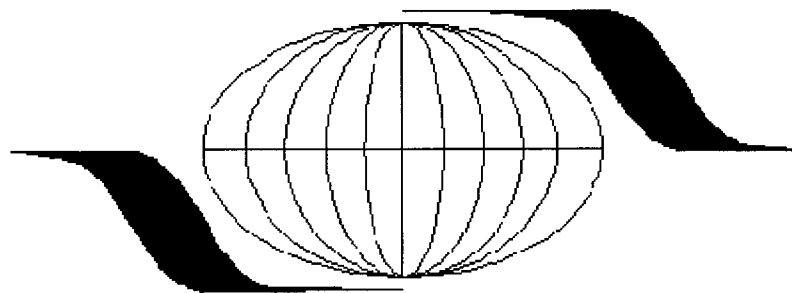


Technical Manual

N° 2

COLLECTION OF TOURISM EXPENDITURE STATISTICS

1995



OMT • WTO • ETO

World Tourism Organization

Table of Contents

	Page
Foreword	i
Introduction	iii
I. The Need for Tourism Statistics Standards	iii
II. International Development of Tourism Definitions	iii
III. Follow-up to the Ottawa Conference	iv
IV. Purpose of the Manuals	v
Chapter 1: Scope of Expenditure Statistics	1
1.1. What is Meant by "Tourism?"	1
1.2. Tourism Defined in Demand Side Terms	1
1.3. The "Consumer-Product-Supplier" Relationship	2
1.4. Defining "Tourism Expenditure"	3
1.4.1. Link to Tourism Consumption	3
1.4.2. Definition of "Tourism Expenditure"	3
1.4.3. Domestic Tourism Expenditure	4
1.4.4. International Tourism Expenditure	4
1.5. The When and Where of Tourism Expenditure	5
1.6. Items Included or Excluded from Tourism Expenditure	6
1.6.1. Cash Given to Host Friends/Relatives	11
1.6.2. Capital-Type Investments and Other Important Acquisitions	12
1.6.3. Expenditure on Every Day Purchases at Lower Prices ..	13
1.6.4. Duty-free expenditure	13
1.7. Tips, Agents' Fees, Taxes and Discounts	14
1.8. Mode of Payment	14
1.9. Financing of Expenditure	14
1.9.1. Family Tourist Expenditure	14

1.9.2.	Visits to Friends/Relatives	15
1.9.3.	Travel for Business/Professional Purposes	15
1.9.4.	Government Sponsored Trips	15
1.9.5.	Social, Incentive or Prize Tourism	15
1.10.	Location of Source of Funding of Expenditure	15
Chapter 2:	Expenditure Statistics Issues	17
2.1.	Expenditure Breakdown by Items	17
2.1.1.	Main Item Groups	17
2.1.2.	Package Travel, Package Holidays and Package Tours.	17
2.1.2.1.	Package goods/services Received in Other Countries	22
2.1.2.2.	Type of Expenditure Included in Package Tours	23
2.1.3.	Accommodation	23
2.1.4.	Food and Drinks	24
2.1.5.	Transport	24
2.1.6.	Recreation, Culture and Sporting Activities	26
2.1.7.	Shopping	26
2.1.8.	Other	27
2.2.	Appropriate Methodology Selection	28
2.3.	Recall Problems	30
2.3.1.	Actions to Address Recall Problems	31
2.4.	Tourism as an “Industry”	32
2.5.	Seasonality of Tourism Expenditure	34
2.6.	Gaps in Annual Data	35
2.7.	Unit of Collection	35
2.8.	Unit of Currency	36
Chapter 3:	Collection Methodologies for Tourism Expenditures	37
3.1.	Methodologies for Domestic, Inbound and Outbound Tourism Expenditure Statistics	37

3.1.1.	Methodologies which Can Be Considered for the Estimating	38
3.2.	Preferred Methodologies for Domestic, Inbound and Outbound Tourism	38
3.2.1.	Domestic Tourism Expenditure	39
3.2.2.	Inbound Tourism Expenditure	39
3.2.3.	Outbound Tourism Expenditure	40
3.3.	Characteristics of Available Methodologies	40
3.3.1.	Existing Data	40
3.3.2.	Visitor Surveys	41
3.3.2.1.	Diary Method	41
3.3.2.2.	At Accommodation Establishments	42
3.3.2.3.	At Entry/Exit Points	44
3.3.2.4.	In Means of Transport	45
3.3.2.5.	At Popular Tourist Places	46
3.3.3.	Household Surveys	46
3.3.4.	Business Surveys	49
3.3.5.	Surveys of Tourism-Related Businesses	50
3.3.5.1.	Industry Sectors to Be Included	50
3.3.5.2.	Selection of Businesses from a Sampling Frame	50
3.3.5.3.	Use of Official Data Bases	51
3.3.5.4.	Business Revenue from Tourism Demand	51
3.3.5.5.	Revenue from Domestic and International Visitors	52
3.3.6.	Central (or Reserve) Bank Data	53
3.3.7.	Expenditure Models	55
3.3.7.1.	Expenditure Ratio Model	55
3.3.7.2.	Cost Factor Expenditure Model	56
Appendix A—DEFINITIONS AND CLASSIFICATIONS		59

