Journal of Tourism Futures

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European Tourism Futures Institute (ETFI)
Foresight and scenario planning in Leisure, Tourism and Hospitality

The European Tourism Futures Institute strives to contribute to the academic discourse in foresight and scenario planning as well as to the application of academic knowledge in professional practice. In 2011, the ETFI created the European Research Network in Tourism Futures as an initiative to establish a permanent link between the academic world and the work field in order to provide a scientific framework for innovation in tourism.

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This journal is a member of and subscribes to the principles of the Committee on Publication Ethics.
Is tourism futures a theoretical proposition? Why do not you join the debate

What is theory? As an academic you are often ridiculed if your paper lacks a theoretical contribution. It is an automatic sign of rejection that your paper has not contributed to theory in many of the big academic journals (Hambrick, 2007). It is not represented as a theoretical framework; it is not worth it some would say. Maybe we have gone overboard with theory for the sake of it and have lost the connection between theory and practice. As authors, we are not saying abandon theory, but take a closer look at the connection between theory and practice. Every paper cannot realistically contribute or claim theoretical development. There is an argument about the degree of contribution, whether significant or miniscule.

Future studies research is dominated by a commitment to research methods almost as an end in itself, according to Karlsen et al. (2010), there has been a general failure to examine and explicate the relationship between the futures theory and method. Qualitative and quantitative methods however pertain to theory differently in terms of the ontological and epistemic assumptions that guide the application of the approaches. There is a dichotomy: we cannot speak about a theory of the future as a foundation for scientific inference in this field.

As thinking about the future is an illusion, it cannot be scientific (Gabriel, 2014), thus how can it have scientific basis? This is the argument put forward by Moriarty (2012) on many futurists and scenario planners’ writings. Moriarty argues that scenario planning in particular, is a method without a theory. Pirrainen and Gonzalez (2015) also argue that the link between theory, scientific knowledge and futures studies is relatively weak. Based on the practices of numerous scenario planners and futurists, other researchers argue that scenario planning, which is the predominant futures research method in the literature, is a fog and art (Asselt et al., 2010).

According to Cole and Victoria (2009), it is rare to find a national or regional tourism plan, book or academic article about the future of tourism which does not reference UN World Tourism Organisation forecasts; thus, they have become the main arbiter of the future. This is an industry which, in 1950, represented 25m international arrivals and is forecast to reach 1.8bn in 2030. But the future of tourism has to be more than an economic forecast as extrapolated forecasts can often be misleading, ambiguous and debatable. As Cole and Victoria (2003, p. 242) state, “if tourism is to contribute to cross-cultural understandings and new social innovations, then the field probably draws the adventurous utopian attention of futurists.”

With the above in mind, the Journal of Tourism Futures aims to address the balance between theory and practice and build the theoretical base of tourism futures. The journal sets out to achieve the following:

■ to inspire the tourism industry and academic community about the future of tourism;
■ the dissemination and formulation of the body of knowledge called tourism futures to practitioners, educators, researchers and students;
■ to provide an international forum for a wide range of practical, theoretical and applied research within the field of tourism futures;
■ to represent a multi-disciplinary set of views on key and emerging issues in tourism futures;
■ to include a cross-section of methodologies and viewpoints on research, including quantitative and qualitative approaches, case studies, and empirical and theoretical studies;

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to encourage greater understanding and linkage between the fields of study related to tourism futures; and

- to publish new and original ideas.

Volume 4.2 starts with a new editorial board. It is made up of individuals passionate about the future, whether full professors, practitioners, junior academics or PhD students. We only know that the future of tourism can be influenced and shaped by those that contribute to this journal. If you would like to be one of those, please consider a submission of an article, whether it is a research, viewpoint or trends paper to https://mc.manuscriptcentral.com/jtf.

References


Conditional forecasts of tourism exports and tourism export prices of the EU-15 within a global vector autoregression framework

Ulrich Gunter

Abstract

Purpose – The purpose of this paper is to analyze the ex ante projected future trajectories of real tourism exports and relative tourism export prices of the EU-15, conditional on expert real gross domestic product growth forecasts for the global economy provided by the Organisation for Economic Co-operation and Development for the years 2013-2017.

Design/methodology/approach – To this end, the global vector autoregression (GVAR) framework is applied to a comprehensive panel data set ranging from 1994Q1 to 2013Q3 for a cross-section of 45 countries. This approach allows for interdependencies between countries that are assumed to be equally affected by common global developments.

Findings – In line with economic theory, growing global tourist income combined with decreasing relative destination price ensures, in general, increasing tourism demand for the politically and macroeconomically distressed EU-15. However, the conditional forecast increases in tourism demand are under-proportional for some EU-15 member countries.

Practical implications – Rather than simply relying on increases in tourist income, the low price competitiveness of the EU-15 member countries should also be addressed by tourism planners and developers in order to counter the rising competition for global market shares and ensure future tourism export earnings.

Originality/value – One major contribution of this research is that it applies the novel GVAR framework to a research question in tourism demand analysis and forecasting. Furthermore, the analysis of the ex ante conditionally projected future trajectories of real tourism exports and relative tourism export prices of the EU-15 is a novel aspect in the tourism literature since conditional forecasting has rarely been performed in this discipline to date, in particular, in combination with ex ante forecasting.

Keywords Conditional forecasting, Ex ante forecasting, Global vector autoregression, Tourism export prices, Tourism exports

Paper type Research paper

1. Introduction

Tourism demand analysis and forecasting is one of the core areas of tourism economic research, since tourism demand is ultimately the basis of all business decisions in tourism (Song et al., 2009). Given the perishable nature of tourism products and services, these business decisions require accurate forecasts that will reduce the risks in business decision making (Frechtling, 2001).

The aim of the present study is to analyze the projected future trajectories of real tourism exports (as a proxy for tourism demand) and relative tourism export prices (as a proxy for relative destination price) of the 15 member countries of European Union (the EU-15)[1], conditional on expert real gross domestic product (GDP) growth forecasts for the global economy provided by the Organisation for Economic Co-operation and Development (OECD, 2015) for the
years 2013-2017, where real GDP serves as a proxy for global tourist income. Thus, this paper investigates how the income expectations of a “representative global tourist” are likely to materialize in the evolution of tourism demand for, and relative destination price of, the EU-15 compared to its global competitors.

Taking a closer look at the EU-15 is of particular interest for the following reasons. Tourism continues to be an important industry in the EU-15 contributing, on average, 8.1 percent to EU-15 countries’ exports, 10.2 percent to their GDP, and 11.9 percent to their employment, according to the latest figures of the World Travel & Tourism Council (WTTC, 2016) as of 2015. However, tourism exports of the EU-15 relative to global tourism exports decreased by −20.8 percent (from 35.2 to 27.8 percent) between 1995 and 2015, while tourism exports from the EU-15 increased by +56.4 percent in absolute terms (from USD233 bn in 1995 to USD364 bn in 2015), which implies that the EU-15 is facing rising competition for market shares from other destinations around the world and reflects the continuing growth and increasing (geographic) diversification of global travel during the past decades. This increasing competition is exacerbated by the comparably low price competitiveness of the EU-15.

