research Assistant, and supplemented by information from www.voluntourism.org.
2. N. G. McGehee and C.A. Santos, "Social Change, Discourse and Volunteer Tourism," *Annals of Tourism Research* 32, no. 3 (2005): 760–779.
3. GoAbroad.com (www.goabroad.com).

SUMMARY

This chapter opened with a discussion of the reasons that tourism is important to the hospitality industry. We then explained why people are traveling more: changing use of leisure time, rising family incomes, and more middle-age people who have the time and money to travel.

The most common reason for traveling is pleasure, followed by business. More people travel by car than by any other means. Travel by air increased over the last ten years but is somewhat subject to price sensitivity when fares increase.

The economic significance of tourism is clear: Tourism ranks in the top three industries for total business receipts. Moreover, about 1 in 8 people is employed in an activity supported by travel expenditures. Indeed, communities seeking potential employers may profitably use tourism as an attraction.

The United States is a popular international tourist attraction; its popularity is often based on the value of the U.S. dollar versus that of other currencies as well as a number of other factors. International visitors to this country are an important means of improving the U.S. balance of payments and receipts as well as the U.S. employment outlook.

We have also examined other businesses serving the traveler, such as passenger transportation companies and travel agents. In looking at air travel, we considered

the competition between hub-and-spoke and point-to-point airline systems and the strengths and weaknesses of both. While discussing channels of distribution, we noted the impact that technological change is having on this industry, made up predominantly of small businesses. Finally, we closed the chapter by touching on the noneconomic effects of tourism, both unfavorable (such as crowding) and favorable (such as festivals, fairs, and the celebration of local traditions).

Key Words and Concepts

Tourism	Travel trade balance
Leisure	Hub-and-spoke system
Income	Point-to-point service
Demographics	Infrastructure crisis
Business travel	Channels of distribution
Pleasure travel	Travel agencies
Mode of transportation	Travel wholesalers
Common carrier	Reservation networks
Travel multiplier	Noneconomic effects
Tourism and employment	Crowding
Arrivals and departures	Voluntourism
Receipts and payments	

Review Questions

1. What is tourism, and which organizations does it include?
2. What are some of the factors that have caused the increase in tourism?
3. What are the main reasons that people travel?
4. Which age groups travel most, and what kinds of trips does each group take?
5. What are the recent trends in automobile and airline travel, and what are their causes?
6. Is tourism important economically to the United States? Explain.
7. What factors account for the improvement in the U.S. travel trade balance? What could threaten the favorable balance?
8. What are the relative advantages of hub-and-spoke and point-to-point airline systems? How does each work? Give examples of airlines that rely on each type of system.
9. Describe some of the favorable and unfavorable noneconomic effects of tourism.

Internet Exercises

1. **Site name:** eTurboNews

URL: www.eturbonews.com

Background information: Since the launching of eTurboNews in April 2001, readership has increased from 26,000 of mostly U.S. subscribers to more than 235,000 international subscribers in 215 countries and territories. This achievement places the site at the forefront of the industry, making it the largest international newsletter for the travel trade. Its database of readers is composed mostly of travel agents, tour operators, airline employees, cruise operators, resorts, and hotels. Both national and international government personnel, private tourism marketing organizations and associations, and more than 3,500 media companies and journalists subscribe to eTurboNews.

Exercises:

- a. Browse the eTurboNews Web site. List and describe five reasons why a tourism professional could benefit from the information on this Web site.
- b. Choose a recent travel and tourism news item, and lead a class discussion on the importance of that news item to the tourism industry.

2. **Site name:** Orbitz

URL: www.orbitz.com

Background information: Orbitz is an online travel company offering leisure and business travelers a wide selection of low airfares as well as deals on lodging, car rentals, cruises, vacation packages, and other travel. The site was created to address consumers' need for an unbiased, comprehensive display of fares and rates in a single location.

Site name: CheapTickets.com

URL: www.cheaptickets.com

Background information: CheapTickets is a leading seller of discounted leisure travel products online through its Web site. CheapTickets provides consumers access to its collection of airfares and discounted travel products to include hotel accommodations, cruises, rental cars, vacation packages, condo rentals, and "Last Minute Trips."

Site name: Travelocity

URL: www.travelocity.com

Background information: Travelocity is an online travel company featuring deals on flights, hotels, cars/rail, cruises, last-minute packages, and a variety of vacation activities.

Site name: Expedia

URL: www.expedia.com

Background information: Expedia delivers consumers everything they need for researching, planning, and purchasing a whole trip. The company provides direct access to one of the broadest selections of travel products and services to include airline tickets, hotel reservations, car rental, cruises, and many other in-destination services from a broad selection of partners worldwide.

Exercises:

- a. Describe the services these Web sites provide as compared with the services of a travel agency.
- b. What are the benefits and drawbacks of using these Web sites versus using a travel agency to plan a trip?
- c. What role do these Web sites play in the overall travel/tourism distribution system?

3. Site name: Priceline.com

URL: www.priceline.com

Background information: Priceline.com is a travel service where you can choose your exact flights and times or name your own price and save even more.

Site name: Hotwire.com

URL: www.hotwire.com

Background information: Hotwire's mission is to offer low prices on travel and lodging.

Exercises:

- a. What are the similarities and differences between these two Web sites from the standpoint of the services they provide?
- b. How do these two Web sites differ from Orbitz, CheapTickets.com, Expedia, and Travelocity?
- c. What role do these Web sites play in the overall travel/tourism distribution system?

4. Site name: U.S. Department of State

URL: www.state.gov

Background information: The Department of State leads the United States in its relationships with foreign governments, international organizations, and the people of other countries. It aims to provide a more free, prosperous, and secure world.

Exercises:

- a. What international travel services/information does the U.S. Department of State provide on its Web site?
- b. The Department of State issues "Consular Information Sheets" for every country of the world. What information is contained on these information sheets, and why is it valuable for an international traveler?
- c. What travel tips does the Department of State issue for the following groups of Americans when they travel abroad:
 - i. Older Americans
 - ii. Students

- iii. Women traveling alone
 - iv. Travelers with disabilities
 - d. What travel tips are provided for our neighboring countries of Canada and Mexico?
- 5. Site name:** World Tourism Organization (WTO)
- URL:** www.world-tourism.org
- Background information:** The World Tourism Organization is a specialized agency of the United Nations and is the leading international organization in the field of tourism. It serves as a global forum for tourism policy issues and practical source of tourism know-how.
- Exercises:**
- a. One of the programs of the WTO is “market intelligence and tourism promotion.” What are the objectives for this program?
 - b. What is the “Global Code of Ethics for Tourism,” and what are the ten principles included in the code?
 - c. What services does the WTO provide for its members?

Notes

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