

Sheet No. 11: Key terms

The glossary of key terms is intended to help tourism professionals interested in poverty issues to understand some commonly used development terms, and to help development professionals interested in tourism to understand key tourism terms. In many cases each party uses jargon which is only understandable by those from the same profession. In other cases the same words are used by both parties but with completely different meanings. This sheet should help the two to speak the same language.

4S Holidays: Term for basic standard package holidays that generally include the Sea, Sand, Sun and Sex.

Bed night: Bed nights is frequently used as an alternative to arrival figures in statistical accounts of tourism. It uses the following formula: No of arrivals X average length of stay in nights.

Benchmarking: The practice of studying the methods of an acknowledged leader in an industry as a way of setting standards for one's own operation.

Bilateral donor: Government agency in one specific country that provides development assistance to a recipient country (cf "multilateral" donor which represents several countries – e.g. the World Bank, the EU).

Bucket shop: A bucket shop is any retail outlet dealing in discounted airfares (also frequently called: a *consolidator*).

Capacity: In a tourism context, capacity refers to the physical ability of a destination/hotel/airline to contain tourists – according, for example, to the number of seats, number of beds, availability of infrastructure, number of landing slots at an airport etc. In development terms, capacity refers to the ability of individuals or institutions to deal with specific issues. *Capacity-building* is a term that describes interventions designed to develop the ability of organisations and individuals to plan and deploy resources in order to achieve their changing objectives more effectively and efficiently.

Capital: In a tourism context, capital refers to the financial resources that are tied up in a particular tourism development. In a development context it is recognised that local people call on a number of different types of capital or assets including natural capital (wildlife, forests, lands etc); human capital (skills, knowledge etc), social capital (institutions, social networks, rights and responsibilities etc), physical capital (infrastructure etc) as well as financial capital. These five capitals together represent 'livelihood assets' are for the basis of any analysis of 'sustainable livelihoods' (see livelihood).

Carrying Capacity: The carrying capacity of a tourist area is the maximum number of visitors that a destination can accommodate without compromising its environmental, physical, economic and socio-cultural characteristics, and without reducing tourists' satisfaction. Generally four different types of carrying capacities are used: 1. physical, 2. psychological, 3. biological/ environmental/ ecological, and 4. social.

Charter airlines: Charter airlines are utilised to facilitate the movement of holiday makers on 'package tours' or 'seat-only' arrangements. Charter airlines offer ad hoc transportation services at low cost to holiday destinations which is achieved by minimising the ability of customers to alter flights; by flying at inconvenient hours and/or inconvenient airports; by reducing the space per passenger within aircrafts; by offering only elementary services; by generating high load factors (90% or more); and by not needing to operate against a fixed schedule. Many charter airlines are owned by tour operators.

Commoditisation: Refers to a long standing criticism related to tourism's impact on culture and art. Cultures are said to become commodities for financial transactions. Art, rituals are abbreviated, translated, taken out of context and made more colourful to appeal to a wider tourism audience, one that is generally not acquainted with the meaning and significance of the original version.

Community: Much has been written in development literature on the meaning of 'community' or 'local community' and there is no agreed definition. In some cases (and perhaps most commonly from a tourism perspective) the term is used to describe people who share a space – village, forest, etc; other uses describe community as a social structure or as a set of shared interests or norms. In the latter case, it is important to recognise that there may be many 'communities of interest' within a given geographic area rather than one homogeneous unit.

Computerised Reservation System (CRS): Any of several proprietary computer systems allowing real-time access to airline fares, schedules, and seating availability and offering the capability of booking reservations and generating tickets. CRSs were developed by airlines, many have now become independent and expanded to become Global Distribution Systems (GDS) offering a wide variety of travel services.

Concession: A shop or other place of business within a larger business area, (such as for example an airport or cruise ship), which has paid a fee in exchange for operating rights. Concession also refers to operating rights granted to safari operators in national parks and game reserves.

Consolidation: A business tactic in which a company concentrates its purchases with fewer suppliers to effect cost savings. It also describes the process in which an industry comes to be served by fewer and fewer suppliers as companies merge or succumb to bankruptcy and competitive pressures; the airline industry and the tour operating industry are prime examples.

Destination: Destination refers to the place to which a person is travelling. They can range from purpose-built resorts (e.g. Sandals Jamaica) or meeting complexes for business travellers (e.g. Sandton Convention Centre), to specific towns and cities (e.g. Paris, Prague), to whole regions (e.g. the Mediterranean, the Cape Winelands) or countries (e.g. Maldives, The Gambia).

