

Measuring Economic Impact: New Era Dawns

The science of measuring the impact of travel and tourism on national economies is to gain a new impetus in June 1999 when a global conference on the subject convenes in Nice, France. Organised by the World Tourism Organization (WTO), the conference will begin the process of educating national tourism authorities on how to measure spending by tourists, as well as investment in tourism businesses and facilities and tourism jobs. In the last 10 years, such measurement studies have been conducted by private sector groupings that have charged thousands of dollars for it. Now, the WTO wants to teach NTAs how to handle it themselves in cooperation with their central banks, national statistical institutes, the private sector and other entities responsible for collecting data. Not only can this data be updated every year, but creating a standard calculating methodology allows figures to be compared among countries.

Three Years of Growth Gone

The East Asia and Pacific region had declines in both international visitor arrivals and tourism receipts, according to the latest statistical estimates of the World Tourism Organization. Visitor arrivals to the region slipped for the second year in a row in 1998 with the region's total of 86.9 million visitors dropping by 1.2 percent over 1997, the year the economic crisis began. Tourism receipts were down to US\$73.7 billion a drop of 3.8 percent. The region's share of global visitor arrivals and receipts is now respectively 13.9 percent and 16.6 percent, about the same as in 1993. South Asia, on the other hand, grew its number of arrivals by 5.0 percent during 1998, more than twice the rate of the world as a whole. Tourism receipts also grew at better than the world rate (2.8 percent for South Asia, 2.0 percent for the world) to reach US\$4.4 billion.

Global Economy — The Danger

"Despite all [the global economic upheavals], the U.S. economy is growing in leaps and bounds. Here lies the real danger — with most of the 'eggs in the US basket,' it is clear that the world economy is out of kilter." Thus warned Mr. Sidney Perez, President of the ECTAA (a group of national travel agents' and tour operator' associations within the E.U.). He continued: "So are we heading for a world recession? Many of the pundits believe we are — the main debate is when, and whether the economic slowdown will be a controlled soft-landing or a crash." He cited the following findings of a January 1999 economic report issued by the U.K. Centre for Economic and Business Research.

- Currently, there is enough momentum in the system to keep the world economy moving forward but there are prospects of world economic growth going negative around 2000 or 2001.
- It is likely that if the world moves into a recession, that it will be a controlled soft landing.
- We will continue to live in a world of low inflation and low interest rates.
- With sluggish world growth and continuing consolidations of business, the levels of unemployment will increase.
- European growth will be damaged by falling exports, particularly to the emerging markets and as a result of price competition from countries with devalued exchange rates.
- As European growth slows and unemployment increases, there will be a gradual loss of consumer confidence. Mr. Perez added, "Should these forecasts be correct, then the manner in which a global downturn can be best managed on a national or regional basis becomes the big debate. Invariably, such an economic commentary is tinged with political overtones."

Regional Results

Following is a tabular account listing aggregate international visitor arrivals to many destinations within the Pacific Asia region; figures are preliminary.

Country	Period	1997	1998	% Change
Australia	Jan-Dec	4,317,870	4,167,206	-3.5
Bangladesh	Jan-Mar	51,575	51,679	0.2
Cambodia ¹	Jan-Dec	218,843	186,333	-14.9
Canada ²	Jan-Dec	45,076,168	45,503,900	7.6
Canada ³	Jan-Dec	17,776,754	18,983,100	6.8
China (PRC) ⁴	Jan-Dec	57,587,923	63,478,401	10.2
China (PRC) ⁵	Jan-Dec	7,428,000	7,107,747	-4.3
Chinese Taipei	Jan-Dec	2,372,232	2,298,706	-3.1
Cook Islands	Jan-Dec	49,964	48,629	-2.7
Fiji	Jan-Nov	329,160	340,618	3.5
Guam ⁶	Jan-Sept	1,069,348	892,700	-16.5
Hawaii	Jan-Nov	2,871,000	2,578,429	-10.2
Hong Kong, China	Jan-Dec	10,406,261	9,574,711	-8.0
India	Jan-Dec	2,374,094	2,361,234	-0.5
Indonesia	Jan-Nov	3,891,556	3,252,861	-16.4
Japan	Jan-Nov	3,937,217	3,803,869	-3.4
Korea (ROK)	Jan-Dec	3,908,140	4,258,661	9.0
Lao PDR	Jan-Jun	214,892	217,675	1.3
Macau	Jan-Nov	6,429,767	6,342,961	-1.4
Maldives	Jan-Aug	232,801	254,647	9.4
Mexico	Jan-Dec	19,351,000	19,293,000	-0.3
Myanmar ⁷	Apr-Dec	126,653	126,374	-0.2
New Caledonia	Jan-Nov	94,716	93,839	-0.9
New Zealand	Jan-Dec	1,497,183	1,484,512	-0.8
Northern Marianas Islands	Jan-Dec	694,888	488,889	-29.6
Palau	Jan-Dec	73,719	64,194	-12.9
Papua New Guinea	Jan-Sep	48,986	50,460	3.0
Philippines	Jan-Nov	1,988,829	1,932,248	-2.8
Samoa	Jan-Aug	45,232	49,332	9.1
Singapore	Jan-Dec	7,197,963	6,240,984	-13.3
South Africa	Jan-Sept	4,174,240	4,259,566	2.0
Sri Lanka	Jan-Nov	327,237	335,961	2.7
Tahiti	Jan-Dec	180,440	188,933	4.7
Thailand	Jan-Dec	7,221,345	7,764,930	7.5
Tonga	Jan-Dec	26,162	27,132	3.7
USA	Jan-Sept	32,813,969	31,321,510	-4.5
Vanuatu	Jan-Sept	36,951	38,857	5.2
Vietnam	Jan-Dec	1,715,637	1,520,128	-11.4

