

TOURISM & MORE'S "TOURISM TIDBITS"

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The Tourism Outlook for 2014

A New Year is a chance for new beginnings. What is true of the world in general is also true of tourism. The tourism industry does not live apart from the rest of the world. It is deeply attached to the economy's undulations, sensitive to issues of security, and can be impacted by a host of unexpected events, ranging from a health crisis to a natural disaster. Certainly 2013 had its successes and challenges and we can expect that 2014 may offer more of the same. Although no one can predict the state of the world throughout 2014, here are some trends that tourism specialists and professionals may want to watch.

1. **The state of the economy.** Tourism is highly dependent on economic trends. In the latter half of the twentieth century and the first decade of the twenty-first century, tourism marketing has placed its emphasis on the middle class market. To a great extent this assumption was highly logical. The middle class forms the largest travel group, and it is only moderately demanding,.

2. **Sociologically, tourism customers tend to be forgiving of tourism mistakes and somewhat tolerant of less than perfect customer service.** The middle class is perhaps the most vulnerable to economic highs and lows and tends to be the class that most easily panics during a downturn. Because the middle class often buys on credit, the cost of credit will have a major impact on its ability and willingness to purchase what appears to it to be non-essential services. On a positive note, in many of the developing economies there is a rising middle class, and these new middle classes appear to be following the same sociological patterns as the middle classes in the more traditionally established economies. Tourism marketers and professionals then would do well to be alert to the following economic trends.

a. **Track the cost of credit.** Because so much of the middle class' purchases for expendable items is dependent on credit, it is essential to track the trends in credit. If interest rates rise, then middle class purchases become more expensive. When interest rates fall, the same item or service becomes less expensive.

b. **Watch and understand set costs that impact the middle class.** The middle class must live on some form of budget. That means that if there is a major rise in taxes or other required services, the middle class may tend to hold back on what it considers luxury items. For example, in the United States right now there is doubt as to what

the cost of health care will be in 2014. Should the cost go down, then, psychologically, the public's willingness to travel may rise (assuming all else being the same). Should health care costs, however, spiral; then the tourism industry may suffer.

c. **Pay attention to the stock markets around the world.** When the stock markets tend to rise, many people feel wealthier and are more willing to spend money. The opposite is true of a falling market. Note that the psychological macro impact is not connected to an individual's personal wealth. Members of the middle class tend to spend money as influenced by macro rather than micro trends.

3. **What is true of the middle class is not necessarily true for other economic classes.** Although the lower economic classes do not do a lot of pleasure travel, those in the upper classes tend to be less economically dependent regarding leisure travel. Those who form part of the upper strata of society, however, tend to be more demanding and expect an ever-greater number of services. Members of this cohort rarely believe marketing. Marketing has an inverse relationship to wealth and education. Thus, wealthier and better educated people tend to pay less attention to printed or televised marketing than do those who are firmly in the middle classes of a society.

4. **Issues of Security.** Visitors and tourism, on the whole, are security sensitive. The coming year will present tourism security specialists with any number of challenges. Among these are:

a. **Terrorism has not diminished but rather mutated.** Single cell terrorism groups will increase their threat to the tourism industry and will be harder than ever to detect.

b. 2014 will see a number of major and mega events. Among these are Soccer's World Cup. These games will occur throughout Brazil and that nation will have to be vigilant regarding both acts of terrorism and acts of random violence.

c. **Tourism Policing Forces (TOPPs) around the world will be more needed than ever.** If security personnel can convince marketers of the importance of TOPPs units then these forces may help to create a dent in international crimes against tourists. If, however, these forces remain underfunded then additional problems may occur.

5. **Transportation issues.** With the merger of airlines around the world tourism leaders can expect higher costs and a continual downgrading of services. Airlines have become the business that travelers love to hate. In defense of the airline industry, the risks of running an airline continue to grow and the profit margins continue to shrink. Should the cost of fuel continue to climb, then expect reductions in service, fewer flights and lighter and less comfortable aircraft. The travel industry's dependency on air travel will continue to be a major problem. On the other hand, many nations have

established functioning bus and train alternatives and these alternative forms of public transportation, along with private vehicles, may become a short haul substitute for problems in air travel

6. **New Opportunities for alternative travel experiences.** Many of the legacy destinations will have to compete with new travel experiences. A new generation will seek combination tourism in which it can mix business with pleasure, short-term vacations, that embrace long weekends, and boutique tourism experiences that are out of the ordinary. Many of the legacy destinations will suffer from the "been-there-done-that" syndrome and will have to offer more conveniences or tourism opportunities if they are to keep their status as premier destinations.

7. **Business travelers will expect more.** Business travelers around the world expect free internet and wi-fi services. Many business travelers now use some form of tablet rather than a laptop computer. These people need access to free printing via the Internet, flexible check-in and check-out times and dining options that are both affordable and varied. Travelers will continue to seek healthy food options and increased after work opportunities.

8. **Congratulations to a number of places around the world which have come up with new creative measures in their tourism offerings.** Panama has created a program to provide visitors with one month of free health insurance. The Dominican Republic has created perhaps the world's best trained tourism police force. The US has begun to allow entrance, at least for returning US citizens, via computers rather than forcing everyone to stand in line. These are a few of the creative innovations that should give tourism professionals hope that 2014 may be the best year ever for tourism.