Development Assistance: Financial resources ('aid') included in government budgets to provide support to developing countries. Sometimes referred to as Official Development Assistance (ODA).

Differentiation: In tourism marketing, product differentiation is a tool for gaining competitive advantages by creating a Unique Selling Propositions (USP) that differentiates the product from competing products.

Dispersion: Dispersal of tourism at the destination level aims to reduce central congestion and to benefit outlying areas by spreading visitor flows more widely.

Diversification: Diversification in tourism refers to a process by which new products are added to the product portfolio of a tourism business or destination in order to avoid over-dependence on a few, often highly competitive, products. In development, diversification is generally used in the context of "sustainable livelihoods" and refers to a conscious strategy to maintain several sources of livelihood support – e.g. agriculture plus some formal employment, plus market sales etc.

Domestic tourism: Tourism of resident visitors within the economic territory of the country of reference.

Economic displacement effect: The displacement effect describes the opportunity costs involved in tourism development such as transfer of labour from traditional industries to tourism; labour in/out migration; import of labour and related leakages; and opportunity costs of capital resources. It describes a process whereby tourism development substitutes one form of expenditure and economic activity for another.

Economic impacts: In the analysis of the economic impacts of tourism for a destination area, three economic impact measurements are generally used: firstly, direct economic impacts (the value of tourism expenditure less the value of imports necessary to supply these 'front-line' goods and services); secondly, indirect economic impacts (economic activity generated through subsequent rounds of expenditure); and thirdly, induced economic impacts (income that will accrue to local residents during direct and indirect rounds of expenditure such as wages, salaries, distributed profit, rent and interest).

Ecotourism: There is no single definition of ecotourism although it is generally agreed to include the following: a) Involves travel to natural destinations; b) Minimizes Impact; c) Builds environmental awareness; d) Provides

direct financial benefits for conservation; e) Provides financial benefits and empowerment for local people; f) Respects local culture; and g) Supports human rights and democratic movements.

Empowerment: Empowerment occurs where people take greater control over the social and institutional context that affects their livelihood.

Enclave: Enclave describes an area of a country, region or city that is occupied by people ethnically or culturally distinct from their neighbours. Enclave tourism often refers to geographically isolated and closed-off resorts containing all tourism facilities and services required by tourists, and thus encouraging them to stay inside and spend within the compounds of the enclave. This might include all-inclusive resorts where tourists prepay for food, beverage and services as part of the holiday price; (e.g. Club Med, Robinson Club) or entire destinations (i.e. Maldivian Islands). Enclaves used to be based predominantly in developing countries characterised by hostile, unwelcoming or insecure environments. In recent years, however, all-inclusive enclaves have become an important product and pricing strategy even in short-haul tourism destinations in Europe.

Excursion: A side trip, usually optional and at an additional cost, undertaken while on holiday. Excursions are organised by local 'ground handlers', often on behalf of tour operators from generating countries for whom the sale of excursions provides substantial additional income. Complementary products may include excursions and other activities offered by local companies. SMMEs and poor producers.

FDI Foreign Direct Investment

Franchise: A business contract in which an independent business (the franchisee) sells or markets the products and/or services of a larger firm (the franchisor). The franchisee receives training and marketing support from the franchisor and pays a fee for ongoing support. This is common in the accommodation and (fast-) food sector.

Global Distribution System (GDS): A computer reservation system (CRS), typically owned jointly by airlines in different countries, that includes reservation databases of suppliers in many countries. GDSs often combine independent CRSs and extend to car hire, accommodation etc.

Horizontal integration: Refers to a situation when producers join with the aim to remove competition, to increase economies of scale, and to increase purchasing power. Horizontal integration comprises mergers at the same level in the tourism distribution or supply chain, e.g. mergers between different tour operating companies.

Inbound Operator: A tourism operator that usually serves individuals/groups arriving from another country. Services can include transfers, excursions and extensions (also referred to as 'ground operator' or 'ground handler').

Inbound tourism: Activities of tourists inside the destination country (see outbound tourism). The country to which tourists travel is also called receiving country or host country.

Inclusive tour: A tour package that bundles transportation and lodging along with additional services such as for example transfers, sightseeing, museum admissions (see also package tour).

Independent tour: A tour that is not bought as a package from a travel agent or tour operators but is organised independently by the customer.