Appendix B—DATA EXAMPLES FROM EXPENDITURE SURVEYS	73
Section 1: The Diary Method	74
Section 2: Surveys of Guests in Hotels and Similar Accommodations	78
Section 3: Border Surveys of Departing Visitors	83
Section 4: Border Surveys of Returning Residents	87
Section 5: Household Surveys	91
Section 6: Business Surveys	95
Section 7: Surveys of Tourism-related Businesses	98
Appendix C—GLOSSARY OF MAJOR TERMS AND CONCEPTS . .	101

Foreword

1. The present manual is part of a series of international standards that have been issued by the World Tourism Organization (WTO) for providing guidance to national and local government statistical offices and the private industry in the implementation of WTO/UN Recommendations on Tourism Statistics that were issued from the Ottawa International Conference on Travel and Tourism Statistics (June 1991) and approved by the United Nations Statistical Commission in March 1993.

2. This manual was produced by the WTO Statistics and Market Research Department, primarily through the work of a consultant, Mr. Stan Fleetwood, Assistant Director, Transport and Tourism Statistics, Australian Bureau of Statistics, who did all the original drafting. He was also responsible for subsequent redrafting undertaken to reflect comments received from compilers of national tourism statistics and the participants at the various meetings of the Steering Committee established by WTO in 1991 to carry out a concrete work program for the implementation of the Recommendations of the Ottawa Conference.

3. In addition, this manual incorporates the conclusions that were reached by the group of experts during their meetings at WTO Headquarters in Madrid in March and September 1994. The members of the group were: Mr. Stan Fleetwood, Assistant Director, Transport and Tourism Statistics, Australian Bureau of Statistics; Dr. Douglas Frechtling, Associate Professor of Tourism Studies, the George Washington University (United States); Mr. Erik den Hoedt, Head of Integration and Presentation, Sociocultural Statistics, Statistics Netherlands; Ms Ruth Meier, Senior Associate Expert, Tourism Statistics, Federal Statistical Office (Switzerland); Mr. Alan Pisarski, International Transportation and Tourism Consultant (United States), and Dr. G. Raveendran, Deputy Director General, Department of Tourism (India).

4. The WTO benefitted also from the contributions and comments made by the participants at the meetings of EUROSTAT/EFTA and OECD Working Groups on Tourism Statistics in 1992 and 1993. The editing of the present manual and its harmonization with the other WTO manuals¹ was done by Dr. Douglas Frechtling, Associate Professor of Tourism Studies, the George Washington University. The supervision and coordination of the production of this manual was done by Mr. Enzo Paci, Chief of Statistics and Market Research at WTO assisted by Miss Rosa Songel.

¹ *Concepts, Definitions and Classifications for Tourism Statistics: A Technical Manual; Collection of Domestic Tourism Statistics: A Technical Manual, and Collection and Compilation of Tourism Statistics: A Technical Manual.*

Introduction

I. The Need for Tourism Statistics Standards

5. Since 1968, when the United Nations Statistical Commission endorsed definitions for international tourism, the development of statistical concepts and frameworks for tourism has not kept pace with the changes in nature and significance of tourism world wide and its potential for future growth. Moreover, the traditional measures of tourism have not kept pace with the increasing economic interdependence of all countries and the reduction of political and economic barriers between them.

6. Meanwhile the requirements for tourism statistics have expanded enormously. Not only do the National Tourism Administrations (NTAs) of each country have requirements for specialized tourism data needs, but the same holds true for many interest groups, such as industries, industry associations, local communities and academia. These interest groups have specialized needs for data relating to a wide variety of issues like market analysis, marketing effectiveness, industrial investment, human resource development, policy analysis and issue-oriented advocacy. There is a need to measure tourism both at a destination and enroute, as well as the generation of tourism in areas of origin (i.e., the propensity and frequency, or intensity, of traveling for all purposes by resident populations).

