

TOURIST SERVICES OFFER AND DEMAND IN GLOBAL CRISIS CONDITIONS

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ABSTRACT

The subject of this paper is globalization and the impact of global economic crisis on proportion, quality and structure of tourist offer and demands, with special focus on particular tourist destinations. The aim of this paper is to highlight, how a particular economy, especially in the USA, Australia, GB and Serbia are capable of encouraging tourism supply and demand by proper use of available resources and adequate economic forecasting under conditions of globalization and the global economic crises. Basic methods used in this paper are both qualitative and quantitative economic analysis as well as graphical presentation of data.

Key words: Tourist services, offer, demand, crisis, measures.

INTRODUCTION

While processes such as globalization, within which the global economic crisis, followed by industrialization and urbanization, moreover by development of technology and the information technology, has the result such as the development of society and improving of living conditions on one side, on the other side it leads to economic recession, environmental devastation and negative environmental consequences. The prevention of negative consequences of globalization and social development is a way to mitigate and overcome the frequent turbulence in the economy and social life.

The international economy was hit by a barrage of shocks in the previous year. Japan was struck by the earthquake and tsunami, and unrest swelled in some oil-producing countries. At the same time, the handover from public to private demand in the U.S. economy stalled, the euro area encountered major financial turbulence, global markets suffered a major sell-off of risky assets, and there are growing signs of spillovers to the real economy. The structural problems facing the crisis-hit advanced economies have proven even more intractable than expected, and the process of devising and implementing reforms even more complicated causes. These responses need to be effective and instill more resilience into the system, but at the same time it is important to avoid unintentionally inhibiting economic growth and adverse negative effects on the tourism industry.

The unsustainable public debt levels and high unemployment with a lack of financial are probably the critical issues responsible for these turbulent times (Table 1). There is a considerable hope riding on emerging economies' ability to provide growth until advanced economies are back on the recovery track. However, many emerging nations are still partially dependent on the financial systems of advanced economies.

Table 1
Top 5 in overall Index rankings, 2011 vs. 2010
Year on year comparisons include post release adjustments to 2010 ranking and scores

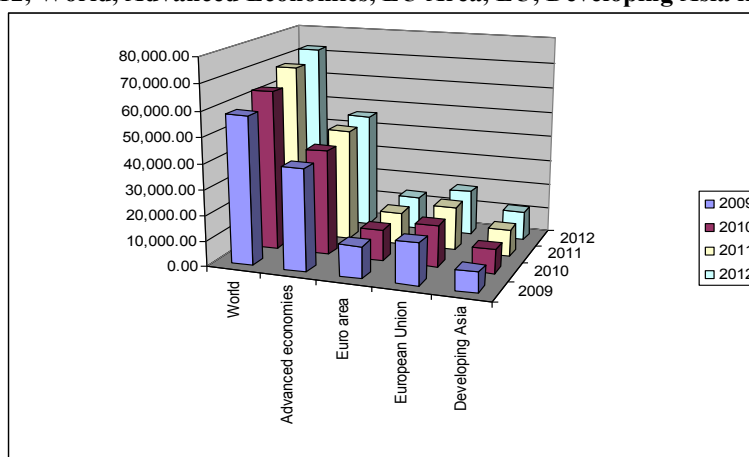
Country/Economy	2011 rank	2010 rank	2011 score (1-7)	Change in score
Hong Kong SAR	1	4	5.16	+0.12
United States	2	1	5.15	+0.03
United Kingdom	3	2	5.00	-0.07
Singapore	4	3	4.97	-0.08
Australia	5	5	4.93	-0.08

Tourism occupies in all national economies an important role in economic development and provides the possibility for partially amortization of the negative effects of the global economic crisis. The pressures caused by high unemployment, inability to find attractive areas of investment capital, the depletion of potential ideas for new investments, could be alleviated by the investors in field of tourism industry.

THE WORLD ECONOMY

The total world output production, by last projection is that it grew by 4.0 percent in 2011 year. Total global consumption, especially in developing economies shows a positive trend in the 2010 year, and the same is planned for the 2011 year. However there is still a high unemployment rate, as well as a risk of inflation, especially because of intense injection of financial capital. Real total domestic demand estimated this year on 1.4 percent will increase up to 1.5 percent in next year and range from 2.1 up to 2.8 percent till the period of 2016.