According to Pillar 8 of the Travel and Tourism Competitiveness Report 2015 (World Economic Forum (WEF), 2015), all EU-15 countries are ranked in the lower third of the price competitiveness ranking with ranks ranging from 104 (PT) to 140 (GB) out of 141 ranked countries. Moreover, multiple crises (the global financial crisis, the European sovereign debt crisis, the rise of far right parties, and, more recently and not part of the sample employed in this study, the migration crisis, and Brexit) have put the EU-15 under macroeconomic and political distress during the past decade (see e.g. Gunter and Smeral, 2016), which may additionally deter potential travelers to the EU-15.

In light of a growing global economy (global real GDP is projected to grow at an annual average rate of around +3.3 percent from 2013 to 2017 according to OECD, 2015 forecasts, which is in line with the expert projection of +3.4 percent by the International Monetary Fund (IMF), 2015, see Figure 1), it is worthwhile investigating whether this predicted GDP growth also materializes in real tourism export increases at the EU-15 country level. In other words, is it sufficient for the comparably less price-competitive and politically and macroeconomically distressed EU-15 member countries to rely on the expected increases in global tourist income to ensure they can continue generating sufficient export earnings from international tourists in the future to, at least, defend their market share in the global travel market?

![Figure 1](http://example.com/figure1.png)

**Figure 1** Annual global real GDP growth forecasts according to OECD (solid line) and IMF (dashed line)

**Sources:** OECD Economic Outlook No. 98 (OECD, 2015); IMF World Economic Outlook October 2015 (IMF, 2015); the author’s own illustration
To this end, a comprehensive quarterly panel data set for these three variables comprising 3,555 observations for a cross-section of 45 countries and a time span ranging from 1994Q1 to 2013Q3 is employed (the list of the 45 countries can be found in Section 4 of this study). These additional countries from the rest of Europe and from all other world regions have been included in the present study to embed tourism demand for the EU-15 in an encompassing global tourism demand model.

While the data set accessible to the author does not cover each single country of the world, it can still be considered comprehensive in terms of tourism, since the 45 countries in the sample jointly account for around 69.0 percent of global tourism export earnings, 79.0 percent of global tourism import expenditures, as well as 89.1 percent of global domestic tourism spending as of 2015 (WTTC, 2016). Thus, the present model allows for the interdependence of travel to the EU-15 and to its competitors as well as for their dependence on the expected development of global tourist income. Since the sample accessible to the author ends in 2013Q3, the fourth quarter of 2013 marks the beginning of both the forecast and the restriction horizon for the conditional forecasting exercise.

Conditional (or contingency) forecasting implies making realistic assumptions regarding the development of one or more explanatory variables over a forecast horizon, conditional on which response of the forecast variable(s) is of interest. Therefore, conditional forecasting can also be interpreted as one way to carry out a policy or an impact analysis (Allen and Fildes, 2001). While there are various examples of conditional forecasting in the macroeconomic and monetary policy literature (see e.g. Banbura et al., 2015; Bloor and Matheson, 2011; Giannone et al., 2014; Stock and Watson, 2012), not much attention has been given to this topic in tourism demand forecasting so far, although its importance is typically acknowledged (Scaglione, 2007); Smeral (2009) and the United Nations World Tourism Organization (2011) are two noteworthy exceptions.

According to microeconomic theory and reaffirmed by Song, Wong and Chon (2003) and Song et al. (2009), the most important variables influencing the demand for a specific destination are its own (relative) price, the (relative) prices of competing destinations (which could either be substitutes or complements to the destination under scrutiny), as well as tourist income. These variables are therefore part of virtually any standard (empirical) tourism demand model (see e.g. Crouch, 1995; Song and Witt, 2000; Stabler et al., 2010). In addition, habit persistence and tourist expectations via the lagged dependent variable as a regressor were also shown to play an important role (Song, Wong and Chon, 2003), thus calling for a dynamic specification.

Now, the question is how to integrate these theoretical insights with panel-structured data for three variables, while allowing for interdependencies between countries to capture the impact of the relative prices of the relevant competing destinations per country. Furthermore, the dependency of all countries, including the EU-15, on the evolution of global real GDP, the presumably dynamic nature of the data-generating process, as well as the response of tourism demand and relative destination price conditional on the OECD global real GDP forecasts, need to be addressed at the same time. The global vector autoregression (GVAR) framework is able to deal with all of these issues within a unified setting and is hence utilized in the present study.

The GVAR framework is a relatively novel econometric model class which combines the properties of the well-known vector autoregression (VAR) model (Sims, 1980) with the characteristics of data that are available in panel format (i.e. data that possess both a time-series and a cross-sectional dimension). It was first introduced by Pesaran et al. (2004) with the purpose of investigating the impact of changing macroeconomic conditions at both national and global scales on the distribution of losses in credit portfolios of large banks and nonbank financial institutions in response to the Asian financial crisis of 1997.

Since then it has been further refined (see e.g. Dées, Holly, Pesaran and Smith, 2007; Dées, di Mauro, Pesaran and Smith, 2007; Garrat et al., 2006) and successfully applied to various research questions. Its applications include the areas of shock transmission, policy analysis, and (conditional) forecasting where single entities are dependent on global developments and other entities over time (e.g. countries through trade or financial linkages; see Section 3 for an overview of past applications).
The ever-expanding usage of the GVAR model class in various areas of economics and finance can be explained by its advantageous properties, which are also relevant for tourism research:

1. It allows modeling of interdependencies between entities and incorporates the impact of common global factors, which are features of a globalized economy that need to be taken into consideration (di Mauro and Pesaran, 2013) and which are particularly important when addressing research questions in international tourism.

2. The GVAR model is comparatively easy to comprehend, especially for tourism researchers and practitioners already familiar with the standard VAR and vector error correction model (VECM) methodology and other particularities of (multivariate) time series (see e.g. Lütkepohl, 2005, for a standard reference) as well as with panel data approaches (see e.g. Baltagi, 2013a, for a standard reference), while not having higher requirements for the data compared to the existing models.

3. With the GVAR Toolbox 2.0, there is a ready-to-use Excel-based interface executing the GVAR-associated set of Matlab procedures (Smith and Galesi, 2014), which can be downloaded from https://sites.google.com/site/gvarmodelling/gvar-toolbox and which comes with a hands-on manual suitable for tourism researchers and practitioners alike.

