Tourism Research in the United States
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Introduction

In the past decade, tourism research at the national and international level has progressed significantly. National statistical agencies in western nations, in conjunction with the United Nations’ World Tourism Organization, have worked to rearrange data in national accounting systems into Tourism Satellite Accounts (TSAs). As a result, researchers have carefully defined tourism, identified its economic significance and mapped recent economic trends.

Attempts to institute tourism research at U.S. universities have been less successful. University-based tourism research centres, created in the 1970s and 1980s, have had to struggle to maintain adequate funding. Many of them have ceased to exist. National and international research strategies have succeeded because they have had dedicated funding from federal governments and because they have made use of existing government infrastructures. In contrast, tourism research Centres at universities have had to rely on uncertain support from industry and state governments. Centre funding has not been part of a coordinated strategy on the part of government or industry and, except for the Centres at mid-western land-grant institutions, there is very little infrastructure to sustain relationships between the Centre and community.

This paper will begin with a brief account of recent tourism statistics. It will progress to an overview of national and international tourism research initiatives. Then it will outline how university tourism research could supplement and enhance the work already done. Finally it will discuss attempts to institute tourism research in universities in the U.S. and provide an analysis of why some Centres have succeeded while others have not.

Tourism Growth

The World Tourism Organization calculates that, between 1989 and 1998, tourism arrivals have increased worldwide at an average annual rate of 4.5 percent and international tourism receipts\(^1\) have increased by 7.9 percent annually over the same period.\(^2\) By 1997 tourism receipts accounted for 35 percent of the total world exports of services.\(^3\) Between 1989-1998 the value of tourism receipts worldwide increased by U.S. $218.2 billion. 27.4 percent of the increase was in the Americas and 51.8 in Europe.\(^4\)

Tourism is growing at faster rates than other sectors and it contributes significantly to the U.S. economy. In 1992, expenditures for travel and tourism accounted for 4.6 to 5.3 percent of U.S. GDP.\(^5\) Value added in travel and tourism is estimated at 1.9 to 2.2 percent of U.S. GDP.\(^6\) International tourism is particularly important to the U.S. economy because it helps balance U.S. trade accounts. In 1993, the U.S. travel trade surplus was $22.2 billion, equal to the

\[^{1}\text{Excluding transport, a major expenditure}\]
\[^{2}\text{World Tourism Organization, Tourism Highlights 1999, May 19, 1999.}\]
\[^{3}\text{Ibid, p. 3.}\]
\[^{4}\text{Ibid., p.9.}\]
\[^{6}\text{Ibid.}\]
U.S.’s trade deficit to Japan in motor vehicles. In 1998, the U.S. ranked first in tourism earnings, capturing 16.2 percent of the global total. Italy was a far second with 6.9 percent. This of course partly reflects the high value of the U.S. dollar relative to other currencies. The U.S. does in fact need to be concerned about losing its market share of international tourism – earnings decreased by 2.9 percent between 1997 and 1998. The U.S., with 7.3 percent of total arrivals, ranks as the third top destination for tourism – down 2.8 percent between 1997-1998. France is first with 11 percent and Spain is second with 7.5 percent. At the same time, U.S. citizens are the biggest tourism spenders, responsible for 13.5 percent of the global total, up 6.6 percent between 1996 and 1997. Given its rate of growth, its contribution to the U.S. trade balance and GDP tourism is a significant enough industry to warrant research.

U.S. National and International Tourism Initiatives

Tourism research has progressed significantly in the past decade. The World Tourism Organization (WTO), the Organization for Cooperation and Development (OECD) and national statistical agencies in various countries have been working to define the tourism and to develop the means to measure its economic significance at the macro level – both national and international.

Measuring the economic performance of the tourism industry has been facilitated by the creation of Travel and Tourism Satellite Accounts (TTSAs). The purpose of a TTSA is to provide a framework for analyzing expenditures on tourism goods and services. Satellite Accounts rearrange the data contained in the national accounting systems in order to measure industries such as tourism and transportation that are not directly reflected in the Standard Industrial Classifications (SICs). In 1998, researchers at the U.S. Bureau of Economic Analysis created a prototype TTSA using 1992 data.

