

The demands and supply in tourism. Case studies from tourism destinations with a strong tourism economy.

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ABSTRACT

This study emphasizes the recording of supply and demand in the tourism industry. In addition, reference is made to the elasticity of tourism demand, as well as economic growth through tourism. Through a study of successful countries that have income from tourism, an attempt is made to record the common characteristics of these countries.

KEYWORDS: economy, tourism, tourism destinations

1. INTRODUCTION

The demand for tourism services is one of the most important factors influencing the development of the tourism industry. A number of factors, such as the economic situation, social and cultural factors, technological developments, as well as political conditions, contribute to shaping the demand for tourism products and services [1]. The elasticity of demand in tourism is a crucial factor in understanding consumer behavior and shaping strategies in the tourism industry. The two main forms of elasticity related to tourism are price elasticity of demand and income elasticity of demand. These concepts determine how the demand for tourism products and services is affected by changes in price and consumer income [1].

2. FACTORS INFLUENCING THE DEMAND FOR TOURISM SERVICES

Economic factors

Income and purchasing power

The economic situation of consumers is a crucial element in shaping demand in the tourism industry. An increase in disposable income leads to greater consumption of tourism services, while economic crises shrink demand [2].

Prices and travel costs

The cost of tourism services, including airfares, accommodation and catering, directly affects travelers' choices. Price fluctuations are influenced by supply and demand, exchange rates, and government tax policies [3].

Social and cultural factors

Demographic trends

Changes in demographic composition, such as population aging and the growth of the middle class in developing countries, affect the demand for tourism services. Different age groups exhibit distinct travel patterns and preferences [1].

Cultural interests and fads

The growing desire for authentic experiences and cultural activities influences destination choices. Globalization and social media are shaping new travel trends and increasing the popularity of specific destinations [4].

Technological factors

Transportation developments

Advances in air transport, faster and more affordable travel options, and innovations in reservation management are enhancing accessibility to tourist destinations [5].

Digital technology and online tourism

The use of online booking, mobile phone applications, and online travel experience platforms allow consumers to plan their trips more easily, influencing the demand for tourism products [5].

Political and environmental factors

Political stability and security

Political unrest, terrorist attacks, and epidemics have a significant impact on the demand for tourism services. Travel restrictions and interstate relations can also shape tourism flows [3].

Environmental awareness and climate change

Consumers are increasingly aware of the sustainability and environmental impact of their travel. Climate change is affecting the availability of certain destinations, while also creating new trends in ecotourism [6].

3. ELASTICITY OF DEMAND AND INCOME IN TOURISM

Price elasticity of demand

Definition and significance

Price elasticity of demand refers to the degree to which the quantity demanded of a tourism service changes when its price changes. If demand is elastic, a small increase in price can lead to a large decrease in demand, while if it is inelastic, demand is less affected by price fluctuations [3].

Factors affecting price elasticity

Type of tourism service: Luxury holidays have a higher elasticity compared to basic travel needs [1].

Availability of substitutes: The more alternatives there are, the higher the elasticity.

Time horizon: Demand for tourism products can be more elastic in the long run, as consumers have time to adjust their choices [3].

Income elasticity of demand

Definition and importance

Income elasticity of demand shows how the demand for tourism services changes when consumers' income increases or decreases. When the price elasticity is greater than one, the service is considered a luxury, while if it is less than one, it is considered a basic necessity good [5].

Factors affecting income elasticity

Type of tourism product: High-cost travel experiences have higher income elasticity [3].

Stage of economic development: In developed economies, tourism consumption is more sensitive to changes in income [6].

Social trends and preferences: The increasing preference for experiences and adventure influences demand relative to income [6].

Implications for tourism policy and strategy

Understanding the elasticity of demand allows tourism operators and governments to develop pricing strategies and policies that enhance tourism development. Some examples include:

Diversifying tourism products to manage the effects of changes in income and prices [2].

