The Tourism Satellite Account (TSA): context and benefits

UNWTO Statistics and Tourism Satellite Account Programme

Barbados
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Overview

UNWTO mandate

You manage what your measure! About measuring tourism

Measuring tourism:
- “traditional” measures of tourism
- the conceptual framework for measuring tourism: the *International Recommendations for Tourism Statistics 2008*
- the economic measurement of tourism: TSA

Enabling economic impact analysis: an added benefit of TSA

Conclusion
UNWTO’s role in tourism statistics

UN mandate

"The United Nations recognizes the World Tourism Organization as the appropriate organization to collect, to analyse, to publish, to standardize and to improve the statistics of tourism, and to promote the integration of these statistics within the sphere of the United Nations system."

1. Striving for **international comparability**, through development of **standards**

2. Securing **international comparability** through the implementation of standards, compilation of international data and indicators,

3. Dissemination, encouraging analysis and use by tourism stakeholders

4. Direct support to countries: Capacity Building and technical assistance

Statistics is more than numbers: it is a process
You manage what you measure!

If you can **measure** it, you can **manage** and **improve** it!

- Measurement
- Analysis
- Policy/Strategy Formulation
- Implementation and Monitoring
- Evaluation

“Statistics permeate modern life. They are the basis for many governmental, business and community decisions”

Ban Ki-Moon, UN Secretary-General, on World Statistics Day (2010)
About why *tourism* has to be measured

- Can managers disregard the (economic) importance of tourism?

- Understanding tourism is not straightforward: need to go beyond physical flows of visitors or accommodation data

- Reasons:
  - Tourism expenditure and relations to economic growth and jobs
  - Tourism as an economic sector: establishments produce goods and services supplied to visitors
  - Significant contributor to environmental, economic, and social changes

- Understanding the importance of having to measure tourism are:
  - NSOs, Central Banks and international trade negotiators, NTAs
The “traditional” measures

- Physical flows

- Approximations from the Balance of Payments
A conceptual framework for standardizing the measurement of tourism

Having data and indicators is important, but before being able to do so, a solid conceptual framework is needed → credibility of tourism

Until recently, the absence of standards led people to develop their own concepts, definitions, classifications: comparison not possible and poor basis for policy...

1. In order to be comparable between countries and over time, the measurement of tourism, like that of other (economic) activities required an international consensus (to be meaningful and realistically applicable across countries)
   - This meant agreeing on concepts, definitions and classifications
   - Not just international head counts and aggregate monetary flows, but also visitor characteristics, the products they acquire, the industries that cater to them, domestic tourism flows, the employment related to tourism, etc.

2. In order to be credible as an economic phenomenon and comparable to other economic sectors and industries, tourism needed a link to standard economic measurement (i.e. System of National Accounts)
   - This meant setting up a Satellite Account framework for tourism
The 2008 international consensus supported by all UN countries and ILO, IMF, World Bank, WTO, European Commission

- **IRTS 2008**: concepts, definitions, classifications for basic tourism statistics
- **TSA: RMF 2008**: framework for the economic measurement of tourism consistent with SNA, BoP

Credible, comparable statistics

Tourism as an economic sector (i.e. GDP, etc.)

System of Tourism Statistics
Tourism activity in more holistic terms: *The Compendium of Tourism Statistics*

- Insight of tourism’s multiple facets – 145 indicators, 209 countries: *Inbound, outbound, domestic tourism, tourism industries and employment; and macroeconomic indicators*

- Enables the analysis of: *one country’s current situation; one country’s historical evolution since 1995; many countries at a point in time; many countries over time*

- Useful tool for advocacy, marketing policy design, results-based management and strategy

- Updated every year – the 2013 Edition coming soon!
The Economic Measurement of Tourism: TSA

- A framework that enables measuring tourism in the same way as “traditional” economic activities (e.g. manufacturing, agriculture)

- Because tourism cuts across a range of industries, it is “hidden” in other industry activities
  - By linking the actual demand of visitors to the industrial activities that cater directly to them, the TSA identifies the “tourism component” in each of these industries

- A statistical tool consisting of 10 tables, each representing a different aspect of tourism’s contribution to the economy:

<table>
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<tr>
<th>Tables</th>
<th>Description</th>
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<tbody>
<tr>
<td>1-3</td>
<td>Expenditure of Inbound, Domestic tourism and Outbound tourism</td>
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<td>Consumption</td>
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<td>5</td>
<td>Production (by tourism industries)</td>
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<td>6</td>
<td>Demand meets supply: Gross Value Added (GVA), Gross Domestic Product (GDP) attributable to tourism</td>
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<td>Government consumption</td>
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<td>10</td>
<td>Non-monetary indicators</td>
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Tourism Satellite Account: what is it?