The objective of the TTSA is to represent existing data to reflect tourism expenditures, supply, demand and employment. Prior to extracting data from the input-output (I-O) accounts for the TTSA, researchers had to define a tourism industry, a tourist or visitor and a tourism commodity.

- A ‘visitor’ is defined as “someone outside of his or her ‘usual environment’ – the place of normal activities, residence, leisure, study and work or an area within 50-100 miles from home – and includes both business and leisure travellers.

- A tourism commodity is “a good or service typically purchased by a visitor” determined by surveys of U.S. travellers – hotels and transportation services are the most obvious ones.

- A tourism industry sells “a significant” portion of its output to visitors, its revenues and profits would be seriously affected if tourism ceased to exist.

- Tourism demand includes “travel-related expenditures made by all visitors, before, during and immediately after each trip” including business, leisure, international and domestic travel.

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12 The WTO or OECD definition of a tourism commodity is slightly different, it is “the share of commodity purchased by visitors or produced primarily as an attraction for visitors.” *Ibid.*, p 11-13.
• **Tourism supply** is “the total amount of a tourism commodity available to be purchased by business, households and government and to be exported.”\(^{13}\)

Once tourism categories were defined for the TTSA the categories could be applied to the data in the I-O accounts. I-O data have been crucially important to the creation of the TTSA. They provide measures of output by commodity and industry, they contribute estimates of industry and final use expenditures necessary for identifying tourism expenditures by type of visitor and they link expenditures to industry output and GDP. Consequently, the data in the I-O accounts have made it possible to assess the significance of tourism and compare it to other industries.\(^{14}\)

In order to incorporate I-O data into the satellite account, ratios for the tourism component of selected industries (SIC) had to be determined. For example, while hotels and lodging places and passenger rail and air transportation can attribute virtually 100 percent of their revenues to tourism, other important tourism industries cannot. Eating, drinking, recreation, entertainment and retail establishments owe only a portion of their revenues to tourism. The TTSA also had to disaggregate resident and nonresident purchases from the I-O accounts and the outputs of nonprofit institutions (parks, museums and government) had to be included.\(^{15}\) Tourism industry ratios are important measures because they facilitate the calculation of tourism value added and employment. The ratios are applied to data on industry value added and employment in order to produce estimates of tourism employment and value added to GDP.\(^{16}\)

How did researchers come up with the ratios? The calculations for the tourism industry ratios are derived from data collected in the Bureau of Labor Statistics’ *Consumer Expenditure Survey* (CEX). Data from and different categories within the I-O Accounts had to be reorganized. In the I-O accounts business travel data are included as intermediate purchases, travel by government employees is in government final expenditures, non-resident expenditures are reported as exports and all other travel expenditures are allocated to the Personal Consumption Expenditures (PCE) category.\(^{17}\) The PCEs include expenditures by U.S. residents in foreign countries and exclude the spending of foreign travellers in the U.S.

The CEX is the only way of separating visitor and non-visitor spending. The problem with this method is that estimates drawn from the CEX are 30 percent lower than the ones from the PCE. Why? Because the CEX is a general household survey, not a travel survey. The sample size is small (5,000 for the entire U.S.). The survey is detailed and complex – tourism data is only a very small component at the end of it and there are high rates of non-response and involves significant recall error. Tourism expenditures are likely to be under-reported – the most reliable reporting is for large (i.e. autos) or regular purchases (rent). Surveys designed to measure travel specifically produce higher estimates than the CEX.\(^{18}\)

**A Note on Transportation: Canada’s Tourism Satellite Account**

Canada and Norway were the first countries to develop tourism satellite accounts (TSAs). With the *Canada Travel Survey* (CTS), Canada is also ahead of the U.S. in collecting tourism specific data for the TSA. For tourism statistics in Canada there are now two data sets – from the 1988 and 1992 Tourism Satellite Accounts respectively. In order to provide timely updates on tourism trends, Canada has also created National Tourism Indicators (NTIs) to provide tourism industry data on a quarterly basis.\(^{19}\)