Investment incentives: Investment incentives provided by destination governments generally fall into three categories: a) incentives aimed at the reduction of capital costs (e.g. capital grants or loans at preferential rates, provision of land or infrastructure on favourable terms, tariff exemption on construction material etc); b) incentives aimed at the reduction of operating costs (e.g. tax holidays, labour or training subsidy, special depreciation allowances etc); and c) incentives aimed at providing investment security (e.g. guarantees against nationalisation, free availability of foreign exchange, provision of work permits for key personnel etc).

Livelihood: A livelihood is a combination of resources used and activities undertaken in order to live (see Capital). A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

Market Segmentation: Market segmentation is the categorization of potential buyers into groups based on common characteristics such as age, gender, income, and geography or other attributes relating to purchase or consumption behaviour.

Masterplan: A tourism masterplan is a comprehensive document detailing the guidelines for tourism development in a particular country or region. Master plans have been praised for providing public bodies with a stronger position to consider and control the private sector, while they also have been criticised for frequently being too rigid, inflexible and unrealistic.

Millennium Development Goals (MDGs): The MDGs are a set of human development targets agreed by world leaders at the United Nations Millennium Summit. They address a range of issues including poverty, hunger, child mortality, primary education, water and sanitation, environmental sustainability, and include the aim to halve the proportion of people living in poverty by 2015.

Multiplier: The multiplier is a numerical ratio which seeks to express the relationship between a unit of tourism expenditure and its wider impact in the economy. It is based on the recognition that sales for one firm require purchases from another within the local economy, i.e. the industrial sectors in an economy are interdependent. The following multipliers are frequently used: 1. transaction (or sales) multiplier (the additional business revenue created in an economy as a result in increase in tourism expenditure); 2. output multiplier (the amount of additional output generated in an economy as a result of an increase in tourism expenditure); 3. income multiplier (additional income created); 4. employment multiplier (either the total amount of employment generated by an additional unit of tourist expenditure or the ratio of the total employment generated by this same expenditure to the direct employment alone); and 5. government revenue multiplier (impact on government revenue, from all sources, associated with an increase in tourism expenditure).

Open skies: Referring to an agreement between two countries (or regions) allowing unrestricted air services between them.

Outbound Tour Operator: A company that takes individuals/groups from a given country to another country.

Outbound tourism: Tourism from one country into another (see also Inbound tourism). The country from which outbound tourism derives is also called the tourist-generating country.

Package Holiday: A package holiday is one that contains at least two elements (out of transport, accommodation, ancillary services), sold for a set price by a tour operator.

Participation: Participation refers to the involvement of key stakeholders in planning and decision making. It can range from passive participation (e.g. consultation, information sharing) to active participation (e.g. joint decision making, joint management etc).

Poverty: There is no agreed definition of poverty or how it should be measured. What may be considered poverty in one setting may be considered comparative wealth in another. At the international scale, the World Bank has defined poverty as an income of less than US\$1 per day. However, it is important to note that poverty is multi-dimensional and includes not just lack of income but lack of power, inequality, insufficient food, poor health etc.

Poverty Reduction Strategy Paper (PRSP): The World Bank is engaged in assisting developing countries in preparing Poverty Reduction Strategy Papers (PRSPs) through a participatory process involving civil society and development partners. PRSPs describe a country's macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are to provide the basis for assistance from the World Bank and the IMF as well as many bilateral donors.

Pro-poor growth: Pro-poor growth can be broadly defined as one that enables the poor to actively participate in and significantly benefit from economic activity. This is to say the proportional income growth of the poor (however defined – e.g. the poorest 20% or the people below a national poverty line) must exceed the national average income growth rate.

Pro-poor tourism: Pro-poor tourism (PPT) is tourism that generates increased net benefits for poor people. It is not a niche or product.

Scheduled airline: An airline that flies to a regular and published timetable irrespective of load factor (number of seats filled). Services are generally more costly for the traveller compared to charter airlines, but scheduled airlines offer a wider range of destinations, more flexible tickets and cater for all flying needs with a great emphasis on business travel. Scheduled airlines' landing and take-off slot allocation and scheduling are given priority over charter airlines.

Seasonality: Seasonality refers to seasonal changes and differences. In a tourism context this refers to the periods of the year in which tourism in a particular destination is active often related to changes in climate over the calendar year (i.e. summer-sun or skiing holidays), but also related to the timing of work and school holidays in generating markets or special events in the destination. In a development context, seasonality is usually discussed in the context of livelihoods – e.g. agriculture-based livelihoods are busier at some times of the year and not others and this affects the amount of money and other assets that are available at any particular time of the year. Finding a combination of livelihood strategies with complementary seasonality (eg the busy period of one activity starts during the quiet period of another) is key to reducing the vulnerability of poor people.