4. The GVAR model has been shown to have greater forecast accuracy for inflation and GDP growth in Switzerland compared to simpler multivariate competitor models focusing on the time-series dimension of the data only (Assenmacher, 2013). Similar findings have been reported, for example, by Greenwood-Nimmo et al. (2012), Han and Ng (2011), and Pesaran et al. (2009). Improvements in forecast accuracy compared to the standard forecasting toolkit can therefore also be expected for the tourism forecasting discipline.

5. By estimating VAR models at the country level, the GVAR model circumvents the downside of estimating highly dimensional VAR models at the global level: a multitude of endogenous variables leading to over-parameterization, which may have a negative impact on (tourism) forecast accuracy (so-called curse of dimensionality; Bussière et al., 2009; Cao, 2016).

These advantageous properties make the GVAR model class ideally suitable for addressing the present research question (analysis of the projected future trajectories of real tourism exports and relative tourism export prices of the EU-15 conditional on global real GDP growth forecasts) given a panel data structure, which is characterized by trade linkages. However, apart from the recent doctoral dissertation by Zheng Cao (2016), the GVAR methodology has not been employed so far in tourism demand analysis and forecasting (see Section 2 for a review of the literature on this topic).

The main contributions of this research therefore are that it applies the novel GVAR framework to a research question in tourism demand analysis and forecasting, while employing a comprehensive panel data set ranging from 1994Q1 to 2013Q3 for a cross-section of 45 countries. This approach allows for interdependencies between countries that are assumed to be equally affected by common global developments: which is a plausible assumption in a globalized economy. Thus, the GVAR framework can also be applied to other questions in tourism research, in particular to those with an international focus that require a realistic model of the global economy.

Furthermore, the analysis of the ex ante projected future trajectories of real tourism exports and relative tourism export prices of the EU-15 conditional on a global economy that is forecast to grow during the period 2013-2017 is a novel aspect in the tourism literature since conditional forecasting has rarely been performed in this discipline to date, in particular, in combination with ex ante forecasting.

While evaluating the accuracy of ex post forecasts (either of single forecast models or of various forecast models within a forecast competition) is a common option in the literature, it is not the topic of the present study. Ex ante tourism demand forecasts, in turn, have also been covered in the literature, yet much less frequently; only 15 out of 121 tourism demand modeling and forecasting studies published in the early 2000s dealt with this topic (see Song and Li, 2008, for a survey). Therefore, investigating the properties of ex ante tourism demand forecasts deserves researchers’ attention.
The plan of the rest of this study is as follows: Section 2 reviews the models typically used in tourism demand analysis and forecasting, Section 3 briefly lays out the history and the setup of the GVAR framework; Section 4 describes the data set and reports about measures of data treatment; Section 5 highlights some properties of the estimated GVAR models; Section 6 presents and discusses the conditional forecasting results for the EU-15; and finally, Section 7 draws some overall conclusions.

2. Models used in tourism demand analysis and forecasting

Panel data analysis is a viable option given that the research focus is on tourism demand analysis and the tourism demand measure as well as the explanatory variables are available over time for a cross-section of destinations and/or source markets (e.g. Garín-Muñoz, 2006, 2007; Garín-Muñoz and Montero-Martín, 2007; Garín-Muñoz and Pérez-Amaral, 2000; Kuo et al., 2009; Ledesma-Rodríguez et al., 2001; Li et al., 2017). One of the main advantages of panel data models when pooling the data across entities is the augmented number of observations compared to pure time-series or cross-sectional estimation, while fewer coefficients need to be estimated. Panel estimators based on pooled data are called homogeneous and return common coefficient estimates for the intercept and the slopes across entities. This parsimonious specification increases the degrees of freedom in estimation and mitigates potential collinearity issues while raising the efficiency and stability of the coefficient estimates (Baltagi, 2008; Song et al., 2009).

On the other hand, when the research focus is on tourism demand forecasting, researchers typically use univariate and multivariate time-series models: the latter when data for explanatory variables are available and the forecast horizon is longer than two years (Frechtling, 2001). Univariate (or pure time-series) forecasting models draw on past observations of the forecast variable only and typically include members of the (seasonal) autoregressive integrated moving average model class ((S)ARIMA; Box and Jenkins, 1970; Kulendran and Witt, 2001; Li et al., 2006; Song et al., 2000; Witt et al., 2003), the exponential smoothing model class which includes the error-trend-seasonal or exponential smoothing model class (Hyndman et al., 2002, 2008; Athanasopoulos et al., 2011; Cho, 2001; Law, 2000; Veloce, 2004), or the naïve model class: the latter usually serving as simple benchmarks.

Concerning multivariate, causal, or econometric forecasting models, (error-correction) autoregressive distributed lag models (Engle and Granger, 1987; Dritsakis and Athanasiadis, 2000; Ismail et al., 2000; Kulendran and Witt, 2003; Roselló et al., 2004) (Bayesian) vector autoregressive models (Doan et al., 1984; Sims, 1981; Lim and McAleer, 2001; Oh, 2005; Song et al., 2013; Wong et al., 2006), and time-varying parameter models (Engle and Watson, 1987; Li et al., 2006; Song, Witt, Jensen, 2003; Song, Wong and Chon, 2003; Song and Wong, 2003) have proven to produce quite accurate tourism demand forecasts in varying situations.

Interestingly, to date, panel data methods have not been used for forecasting tourism demand even when the data are available in panel format (Song and Li, 2008), although such forecasts have been employed quite frequently in other areas of economics. These include forecasting gasoline demand (Baltagi and Griffin, 1997), electricity and natural gas demand (Maddala et al., 1997), GDP growth rates (Hoogstrate et al., 2000), or migration to Germany (Brucker and Silvestrov, 2006), just to name a few applications (see e.g. Baltagi, 2008, 2013b, for recent surveys of articles on panel data forecasting).

One common finding of the articles surveyed by Baltagi (2008) is that various homogeneous panel estimators such as traditional fixed effects and random effects estimation perform well in forecasting by taking advantage of the strengths of panel data estimation as mentioned above. Even though the GVAR model is estimated on an entity-by-entity basis drawing on the interdependencies between these entities, it is still solved as a whole since the variables are treated as endogenous from a global perspective, thus enabling the forecaster to (conditionally) predict all forecast variables jointly (Pesaran et al., 2007).

3. The GVAR framework in brief

The GVAR framework is a parsimonious representation of a global aggregate of entities (typically: the global economy) characterized by interdependent entities (typically: countries that are
connected through trade or financial linkages), which, in turn, are affected by the development of global variables (Crespo Cuaresma et al., 2016). Before conditional forecasting can be performed with the GVAR model, multivariate time-series models must first be estimated at the country level. The GVAR has to be solved as a whole at the global level drawing on the estimation results at the country level, since all variables of the model are endogenous from a global perspective (di Mauro and Smith, 2013; Pesaran et al., 2007).