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13 *Ibid.*, p.15  
15 *Ibid.* The TTSA has them as admissions paid by visitors rather than as current expenditures, as they are in the I-O accounts.  
Transportation, accounting for 40 percent of tourism demand\textsuperscript{20} in Canada, is one of the most significant components of tourism. Passenger air and rail transport, inter-urban bus transport, vehicle rentals, vehicle repairs, parts and fuel as well as boat, urban transit, taxis and parking are all very important indicators of tourism activity. For travellers, transportation is the biggest tourism expense, especially when it involves overseas air travel or for business travellers.\textsuperscript{21} Air transportation alone accounts for over half of all transportation expenditures.\textsuperscript{22} In 1997, Canadian airports received 6.6 million international visitors, a 45 percent increase since 1990! The Open Skies Agreement between Canada and the U.S. and the introduction of new international routes and more direct flights to Canada explain that growth. The U.S. air travel market expanded 36 percent between 1990 and 1997.\textsuperscript{23} While transportation accounts for 17 percent of tourism jobs\textsuperscript{24} (food services provides the greatest number), it provides the best jobs in the industry, especially the air transportation sector.\textsuperscript{25}

**Statistical Research – Necessary But Not Sufficient**

Notwithstanding the very significant work done on the national level to calculate the value and significance of the tourism industry, it is clear that more work is required just to improve estimates of tourism’s impact on the national economy. Travel specific tourism surveys need to be administered, investment in tourism industries, including the cost of providing public facilities such as parks, museums and other government supported attractions needs to be incorporated into the TTSAs.\textsuperscript{26} The latter is not currently done. Finally, travel and tourism expenditures need to be carefully broken down by region or state.

The creation of tourism satellite accounts for the statistical measurement of tourism has gone a long way to improve our understanding of the tourism industry. Tourism is a complex industry involving natural and cultural assets, other public goods and large corporate businesses as well as small and medium sized enterprises. Tourism research needs to be interdisciplinary. The impact of tourism on the environment and on communities needs to be explored in order to determine the true costs and benefits of tourism development. Tourism marketing and development should involve research that measures human motivation that cannot be reduced to economic reasoning. The costs and benefits of infrastructures required to fully develop tourism need to be planned and assessed.

In fact, the need to go beyond statistics is recognized. In 1995, the Tourism Policy Council, a federal department, came out with a strategic plan for tourism development in the United States. The plan identified the need to coordinate federal government initiatives with regional or state organizations and plans. The Policy Council’s plan targeted nine strategic areas for tourism development including:

i. Research – to provide information on number of travellers, trip or traveller characteristics and motivations, economic impacts, market trends and forecasts

ii. infrastructure development – to coordinate services, maintain attractions and transportation networks and develop intermodalism

iii. product development – development of tourist products and services – tours and destinations

iv. promotion – providing information to potential customers

\textsuperscript{21} Ibid. p. 24.
\textsuperscript{22} Ibid., p. 61.
\textsuperscript{23} Ibid., p. 32.
\textsuperscript{24} Ibid., p. 62.
\textsuperscript{26} Ibid., p. 22.
v. facilitation – provision of signage, documentation, electronic information and visa processing  
vii. training – hospitality, marketing, visitor services, natural resource and destination management  
viii. the environment – to ensure that natural and cultural attractions are sustainable, not damaged by tourism  
ix. safety and security – to prevent problems by ensuring travellers have adequate information about health hazards and crime

The Policy Council laid out a strategy to coordinate national research and policy initiatives with local governments, businesses and community groups. Oddly enough the universities were not considered in the plan. Yet university Tourism Centres and departments in the U.S. are already doing research related to much of the work set out in the Policy Council’s strategic plan.

**University Tourism Centres: Origins and Purpose**

University based Tourism Centres were instituted in the 1970s and 1980s to help promote the growth of the tourism industry in their states, either by providing appropriate training programs or research in business management, natural resources management and marketing. The Centres’ research was designed to help government agencies promote and develop state recreation and tourism resources, to aid tourism businesses with planning and marketing and to provide legislators with the research necessary for them to make informed policy decisions. The economic data collected by Tourism Centres is necessary to supplement national statistics with state and regional data.