7. Some countries and industries have already established a wide and diverse range of tourism data sources, with varying concepts and definitions to meet these needs, while other countries have not yet developed significant statistical systems for tourism. Therefore, the development of a common language for tourism statistics is, in this environment, indispensable to the work of government statistical offices and the private sector.

II. International Development of Tourism Definitions

8. The first step towards the development of international definitions on tourism was taken in 1937 by the Council of the League of Nations, which recommended a definition of "international tourist" for statistical purposes. This was slightly amended by the International Union of Official Travel Organizations (IUOTO) at a meeting held in Dublin in 1950. Finally, in 1953, the United Nations Statistical Commission established the concept of "international visitor".

9. The United Nations Conference on International Travel and Tourism (Rome, 1963) recommended a definition of the terms "visitor", "tourist" and "excursionist" proposed by IUOTO. These definitions were subsequently examined by a United Nations expert group on international travel statistics in 1967 and endorsed by the United Nations Statistical Commission in 1968.

10. In June 1991, the World Tourism Organization (WTO) and the Government of Canada organized an International Conference on Travel and Tourism Statistics in Ottawa, which brought together representatives of National Tourism Administrations, the tourism industry, National Statistical Offices and international and regional organizations to consider the development of reliable tourism statistics. The Conference adopted a set of resolutions that defined the statistical needs of the industry for analysis, market research, industry performance and tourism forecasts. This comprised recommendations relating to concepts, definitions and classifications covering the basic tourism unit, tourism demand, tourism supply and tourism expenditure.

III. Follow-up to the Ottawa Conference

11. Following the Ottawa Conference, the WTO established a Steering Committee composed of representatives of governments, international organizations and the tourism industry, to carry out a concrete work program for the implementation of the recommendations of the Conference.

12. At its 27th Session, held in New York in February-March 1993, the United Nations Statistical Commission adopted a report prepared by the WTO under the guidance of the Steering Committee, which contained recommendations relating to tourism statistical standards and the work program for the implementation of those standards. The recommendations of the report were based on the resolutions of the Ottawa Conference, and also took into account earlier international work on tourism statistics, particularly the provisional guidelines on statistics of international tourism as approved by the Statistical Commission at its 19th Session, held in November 1976. Use was also made of the guidelines on tourism statistics prepared by the United Nations Conference on Trade and Development (UNCTAD), IUOTO, the United Nations and subsequently by WTO.

13. The development of the set of definitions and classifications included in the report also reflected the work carried out by other international and regional organizations, in particular:

- A. The recommendations on international migrations published by the United Nations in 1980, as well as the fourth edition of the Balance of Payments Manual published by the International Monetary Fund in 1977 and the Revised System of National Accounts of the United Nations (1990);
- B. The cooperation between the Statistical Division of the United Nations Secretariat and the United Nations regional commissions, as well as other regional and supranational organizations, namely, the Organization for Economic Cooperation and Development (OECD), the Statistical Division of the European Communities (EUROSTAT), the Pacific Asia Travel Association (PATA) and the Caribbean Tourism Organization (CTO);
- C. The activities, experience and practices of both developed and developing countries concerning the mobility and characteristics of their residents traveling within the country and abroad.

14. Within the adopted work program, one item required the WTO to:

Develop a series of technical manuals and guidelines to assist countries in implementing the recommendations on concepts, definitions and classifications for tourism statistics.

15. Pursuant to this resolution, WTO has developed the following five technical manuals:

Collection and Compilation of Tourism Statistics: A Technical Manual
Concepts, Definitions and Classifications for Tourism Statistics: A Technical Manual.
Collection of Tourism Expenditure Statistics: A Technical Manual
Collection of Domestic Tourism Statistics: A Technical Manual
Tourism and the Balance of Payments: A Technical Manual

IV. Purpose of the Manuals

16. The manuals are designed as a series of complementary publications, each focusing specifically on an important aspect of tourism statistics. They are aimed at assisting countries at different levels of development of their tourism statistics.

17. At the most basic level they provide guidelines on what statistics should be collected and how they might be collected. At the more developed level they provide guidelines on some complex definition issues. At all levels they provide and facilitate the adoption and implementation of, the common international standards for definitions and classifications which apply to tourism statistics. The present manual focuses on the standards required for purposes of international comparability of tourism expenditure data, and not on those required for National Accounts or any of the many other requirements of tourism expenditure statistics. It is because of the importance of recognizing these differences that WTO has decided to produce a separate manual on "Tourism and the Balance of Payments".

