Towards Evidence-based Management in Tourism

Workshop for Ministers and Directors of Tourism

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Martinique

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Statistics and TSA
World Tourism Organization (UNWTO)
Evidence-based management, a.k.a. statistics!

1. Measurement
2. Analysis
3. Policy/Strategy Formulation
4. Implementation and Monitoring
5. Evaluation

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

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“Anything that moves can be measured”

1. Measurement...

“Statistics permeate modern life. They are the basis for many governmental, business and community decisions”
Ban Ki-Moon, UN Secretary-General
Pillars of tourism measurement: UN standards supported by all UN countries and ILO, IMF, World Bank, WTO, European Commission

I. Tourism statistics
- Inbound, Domestic, Outbound flows
- Characteristics of visitors and trips: age, duration, main purpose, mode of transport, origin, ...
- Industries: establishments, output
- # Employees in tourism industries, status

II. Tourism Satellite Account
- Expenditure by Inbound, Domestic and Outbound
- Production accounts & value added of tourism industries
  - % GDP
  - % employment
  - investment

System of Tourism Statistics

Credible, comparable data for a holistic understanding of tourism

Tourism as an economic sector, comparable to ‘traditional’ industries (e.g. finance, agriculture), and allowing economic impact analysis
I. UNWTO is responsible for the most comprehensive database on tourism, compiled from all countries/territories:

- 145 series, 6 areas:
  - Inbound
  - Outbound
  - Domestic
  - Tourism Industries
  - Employment
  - (Macroeconomic) Indicators
- Detailed data on country of origin

II. *TSA Around the World*: 1st international compilation of TSA experiences

- ±60 countries have taken steps
- Summary data on TSA’s 10 tables:
- Tourism in economic terms!

| Tables 1-3: Inbound, Domestic, Outbound expenditure |
| Table 4: Internal consumption on tourism          |
| Table 5: Production of tourism industries)       |
| Table 6: Demand meets supply: GDP, GVA           |
| Table 7: Employment                               |
| Table 8: Investment                              |
| Table 9: Government consumption                  |
| Table 10: Non-monetary indicators                |
Example 1. Arrivals in the Americas

Total arrivals: 162 million (15.7% of world’s total): +4%
Total inbound expenditure: $215.0 billion (20% of world’s total): +6.9%

North America
Arrv.: 105.8 million (+3.6%)
Inb expenditure: $158.6 billion (+7.9%)

Central America
Arrv.: 8.7 million (+5.8%)
Receipts: $8.0 billion (+8.3%)

South America
Arrv.: 27.1 million (+4.4%)
Inb expenditure $23.9 billion (+4.7%)

Caribbean
Arrv.: 21 million (+4.4%)
Inb expenditure: $24.6 billion (+2.5%)

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Example 2. Arrivals in the Caribbean

Total arrivals: 21 million (2% of world total) in 2011

Inbound tourism - Arrivals (Thousands)

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Source: World Tourism Organization
Example 3. Employees in tourism industries

Total number of employees (Thousands)

- **Cayman Islands**: 2012: 8, 2011: 11
- **Dominican Republic**: 2012: 201, 2011: 195
- **Martinique**: 2012: 11, 2011: 11
- **United States Virgin Islands**: 2012: 8, 2011: 8

Includes employees in: Accommodation, Food and beverage serving, Passenger transportation, Travel agencies, and Others

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Example 4. % exports

Inbound tourism expenditure over exports of goods and services - Percent

(Only features available data)
Example 5. Tourism GDP across countries

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>2.6</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.6</td>
</tr>
<tr>
<td>Canada</td>
<td>1.9</td>
</tr>
<tr>
<td>China</td>
<td>4.2</td>
</tr>
<tr>
<td>France</td>
<td>6.2</td>
</tr>
<tr>
<td>Germany</td>
<td>3.2</td>
</tr>
<tr>
<td>India</td>
<td>2.8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2.5</td>
</tr>
<tr>
<td>Japan</td>
<td>1.9</td>
</tr>
<tr>
<td>Korea, Rep. of</td>
<td>1.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>8.2</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2.9</td>
</tr>
<tr>
<td>South Africa</td>
<td>3.0</td>
</tr>
<tr>
<td>Spain</td>
<td>6.4</td>
</tr>
<tr>
<td>UK</td>
<td>3.8</td>
</tr>
<tr>
<td>USA</td>
<td>2.7</td>
</tr>
</tbody>
</table>
2. Analysis
Example 1. Caribbean – Main destinations

Total arrivals: 21 million (2% of world total) in 2011

- Cuba: 2,688,000
- Jamaica: 1,986,000
- Dominican Republic: 4,563,000
- Haiti: 904,000
- Aruba: 349,000
- Belize: 1,049,000
- British Virgin Islands: 536,000
- St. Maarten: 3,048,000

