State of the Economy and Travel Decisions

Travel and Tourism Management
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State of the Economy

Economic indicators:
- Gross Domestic Product growth rates
- Inflation rates
- Levels of current account and budget surpluses or deficits
- Unemployment rates
Travel and Tourism

- The world’s largest industry
- Rapidly growing
- Has a major impact on national economies around the world
Economic State

Economics of Travel and Tourism
Recession
Expansion
Economics of Travel and Tourism

Good Economy
- Businesses do well
  - Expansion

Slow Economy
- Businesses do poorly
  - Recession
Recession

• Economy slows down and does poorly
• People lose jobs
• People have less money for:
  • Eating at restaurants
  • Recreation
  • Travel
Expansion

• Economy grows and does well
• People have more money to spend
• People spend on:
  • Eating at restaurants
  • Recreation
  • Travel
Decisions in Travel and Tourism

Travel Decisions
Travel Decisions

Products and Services

• Entertainment
• Food
• Gifts
• Lodging
• Recreation
• Transportation
What makes the world go round?
(click on link)
Let’s Review!

- How do we define state of the economy?
- Why is the state of the economy vital to the travel and tourism industry?
- During a recession, what happens to the economy?
- During a good economy, what happens in the travel and tourism industry?
References and Resources

Images:
• Shutterstock™ images. Photos obtained with subscription. (Slides 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13)

Textbooks:

Websites:
• U.S. Travel Association
  Economic Research - Understanding the Value of Travel and Tourism
  https://www.ustravel.org/research/economic-research

YouTube™:
• What makes the world go round?
  World Travel and Tourism Council
  Recognizing the impressive role tourism plays in world economy. Tourism is an “industry you can bank on”!
  https://www.youtube.com/watch?v=yMqHEAufxQY