Table 2
GDP 2009-2012, World, Advanced Economies, EU Area, EU, Developing Asia in Billions U.S. \$



This effect of global predictions are that the average GDP growth in the world with 3.2 percent in 2010 year will increase to 4.7 percent, in the advanced economies will increase from 0.7 percent to 2.6 percent, and a growing economy from 5.6 percent to 6.6 percent, while the volume of world trade will grow from 3.6 percent to 6.9 percent in 2011 year. (WEO, 2011).

Governments of all countries in the world, by taking the following steps in the struggle for financial and economic stability, must take into account the prediction of the so-called next wave. These waves, related to the economic and social developments that can be expected in the coming recession, are likely to be magnified as they emerge in tourism economic performance. The tourism industry has no choice but to deal with these effects.

THE USA

Real spending in the USA on travel and tourism decreased at an annual rate of 1.0 percent in the third quarter of 2011 after increasing 3.2 percent (revised) in the second quarter in the USA. By comparison, growth in real gross domestic product (GDP) increased 2.0 percent (second estimate) in the third quarter after increasing 1.3 percent in the second quarter. The decrease in real spending on tourism primarily reflected decreases in total transportation and in traveler accommodations.

Overall growth in prices for travel and tourism goods and services remained high; increasing from 5.2 percent in the third quarter of 2011 following to 7.4 percent (revised) increase in the second quarter. The growth in prices for travel and tourism goods and services reflected increases in prices for travel accommodations and total transportation. Indicators of tourist activity in the U.S. for the third quarter of 2010 as real spending increase of 8 percent. The total number of U.S. travel to overseas is 20,843,000 in outbound market totaled 45.3 million travelers, for the first nine months of 2011

Direct tourism-related employment increased 1.5 percent in the third quarter of 2011 after increasing 2.5 percent (revised) in the second quarter. By comparison, overall U.S. employment increased 0.9 percent in the third quarter after increasing 1.4 percent in the second quarter. Since the labor market bottomed out in February of 2010, employment in the travel industry has increased by 162,000, growing 1.7 times faster than employment growth in the rest of the economy and accounting for 9 percent of the total jobs created to date.

Real tourism spending on passenger air transportation declines to 3.3 percent in the third quarter of 2011 after increasing 5.0 percent in the second quarter. Airlines cut capacity (reducing available flights) and increased prices to cover rising fuel costs. Real spending on travel accommodations decreased 0.5 percent in the third quarter after decreasing 0.4 percent in the second quarter. (BEA, 2011)

The Office of Travel and Tourism Industries (OTTI) plays an active role in domestic and international policy issues related to the U.S. travel and tourism industry. The Office fosters the development of policies that encourage the growth of travel and tourism to the United States.

The U.S. government takes the following actions to improve business conditions in this area:

- Promotes the growth of U.S. travel exports through bilateral agreements with countries of strategic importance, including the Memorandum of Understanding with China on group leisure travel;
- Represents U.S. tourism interests in intergovernmental organizations to lead the global efforts for travel and tourism policy concerns and issues, including chairing the Tourism Committee for the Organization for Economic Cooperation and Development;
- Serves as the Secretariat for the inter agency Tourism Policy Council, ensuring that the nation's travel and tourism interests are considered in Federal decision-making. More than 18 agencies and offices of the government participate in this Council;
- Serves as the USG official head delegate to the Asia Pacific Economic Cooperation (APEC) Tourism Working Group;
- Serves as the official U.S. government observer and participant on committees and activities of the United Nations World Tourism Organization.

The Travel and Tourism Advisory Board give three conclusions in accordance to improve tourism service:

- Creating a welcoming first impression;
- Providing a stronger voice for travel and tourism in government;
- Ensuring accountability on the value of travel and tourism and the return on investment.

The Travel and Tourism Advisory Board proposal to provide a model to industry and non-industry members to make decisions relative to the crisis is outlined below. The intent is to provide a widely accepted model that provides solid measurements for government and private sector alike.

