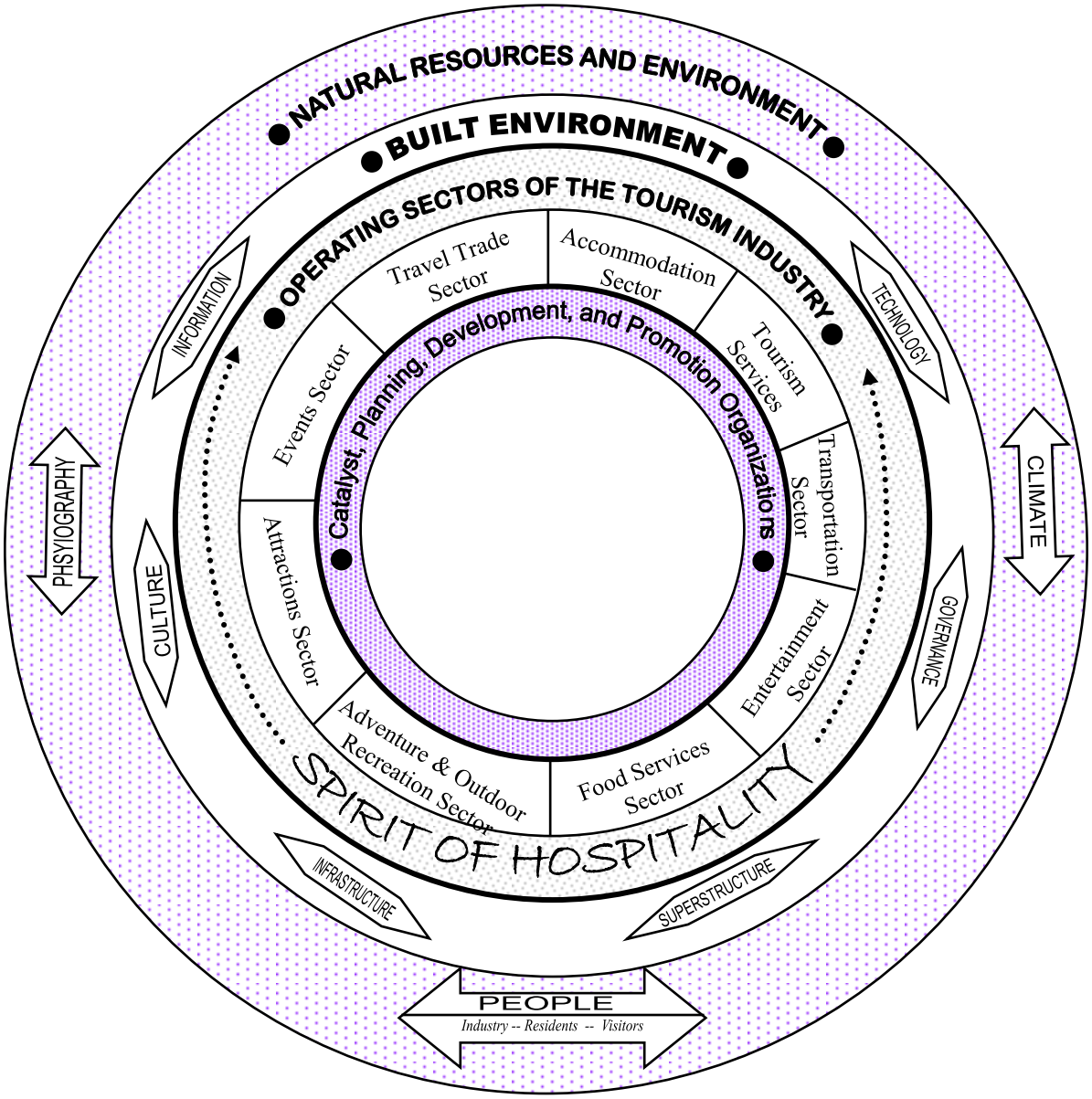
Components of Tourism Supply



Tourism Supply Components

Can be classified into four main categories:

1. Natural resources
2. Built Environment
3. Operating Sectors
4. Spirit of Hospitality and cultural resources

Natural Resources and environment

- Air and climate
- Physiography
- Landforms
- Terrain
- Flora and Fauna
- Bodies of water/beaches
- Water supply

The Built Environment

- Infrastructure: all underground and surface development construction: water supply systems, sewage disposal, drainage, communication networks
- Superstructure: facilities constructed primarily to support visitor activities: airports, marinas, museums

Operating Sector

- Transportation: nothing happens without transportation
- Accommodations and Food and Bev
- Attractions
- Accommodations

Spirit of Hospitality and Cultural Resources

- Social foundation of the destination: the culture
- What is the culture of the host community with respect to tourism?