Tourism Centres collect, manage and analyze data on the tourism industry. They formulate economic and statistical models that can be used by consultants for feasibility and economic impact studies; in providing tools of analysis to consultants, university centres differentiate their research and raise the overall standard of consultant research. They also provide technical assistance, training and independent assessment of government policy relating to taxation, natural resources and community economic development. They assess the environmental, social and political impacts of tourism development and tourism events. Through academic journals, university researchers communicate recent developments in tourism research. The most important journals relating to tourism studies and economic or statistical modeling related to tourism studies have emerged out of university work. The Centres use academic research and methods to solve problems encountered by the tourism industry and communities with a stake in tourism development.

The Centres are interesting case studies of problems that arise within industry/university or university/government partnerships. Virtually all of the Centres work to support the development and marketing of the tourism industries in their states. In many cases, research agendas are driven by industry needs. The Centres rely heavily on the advice of external advisory boards composed of representatives from government and industry. The Centres’ research agendas are sometimes driven by the interests of researchers, but more often by contracting parties or through representatives on their advisory boards. These boards provide the Centre with problems that industry needs to have solved. In offering feedback to the Centre, they informally set the research agenda and evaluate the Centres’ work.

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27 The findings presented in this section come from a survey of Directors of university-based Tourism Centres in the United States. Of the 20 Centres we identified, we were able to interview the Directors of 17. Questions focused on the Centres’ start-up and annual funding, administrative structure, research and relationships with the community – within the university, with the government agencies, tourism consultants and the tourism industry. The Centres are at universities in Arizona, Colorado, Florida, Illinois, Indiana, Massachusetts, Minnesota, Nebraska, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas and Wisconsin.  

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The Ideal Tourism Centre

Our criteria for a successful Tourism Centre are:

i. the security of funding
ii. ability to link academic research with the needs of the community
iii. the independence of research findings – academic integrity and significance
iv. ability to provide research as a public good
v. ability to differentiate its research from that of consultants

At their best, university-based research centres provide research, technical assistance and training to the community as a public good. Users do not pay or pay only minimal fees for university provided services. This is only possible when the Centre has secure base funding, either through the University Extension Department and/or Agricultural Research Station, from the state legislature or from their state tourism agency. Untied funding enables these Centres to provide high quality, academically credible, and independent research.

Funding and Administration

As funding and administrative models, the Centres can be classed as:

i. Extension based
ii. Legislature funded
iii. Contract based

Centres in Extension Departments at the land grant institutions in the Midwestern United States have stable funding, the capacity to do non-proprietary research and support in the community. The Extension model involves a very important commitment by the university and benefits from the fact that there is a pre-existing infrastructure in both the university and a presence in communities throughout the state. Base funding exists for extension-based Centres and tends to be much more stable than that provided in the other models.

The two most successful extension-based Centres are at Michigan State University (MSU) and the University of Minnesota (UMN). These Centres each have between $400,000-$600,000 funding per year. 30-50 percent of it is untied. The MSU Centre collects, manages and disseminates information on the Michigan tourist; demographic and economic information is collected for each county in the state, much of the information is destination specific. The information is kept in a database. UMN specializes in the creation of economic models for tourism economic analysis.

Legislature funded Centres can be well financed and certainly depend on sustaining support from the community – industry and government. They can do real academic research. They provide independent assessment of tourism policies and they manage databases on the economic and sometimes social impacts of tourism on local attractions and communities. The Montana Centre, for example, maintains a database on the social impact of tourism – how citizens in local communities perceive tourism development. The Centre also specializes in assessing the environmental impact of tourism. The Centre at Texas A&M manages a database on the economic impacts of tourism statewide.

Centres reliant on funding through either their state agency or their state legislature are amongst the best funded of centres. These Centres average about $300,000- $400,000 a year in total funding, 50 percent of it from the state.
legislature. Unfortunately legislative funding, partly because it tends to come from some form of dedicated tax, is subject to the vagaries of politics.

Two important Tourism Centres no longer exist because the state legislatures pulled their funding. The University of Wisconsin-Madison Centre was housed and administered by the university extension department but its research budget came from a special allocation from the legislature. While it existed, the Centre collected and disseminated statewide economic data; it also produced educational materials for tourism businesses and offered extension seminars. Partly because of the success of tourism initiatives in Wisconsin, the state tourism agency’s mandate was expanded and the Governor, in search of funds to administer new programs, seized the funds allocated to the Centre. The University of Wisconsin-Madison Centre was then disbanded for lack of funding. Funds that had gone to research now go for promotion.