Applications of the GVAR model are manifold and have included, for instance, investigating the impact of global food and oil price shocks on inflation and real GDP at the country level (Galesi and Lombardi, 2013), modeling global trade flows (Bussière et al., 2009), forecasting economic and financial variables for a large number of countries (Smith, 2013), linking firm-level measures for systemic risk to global macroeconomic variables (Al-Haschimi and Dées, 2013), exploring the international linkages of the Euro Area (Dées, di Mauro, Pesaran, Smith, 2007), or analyzing the spillovers of macroeconomic shocks from China, the Euro Area, and the USA to the Middle East and North Africa region (Cashin et al., 2012).

Recent methodological advances include the extension of dynamic stochastic general equilibrium models, macroeconomic models founded on microeconomic rationale, from modeling only one or two countries at a time to multi-country GVAR models characterized by theoretical constraints (Dées et al., 2014) or Bayesian instead of frequentist estimation of the GVAR at the country level (Crespo Cuaresma et al., 2016). The GVAR model is also related to the more generic model class of panel VARs (see e.g. Abrigo and Love, 2016; Koop and Korobilis, 2016; Love and Zicchino, 2006).

The subsequent brief description of the GVAR framework draws on the ideas laid out in Crespo Cuaresma et al. (2016), di Mauro and Smith (2013), and Pesaran et al. (2007).

It can be presupposed that the global economy consists of \( N + 1 \) countries \( i \) with \( i = 0, 1, \ldots, N \) that are observed over time \( t \) with \( t = 1, 2, \ldots, T \), where country 0 is interpreted as the reference country or numeraire. For the present sample, \( N + 1 = 45 \) (with country 0 corresponding to the USA) and \( T = 79 \) (from 1994Q1 to 2013Q3), thus \( N \times T = 3,555 \). The multivariate time-series models at the country level are VARs consisting of country-specific endogenous domestic variables, country-specific weakly exogenous foreign variables, weakly exogenous global variables, as well as deterministic components, the so-called VARX*(\( p_i \), \( q_i \)) models. In these models, \( p_i \) corresponds to the country-specific lag order of the domestic, and \( q_i \) to the country-specific lag order of the foreign and global variables; these lag orders are determined by the use of information criteria such as the Akaike information criterion (AIC) or the Schwarz or Bayesian information criterion (BIC) (Lütkepohl, 2005).

The weak exogeneity assumption of the foreign and global variables implies that while there may be lagged short-run feedback from domestic to foreign and global variables, no long-run equilibrium impact of domestic on foreign and global variables is supposed to exist. Thus, the individual countries – except the USA – are modeled as small open economies (SMOPECs) (Granger and Lin, 1995; Johansen, 1992; Pesaran et al., 2004).

Assuming that \( p_i = q_i = 2 \), a VARX*(2, 2) model for country \( i \) therefore reads:

\[
X_{i,t} = \alpha_i + \beta_i t + \Gamma_i X_{i,t-1} + \Gamma_2 X_{i,t-2} + \Phi_{X} X_{i,t-1} + \Phi_{2} X_{i,t-2} + \epsilon_{i,t}. \tag{1}
\]

In Equation (1), \( X_{i,t} \) denotes a \( k_i \times 1 \) vector of domestic variables, \( X_{i,t}^{*} \) represents a \( k_i^* \times 1 \) vector of foreign variables, \( \Gamma_i \) denote \( k_i \times k_i \) coefficient matrices for the lagged domestic variables, and \( \Phi_{X} \) represent \( k_i^* \times k_i \) coefficient matrices for the current and lagged foreign variables. The deterministic components include a \( k_i \times 1 \) vector of intercept terms \( \alpha_i \) as well as a linear deterministic time trend \( t \). Finally, \( \epsilon_{i,t} \) is a \( k_i \times 1 \) vector of idiosyncratic error terms with mean zero and the variance-covariance matrix \( \Sigma_{\epsilon_i} \).

The foreign variables in Equation (1) are constructed as country-specific weighted averages in order to reflect the relative importance of the \( N \) remaining countries for country \( i \), for instance in terms of their mutual trade or financial linkages. Thus, the foreign variables are constructed as follows:

\[
X_{i,t}^{*} = \sum_{j=0}^{N} W_{ij} X_{j,t}. \tag{2}
\]
In Equation (3), with \( j = 0, 1, ..., N \) denotes the weights with the properties \( w_j = 0 \) and \( \sum_{j=0}^{N} w_j = 1 \). The entirety of these weights forms the weight matrix, which is time-constant and endogenous to the model (see Section 4).

In line with Déès, di Mauro, Pesaran, Smith (2007), the global variables are included as foreign and weakly exogenous for all countries except for country 0 (the USA), where they are included as domestic and endogenous. Since global variables reflect common global developments assumed to equally affect individual countries, these variables also attain the same realizations for each country for a given point in time. Constructing “country-specific” global variables according to Equation (2) therefore results again in the global variables attaining the same realizations for each country (Pesaran et al., 2004).

Pertaining to the standard dynamic tourism demand model (Crouch, 1995; Song and Witt, 2000; Stabler et al., 2010; Song, Wong and Chon, 2003; Song et al., 2009), the vector of domestic variables \( x_{ij} \) in the present study consists of domestic real tourism exports and domestic relative tourism export prices, hence \( k_i = 2 \). The vector of foreign variables \( x_{ij}^* \), in turn, comprises foreign real tourism exports, foreign relative tourism export prices (representing real tourism exports and relative tourism export prices of competing destinations), as well as global real GDP (representing global tourist income) as the only global variable, hence \( k_i^* = 3 \).

In order to accommodate potential cointegration relationships between the variables, Equation (1) is not estimated in levels, but is reformulated to obtain its vector error correction form in first differences, which is then labeled VECMX*(\( p_i, q_i \)). This vector error correction form allows investigating jointly the short-run dynamics and the long-run equilibrium relationships of the variables, as well as convergence to the latter. The VECMX*(2, 2) form of Equation (1) for country \( i \), for instance, reads:

\[
\Delta x_{ij} = c_i - a_i b_i' [z_{t,j-1} - \delta_i (t-1)] + \Phi_0 \Delta x_{ij}^* + Y_i \Delta z_{t,j-1} + u_{i,j}.
\]

(3)