Chapter 1: Scope of Expenditure Statistics

1.1. What is Meant by "Tourism?"

18. Tourism is an activity which, in some form or other, mankind has undertaken for a very long time. However, only in relatively recent times has tourism been recognized as an important social and economic phenomenon. Its effects are increasingly being felt both at the individual level and through its impacts on society. At the World Conference on Tourism, held in Manila in 1980, the importance of tourism and its widespread effects were recognized in the Manila Declaration on World Tourism, which stated,

Tourism is considered an activity essential to the life of nations because of its direct effects on the social, cultural, educational and economic sectors of national societies and on their international relations.

19. Because of its increasing and widening impact on societies and the consequent need to research and understand it, it is necessary to define what tourism is. This is particularly important from the statistical point of view. For statistical measurements to be meaningful, it must be clear what is actually being measured. Tourism has traditionally been defined either in terms of the activities of tourists/visitors or the activities of businesses supplying tourists/visitors, i.e. in either demand side terms or supply side terms. At the 1991 WTO Ottawa Conference on Travel and Tourism Statistics, the demand side concept was accepted as the appropriate approach, and "tourism" was defined as:

The activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

20. This definition recognizes tourism as comprising a broad range of activities, and goes beyond the common perception of tourism as being limited to holiday activity only.

21. This definition is critical in providing the basis for the concept of "tourism expenditure statistics" as discussed in this manual. Further discussion of terms and classifications for tourism statistics can be found in the WTO publication, *Concepts, Definitions and Classifications for Tourism Statistics: A Technical Manual*.

1.2. Tourism Defined in Demand Side Terms

22. A significant feature of the above definition is that tourism is defined in terms of the activities of a particular type of consumer, that is, in demand side terms. Tourism is frequently referred to as an "industry," and industries are traditionally defined in supply-side terms. So why is tourism not defined in such terms?

23. Industries are defined in terms of groups of business enterprises which are engaged in a common type of economic activity. Economic activities are categorized according to some classification system, such as the United Nations' *International Standard Classification of Economic Activities* (ISIC). These categories identify the production or supply of a particular good or service.

24. However, tourism cannot be identified in terms of the supply of particular goods/services. It is not the nature of a good/service which identifies an activity as tourism, but rather the circumstance of the consumer of the good/service. For example, if a person purchases a soft drink from his/her local store this transaction is clearly not "tourism"; however, if someone who is visiting that area for a holiday purchases the same soft drink in the same store the activity is "tourism." Tourism can, in theory at least, involve the final consumption of any product. The definition of "tourism" therefore, relies on defining the type of consumer whose activity constitutes tourism, rather than the type of product consumed.

1.3. The "Consumer-Product-Supplier" Relationship

25. Having identified the consumer as the critical element in defining an activity as tourism, the next step is to look at the other elements of the activity. The activity is referred to as a "transaction," that is, it involves the sale, purchase or trade of one product for another. In most tourism transactions, of course, money is traded for a tourism good or service, giving rise to a "tourism expenditure."

26. The transaction is seen to have three elements, namely:

The **consumer**—that is, the person obtaining the good/service;

The **product**—that is, the good/service involved in the transaction; and

The **supplier**—that is, the body supplying either the good/service involved or the environment in which the activity takes place.

27. In this model the consumer is a person who is defined as a "visitor." (See definition of "visitor" in Appendix A) Consumption, or purchase, of the product, must be by or on behalf of a visitor.

28. This concept, in most cases, excludes the consumption/purchase of a product by a business for purpose of value adding and resale. The exception is consumption by a business visitor, which is included in tourism statistics. This treatment differs from that of the System of National Accounts, where business visitor expenditure is treated as intermediate expenditure by the business employing him/her.²

²The "System of National Accounts" (SNA) is designed by the United Nations to provide a systematic summary of national economic activity. The SNA brings together within one integrated framework the various streams of economic accounts, including estimates of national income and expenditure,

29. With the identification of the type of consumer as critical to defining a transaction as “tourism,” it follows that any expenditure will be considered tourism expenditure or not, depending on the status of the consumer, and not on the nature or type of consumer or consumer, involved in the transaction.

30. The model recognizes that tourism statistics, including tourism expenditure statistics, can be collected from the demand (consumer) side or the supply (supplier) side.

1.4. Defining “Tourism Expenditure”

1.4.1. Link to Tourism Consumption

31. For the collection of data, and their subsequent incorporation into the System of National Accounts, tourism consumption is defined as, “the value of goods and services used by or for tourism units (visitors).” Tourism consumption thus closely conforms to the concept of “final consumption” in the System of National Accounts (SNA). An exception, however, is consumption by business visitors, which is treated as intermediate consumption in the SNA.