Key Activities: Most popular activities include shopping, Visiting amusement, national and state parks; followed by visiting museums, zoos and aquariums, Unique dining experiences; concerts and theaters, As well as spa services and gambling.

The Travel U.S. economy in addition to systematic monitoring of performance development is strongly supported by the State Administration for further development. U.S. Travel and Tourism Advisory Board (TTAB) immediately take into consideration President Obama's "Executive Order" and announce new initiatives to significantly increase travel and tourism in the United States from 19 January 2012.

AUSTRALIA

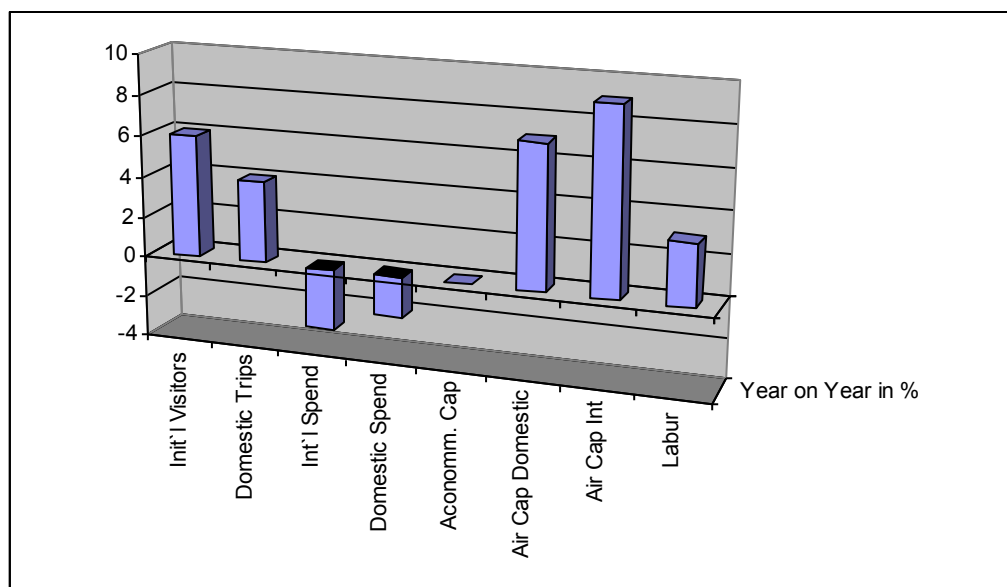
Through the first nine months GDP growth was 2.5 percent in 2011. In seasonally adjusted terms, Australia's GDP increased 1.0 percent in the September quarter.

The tourism industry's resilience in 2011 is reflected in its performance within the present patchwork Australian economy. Notwithstanding the high dollar, international inbound travel remains solid while the larger domestic tourism sector softens as Australians travel overseas in record numbers. And this patchwork theme extends to international tourism markets Australia's leading market by value, China, and other larger Asian markets, bar Japan, underpin the industry's growth. The continued economic malaise in European and United States markets has resulted in modest declines in arrivals and expenditure from these markets.

The Tourism Scorecard quantifies important supply and demand factors and identifies underlying profitability, investment, and productivity performance along the tourism industry's value chain. Comparing the latest 12 month period estimates (in most cases for 2010–11) with 2009 estimates, the key messages from the tourism scorecard are: Business travel expenditure in Australia is steadily rebuilding following the 17 per cent fall experienced in 2009. Business visitor expenditure is estimated at \$12.7 billion in 2010–11, \$1.7 billion lower compared to pre-GFC levels of 2008. (Bureau, 2011)

In general, the supply and demand in Australian tourism in 2009, by exhibited characteristics was not recorded one year earlier. This is a consequence of certain markets and sectors decline and the fact that other sectors are growing very little or not at all. Specifically the tourism sector have shown some very good results, what again is related to the fact that it was compared to other major Australian tourist destinations of the world market which were less affected by the previous mentioned crises.