Staged authenticity: It generally refers to tourists desiring a level of cultural penetration that is considered to be authentic by them, while the cultural heritage of the host society maintains its integrity by keeping tourists on the other side of a 'cultural safety curtain'.

Stakeholders: Stakeholders are groups of people who share a common interest and are somehow affected by an activity, either as beneficiaries or losers, either directly or indirectly. Stakeholders can be divided into two very broad groups: a) Primary stakeholders are those ultimately affected, either positively or negatively; and b) Secondary stakeholders are the intermediaries in the process. Related to tourism they are individuals/groups who have a vested interest in tourism development, including community members and local residents; NGOs; government officials; hotel owners, tour operators, guides, transportation providers, and representatives from other related services in the private sector.

Stakeholder analysis: Stakeholder analysis is a tool for identifying relevant stakeholders who are affected and/or affect a particular issue or system, their specific needs and views, and their relationships and power structures among them.

Sustainable development: Sustainable development is defined by the World Commission on Environment and Development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs"¹.

Sustainable tourism: In the widest and probably most idealistic sense sustainable tourism tries to achieve a balanced relationship between a) the environmental impacts, b) the socio-cultural impacts, and c) the economic impacts of tourism. The notion of sustainable tourism is however often associated with 'alternative development', which conceives development as a bottom-up, self-reliant, environmentally sound, equitable, people-centred, participatory, and locally focused process. In the past decade sustainable tourism has become mainstream and is being used by all sectors of the industry, frequently however focusing on environmental sustainability.

Tour Operator: Tour operators are businesses that combine two or more travel services (e.g. transport, accommodation, catering, entertainment, sightseeing) and sell them through travel agencies or directly to final consumers as a single product (called a package tour).

Tourism Gross Domestic Product (GDP): The percentage of the GDP generated by tourism is the sum of the value added (at basic prices) generated by all industries in response to internal tourism consumption, and the amount of net taxes on products and imports included within the value of this expenditure.

¹ World Commission on Environment and Development (1987) *Our Common Future*. Oxford: Oxford University Press.

Tourism: Tourism refers to both the activity of travel, as well as the industry based on such travel. Tourism is defined by the World Tourism Organisation as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The tourism industry consists of all those firms, organisations and facilities which are intended to serve the specific needs and wants of tourists.

Tourist Area Life Cycle: The Tourist Area Life Cycle is a conceptual framework for analysing destination developments. Butler (1980)² argues that destinations pass through several life cycle stages (similar to a product life cycle). The stages are Exploration, Involvement, Development, Consolidation, Stagnation, Decline and possibly Rejuvenation.

Transaction costs: The costs associated with making, monitoring and enforcing agreements/transactions/contracts etc., a large proportion of which is associated with acquiring information about the nature of an agreement and reliability of other partners.

Travel agent: Any person who sells travel products and or services on a commission basis.

Vertical integration: Vertical integration implies the take over or formation of businesses at different levels of the supply or distribution chain. For a tour operator this means investment into either suppliers through backward integration (i.e. accommodation, transport) or distributors through forward integration (travel agents). The main advantages are control over supplies in terms of quality, availability, access and price, and the ability to reach consumers.

VFR: Visiting Friends and Relatives.

Visitor: Any person visiting a country (region/place) other than that in which he has his usual place of residence, for any reason other than employment. Visitors are divided into two groups: 1. tourists (making at least one overnight stop and staying for at least 24 hours), 2. excursionists (not making an overnight stop and staying for less than 24 hours, e.g. day-trippers, cruise passengers).

These Pro-Poor Tourism Info-Sheets are produced by the Pro-Poor Tourism Partnership, with funding from the UK Department for International Development (DFID). They were written by Caroline Ashley, Dorothea Meyer, Dilys Roe and Harold Goodwin, and draw on a number of PPT reports and products. The opinions expressed are those of the authors and are not necessarily those of DFID. While copyright rests with the PPT Partnership, we encourage you to re-produce and share these sheets with others, while ensuring the PPT Partnership is credited and informed.

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² Butler, Richard W. 1980. The Concept of a Tourist Area Cycle of Evolution: Implications for Management of Resources. Canadian Geographer 24(1):5-12.