

## TOURISM AS AN ECONOMIC PHENOMENON OF XXI CENTURY – WORLDWIDE LITERATURE REVIEW

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- tourism,
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### Abstract:

The paper concerns importance of tourism phenomenon as a great tourism industry from economic perspective. Tourism industry brings huge profits in the whole world because of many branches and disciplines connected with the industry. The main aim of the paper is to emphasize significance of tourism economy and its key players.

### INTRODUCTION

Tourism is the world's largest industry and so is of vital importance to the global economy. The significance of tourism is rising continuously. Its performance is reflected in the world's economy. But it depends on the level of the country's development as well as on its primary potential. Thanks to tourism, more developed European countries perform a high share in GDP [Gburowa, J., Matusikova, D., & Benkova, E. 2015: 20-23]. Its contribution has risen dramatically over recent decades. The World Travel and Tourism Council (WTTC) [www.wttc.org available at: 2.06.2013.] estimates that in 2018 travel and tourism are directly and indirectly responsible for generating 11.3 % of world GDP and 269 million jobs across the global economy. The economic figures cited show that tourism has grown to be an activity of worldwide importance and significance. For a number of countries, tourism is the largest commodity in international trade. In many others, it ranks among the top three industries. Tourism has grown rapidly to become a major social and economic force in the world. Besides, in tourism marketing, customer loyalty is a crucial issue as marketing in all areas. It is a well-known fact that keeping customers is less expensive than creating new ones. The success of tourism destination depends mostly on the ratios of its repeat customers. However, the novelty drive is an underlying motivation for tourism and leads to variety seeking behaviour which is seen as the opposite of repetitive buying behaviour. Tourism is vital for many countries because of the large intake of money for businesses with their goods and services and the employment opportunities in the service industries associated with the tourism.

This paper is intended to give basic information about tourism sector as a general and to emphasize the importance of tourism as an industry and service sector by world tourism statistics of UNWTO.

Tourism is travel for recreational, leisure or business purposes. Most of scholars agree that tourism involves a trip away from home that is done for pleasure and ends with a return to the traveler's point of origin. The word "tourist" comes from the Greek word *tornos* which means making a circle. The word 'tourism' emerged from the custom of the English wealthy classes, who sent young people on extensive circuits of continental Europe to finish their education [Leiper 1979: 100]. According to definition of the World Tourism Organization tourists are people who "travel to and stay in places outside their usual environment for more than twenty four hours and not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited".

The other definition which views tourism as a sociocultural phenomenon concludes that “Tourism is the study of man (the tourist) away from his usual habitat, of the touristic apparatus and networks, and of the ordinary (non-tourism) and nonordinary (tourism) worlds and their dialectic relationship” [Jafari 1987: 158]. Now, tourism involves almost all aspects of the human society and has multidisciplinary nature. Many researchers have tried to define tourism from different perspectives. Services have been defined by Kotler and Armstrong [1994] as an any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. There is general consensus that services have unique characteristics that differentiate them from goods and there should be different marketing strategies for services and goods. Tourism has also number of characteristics that distinguish it from physical goods.

**Inseparability:** production and consumption of tourism services are inseparable. Tourism services are sold first and then produced and consumed simultaneously at the same place and time. As a result, to a greater or lesser extent customer need to be present when the service is being performed even customers have to carry out part of the service delivery process sometimes.

**Perishability:** tourism product is perishable because it cannot be stored for sale at a later date. ‘Lack of transferable ownership’ is another dimension of this characteristic according to Gronroos [1988]. Perishability creates particular marketing and sales needs.

**Heterogeneity:** the interaction between customer and the front-line member of staff is very important aspect in order to manage the service delivery process. As a result, services are almost never the same. Becker [1996] suggests that many delivery service processes require a high level of labour input; therefore spontaneity from front-line employees is possible.

**Intangibility:** tourism services are primarily intangible which means that tourism services do not have any physical dimensions. Tourism services cannot be displayed, sampled, tested, or evaluated before purchase.

**Ownership:** when purchasing a service, the buyer generally does not obtain ownership of anything. In tourism industry, a customer is merely given the right to use the service for a limited period of time.

## **ECONOMIC IMPORTANCE OF TOURISM INDUSTRY**

By the end of the 20th century tourism became the industry of primary importance for the world economy. Tourism industry has showed one of the fastest growing economic sectors in the world at the beginning of the 3rd millennium and much more attention devoted to tourism. For some countries, tourism became the first source of income and foreign currency, and many local economies heavily depend on tourism. From a positive perspective, tourism has provided an important source of income and employment. Tourism increases spending in destinations and also additional demand on services are required as a result of tourism. The economic impact of tourism results from the balance of these costs and benefits [Pearce 1989: 120]. Studies investigating the economic impact of the tourism have concentrated primarily upon the impact of visitor expenditures, the multiplier effect of expenditures, and the employment that is generated as a result of tourism [Butler 1974, Mason 2003].