Figure 1
Tourism Scorecard



Sources: 1 International Visitor Survey, year ending June 2011, Australian National Accounts, National Income, expenditure and Product, June quarter 2011. 7

The opportunities stemming from the industrialization and urbanization occurring in markets such as China and India attract engagement and give a chance to industry and government of Australia. With traditional markets struggling, growth from Asia is expected to be particularly important to the performance of the inbound tourism sector. Of the projected 2.2 million increases in visitor arrivals over the next decade, Asia is projected to contribute around 55 percent; China 42 percent; and India 7.3 percent. And the industry should also remain aware of the potential upsides attached to the eventual recovery in Europe and the United States.

While the Australian economy continues to benefit from its strong trade ties with China (fuelling a record terms-of-trade, and with tourism also benefiting from strong growth in Chinese inbound visitation), domestic tourism volumes in Australia remain weak. Near record-high prices for mining and resource commodities and the breaking of the drought have boosted the short-term prospects of many parts of regional Australia. Assisted by Australia's relatively higher interest rates, and solid economic performance throughout the GFC, the Australian dollar remains high in historical terms against a number of currencies important to Australian tourism.

The forecasts also offer little change in growth targets for supply, including increasing the tourism labor force by between 12–32 per cent (or between 56,000 to 152,000 jobs), increasing the accommodation supply (stock) by around between 40,000 and 70,000 rooms and 23–30 percent growth in international aviation capacity.

Key factors for achieving stronger growth for the Australian tourism industry revolves around a number of: Higher sustainable profits; Strong strategic investment; Quality labor.

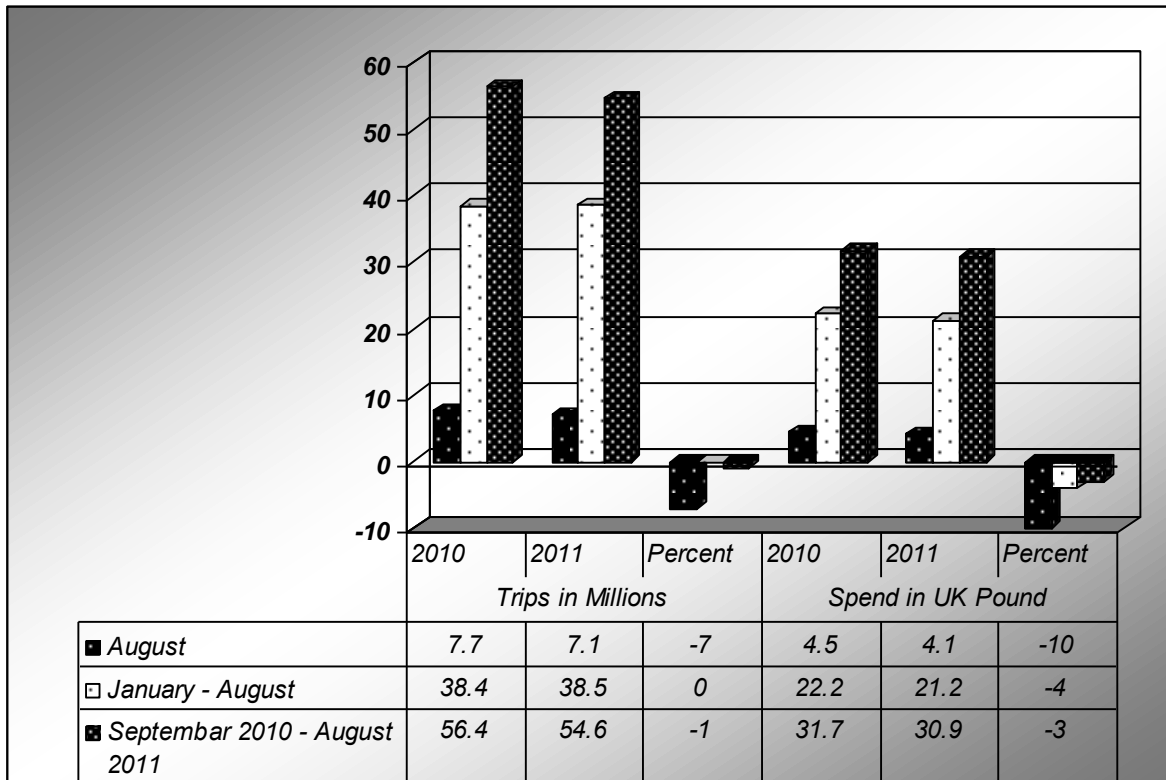
Australia's tourism industry may maximize these benefits by interlinking two key elements of the industry, *Emerging Trends* and *Productive Capacity*; two components which are also the key pillars behind the *National Tourism Research Agenda11* and identified a number of broader mega-trends that would drive structural change and growth in tourism.