In Equation (3), \( \Delta \) denotes the first difference operator, \( z_{t,j} = (x_{t,j}', x_{t,j}^*')' \) is a \((k_i + k_i^*) \times 1\) vector stacking the vectors \( x_{t,j} \) and \( x_{t,j}^* \), \( a_i \) is a \( k_i \times r_i \) matrix of speed of adjustment coefficients of rank \( r_i \), and \( b_i \) is a \((k_i + k_i^*) \times r_i \) matrix of cointegration vectors of rank \( r_i \), whereby \( r_i \) represents the number of cointegration relations. Equation (3) can be adequately reformulated to show that cointegration relations within \( x_{t,j} \) and between \( x_{t,j} \) and \( x_{t,j}^* \) are possible and thus between countries \( i \) and \( j \) with \( i \neq j \). Conditional on \( x_{ij}^* \) being treated as weakly exogenous and integrated of order \( l(1) \), Equation (3) is then estimated on a country-by-country basis. The number of cointegration relations \( r_i \), the matrix of speed of adjustment coefficients \( a_i \), and the matrix of cointegration vectors \( b_i \) are estimated using reduced rank regression (Izenman, 1975), while for a given estimate of \( b_i \), the remaining parameters of Equation (3) can be consistently estimated applying ordinary least squares (OLS) regression to the subsequent equation:

\[
\Delta x_{ij} = c_i - \delta_i ECM_{t,j-1} + \Phi_0 \Delta x_{ij}^* + Y_i \Delta z_{t,j-1} + u_{i,j}.
\]

(4)

where the error correction term \( ECM_{t,j-1} \) in Equation (4) represents the \( r_i \) cointegration relations of country \( i \) (see Smith and Galesi, 2014, for further details).

Drawing on the property of the GVAR model that all variables are treated as endogenous from a global perspective (which includes the global variables as long as they are treated as domestic and endogenous in one country; Déès, di Mauro, Pesaran, Smith, 2007), the estimated country-specific models can be “stacked” so that a \( k \times 1 \) vector \( x_t \) comprising all endogenous variables with \( k = \sum_{i=0}^{N} k_i \) and \( x_t = (x_{t,0}', x_{t,1}', \ldots, x_{t,N}')' \) can be formed. This allows solving the GVAR model at the global level (see Pesaran et al., 2004, for further details).

4. The data

The data used in this study have both a time-series and a cross-sectional dimension (panel data) and are taken from quarterly IMF and OECD databases. The variables employed in this study are real tourism exports per country (stated in million US dollars, base year for prices and exchanges rates: 2,000; source: IMF), tourism export prices per country relative to a global tourism export price (US dollar-based, 2,000 = 100; source: IMF), and global real GDP (stated in million US dollars,
base year for prices and exchanges rates: 2,000; source: OECD). The three variables were available for the period 1994Q1-2013Q3 for 45 countries. Since tourism export prices per country and global tourism export price are both given in US dollars, the relative price ratio can also be interpreted as the real multilateral or real effective exchange rate in tourism terms, which is a measure for competitiveness of a country’s tourism goods and services relative to the global market.

Although other explanatory variables such as qualitative factors, marketing expenditure, or transportation cost may be relevant drivers of real tourism exports, it was not possible to obtain consistently defined and measured time series for the set of 45 countries considered in the present study. Moreover, including transportation cost in a model that already contains a more comprehensive price index makes the model prone to multicollinearity (Song et al., 2009).

The 45 countries are listed in the continuation (the corresponding country codes of the International Organization for Standardization according to the ISO 3166-1 alpha-2 standard are given in parentheses; countries in italics are the EU-15 member countries): Australia (AU), Austria (AT), Belgium and Luxembourg (BELU)[2], Brazil (BR), Bulgaria (BG), Canada (CA), China (CN), Croatia (HR), Cyprus (CY), the Czech Republic (CZ), Denmark (DK), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (GR), Hungary (HU), Iceland (IS), India (IN), Indonesia (ID), Ireland (IE), Israel (IL), Italy (IT), Japan (JP), Latvia (LV), Lithuania (LT), Malta (MT), Mexico (MX), the Netherlands (NL), New Zealand (NZ), Norway (NO), Poland (PL), Portugal (PT), Romania (RO), Russia (RU), Slovakia (SK), Slovenia (SI), South Africa (ZA), South Korea (KR), Spain (ES), Sweden (SE), Switzerland (CH), Turkey (TR), the United Kingdom (GB), and the United States (US).

The “global” data are to be understood as follows: global real GDP denotes the aggregate (i.e. the unweighted sum) of the 45 available country GDPs for each quarter, whereas global tourism export price denotes the real-tourism-export-weighted average of the tourism export prices of the 45 countries in the sample for each quarter[3].

Consumer price indices are used as a proxy for the tourism export prices. Natural logarithms are taken of all variables before they are used for estimation to ensure linear relationships. In addition, individual seasonal patterns in the data are removed by taking seasonal differences, thus making all variables conveniently interpretable as annual growth rates. All calculations are performed using the GVAR Toolbox 2.0 for Excel and Matlab.

While global real GDP represents the only weakly exogenous global variable of the GVAR model, real tourism exports and relative tourism export prices as described above represent the country-specific endogenous domestic variables (see Section 3). Similar to di Mauro and Smith (2013), global real GDP is treated as an endogenous variable for the reference country: the USA. Hence, the USA is not modeled as a small, but as a large open economy. This not only accommodates the technical requirement of the GVAR model to treat all variables as endogenous from a global perspective, but with around 33 percent throughout the sample (1994-2003), the USA constitutes by far the most important contributor to the present measure of global real GDP. Thus, modeling the USA as a SMOPEC would be at odds with the empirical evidence (Galesi and Lombardi, 2013). As mentioned in Section 3, treating global real GDP as domestic and endogenous for the USA results in all variables being endogenous from a global perspective (Dées, di Mauro, Pesaran, Smith, 2007).

To complete the GVAR model, the country-specific weakly exogenous foreign variables still need to be constructed. There are two foreign variables for each country: real tourism exports and relative tourism export prices of competing destinations. Hence, the two country-specific foreign variables are calculated as country-specific weighted averages of real tourism exports and relative tourism export prices, respectively, of all other countries. The weight matrix used for the construction of the foreign variables is calculated by aggregating annual merchandise export data per trading partner (measured “free on board” and averaged over the period 1994-2013) of the 45 countries in the sample by drawing on the Direction of Trade Statistics database of the IMF (2016), thus following the “classic” suggestion by Dées, di Mauro, Pesaran and Smith (2007). Hence, if country B is a relatively more important trading partner of country A compared to country C, country B will receive a relatively higher weight than country C when calculating the country-specific weighted averages for country A. In principle, other types of weights are also possible depending on the nature of the study (Eickmeier and Ng, 2015; Feldkircher and Huber, 2016).
Finally, the forecasts for global real GDP growth for the period 2013-2017, conditional on which real tourism exports and relative tourism export prices are forecast, are taken from the OECD Economic Outlook database (OECD, 2015). Since the data for real GDP in GVAR estimation are sourced from the OECD, this organization’s expert global real GDP growth forecast data constitute a natural candidate for the conditional forecasting exercise. These expert forecasts are employed as a realistic assumption regarding the development of one of the explanatory variables over the forecast horizon. This is a requirement for a conditional forecasting exercise as laid out in Section 1.