Source: World Tourism Organization
## Main international outbound countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Expenditure 2012 (billion $)</th>
<th>Var. 11/10 %</th>
<th>Var. 12*/11 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>102</td>
<td>+ 32.3</td>
<td>+ 40.5</td>
</tr>
<tr>
<td>Germany</td>
<td>83.8</td>
<td>+ 4.7</td>
<td>+ 5.8</td>
</tr>
<tr>
<td>USA</td>
<td>83.7</td>
<td>+ 4.2</td>
<td>+ 6.4</td>
</tr>
<tr>
<td>UK</td>
<td>52.3</td>
<td>- 1.6</td>
<td>+ 4.1</td>
</tr>
<tr>
<td>Russia</td>
<td>42.8</td>
<td>+ 22.1</td>
<td>+ 31.8</td>
</tr>
<tr>
<td>France</td>
<td>38.1</td>
<td>+ 7.6</td>
<td>- 6.4</td>
</tr>
<tr>
<td>Canada</td>
<td>35.2</td>
<td>+ 8.2</td>
<td>+ 6.7</td>
</tr>
<tr>
<td>Japan</td>
<td>28.1</td>
<td>- 11.2</td>
<td>+ 3.1</td>
</tr>
<tr>
<td>Australia</td>
<td>27.6</td>
<td>+ 7.0</td>
<td>+ 2.9</td>
</tr>
<tr>
<td>Country</td>
<td>Expenditure (billion $)</td>
<td>Var. 11*/10 %</td>
<td>YTD 12* %</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------</td>
<td>---------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Belgium</td>
<td>22.3</td>
<td>+ 12.1</td>
<td>13.5</td>
</tr>
<tr>
<td>Brazil</td>
<td>21.3</td>
<td>+ 29.5</td>
<td>13.5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>20.5</td>
<td>- 0.4</td>
<td>+ 7.9</td>
</tr>
<tr>
<td>South Korea</td>
<td>19.5</td>
<td>+ 3.6</td>
<td>+ 2.4</td>
</tr>
<tr>
<td>Hong Kong (China)</td>
<td>19.2</td>
<td>+ 9.6</td>
<td>+ 7.0</td>
</tr>
<tr>
<td>Spain</td>
<td>17.3</td>
<td>- 1.9</td>
<td>- 3.6</td>
</tr>
<tr>
<td>India</td>
<td>13.7</td>
<td>+ 32.9</td>
<td>+ 7.9</td>
</tr>
<tr>
<td>Mexico</td>
<td>7.8</td>
<td>+ 8.0</td>
<td>+ 6.3</td>
</tr>
<tr>
<td>Argentina</td>
<td>5.5</td>
<td>+ 13.6</td>
<td></td>
</tr>
</tbody>
</table>

*Resultados preliminares   Fuente: Organización Mundial de Turismo

And also: Peru, Chile, ..?
Example 3. Caribbean – growth potential

Carrying capacity (arrivals/population) - Units

(Only features available data)

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3. Policy / Strategy formulation
My analysis tells me…

Example 1. % GDP of tourism is considerably higher than that of other industries included in the gov’t development plan

- A chance to advocate (with Ministry of Finance, etc.) for more resources to realize the full potential of tourism
- Check the TSA to see in which tourism industries this is mainly originated, does it make sense to support the more «mature» industries or rather focus on those where marginal activity is taking place?

Example 2. Tourism is soaring but labor productivity in the tourism industries is declining, even with higher investments in capital (more accommodation establishments, etc.)

- Check the evidence for possible causes, maybe the newly created workforce involved in the recent expansion lags behind on skills and a gov’t plan to incentivize training in tourism establishments can help

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My analysis tells me…

Example 3. **Arrivals figures** are high but **average length of stay** is on the low end, as is **average daily expenditure**. The gov’t wants to focus its efforts on those visitors with the highest return.

- Data can help identify what kind of visitors produce the highest return (Is it more profitable to attract higher numbers with a lower avg daily expenditure or lower numbers with a higher expenditure? What are the characteristics that relate to these profiles? ).

Example 4. I don’t have enough data…

- Note: formulating questions for concrete policy action oftentimes requires data!
- Invest in developing the System of Tourism Statistics (tourism statistics and TSA)
Are we doing what we set out to do?

4. Implementation and Monitoring

&

5. Evaluation

Are we obtaining the expected results?
If not, why not? what we do better next time?
Example. Labor productivity and training

Example. To curb lowering productivity, a national gov’t plan will be implemented over the course of 5 years to offer training to tourism employees through their respective tourism establishments and with gov’t subsidies.

- **Implementation**: Data can help identify which tourism industries to target, as well as which establishments.

- **Monitoring**: Data can help us track the amount of training in the identified industries/establishments, and the amount gov’t resources involved. Corrective action can be taken if needed.

- **Evaluation**: Data can be used to understand what results were achieved and how many resources were used.
  - Analysis can show whether labor productivity improved, and whether the gov’t training plan contributed.
To conclude: this is a strategic venture

- System of Tourism Statistics (STS) = tourism statistics + TSA. Having both is the optimal situation for evidence-based management
  - Note: tourism statistics are required for TSA and useful in their own right
  - TSA is the most sophisticated expression of tourism measurement
  - Analysis of tourism statistics & TSA should be encouraged to expand our understanding of tourism and properly act upon the challenges of global economy

- Developing a TSA has several strategic benefits:
  - helps mainstream tourism in gov’t agenda because tourism conveyed in terms other Ministers can understand (economic terms, streamlined with NSO data they are accustomed to working with)
  - Credibility
  - Fosters cooperation between gov’t entities, public-private cooperation

- STS serves politics, and the reverse must also hold
One accurate measurement is worth a thousand expert opinions
Grace Hopper
Thank you
Merci

http://statistics.unwto.org