Using dynamic pricing to optimize the occupancy of tourism businesses [5].

Developing support policies to attract tourists in times of economic recession [3].

4. TOURISM SUPPLY

Definition of tourism supply

The supply of tourism goods and services refers to the quantity and quality of available resources that can be used to provide experiences to tourists. This includes accommodation, transportation, attractions, catering services and other supporting infrastructure [7].

Factors affecting the supply of tourism goods and services

1. Availability and use of natural and cultural resources

The supply depends on natural resources (such as beaches, mountains, national parks) and cultural resources (historical monuments, museums). The sustainable management of these resources is crucial for the maintenance of tourism activity [5].

2. Investment and infrastructure

Tourism businesses and governments invest in accommodation, transport and recreational infrastructure to improve the supply. Public and private investments play a decisive role in the development of the tourism product [3].

3. Technological developments

Innovation and technology affect the tourism supply through online bookings, digital management tools and smart destinations. The use of technologies improves the traveler experience and business efficiency [1].

4. Policy and regulatory framework

Government policies, regulations and tax regulations directly affect the supply of tourism services. Investment relief and incentives can enhance tourism development [2].

5. Human resources and education

The quality of human resources in the tourism sector determines the quality of services. Education and training programs enhance the ability of professionals to provide high-quality services [4].

Impacts of supply on tourism development

The supply of tourism goods and services affects:

The competitiveness of destinations, through product differentiation and quality improvement [5].

Economic growth, as it strengthens employment and the local economy [3].

Sustainable tourism development, promoting practices that reduce environmental impacts [6].

Definition of Economic Growth and the Role of Tourism

Economic growth refers to the increase in the productive capacity of an economy, usually measured through GDP. Tourism contributes to economic growth through the consumption of goods and services, increased investment and employment creation [8].

Economic impacts of tourism

1. Contribution to GDP

Tourism is one of the main pillars of growth for many economies. According to WTTC [2], the tourism sector contributes approximately 10% to global GDP, making it one of the most dynamic sectors of the economy.

2. Employment and income

The tourism industry creates millions of jobs in various sectors, such as accommodation, catering and transport [3]. In addition, tourism development contributes to increased incomes, especially in areas with high tourism activity.

3. Infrastructure development

Increased tourist flows lead to investments in infrastructure, such as airports, roads and hotels. These investments strengthen the overall economy and facilitate sustainable development [6].

4. Foreign exchange inflow

Tourism is one of the main sources of foreign exchange for many countries, as tourists spend money on goods and services, strengthening local economies [2].

Positive and negative impacts on economic growth

Positive impacts

Economic growth and income diversification [5].

Improving living standards through increased incomes [7].

Promoting cultural exchange and improving the international image of countries [4].

Negative effects

Dependence of the economy on tourism, making it vulnerable to crises [6].

Environmental impacts from excessive tourism development [3].

Increasing the cost of living in popular tourist destinations [2].

Definition and principles of sustainable tourism development

Sustainable tourism development is based on three main pillars: economic sustainability, environmental protection and social cohesion (Hall & Lew, 2009). The key principles include:

Protection of natural and cultural resources.

Promoting the well-being of local communities.

Minimizing the negative impacts of tourism on the environment.

Long-term planning and strategic development.

Economic impacts of sustainable tourism development

1. Job creation and local economy

Tourism is an important source of employment, both directly and indirectly. The development of sustainable tourism practices can enhance labor market stability and promote local businesses [7].

2. Diversification of the tourism product

Sustainable tourism development encourages the diversification of the tourism product, creating new forms of tourism such as agrotourism, ecotourism and cultural tourism [8].

3. Foreign exchange inflow and investment

Sustainable tourism contributes to economic stability by attracting investment at the local level. At the same time, it strengthens services exports through the inflow of foreign exchange [2].