Descriptive statistics of all variables as well as the weight matrix representing the trade linkages between the countries in the sample are not presented in the study due to space constraints. They are, however, available from the author on request.

5. The estimated GVAR models at the country level

Before conditional forecasts of real tourism exports and relative tourism export prices can be calculated with the GVAR model, the country-specific VARX*(p, q) models according to Equation (1) first have to be specified and estimated. By automatically estimating the country-level models in vector error correction form (VECMX*(p, q) according to Equation (3), see Section 3), the GVAR model can easily deal with both stationary (integrated of order I(0)) and non-stationary variables (integrated of order I(1) or higher, which includes the possibility of cointegration between variables provided that their degree of integration is identical; di Mauro and Smith, 2013).

Prior to OLS estimation of Equation (4), the country-specific optimal lag orders p*_i (of the k_i = 2 country-specific domestic variables) and q*_i (of the k*_i = 3 country-specific foreign variables and the global variable) of the VARX*(p*_i, q*_i) models and the country-specific number of cointegration relations r_i have to be determined. p*_i and q*_i are determined by BIC (Lütkepohl, 2005), while the maximum lag orders are equal to 4 because of the quarterly frequency of the data (p*_i^{max} = q*_i^{max} = 4). r_i, in turn, is computed according to the Johansen procedure in the presence of weakly exogenous I(1) regressors (here: x_i^{US}; Johansen, 1991, 1995; MacKinnon et al., 1999; Pesaran et al., 2000), while r_i is a multiple of the number of different countries (0, 1, 2) (due to the endogeneity of global real GDP from the US perspective) and r_i ∈ [0, 1, 2] for all other countries since k_i = 2.

As shown in Table I, p*_i and q*_i as well as r_i differ between countries, which underlines the importance of taking country-specific characteristics of the data into account in order to obtain a correctly specified forecast model. For 17 out of 45 countries, there is cointegration between the two domestic variables (r_i = 1; given in italics in Table I), whereas for 26 countries the matrix of cointegration vectors b_i has full rank (r_i = 3 for the USA, r_i = 2 for the remaining countries), meaning that the already seasonally differenced variables are stationary. For the remaining two countries (IL and NZ) no statistically significant cointegration relation could be found (r_i = 0). Moreover, q*_i, which represents the impact of the foreign and the global variables on the domestic economies, is never equal to zero; thus underlining the importance of allowing for interdependencies between the countries, in particular in terms of competing destinations’ prices in a tourism context, as well as for the impact of common global developments. This result also underlines the importance of accounting for the competitors of the EU-15 in a comprehensive global tourism demand model.

While the detailed estimation results of the VECMX*(p*_i, q*_i) models are not presented in the study due to space constraints, they are, however, available from the author on request. Table I includes information about two important goodness of fit measures of the estimated VECMX*(p*_i, q*_i) models: the adjusted coefficient of determination (adjusted $R^2$) and the results of the weak exogeneity tests of the country-specific foreign variables and the global variable. The null hypothesis of the weak exogeneity test by Johansen (1992) and Harbo et al. (1998) is that there is no long-run equilibrium impact of domestic on foreign and global variables.

As can be seen from Table I, the adjusted $R^2$ is greater than 0.5 in most instances (71 out of 90; numbers that are given in italics) for the k_i = 2 domestic variables, which indicates an adequate goodness of fit for the individual country models. Furthermore, for the vast majority of cases (107 out of 128; numbers that are given in italics), the F-test statistics of the weak exogeneity test are below their 5 percent critical values so that the null hypothesis of weak exogeneity of the country-specific foreign variables (LNXRSA_FOR, LNXPRELSA_FOR) and the global variable (LNGDPRSA) cannot be rejected.
6. Conditional forecasting results

Based on the estimated and solved GVAR model, dynamic out-of-sample mean forecasts of real tourism exports and relative tourism export prices at the country level are calculated for the EU-15, conditional on expert real GDP growth forecasts for the global economy provided by the OECD for the years 2013-2017, with global real GDP being the only restricted variable.
Given the quarterly frequency of the data and 2013Q3 as the forecast origin, the forecast horizon $H$ is equal to 17 quarters between 2013Q4 and 2017Q4 ($H = 17$). Since global real GDP is not forecast, but assumed to be given for the entire forecast horizon, the restriction horizon $H$ is equal to 17 quarters as well ($H = 17$).

Algebraically, the restrictions are treated as known constants with $\phi_{T+j}$ denoting the $m \times 1$ vector summarizing these constants, where $m$ corresponds to the number of restricted variables (here: $m = 1$) and $j = 1, 2, \ldots, H$. Thus, GVAR forecasts conditional on $\phi_{T+j}$ can be written as (Pesaran et al., 2007; Smith and Galesi, 2014):

$$\Psi_{X_{T+j}} = \phi_{T+j},$$ (5)

$\Psi$ in Equation (5) is an $m \times k$ matrix relating the model variables $x_{T+j}$ to be forecast to the restrictions over the restriction horizon. Hence, conditional dynamic out-of-sample mean forecasts $f^*_h$ are expected values of the model variables over the forecast horizon restricted by the information set available at the forecast origin $I_T$ and by Equation (5):

$$f^*_h = E_T(x_{T+h}|I_T, \Psi_{X_{T+j}} = \phi_{T+j}, j = 1, 2, \ldots, H), \quad h = 1, 2, \ldots, H, H \leq H.$$ (6)

Figure 2 displays the conditional real tourism export forecasts (LNXRSA; solid lines) as well as conditional relative tourism export price forecasts (LNXPRELSA; dashed lines) for each EU-15 member country for the forecast and restriction horizon 2013Q4 to 2017Q4. Since these conditional forecasts are purely ex ante, they have to be interpreted with a grain of salt. As noted by Clements and Hendry (1998) and Ericsson (2003), there are sources of forecast uncertainty beyond the forecast origin (2013Q3 in the present case) such as future structural changes in the economy that are beyond the control of the forecaster. These could include, for example, the impact of the onset of the migration crisis in 2015 on tourism demand in Western vs Eastern Mediterranean countries. This is also the reason why the subsequent interpretation of the conditional forecasting results focuses solely on whether the direction of the projected future trajectories of the variables is in line with the expectations from microeconomic theory instead of specific numerical mean forecast values, which naturally become less accurate as the forecast horizon gets longer.

As can be obtained from Section 5 (therein notably from Table I), the estimated GVAR models at the country level are characterized by quite complex country-specific dynamics, which include the influence of past realizations of domestic variables on their current realizations, the influence of current and past realizations of foreign and global variables on current realizations of domestic variables, and even lagged short-run feedback from domestic to foreign and global variables[4].