Source: NTOs and government statistical offices.

¹ Tourist Arrivals by air, 1998 data includes direct flights BKK-Siem Reap-BKK. ² Includes excursionists. ³ Excludes excursionists. ⁴ Total arrivals.

⁵ Excludes arrivals from Hong Kong, China; Chinese Taipei; Macau; and Overseas Chinese. ⁶ Air arrivals only. ⁷ Foreign arrivals through Yangon Airport.

Technology: Sixfold Growth in Internet Bookings

Travel bookings over the Internet in Europe have multiplied six times in 1998, reports the European travel monitoring and research firm IPK International. While the number of bookings is still small, the trend is clear. The travel trade is maintaining its hold only in terms of inclusive holidays. Accommodation-only bookings were down 9 percent, mainly due to the impact of technology, IPK reported. Germany alone is expected to have 12 million Internet users in 1999 and by 2001, one in four German homes will be connected to the Net, according to the German Travel Agents Association DRV. While agreeing that this will have an impact on travel agents and tour operators, DRV President Mr. Gerd Hesselman says they will not disappear but continue to cater to the many customers who prefer "the personal contact of a travel agency." Agents themselves will use the opportunities of the Internet "to optimise costs, improve the level of advice, develop the range of services intended to meet all of the potential traveller's requirements, and to create a stronger presence at local and international levels."

Goodbye Sun-Sea-Sand

Kiss goodbye to the standard "three-s" nomenclature of the travel and tourism industry. "Sun, sea and sand" has now been replaced, at least for the experienced German holiday-makers, with "security, sanitation and satisfaction." Dr. Wolf Michael Iwand, Director Environment of the giant German tour operator TUI, unveiled this new epithet at the TUI Environmental Forum, the ninth consecutive such event organised at ITB. Security, he said, included natural disasters such as hurricanes, avalanches, floods and forest fires; sanitation includes hygiene and food, drinking water and waste disposal; and satisfaction in terms of the full holiday experience, including service and scenery. "Those who fail now — and in future more so — to adapt their traditional product promises to these three new 'S's' will lose customers," Dr. Iwand warned.

Tourism vs. Culture: Call to Invest in Its Own Success

The UN Educational, Scientific and Cultural Organisation (UNESCO) picked up cheques worth US\$90,000 for conservation of two of its World Heritage Sites just hours before its Director-General

Federico Mayor became the first head of UNESCO to deliver the keynote speech at the opening ceremony. Ten years ago, UNESCO launched "Memories of the Future," a project designed to involve hotel chains and tour operators in the safeguarding of cultural and heritage sites that continue to attract more and more tourists each year. As tourism numbers mount globally, and money from governments runs dry, UNESCO is stepping up its pitch to the private sector to "invest in its own success and ensure that the sites that attract their clients today will continue to do so in future."