World Tourism Organization (UNWTO) points out the data below which shows the contribution of tourism to economic well-being:

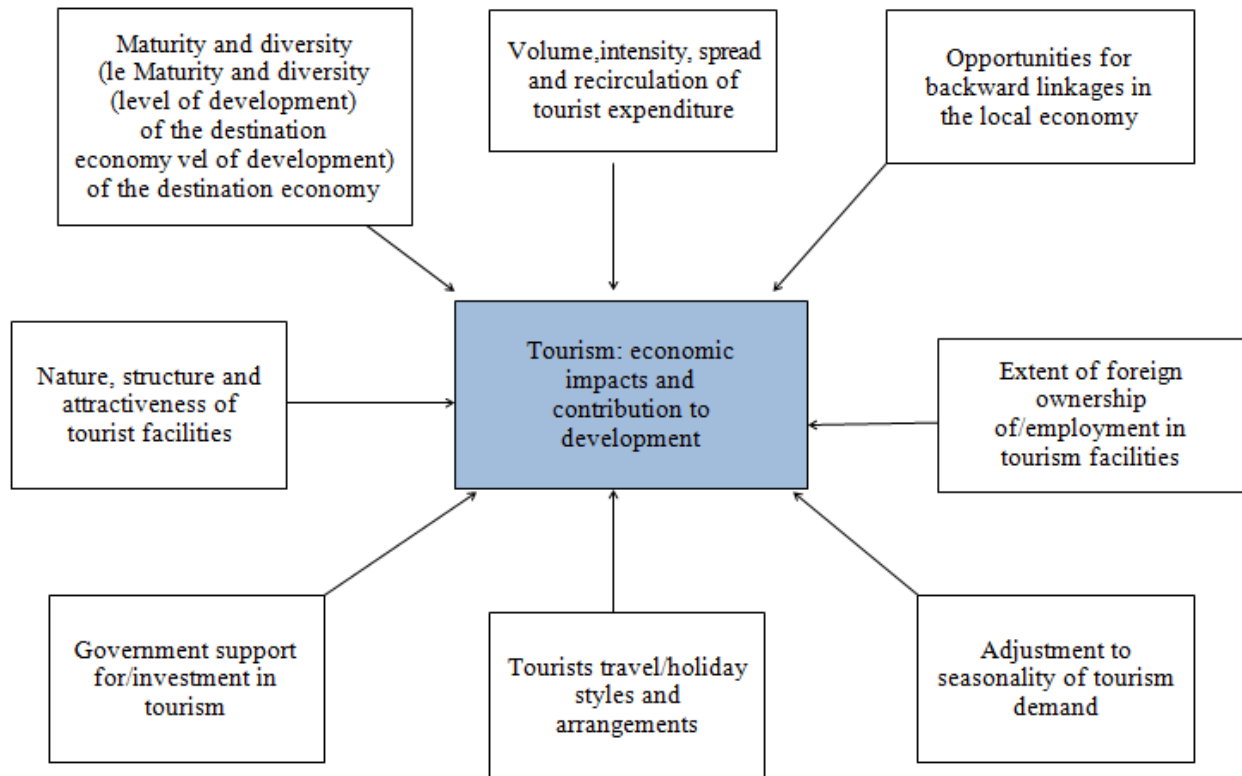
- from 1950 to 2010, international tourism arrivals expanded at an annual rate of 6.5%, growing from 25 million to 806 million travellers,
- income generated by these arrivals grew at an even stronger rate reaching 11.2% during the same period, outgrowing the world economy, reaching around US\$ 680 billion in 2012,

- while in 1950 the top 15 destinations absorbed 88% of international arrivals, in 1970 the proportion was 75% and decreased to 57% in 2005, reflecting the emergence of new destinations, many of them in developing countries.

Additionally, UNWTO reports the following data about tourism sector.

- worldwide arrivals reached 842 million in 2006, representing a 4.6% year on year growth,
- 2007 looks set to be the fourth consecutive year of sustained growth for a global tourism industry that continues to show its resilience to any natural or man-made crises,
- UNWTO predicts 4% growth of international tourist arrivals in 2007, in line with its long-term forecast growth rate through to 2020 of 4.1%,
- by 2020 international arrivals are expected to surpass 1.5 billion people.

Tourism undoubtedly makes a measurable contribution to destination economies. The figure 1 below which is adapted from Lea and Mathieson & Wall shows the factors that influence the economic impacts of tourism.



**Figure 1.** Factors that influence the economic impacts of tourism.

Source: Adapted from Lea (1988); Wall and Mathieson (2006: 90) Lea, J. (1988). "Tourism and Development in the Third World". London: Routledge. Wall, G., Mathieson, A. (2006). Tourism: Change, Impacts and Opportunities. Pearson.

The World Tourism Organization reports the following ten countries as the most visited in between 2010 and 2012 by number of international travellers. Most of the top visited countries belongs the European continent. When compared to 2010, Malaysia entered the top ten list, surpassing Russia, and in 2011 surpassed Germany. In 2012 the U.S. displaced Spain from the second place.

