



# Travel and Tourism System

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## Tourism Dimensions

- a holistic view, integrated system
- economy, environment, business, non-profits, government
  - \* core components
  - \* infrastructure components
  - \* tourist services components
- is the world's largest economy (WTTC, 2003)  
tourism:
  - \* generates \$3.5 trillion in gross output
  - \* produces 10.2% of direct and indirect GDP
  - \* invests \$686 billion in new facilities and equipment
  - \* accounts for 11.2% of all exports (\$1 trillion), and 3.9% of government spending (\$224 billion)
  - \* generates 7.6% of the world's jobs

(Note. GDP is the total market value of all the goods and services produced within the borders of an nation during a specific period)



## Tourism Dimensions

- **international tourism**
  - in 2000, more than 57 million international tourists visited USA and spent \$82 billion (US Commerce Department)
    - \* top international travelers are from Canada, Mexico, Japan, U.K., Germany, Brazil, S. Korea, France, and Italy
    - \* inbound international travelers' expenditures exceeded those of outbound travelers by over \$14 billion (TIAA, 2001)



## Tourism Dimensions

- **domestic tourism**
  - in 2000, Americans took about 1 billion person trips in the US and spent about \$500 billion on domestic travel, almost 5% of nominal GDP
  - pleasure leisure travel accounted for 74% of domestic personal trips
  - generated over \$100 in tax revenue for federal, state, and local units of government
  - total domestic and international traveler spending in 2000 generated over 7.8 million jobs in US (TIAA, 2001)



## Definitions

- **travel**

- the "nonroutine" movement of people back and forth between their residences and one or more destinations, including business-related trips

- **tourism**

- associates with leisure forms of travel, including primarily pleasure trips and visits to friends and relatives

- **recreation**

- closely parallels that of tourism but is unlikely to require a specific one-way travel distance

- **trip**

- a day or overnight excursion to a place at least 50 miles from home



## Tourist Tracking Systems

- no one completed system to track tourist counts and activities
- mostly rely on:
  - traffic counts
    - \* Mackinaw Bridge crossing traffic records
    - \* major highway traffic counts
  - surveys, studies
    - \* World Travel and Tourism Council's Tourism Satellite Accounting system
    - \* Tourism Industry Association survey
    - \* MDOT
    - \* D.K. Shifflet
    - \* Michigan Travel Market Survey



## Tourism Industry Sectors

### core components

- lodging
- food and beverage
- attractions
- entertainment
- transportation
- comm. recreation
- land and water

### infrastructure components

- transportation
- business services
- public service
- comm. construction and maintenance

### tourist Services components

- information services
- vehicle dealer
- clothing & equipment
- residential construction & maintenance
- public services



## Employment

- tourism industry employees earn **above-average** salaries if one accounts for both direct and indirect jobs associated with travel and tourism
- travel and tourism provides 195 million of the world's jobs (WTTC, 2003)
- travel and tourism accounts MI \$3.8 billion payroll and 173,000 direct jobs (TIA, 2000)





## Marketing & Planning

- **MI state's tourism promotion budget is over \$7 million (2002-2003)**
  - Travel Michigan, the state's tourism agency
  - nongovernmental chambers of commerce, convention and visitor's bureaus
  - regional travel associations

**Ill state's tourism promotion budget is over \$60 million**

- **marketing surveys**
  - MI: CMA survey,
- **planning surveys**
  - MI: Welcome Center focus group study



## Traveler Characteristics

(tourism assessment)

- **purpose of trip** - pleasure, business, VFR, others
- **travel party** - size, gender, age
- **length of trip** - day, overnight
- **expenditure** - food, transportation, lodging
- **activities** - camping, fishing, gaming, theme parks
- **lodging** - hotels, public camp, resorts, 2<sup>nd</sup> homes
- **benefit sought** - away from home, excitement
- **planning horizon** - before trip, 3 months ago



## Michigan Tourism

- in 2002, tourists spend \$12.8 billion in MI
- over 500,000 people are employed in MI tourism industry
- MI's largest travel market is from MI (48%)
- tourists travel in MI primarily is for recreation (48%), followed by VFR (37%), business (9%), others (6%)
- 40% MI travel is linked to natural resource-based travel
- 90% tourists use auto/RV/truck as their travel transportation
- tourism peak time is July or August. April is the slowest time
- 40% stay in friend and relative's homes, 30% in comm. lodgings, 10% in 2<sup>nd</sup> homes, 15% in camps
- 1% of the travelers is from overseas, except Canadians

(Note. Data sources: Travel Michigan, TIA, MSU TRC)



## Tourism Impacts

- **economic impact**
  - assessing tourism impacts
  - difficult to assess tourism importance of MI's tourism industry
    - \* most secondary data are aggregated from nontourism data
    - \* different analytical methodologies hinder cross comparisons
- **balance of trade in tourism**
  - tourism is an export industry
  - economy growth is a positive balance between exporting income and importing payment in deciding how to allocate legislative attention and resources between tourism and other industries



## Tourism Impacts

- tourism has positive and negative impacts on resident's quality life
  - poorly received tourism development can negatively alter the character of host communities, severely stress local infrastructures and the ability to maintain them, and diminish the quality of life for residents.

(Reference: Donald Holecek, *Michigan at the Millennium*, CH. 22, MSU Press. 2003,)



## Management Agencies

- **Federal/national**
  - US Travel and Tourism Administration
  - NPS
  - USFA
- **State**
  - Tourism Bureau, MDOT, MDNR
- **regional**
  - UPTRA, WMTA, MSSTA
- **city/town/county**
  - convention Visitor Bureau
  - chamber of commerce
  - tourism council



## Educational Support

- variety of training courses and workshops are needed and provided by:
  - State and private tourism organization and agencies
    - \* AH&MA
  - State's universities and community colleges
    - \* MSU TRC
    - \* MSU HB



## Challenges

- **general factors**
  - national disasters, climate change, slow economy, cheap energy may not last
- **MI case**
  - negative balance of payments
    - \* outspend its competitions and spend more wisely
      - > maintain environment quality, "land use"
      - > advance technology to enhance quality of life "cool cities"
  - key destinations and seasons are changing
    - \* hunting in N. MI for deer is declining, more deer available in S. MI and surrounding states
    - \* winter is improving as a tourism season, shoulder seasons are improving with a focus on seniors
    - \* cruise ships present a great opportunity for the Great Lakes and MI is the hub: design of lake style ships, increasing attention on port cities (Chicago, Detroit, Marquette, Frankfort, Cleveland, etc.)