UNESCO has 582 World Heritage Sites, which would cost about US\$1 billion to preserve, but a spokesman said the strategy is to break up the projects into smaller components and then seek funding for each component, rather than an entire project. Thus, SAS-Radisson contributed US\$40,000 for protection of Petra, Jordan, and the Accor group US\$50,000 for Angkor. French tour operator Jetour announced a scheme to charge tourists going specially to Macchu Picchu in Mexico an extra US\$5 to be donated specially for preservation of the site.

Asked somewhat abrasively, by a journalist, of the multinational companies that were contributing money just for self-publicity, SAS Radisson Chief Executive Kurt Ritter replied, "Would you rather that we not give the money?"

Media: It Spares No One

Pacific Asia countries that complain about getting short shrift from the European media need not take it personally. Consider these headlines on the front page of the first day of the TTG ITB Daily:

"Turkish Resorts on alert over bombers — Tourist Chief urges tighter security as Kurdish terrorists threaten attacks"
(lead story)

"Blackmail killer hits Spanish beaches"
(second lead)

"Operators demand urgent talks on Uganda massacre"
(third lead)

At the Africa Forum, the tourism minister of Ghana complained that Africa is painted in the print and electronic media of the developed world "as a continent full of disease, squalour, poverty, environmental hazards, poor sanitation, non-existent health facilities and roads, political turmoil, wars and ethnic conflicts." Deutsche Welle, the German TV station,

organised a panel discussion at which delegates of countries described as “victims of the media” traded barbs with correspondents and producers. The “victims” gave as good as they got. The Turkish delegate said that far more Turks are attacked in Germany than Germans ever have been in Turkey. Holding his own was Mr. I. Gede Ardika, Director-General of Tourism, Indonesia. After listening to claims about how “some countries” show no transparency or accountability in confronting their problems, he said, “What do you mean by transparency, anyway? To me, transparency is like a belly dancer — you can show a lot but the most important parts you cannot see.”

New Market: Chance for Asia to Tap the Young

Asia is to gain a higher profile for the global youth travel market with the convening of the World Youth and Student Travel Conference in Bangkok between September 26 and October 2, 1999. About 900 executives are expected for the conference, the first in Asia since the Federation of International Youth Travel Organisations and the International Student Travel Confederation agreed to merge their annual congresses. Also included in the young people’s conference are associations of au pairs and language studies. WYSTC Secretary-General Mr. Peter de Jong dismisses claims that the young and student travellers, including many backpackers, are low-spending travellers. They may not spend much on a daily basis, he stresses, but they stay much longer than group or FIT visitors, stay in locally-owned hostels, eat in small food shops and leave much more behind at the grassroots of tourism.

About 53 million young people are estimated to be taking holidays within Europe, and about seven million are travelling overseas. Holding the conference in Bangkok will both raise the awareness of the entire Mekong and ASEAN regions among the youth market and allow establishment of contacts to promote outbound from Asia to other parts of the world. De Jong notes that the Japanese, once follow-the-flag group tourists, are now mature travellers, seen cycling comfortably around Europe or staying in youth hostels of Australia. Chinese young people will follow suit within a generation, he says. This entire cycle of two-way demand is expected to be ignited by the WYSTC convention. De Jong is urging the Pacific Asia tourism industry seeking to tap the inbound/outbound potential of this market to participate and exhibit. Look up www.istc.org or www.fiyto.org.

Hotels: Awaiting the Great Sale

Hundreds of hotels are available for sale in Asia due to the economic crisis but says Westin CEO Mr. Jürgen Bartels, they will only be offloaded in a flurry when the banks begin “pushing them into bankruptcy” and then selling them. At the moment, that is not happening. “The banks have not taken the initiative,” Mr. Bartels told a press conference. “Right now, there is only talk. The banks have not pushed the hotels into bankruptcy yet. They are foregoing their interest rates and don’t want to own them. When they are willing to own them, there will be a flurry [of hotel sales].” When the time comes, at least some of these hotels will be bought by Strategic Hotel Capital, a company partly owned by Goldman Sachs and Prudential Insurance to invest in the lodging business. The company has already spent US\$2.3 billion from its shareholders’ equity to buy 23 luxury-range hotels in the U.S. and three in Europe. It has a war chest of another US\$1.25 billion to buy more. In Asia, CEO Mr. Laurence Geller says Strategic Hotel Capital can wait until the price is right, a luxury it can afford because only 20 percent of its portfolio involves borrowings. At ITB, Mr. Geller announced he had just bought the Essex House Hotel in New York and converted it into a Westin. The purchase price was not announced but about US\$225 million is to be spent on repositioning it.

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