The University of Colorado-Boulder centre depended on funding granted by legislation that allocated 1/10 of 1 percent of all tourism-related receipts to university research. This Centre, housed in the Centre for Business Administration, had been doing tourism research since 1910 but in 1993 its funding was cut. Funding for the Colorado Tourism Board was voted down in a statewide referendum. The Centre got its funding from the Board’s budget. Even so, the Colorado Centre started up and continues to edit an important tourism journal, the Journal of Travel Research.

Centres that rely on contract funding essentially compete with consultants. Contract based Centres are not viable. In the U.S. legislation prohibits universities from actively competing with consultants – they can only do work consultants cannot do or when they are approached with a special request. Contract-based Centres are within departments that teach tourism studies. Consequently contract research can give students the opportunity to obtain practical work experience in some aspect of tourism research and can provide university researchers with necessary data for academic work. Otherwise, the university gets very little benefit from doing contract work and it is likely not the best use of university resources.

The long-term interests of the industry and communities would be better served if the expertise to be found at universities was used effectively – for primary information gathering, management and critical analysis. The Centres with stable base funding do not compete with consultants for projects. These Centres take on special contracts related to their primary research or as a means to obtain data necessary for building new economic or statistical models or for testing or improving the quality of their databases. The relationship between these centres and consultants tends to be mutually beneficial and cooperative. The Centre sometimes hires consultants to work on specific projects and Centre researchers provide outside consultants with improved models for their conversion studies and economic impact studies.

Extension based centres have been the most successful because they have dedicated funding, administered through the university system. They are also visibly active in counties throughout their state and can draw from infrastructure support within those communities. Legislature funded Centres have sufficient but not secure funding. Neither has been able to secure funding necessary for growth.

Why Is There No Money for Tourism Centres?

Given the objectives set out at the national level by the Tourism Policy Council and given the recognized importance of tourism to the U.S. economy, it is odd that university-based tourism Centres have not been more successful, especially since they are doing work policy-makers have targeted as necessary. While Tourism Centres

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28 The University of Montana Centre is funded from a 3 percent tax assessment on all hotel/motel receipts in the state. Its funding, for the moment, is secure.
are scrambling for funds, it is estimated that U.S. Federal Government funding for travel, tourism and recreation totaled $1,014,000,000. Why is there such a discrepancy?

All the directors interviewed complained about the industry’s inability to understand the significance of research, that industry tended to want short-term research with a predetermined outcome. Lacking stable funding, once vibrant centres have ceased to do any work with the community outside of the university. Others have become one man operations within a university department. Of the 17 Centres studied, ten of them are inactive, defunct or scraping by on contract-based funding. Some of the most important problems encountered by the Centres include:

i. Lack of awareness on the part of industry or governments of the value of high quality (long-term and critical) research.

ii. University administrations often do not consider tourism research a serious or academically acceptable field. Consequently, universities balk at funding tourism research and professors doing tourism research do not necessary get promoted within the university system.

iii. Dependent on funding from government agencies or sectors of the tourism industry, university Centres are sometimes at the mercy of their funding source. This potentially compromises academic credibility and can jeopardize the Centre’s existence.

iv. Given the requisites for promotion within the university system, tourism professors sometimes do, or are perceived to be doing research not relevant to the needs of the industry. Failure to keep in touch with the industry or to do research considered relevant to industry needs was part of the University of Wisconsin-Madison Centre’s problem.

Conclusions

Recent work to develop means of measuring the economic significance of tourism at the national level has been successful. The development of Tourism Satellite Accounts in the U.S. and Canada has significantly improved our understanding of the tourism industry, its pattern of growth and its value to national economies. Much more research needs to be done if tourism attractions, businesses and infrastructure are to be properly developed and maintained. The real costs and environmental and social impacts of tourism still need to be carefully assessed. Tourism Centres within the universities are already doing much of the work that, at the federal level, has been deemed necessary. State legislatures, state tourism agencies and the tourism industry have not provided reliable support for the Centers. The Federal Tourism Policy Council, state tourism agencies and legislators and university-based Tourism Centers should coordinate their efforts.

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29 Tourism Policy Council, *Tourism: Putting the Pieces Together*, p. 100. This is based on an inventory of programs conducted in 1993-4.