Formula to Calculate Number of Hotel Rooms Required

$$R = \frac{T \times P \times L}{S \times N}$$

where

T = number of tourists

P = percentage staying in hotels

N = total number of guest nights/number of guests

R = room demand per nights/number

O = hotel occupancy used for estimating; divide number of rooms needed at 100% occupancy by estimated occupancy

S = number of days per year in business

L = average length of stay

Example

T = 1,560,000 visitors
P = 98%
L = 9 days
N = 1.69
0 = 70 %
S = 365 days

$$R = \frac{1{,}560{,}000 \times .98 \times 9}{365 \times 1.69}$$

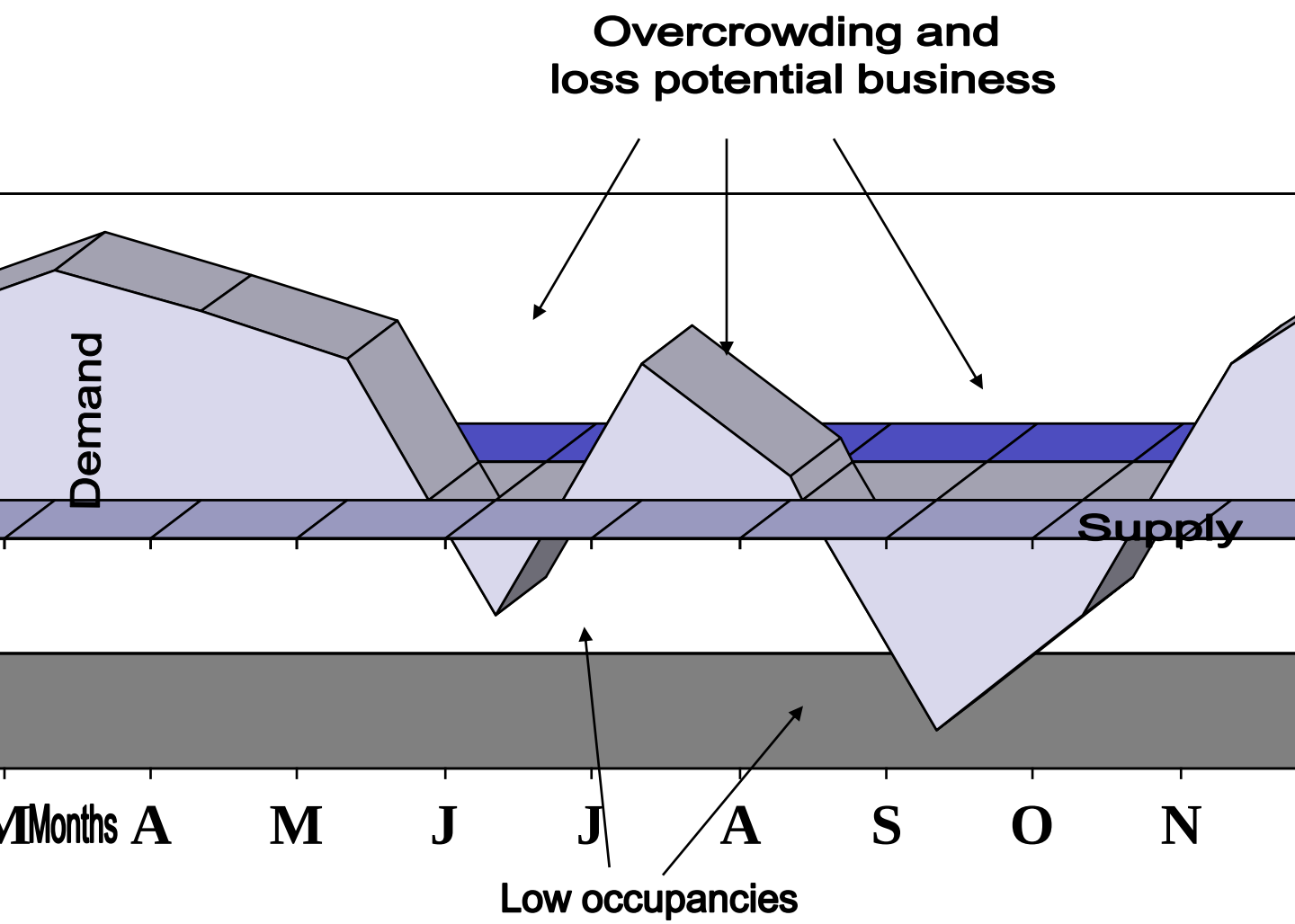
R = 22,306 (rooms needed at 100% occupancy)
at 70 % occupancy need
R = 22,306/.70 = 31,866 rooms