32. Tourism statistics concepts and SNA concepts differ in a number of respects. As tourism expenditure statistics are often used as an important source for SNA data, these differences need to be noted. The differences relate to, for example, the types of travelers included as “tourists,” the type of expenditure included and the definitions of “domestic.” Details of the differences and reconciliation between the respective concepts are discussed in detail in the WTO publication, *Tourism in the Balance of Payments: A Technical Manual*.

1.4.2. Definition of “Tourism Expenditure”

33. The definition of “tourism expenditure” is closely linked to that of tourism consumption. “Tourism expenditure” is defined as “the total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination.” The word, “destination,” is construed broadly here to include any significant place visited on a trip.

34. This definition allows that “(a) the consumption of the good or service *may not necessarily* be by the visitor him/herself. While in most cases the consumption is by the visitor, in some cases the consumption is by a friend or relative, as in the case of a gift or souvenir purchased by the visitor on the trip and given to someone else. This is the only exception to the general rule stated above that the visitor must consume the product him/herself in order for it to comprise a tourism expenditure.

35. This definition also states “(b) that the expenditure *may not necessarily* be undertaken by the visitor him/herself.” In the case of a group, such as a family, expenditure may be undertaken by one person, such as a parent, on behalf of another, such as a dependent child. The person undertaking the expenditure may or may not be accompanying the visitor. An example of the latter case is where the trip is being funded by an employer, the government or some other body.

1.4.3. Domestic Tourism Expenditure

36. “Domestic tourism expenditure” denotes consumption expenditure undertaken by “domestic visitors.” A “domestic visitor” is defined as:

Any person residing in a country, who travels to a place within the country, outside his/her usual environment for a period not exceeding 12 months and whose main purpose of visit is other than the exercise of an activity remunerated from within the place visited.

37. Within the overall definition of tourism expenditure, domestic tourism expenditure is defined as, “expenditure incurred as a direct result of domestic visitor travel.”

38. Domestic tourism represents an increase in economic activity and a redistribution of national income. Thus, it comprises two elements:

- (1) An increase in activity which would not otherwise have taken place; and,
- (2) Activity which would have taken place anyway, but which is transferred from one area (the origin area) to another (the destination area).

39. In many countries this latter element has the important effect of transferring income from more affluent areas of the country to less well off areas.

1.4.4. International Tourism Expenditure

40. International tourism expenditure is viewed from the perspective of the destination country for inbound visitors, and from the perspective of the origin country for outbound visitors. In the former case, the visitor’s expenditure is a receipt for the destination country, while in the latter case, the visitor’s expenditure is a payment for the origin country.

41. “International inbound tourism receipts” are defined as:

expenditure of international inbound visitors, including their payments to national carriers for international transport. This should also include any other prepayments made for goods and services received in the destination country.

42. "International outbound tourism expenditure" is defined as:

expenditure of outbound visitors in other countries including their payments to foreign carriers for international transport. This should also include any other prepayments made for goods and services received in any foreign country.

43. For consistency with the Balance of Payments recommendations of the International Monetary Fund (IMF), international fare receipts and international fare expenditures should be classified separately from other expenditures.

44. It should be noted that these definitions exclude pre- and post-trip expenditures on goods and services received in the home country. For international comparison purposes, international tourism expenditure only includes that expenditure which represents a transfer of expenditure from one economy (i.e., country) to another. For other research purposes, however, it may be required to collect all expenditures relating to the trip, including expenditure on goods and services received in the home country. Where this is required, this expenditure should be identified separately.

1.5. The When and Where of Tourism Expenditure

45. The various components making up tourism expenditure can be divided into three large groups, depending on whether these expenses are made in preparation of the trip, during the trip or after the trip, i.e.:

- (a) Advance outlays necessary for the preparation and undertaking of the trip ("pre-trip expenditure");
- (b) Expenses arising when traveling and at the places visited ("on-trip expenditure"); and,
- (c) Travel-related outlays made in the country/place of residence after returning from a trip ("post-trip expenditure").

46. Tourism expenditure is considered to occur at the time at which the visitor purchases a product, i.e. when s/he acquires legal title to the goods or, for lack of such a title, when a service is rendered. For the purchase of a package tour or international transportation to another country, the title is assumed to be acquired in the visitor's residence (origin) country.

47. Additionally, it is necessary to consider the direction the visitor is headed that is:

- Inbound tourism
- Outbound tourism
- Domestic tourism.