**Table 1.** Key players in tourism industry

Rank	Country	Regional Market	International Tourist Arrivals (2012)	International Tourist Arrivals (2011)	International Tourist Arrivals (2010)
1	France	Europe	83.0 million	81.6 million	78.9 million
2	United States	North America	67.0 million	61.7 million	51.0 million
3	China	Asia	57.8 million	57.6 million	58.2 million
4	Spain	Europe	57.7 million	61.2 million	49.9 million
5	Italy	Europe	46.4 million	46.1 million	41.1 million
6	Turkey	Europe	35.7 million	34.7 million	30.7 million
7	Germany	Europe	30.4 million	28.4 million	18.9 million
8	United Kingdom	Europe	29.3 million	29.3 million	18.9 million
9	Russia	Europe	25.7 million	22.7 million	23.5 million
10	Malaysia	Asia	25.0 million	24.7 million	21.4 million

Source: (<http://en.wikipedia.org/wiki/Tourism> available at: 30.06.2014.)

In 2012, there were over 458 million international tourist arrivals, with a growth of 1.9% as compared to 2011. International tourism receipts grew to US\$126 billion in 2012, corresponding to an increase in real terms of 1.8% on 2011. Total receipts in 2012 reached a record of US\$1.1 trillion, or over US\$3 billion a day when the export value of international passenger transport receipts is accounted for.

The World Tourism Organization reports the following countries as the top ten tourism earners for the year 2012. It is noticeable that most of them are on the European continent, but the United States continues to be the top earner.

**Table 2.** Top earners of tourism industry

Rank	Country	Regional Market	International Tourist Arrivals (2012)	International Tourist Arrivals (2011)	International Tourist Arrivals (2010)
1	United States	North America	\$126.2 billion	\$115.6 billion	\$95.7 billion
2	Spain	Europe	\$55.9 billion	\$59.9 billion	\$51.1 billion
3	France	Europe	\$53.7 billion	\$54.5 billion	\$56.3 billion
4	China	Asia	\$50.0 billion	\$48.5 million	\$38.1 billion
5	Macau, China	Asia	\$43.7 billion	\$38.5 billion	\$33.9 billion
6	Italy	Europe	\$41.2 billion	\$43.0 billion	\$38.8 billion
7	Germany	Europe	\$38.1 billion	\$38.9 billion	\$33.7 billion
8	United Kingdom	Europe	\$36.4 billion	\$35.1 billion	\$27.8 billion
9	Hong Kong, China	Asia	\$32.1 billion	27.7 million	\$26.9 billion
10	Australia	Oceania	\$31.5 billion	\$31.5 billion	\$26.6 billion

Source: <http://en.wikipedia.org/wiki/Tourism> (available at: 30.06.2014.)

## **SOCIO-CULTURAL CHANGES AS A RESULT OF TOURISM**

There are made many survey research and case studies in destinations in order to demonstrate socio-cultural changes as a result of tourism. There is a general consensus about the association of tourism development consistently with certain cultural impacts. Also, Mathieson and Wall [1982] in their pioneering book, highlighted the nature of tourist impacts in both physical and socio-cultural terms. These socio-cultural impacts result from two main sources: visitor interaction with residents and the destination, and the development of infrastructure. The type and the amount of impact can vary greatly depending on the characteristics of the destination and characteristics of the visitor [Keogh 1989: 25]. According to UNWTO, socio-cultural impacts are more evident in tourist destinations in

developing countries, where the difference in cultural and economic characteristics between local people and, primarily, relatively wealthy Western tourists is likely to be greatest.

UNESCO study [1976] also shows the relationship between hosts and guests which is characterized by four major features by First, they involve transitory relationships. Visitors are only in a community for a short period, so any interaction between hosts and guests has little chance to progress beyond casual and superficial levels. Second, there are temporal and spatial constraints to visitor-host interaction. Visits are usually seasonal and nonrepeated events, so the hospitality business often becomes exploitative to take advantage of this situation. Tourism facilities and services are frequently concentrated in a few locations, due to the locational pull of outstanding attractions and the destination community's desire to minimize the disruption of other activities. Third, with the development of mass tourism visitor-resident meetings lack the spontaneity associated with individual schedules. Most contacts are now arranged via package tours, planned attractions, or even 'arranged' meetings. Such meetings are controlled events and often become commercial arrangements. Fourth, when visitors and residents meet it is generally an unequal and unbalanced experience. Residents often feel inferior when they compare their situation to a visitor's apparent wealth and can become resentful at the contrast. Furthermore, the visitor is on holiday and enjoying novel experiences while for the residents such events have become routine, and represent work not fun.

## **CONCLUSIONS**

To sum up, the travel and tourism industry is one of the world's largest industries with a global economic contribution (direct, indirect and induced) of almost seven trillion U.S. dollars in 2013. The direct economic impact of the industry, including accommodation, transportation, entertainment and attractions, was approximately 2.2 trillion U.S. dollars that year. A number of countries, such as France and the United States, are consistently popular tourism destinations, but other, less well-known countries are quickly emerging in order to reap the economic benefits of the industry.

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