Task Analysis

Task analysis is the procedure used in matching supply with demand. The following steps are usually employed:

1. Identification of the present demand
2. A quantitative and qualitative inventory of the existing supply
3. The adequacy of present supply with present demand
4. Examination of present markets and the socioeconomic trends
5. Forecast of tourism demand
6. Matching supply with anticipated demand

Fluctuating Demand Levels and Supply (Seasonality)



Seasonality can be reduced through either price differentials or multiple use

Vital Demand Data

1. Number of visitors
2. Means of transportation used by visitors to arrive at destination
3. Length of stay and type of accommodations used
4. Amount of money spent by visitors

Demand to a Destination

Demand for travel to a particular destination is a function of the propensity of the individual to travel and the reciprocal of the resistant of the link between origin and destination areas.

Demand = f(propensity, resistance)

Propensity and Resistance

- Propensity depends on:
- Psychographics
- Demographics *(socioeconomic status)*
- Marketing effectiveness

- Resistance depends on:
- Economic distance
- Cultural distance
- Cost of tourist services
- Quality of service
- Seasonality

Measures of Actual Demand

1. Visitor arrivals
   - Number of people arriving at a destination who stay for 24 hours or longer
2. Visitor - days or - nights
   - = no. of visitors x avg. no. of days or nights at destination
3. Amounts spent
   - = no. of visitor - days or - nights x avg. expenditure per day/night

Arrivals 1998-2005

Cruise Ship Tourist Arrivals	14,183	34,130	58,131	48,116	319,690	575,196	851,436	800,331
Cruise Ship % of Arrivals	7.5%	15.9%	22.9%	19.7%	61.6%	72.3%	78.7%	77.2%
Total Arrivals	*190,237*	*214,925*	*253,897*	*244,071*	*519,211*	*795,770*	*1,082,268*	*1,036,904*

Table

Source: BTB. (2006). Tourist Arrivals, 1998-2004, email from Raymond Mossiah, April 4, 2006; Belize Tourism Statistics, Retrieved on July 12, 2006 from www.belizetourism.org/arrival.html

Demand Trends

Table 2.1: Annual Stayover Tourism Arrivals in Central America, 2004

Costa Rica	**1,454,000**
Guatemala	1,182,000
El Salvador	966,000
Panama	652,000
Nicaragua	615,000
Honduras	611,000
Belize	**231,000**

Table 2.2: Total Increase in Stayover Tourism, 2000-2004

Panama	**57%**
Guatemala	43%
Honduras	43%
Costa Rica	34%
Nicaragua	27%
El Salvador	22%
Belize	**18%**

Tourism Expenditure

Table A: Comparison of Cruise and Stayover Sectors

Topics	Cruise Sector	Stayover Sector
Arrivals (2005)	800,331	236,573
Country of Origin	96% from U.S.	Almost 40% from countries other than the U.S.
Market stability	2000-2005: 14 fold increase 2005-2007: significant decline	Gradual increase: 4% - 8%/year
Passenger Spending/day	US $44/day	US $96/day
Passenger Spending/visit	US $44/visit (average 8 hours)	US $653/visit (average of 6.8 days)
Taxes	US $ 7/passenger	US $36.25 airport exit tax; 9% hotel tax
Total Passenger spending in local economy (BTB, 2005)	US $30.6 million	US $144.1 million
Employment[1]	1/10 tourism jobs	9/10 tourism jobs

Projection Methodology

Several statistical methods or econometric analysis can be used
to project demand.

- Trend analysis method
- Simple Regression — Linear least square method
- Multiple Regression — Linear least squares method
- Computer simulations and models
- Executive Judgement (Delphi) method