Moreover, conditional forecasting ex ante precludes the evaluation of these forecasts in terms of traditional forecast accuracy measures such as the mean square error, the mean absolute error, or some of their variants, which would only be possible with ex post forecasts that are not part of this study.

Standard microeconomic theory implies that a growing global economy should be positively correlated with growing real tourism exports, while real tourism exports should be negatively correlated with relative tourism export prices as long as tourism can be seen as a normal good (Pindyck and Rubinfeld, 2015; Song, Wong and Chon, 2003; Song et al., 2009).

As can be seen from Figure 2, all EU-15 countries adhere to microeconomic theory for the greater part of the forecast and the restriction horizon, except for GB from 2016Q2 onward. Thus, the direction of the projected future trajectories is as expected. Even though for most countries, notably AT, DE, DK, ES, FI, FR, IE, IT, NL, and PT, the immediate one-quarter-ahead forecasts of LNXRSA and LNXPRELSA are both positive, positive global real GDP growth results in positive conditional forecast LNXRSA trajectories after short adaptation periods lasting approximately until 2014Q4. Negative conditional forecast LNXPRELSA trajectories, which are characterized by short adaptation periods as well, support this development. These short adaptation periods are defined by more or less pronounced fluctuations according to the aforementioned country-specific dynamics of the estimated GVAR models.
Concerning the relative magnitude (ratio of average growth rates in absolute terms between 2013Q4 and 2017Q4) of the development of the country-specific LNXRSA trajectories with respect to LNGDPRSA, projected growth of the global economy results in over-proportional real tourism export growth for all but three EU-15 countries (AT, ES, and IT). Even though real tourism export growth for AT, ES, and IT is still conditionally expected to be positive, the projected increase is not that pronounced. IE, although adhering to the expectations from theory concerning correlation directions, stands out as the only country from the sample for which projected global real GDP increases do not materialize in increases in real tourism exports.

To summarize, predicted global real GDP growth seems likely to materialize in real tourism export increases at the EU-15 country level, and therefore benefit the politically and macroeconomically distressed EU-15 as a whole. This increase, however, is not necessarily substantial in each and
every EU-15 member country, which raises questions about the ability of the EU-15 to defend its market share in the global travel market given the continuing growth and increasing (geographic) diversification of global travel (WTTC, 2016). The conditional forecast increases in real tourism exports are supported by conditional forecast decreases in relative destination price. Thus, most likely, not only expected tourist income increases alone but also becoming more price competitive is a crucial economic factor for ensuring sufficient export earnings from international tourists in the long run (WEF, 2015).

7. Conclusion

Employing panel data ranging from 1994Q1 to 2013Q3 for a cross-section of 45 countries from IMF and OECD databases, a GVAR model was estimated and used for forecasting real tourism exports and relative tourism export prices of the EU-15, conditional on expert real GDP growth forecasts for the global economy provided by the OECD for the years 2013-2017, thereby embedding tourism demand for the EU-15 in a comprehensive global tourism demand model. The direction of the projected future trajectories of these two variables were analyzed.

In line with standard microeconomic theory, growing global tourist income together with decreasing relative destination price ensures, in general, growing tourism demand at the country level for the EU-15. Per se, this is good news for the politically and macroeconomically distressed continent. However, the conditional forecast increases in tourism demand are under-proportional for some EU-15 member countries despite growing tourist income supported by decreasing relative destination price.

Since the EU-15 countries are among the least price-competitive destinations, not only expected tourist income increases alone but also becoming considerably more price competitive is a crucial economic factor for ensuring sufficient export earnings from international tourists in the long run. This improvement has to be achieved by the EU-15 countries in order to counter the rising competition for market shares from other destinations around the world.

The policy implication of this finding is that in order to remain competitive as a destination, tourism planners and developers in the EU-15 should not rely purely on the projected increases of global tourist income as this may only under-proportionally manifest in increasing tourism demand. They are rather encouraged to take up supply-side measures – not limited to relative destination price terms – to make their tourism products and services more attractive and competitive. Furthermore, tourism planners and developers in the Western Mediterranean (and in other Central and Western European destinations as well) should not misinterpret the surges in tourist arrivals in 2016 as a carte blanche to refrain from taking up supply-side measures to overcome their price-related disadvantages. These increases are mainly caused by the migration crisis in the Eastern Mediterranean and thus may only be temporal. Since the migration crisis lies beyond the forecast origin of the study sample, the present results are more likely to be representative of the structural development of the variables under “normal economic activity.”

Apart from missing data for other potentially important explanatory variables of tourism demand, one limitation of the present study is that the conditional forecasts calculated and discussed are purely ex ante. As such, the discussion has been limited to the direction of the projected future trajectories of the variables, while ignoring the absolute magnitude of the projected changes. Thus, future research could analyze the ex post forecast accuracy of tourism demand of the presented GVAR model in a forecast competition with other univariate and multivariate time series and even panel forecast models. In addition, the investigation of the transmission mechanisms of local, regional, or global shocks to the variables in terms of impulse responses (e.g. in an adapted framework: “How do EU-15 real tourism exports and relative tourism export prices react to a negative GDP shock in the UK due to the Brexit?”) could be of interest.

Notes

1. Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), the Netherlands (NL), Portugal (PT), Spain (ES), Sweden (SE), and the UK (GB; as of 2016) are the member countries of the EU-15.

2. Data were only available for Belgium and Luxemburg combined.
3. As noted in Section 1, modeling the dependence of all countries on a common global development, global real GDP, and investigating the impact of expert OECD real GDP growth forecasts on real tourism exports and relative tourism export prices precludes the use of different real GDPs specifically aggregated for the individual source markets of each country.

4. While abandoning the statics and exogeneity assumptions makes a (G)VAR model a quite flexible and powerful forecast model, it precludes the interpretation of its estimated coefficients as price and income elasticities (even if the data are given in natural logarithms; Neusser, 2009).

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The evolution of holiday system in China and its influence on domestic tourism demand

Han Shen, Qiucheng Wang, Chuou Ye and Jessica Shihchi Liu

Abstract
Purpose – The purpose of this paper is to focus on the reforms in the public-holiday-policy system and their influence on the domestic tourism in China. The major reforms in the Chinese holiday system in the last 20 years and the overall changes in the demand for domestic tourism are analyzed in this paper to provide a better understanding of China’s holiday-system reform for policy makers in the future.

Design/methodology/approach – This paper summarizes the development and reform of the holiday system in China. Policy review and domestic tourism statistics were applied to study the intrinsic relationship between the holiday system and the domestic tourism. The statistics of domestic tourism are cited, including the growth rates of both urban and rural tourists, the domestic tourism expenditure per capita, etc.