UNITED KINGDOM

The UK economy bounced back between July and September with stronger than expected growth of 0.6% after it ground to a halt in the second quarter. Output of the service industries increased by 0.7 percent, while output of the construction industries increased by 0.3 percent. The UK's deficit in Trade in Goods and Services increased to £2.6 billion in November, up from £1.9 billion in October.

The UK's surplus in Trade in Services increased to an estimated £6.1 billion, up from £6.0 billion in October. Exports of services rose by less than £0.1 billion (0.2 per cent) to £15.9 billion and imports of services fell by less than £0.1 billion (0.5 per cent) to reach £9.9 billion. (Statistic, 2011).

Table 3
Outbound travel – UK resident



Trip Characteristics:

- During the first eight months of 2011, the overall growth in trip volumes reflects increases across all trip purposes when compared to last year; business trips grew by 13% suggesting continued recovery within this sector, pure holiday trips rose by 4% and visits to friends and relatives by 3%.
- Expenditure on domestic overnight trips continued to increase more rapidly than trip volumes; the value of trips rose by 14% during the first eight months of the year compared to a 5% increase in volume.

The following are six key: Improve International Competitiveness; Reduce the Regulatory Burden; Achieve Greater Effectiveness with Public Funding; Improve Quality and Skills; Improve Sustainability; Invest Public Funds.

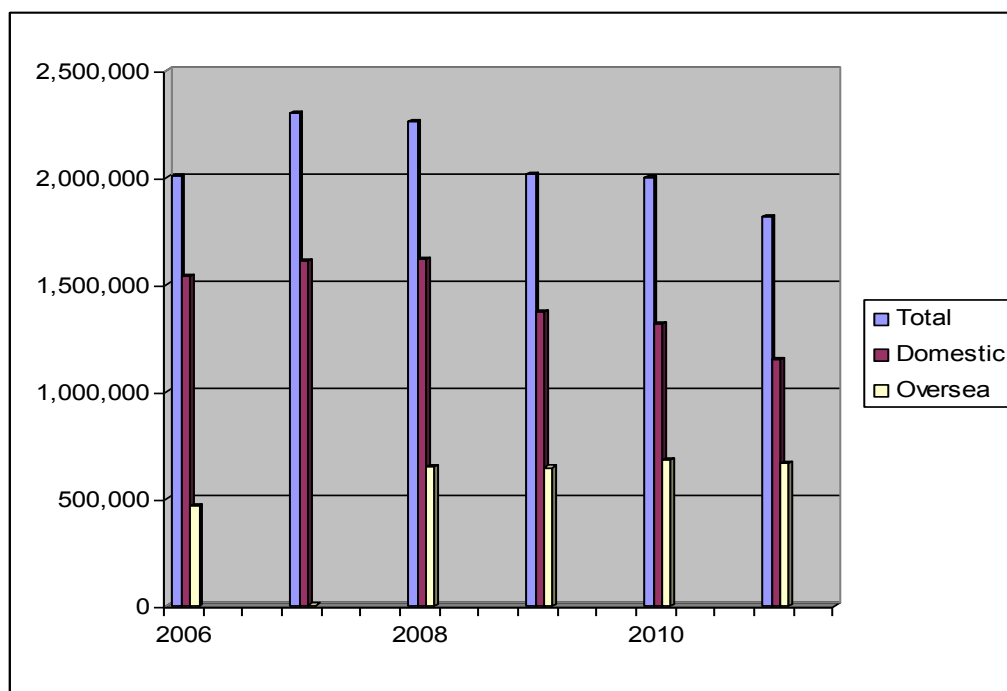
To achieve these objectives, a series of Action Plans have been developed by cross industry groups. The Action Plans will be monitored and reviewed regularly to highlight progress, showcase successful delivery by partners and demonstrate impact. The Plans are dynamic documents that will change during the life of the Strategic Framework. (Framework, 2011)

