



The Tourism Satellite Account in a nutshell

BACKGROUND

Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes.

Tourism thus originates from the activity of visitors (which can be both tourists and excursionists) and is therefore considered a demand-side phenomenon. In this sense, the economic contribution of tourism has to be approached from the activities of visitors and their impact on the acquisition of goods and services. However, tourism can also be viewed from the supply side, and it will then be understood as a set of productive activities that cater mainly to visitors or for which an important share of their main output is consumed by visitors. These productive activities, or industries, entail economic value added and employment.

In order to keep track of their economic activity, measure the economic value of different industries, and derive economic aggregates such as GDP, countries maintain so-called National Accounts. These accounts define industries according to *what* they produce and *how*. However, tourism needs to be defined by *who* because it is generated by a special type of consumer called visitor.

Tourism is thus not an explicit “industry” in the National Accounts. Rather, it is collection of parts of different industries (accommodation, food and beverage serving activities, railway passenger transport, etc.) that cater directly, and in a significant degree, to visitors.

Against this background, the National Accounts allow for the development of so-called Satellite Accounts to measure economic activities that it does not explicitly define, like the environment, information and communication technology, and tourism.

Until recently the absence of standards in tourism statistics led people to develop their own concepts, definitions, and classifications; thus comparison was not possible. In 2008 the international statistical community agreed on a 2-piece set of recommended methodological frameworks for measuring tourism in a standard way:

- [International Recommendations for Tourism Statistics 2008 \(IRTS 2008\)](#) provides the main concepts, definitions and classifications for the measurement of tourism activity
- [Tourism Satellite Account: Recommended Methodological Framework 2008 \(TSA: RMF 2008\)](#) is the conceptual framework enables the measurement of tourism in economic terms

WHAT?

The Tourism Satellite Account (TSA), advanced by UNWTO, makes the link between industry supply and visitor demand, generating economic aggregates on tourism that are comparable with those of ‘traditional’ sectors (like agriculture or manufacturing), but also between countries and over time.

In a word, the TSA measures the economic contribution of tourism.

The TSA can be understood of a set of ten summary tables, each with vast amounts of underlying data and representing a different aspect of tourism's economic contribution:

- ◆ Inbound, Domestic tourism and Outbound tourism expenditure
- ◆ Internal tourism expenditure
- ◆ Production accounts of tourism industries
- ◆ The Gross Value Added (GVA) and Gross Domestic Product (GDP) attributable to tourism
- ◆ Employment
- ◆ Investment
- ◆ Government consumption
- ◆ Non-monetary indicators

A first compilation of country experiences in the compilation of a TSA, as well as key macroeconomic aggregates (internal tourism consumption, tourism GVA, tourism GDP, total jobs, etc.) is contained in UNWTO's [TSA Data Around the World: Worldwide Summary](#).

WHY?

The production of tourism statistics and a TSA are not ends in themselves. The considerable resources used up in these activities must be justified by the value of their results. This value will depend on the uses various users make of a TSA.

Users of tourism statistics and TSA come from a range of backgrounds, which could be broadly categorised as public sector, private sector and academia (the higher education community). While each of these will have their different perspectives, some of their uses will coincide, overlap or be complementary.

The TSA provides a number of general benefits to people in the tourism sector:

- provides, for the first time an official, objective, credible measure of tourism's economic contribution;
- provides the industry and government tourism agencies with a powerful tool to use in advocacy for the tourism sector;
- helps to raise the profile of tourism and increase awareness of its economic importance
- provides information not previously available;
- provides comparable measures between countries and over time;
- its production requires good quality data, and usually leads to improvements in the basic statistics currently available;
- requires close working relations between the major stakeholders and thus can improve relationships and understanding;
- provides a strong foundation for further research, e.g. calculating the indirect effects of tourism.

Specifically, it can assist private sector operatives by:

- providing an important tool for advocacy (for the first time the measure of tourism's economic contribution can be relied on as being objective and credible);
- identifying the composition of the sector (what industries provide goods and services to visitors and to what extent do they do so);
- identifying component industries' dependence on tourism (how much individual industries are dependent on tourism demand);
- assisting in redirecting marketing activities (by providing information on the relative importance of different components of tourism demand); demonstrating how the market is evolving and changing (by providing consistent time series data which reflects changes in the composition of tourism demand).

For government officials some of the ways the TSA can assist include:

- better understanding the sector from an “industrial” perspective (by identifying the range of industries which supply visitors; providing a measure for the share of their output that is consumed by visitors, etc.);
- suggesting new approaches to destination marketing: there is growing evidence that more complete statistical information (regarding both domestic and inbound tourism, identifying what types of visitors contribute best to the country’s economy, etc.) can contribute to a more precise design of marketing policies, strategies and programs, to ensure a more efficient management of the resources allocated to National Tourism Administrations, and to improve analysis and policy effectiveness;
- mainstreaming tourism policy within general evidence-based macroeconomic policies: having a TSA permits greater internal consistency of tourism statistics with the rest of the statistical system of a country, as well as increased international comparability of these data, allowing tourism to be seamlessly integrated into macroeconomic analysis, and thus policy.
- opening new avenues of public-private sector cooperation (by assisting in identifying where such cooperation could take place) and developing non-traditional partnerships (by providing new information which could identify potential partnerships not previously thought of), relating to for example:
 - government income derived from tourism activity,
 - the role played by tourism industries,
 - the improvement of tourism related infrastructure,
 - etc;
- facilitating closer inter-departmental liaison and cooperation (by highlighting the need for cooperation between various government departments, e.g. National Tourism Administrations, National Statistical Offices and Immigration Departments).
- more specifically, a TSA is a powerful lobbying tool for National Tourism Administrations (NTAs) to advocate the cause of tourism and may, consequently, pave the way for their renewed leadership. It may contribute to the empowerment of NTAs within national governments over the medium term, not only as a consequence of the leadership NTAs necessarily need to assume in pushing ahead the TSA project (which requires coordination with other government entities such as the National Statistical Office and the Central Bank) but also because TSA results can help raise awareness of the relative importance of tourism.