**Tourism**: a TSA is about tourism and only tourism. It observes the definitions of “visitor”, “trip”, “tourism” in IRTS 2008.

**Satellite**: a TSA is satellite to a larger body, the System of National Accounts (SNA), that enables “zooming in” on tourism. It observes the concepts, definitions and relationships of SNA, so that its results are expressed in the same terms: Value Added, Gross Domestic Product, etc.

**Account**: a TSA consists of a set of tables that record observations and counts of certain economic activities, such as values of products supplied by tourism industries, employment in these industries, and inbound visitor expenditures.

- TSA ≠ “model” (i.e. an approach to simulating visitor spending and deriving tourism receipts and employment over various industries)
- TSA produces measurements of the direct economic contribution, models can use TSA data to derive indirect, induced effects
TSA: general benefits

- 1st official, objective, credible measure of tourism’s economic contribution
- Helps raise profile of tourism and awareness of its economic importance by providing information not previously available
- Provides comparable measures between countries, over time, and to other economic sectors
- Provides government and private sector with powerful advocacy tool
- Its production requires good quality data, and usually leads to improvements in underlying or related statistics
- Requires close working relations between keystakeholders, thus can improve relationships and understanding
- Strong foundation for further research, e.g. calculating the indirect effects

➢ Benefits of TSA depend on the users
TSA: benefits to public sector

Accurate figures on which to base policy and decisions

- Better understanding and monitoring of the sector from an “industrial” perspective
- Suggesting new approaches to destination marketing
- Mainstreaming tourism policy within general evidence-based economic policies
- Opening new avenues of public-private sector cooperation and developing non-traditional partnerships
- Facilitating closer inter-departmental liaison and cooperation
- TSA is a powerful advocacy tool for National Tourism Administrations
TSA: benefits to private sector

- Advocacy (for the first time a measure of tourism’s economic importance is objective and credible), especially vis-à-vis other sectors

- Identifying the composition of the sector (what industries provide goods and services to visitors and to what extent)

- Identifies component industries’ dependence on tourism

- Helps understand how the market is evolving (by providing consistent time series that reflect the composition of demand and supply)

- Assists in redirecting marketing activities, demonstrating how the market is evolving and changing

- Provides input to analysis of the strengths, weaknesses, opportunities and threats, supporting better planning of tourism development
TSA: benefits to data producers, researchers

Data producers:
- TSA implementation can strengthen the overall national statistical system through:
  - interagency cooperation
  - the building of capacity
  - identification of gaps or inconsistencies in underlying/related statistics and their improvement
  - standardization of statistical methodology
  - development of statistical infrastructures (periodic surveys, etc.)
  - strengthening international comparability
- Increased public recognition of the importance of tourism statistics and justification for resources in this area
- Raising the interest of donor entities

Researchers:
- The quality of research produced can only be as good as the data it is based on
Enabling economic impact analysis: an additional benefit of TSA

- TSA, in itself, does not provide economic impacts but enables calculating them:
  - Economic contribution of tourism: size and significance of the sector within the economy → direct effect; provided by TSA
  - Economic impact: refers to changes in the economy resulting from specific events or activities that comprise a “shock” to tourism demand or supply → direct, indirect and induced effects; requires an economic model

- Economic impact analysis:
  - TSA + Economic modelling (like Input-Output, CGE) = Economic impact analysis:
    - Estimates changes to an economy from a shock (like an event, policy)
    - Traces flows of spending associated with tourism to identify the resulting changes in sales, output, government tax revenues, household income, employment...
Conclusion

• There are many reasons for adequately measuring and analyzing tourism.

• Though it is no panacea, the TSA is the most sophisticated expression of tourism measurement and has several benefits.

• TSA implementation is a continuous process striving for full integration into the System of National Accounts and, though its full results are often provided with a lag, it is possible to generate key TSA indicators on a more regular basis.

• Analysis of TSA data should be encouraged to:
  • expand our understanding of tourism beyond its direct effects: indirect and induced
  • understand the impacts of historical and future public (and private) sector actions.
Thank you

http://statistics.unwto.org/