SERBIA

GDP trends shows in Serbia indicated to good performance for 2008. year with the 5.5 percent grow and slow down in 2009 with minus 2,9 percent and on 2 percent in 2010, and astimeted estimated to 3 in 2011 and 5 percent for 2012.(RSZ, 2011)

So far Serbia has 265 hotels but their number has increased in the last five years for 27 hotels. During 2012 year three new facilities will be opened in Serbia by well-known worldwide hotel chains such as “Falkenstajner” and “Redison” in Belgrade and “Holiday Inn” in Novi Sad.

Figure 2
Tourist arrivals in Serbia



Trends for oversea tourist arrivals are constantly positive but for total and domestic tourist arrivals decreased from 2006 up to 2011.

Petrovaradin fortress is one of the most visited places in Serbia and a hosting place of Exit (festival). Tourism in Serbia is mainly focused on the villages and mountains of the country. The most famous mountain resorts are Zlatibor, Kopaonik, and the Tara. There are also many spas in Serbia, the biggest one is Vrnjacka Spa. Other well known spas are Soko Spa and Niska Spa. There is a significant amount of tourism flow in the largest cities like Belgrade, Novi Sad and Nis, but also in the rural parts of Serbia like the volcanic wonder of Djavolja Varos, Christian pilgrimage across the country and the cruises along the Danube, Sava or Tisza. There are several popular festivals held in Serbia, such as EXIT, proclaimed to be the best European festival by UK Festival Awards 2007 and according to the European Association of the 40 largest festivals in Europe and the Guča trumpet festival.

Serbian tourism products and competitiveness plan, investment strategy, the necessary investment plan and marketing plan. According to current statistics, the tourism sector accounts for 2.5% of gross national product and 5-6% of total employment in the Republic of Serbia.

Serbian state encourages the development of the following objectives: Stimulating economic growth, employment and quality of life of residents through the development of foreign tourism; Ensuring the development of their own positive international image; Ensuring long term protection and integrated management of natural and cultural resources, which is in the interest of sustainable tourism development ; Providing international quality standards of tourist consumer protection in accordance with modern European practice.

In addition to defining the medium-term and strategic goals compatible with the convergence towards the society of higher levels of employment and less poverty, it is necessary to identify carriers of activities and both key economic and social actors of the expected changes as well. (FAE, 2010) In the domain of general economic policy, the transition to a new model of growth is expected to bring a radical change in incentives for economic factors, especially in tourism which can offer many possibilities for new employment.

CONCLUSION

The world economy has shown signs of recovery at the beginning of year, but at the end of the 3rd quarter of 2011 show signs of re-entering a recession and some economies in a deeper crisis.

Since tourism is one of the most vulnerable areas in terms of economic turbulence, then each government must take in considerations these circumstances. Along with 150 member countries, the UNWTO has developed a comprehensive plan for crisis communications that will be ascribed to by all members – and can be adopted for use by non-members.

Basic characteristics of tourism tourist services in the world economy and in the state economy are:

- Labor intensive (create jobs);
- To be relatively easy to meet demand growth ;
- Ability to ensure sustainable growth
- Improving the balance of payments.

Governments constantly take measures to promote tourism activities, and to eliminate the negative impacts such as expansive, aggressive and destructive forms of tourist traffic as well as tourism development. These measures should mitigate the negative effects of tourism not only in natural but also in the social environment, because there is a connection between the hazardous effects of tourism on social being and the environment. States should focus its tourism development towards harmonization with the principles of nature and the environment, and also to push for eco-tourism.

Tourism should provide quality employment to its community residents and a linkage between the local businesses and tourism should be established as well as educational and training programs to improve and manage heritage and natural resources.

To achieve this, it is necessary to activate the entrepreneurial potential in this field, encourage small and medium enterprises to initiative in counties like Serbia and to develop transnational and interregional cooperation on ecological principles.

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