4. Infrastructure improvement and innovation

The adoption of sustainable tourism practices leads to improvements in infrastructure and promotes innovation in the tourism sector, increasing the competitiveness of destinations [1].

Challenges and strategies for sustainable development

Despite its importance, sustainable tourism development faces challenges such as overtourism, pollution and social inequality.

Key strategies to address these include:

Implementing regulations to manage tourism flows.

Promoting environmentally friendly practices in the industry.

Supporting local communities through economic empowerment policies [7].

5. EXAMPLES OF COUNTRIES WITH A STRONG TOURISM ECONOMY

Tourism is one of the key drivers of economic growth for many countries. The tourism industry contributes significantly to Gross Domestic Product (GDP), job creation and investment.

Spain

Spain is one of the world's leading tourism markets, welcoming more than 83 million tourists in 2019. The tourism sector contributes approximately 12% of the country's GDP and employs millions of people [2]. Popular destinations such as Barcelona, Madrid and the Balearic Islands attract visitors from all over the world, boosting the local economy.

Greece

Greece is one of the most recognized tourist destinations in the world, with tourism accounting for over 20% of the country's GDP [9]. The main tourism sectors include cultural and island tourism, with iconic destinations such as Athens, Santorini and Mykonos. In addition, the development of alternative tourism, such as agrotourism and ecotourism, contributes to strengthening the tourism economy.

Thailand

Thailand has emerged as one of the most important tourism hubs in Southeast Asia. Tourism accounts for 18% of the country's GDP and provides millions of jobs (10). Popular destinations such as Bangkok, Phuket and Chiang Mai contribute to the country's economic prosperity, while medical tourism attracts high-income visitors.

United States of America

The United States has one of the largest tourism industries in the world, with tourism accounting for approximately 8% of the country's GDP. The most popular destinations include New York, Florida and California, while tourism contributes significantly to cultural and economic development through museums, theme parks and natural landscapes.

France

France is the most popular tourist destination in the world, welcoming more than 90 million tourists in 2019 [2]. Tourism contributes to 9.7% of the country's GDP and boosts the economy through its numerous cultural attractions, such as the Eiffel Tower, the Louvre and the Côte d'Azur (OECD, 2021).

Italy

Italy is a country with a highly developed tourism sector, welcoming over 60 million tourists annually. Tourism contributes to approximately 13% of the country's GDP [2]. Cities such as Rome, Florence and Venice attract millions of visitors, while the gastronomic and agritourism sectors boost the regional economy.

Dubai (United Arab Emirates)

Dubai has become a global tourism hub, with the tourism sector contributing to 11% of the UAE's GDP. Luxury tourism, markets, business events and international festivals are key factors that attract millions of tourists each year.

Australia

Australia benefits from tourism, with the sector contributing around 10% of the country's GDP. Natural beauties, such as the Great Barrier Reef and Sydney, as well as a developed ecotourism industry, attract visitors from all over the world.

Maldives

The Maldives is one of the most popular exotic tourist destinations. The tourism sector contributes approximately 28% of the country's GDP, making it the most important economic sector. Luxury resorts, diving and marine tourism activities are the main pillars of tourism development.

Mexico

Mexico is one of the most important tourist destinations in Latin America, with the tourism sector contributing approximately 8.7% of the country's GDP [2]. Cities such as Cancun, Los Cabos and Mexico City attract millions of tourists every year.

6. CONCLUSIONS

Countries with strong tourism economies share common characteristics, such as high levels of tourism revenue, a wide variety of tourism products, and investment in infrastructure. However, dependence on tourism can create challenges, such as economic vulnerability to global crises and the need for sustainable practices. Strategic development and diversification of the tourism product can enhance the stability of these countries' economies. Moreover, sustainable tourism development is an integral part of the global tourism industry, with significant economic impacts. Despite the challenges, adopting sustainability strategies can contribute to strengthening the economy and preserving natural and cultural resources for future generations (UNWTO, 2021).

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