

STRUCTURE OF TOURISM MARKETS

Assignment 2

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1. Definition tourism demand. Explain the difference between actual, suppressed, and latent demand, providing one real-world example for each type.

Tourism demand refers to the amount and type of travel that people are willing and willing and able to undertake during a particular period. It includes their number of tourists as well their choices regarding destination, transportation, accommodation, activities, and length of stay. Tourism demand is influenced by several factors, including income, prices, available time, exchange rates, personal preference, accessibility, safety, and the attractiveness of destination. In simple terms, tourism demand exists when people have both the desire and the ability to travel. Actual demand refers to people who are currently travelling and consuming tourism products and services. They have converted their intentions to travel

into an actual trip . For example, a family from Germany that purchases flights, books a hotel in Spain , and spends one week on holiday represents actual tourism demand because the family is travelling and consuming tourism services.

Suppressed demand refers to people who want to travel but are unable to do so at a particular time. Their desire to travel exists, but it is temporarily prevented or postponed. Reasons may include insufficient income, lack of free time , illness , family responsibilities, transport problems , or travel restrictions. For example, a student who wants to take an international holiday but postponed the trip because their budget is not sufficient has suppressed demand. The student may travel later when their financial situation improves.

Latent demand refers to potential tourism demand that could become actual demand if certain conditions change . People may be interested in travelling to a particular destination but may currently lack suitable transportation, infrastructure, information, or other necessary conditions. For example, people living in a region may have a strong interest in visiting a distant

destination, but very few travel this potential demand may become actual tourism demand.

Understanding these three types of demand is important for tourism organisations. Actual tourists require good service and experiences, while suppressed demand may respond to lower prices or flexible booking options. Latent demand can develop when accessibility, infrastructure, information, or other market conditions improve.

Therefore, identifying different forms of tourism demand helps destinations and tourism businesses plan their products and future marketing strategies (cooper et al., 2008; page, 2019).

2. Economic factors are considered the most influential determinants of tourism demand. Discuss the role of income, time , and price in shaping tourism demand.

Economic factors have a strong influence on tourism demand because travelling is generally a discretionary expenditure. People normally need enough disposable income and sufficient free time before they can take a holiday. Income, time, and price are closely connected, and changes in one factor can effect the overall decision to travel.

Income affects a person's ability and frequency of travelling. When disposable income increases, people may have more money available for flights, hotels, restaurants, entertainment, and other tourism activities. Higher – income tourists may choose longer holidays, better accommodation, or international destinations. In contrast, unemployment, lower wages, or increasing household expenses may cause people to postpone holidays or choose cheaper destination. Therefore, changes in household income can directly affect tourism demand.

Time is another important determinant because travelling requires free time. Annual leave , weekends, school holidays, and retirement can provide opportunities for tourism. A person may have enough money to travel but may not be able to make a Holiday because of work, education, or family responsibilities. The amount of

available time can also influence the distance travelled. Short holidays usually encourage people to choose destination that are close and easy to reach, while longer holidays make distant destination more practical.

Price also plays an important role in tourism demand. The cost of a holiday includes transportation, accommodation, food, attractions, shipping, and other expenses. When tourism prices increase, some consumers may reduce travel, choose a cheaper alternatives, or postpone their trip. However, prices, while tourists with higher disposable income may be less affected.

Exchange rates can also influence international tourism demand. A favourable exchange rate can make a destination cheaper for foreign visitors, whereas an unfavourable exchange rate can make it more expensive. Tourism business therefore use discounts, seasonal prices, packages, and special offers to influence demand.

Overall, income determines purchasing ability, time determines the opportunity to travel, and price affects the

affordability of tourism products. These three economic factors work together and play an important role in shaping tourism demand (cooper et al., 2008; Middleton et al., 2009).

Reference

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