Findings – The increasing length of holidays positively affects the domestic tourism demand by increasing the leisure time. Yet, the holiday-tourism activities lead to a series of problems, such as a huge pressure on transportation, overloaded tourist attractions, and threats to safety precautions. Paid leave, price leverage, and more reasonable tourist-attraction arrangements will be effective in easing China’s holiday rush.

Originality/value – Through studying the intrinsic relationship between the holiday system and the domestic tourism, this paper points out the problems of excessive concentration of domestic tourism demand in a particular time, caused by the holiday system. Solutions and suggestions are provided on the basis of the analysis.

Keywords China, Domestic tourism, Holiday system, Leisure time, Travel demand

Paper type Viewpoint

1. Introduction

Mainland China has witnessed a series of holiday-policy reforms, which are regarded as an important force shaping the development of domestic tourism (Zhang, 2008a). This paper focuses on the reforms in the public-holiday-policy system and their influence on the domestic tourism in China. The major reforms in the Chinese holiday system in last 20 years and the overall changes of the demand for domestic tourism are analyzed in this paper to provide a better understanding of China’s holiday-system reform.

As early as December 23, 1949, the State Council published the Regulation on Public Holidays for National Annual Festivals and Memorial Days, which was the first legal attempt to identify the residents’ leisure time. After the opening-up policy in the 1980s, China has adjusted its holiday system more than 40 times, reducing the working hours continuously. The provisions in the revision carried out on September 18, 1999 gave priority to the official start of the “Golden Week.” On December 9, 2007, China adjusted the legal holiday time again, reducing the number of vacation days for “May Day,” also known as the “International Labor Day,” and adding the Tomb-Sweeping Day, the Dragon Boat Festival, and the Mid-Autumn Festival as national legal holidays. At present, China has 115 days of holiday in a year. On January 1, 2008, China officially implemented the “Announcement of the State Council on the Regulations of Paid Annual Leave of Employees.”

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Meanwhile, the holiday system in China has experienced a major reform in the last 20 years, and the domestic tourism industry has also been booming. In terms of domestic tourism, the number of arrivals increased from 524 million in 1994 to 2.103 billion in 2010, an increase of almost four times. The leisure time is guaranteed by the holiday system, which is a significant factor affecting the domestic tourism demand. The rapid development of domestic tourism in the last 20 years in China is integrally influenced by various conditions, including residents’ disposable income, economic development, and so on. However, the holiday-system reforms in China have significantly impacted the domestic tourism. China’s domestic tourism demand has had changes at the macro level corresponding to the timing of the holiday-system reform.

However, the public has gradually started to recognize the negative impacts of the “Golden Week” holiday system on sustainable development and social issues (Wu et al., 2012). According to previous studies, “Golden Week” not only disrupts the regular weekday schedule, resulting in the entire economy operating abnormally, but also produces demand and supply imbalances in the tourism industry with the following negative outcomes: crowding at major attractions, increasing prices, and declining service quality during Golden Weeks. Together, these significantly reduced customer satisfaction at destinations.

Taking this into consideration, a number of experts said that the existing holiday system needs to be reformed. The matter drew the attention of various sectors of Chinese society and a fierce debate ensued over the holiday-policy reform. Accordingly, it will be worthwhile to provide solutions to the problems caused by “Golden Week” holiday, based on the investigation of the impacts that the holiday system has on tourism development.

This paper looks into the influences that “Golden Week” holiday system has on tourism in China. This study will mainly focus on urban residents’ travel demand in the scope of analysis because of the fact that the audience of the holiday system are basically the people working in urban enterprises, whereas rural residents are not significantly affected by the holiday system. The result provides further support for the hypothesis that there may be a link between holiday and domestic tourist demand. Moreover, this paper points out the risks of holiday-tourism activities and suggests three options to avoid the mentioned risks.

2. Background: historical review of the holiday system in China

2.1 Public holiday system in China

As a system that determines the residents’ leisure time at national level, public holiday system can control the leisure time factor as a whole, thus affecting the travel demand. Chinese residents’ leisure time has evolved from a single holiday to a two-day weekend, and then to long holidays such as Golden Week holiday, and from the scattered “Golden Week” to “small long vacation”, as shown in Table I.

On December 23, 1949, the State Council published the Regulation on Public Holidays for National Annual Festivals and Memorial Days, which was for the first time in the form of a legislation to determine the residents’ leisure time. The law stipulated New Year’s day (January 1), Spring Festival (the New Year’s Day of lunar year, the second and third day of the first month of the lunar year), Labor Day (May 1), National Day (October 1, 2) as the whole-day holidays, and Women’s Festival (March 8), Youth Festival (May 4), Children’s Day (June 1), and Memorial Day for the founding of the People’s Liberation Army (August 1) as the half-day holidays for relevant personnel. For the festivals of Chinese minority nationalities, local governments decided by themselves. The regulation also stipulated that every Sunday was a day off for everyone.

In 1994, in order to boost domestic demand, China published Provisions on Working Hours of Workers and Staff, which reduced the working hours from 48 hours to 44 hours a week, and then to 40 hours a week after the amendment of Provisions on Working Hours of Workers and Staff. Therefore, the total length of China’s circulation holiday was doubled from 52 days to 104 days, from single weekend to double weekend.

On September 18, 1999, the State Council issued the revised Regulation on Public Holidays for National Annual Festivals and Memorial Days, deciding to increase the public statutory holidays
by three days by adjusting the Spring Festival, May Day, and National Day. According to the
time arrangement system, and on the basis of not changing the total length of
the holiday, three seven-day offs in a year were introduced by adjusting the double cease day
before and after the holiday, which is commonly known as “Golden Week.” On the anniversary
of the National Day in 1999, China implemented the “Golden Week” holiday system.

On December 16, 2007, the Chinese Central Government announced the revised “Regulation on
Public Holidays for National Annual Festivals and Memorial Days.” The latest arrangement of the
holiday canceled May Day’s Golden Week, shortening the three-day holiday to one day.
In addition, Chinese citizens have had days off for traditional festivals, such as Tomb-sweeping
Festival, Dragon Boat Festival (the fifth lunar month) and Mid-Autumn Festival (lunar calendar August 15), each has
a one-day holiday.

2.2 Other holiday systems in China

Public holiday system targets the whole population in China and thus determines the overall
leisure time at national level. The leisure time for some of the Chinese residents is also affected by
other holiday systems, such as paid annual leave, special holiday, etc. In Table II, the
corresponding holiday-system reforms are reviewed.

For on-the-job employed labor force, the corresponding holiday system is mostly the paid annual
leave system. “Labor Law” article 45 stipulates that laborers who have worked continuously for
one year or more shall be entitled to annual vacation with pay. For this, concrete measures should
be formulated by the State Council. Thus on January 1, 2008, a specific law, i.e. “Announcement
of the State Council on the Regulations of Paid Annual Leave of Employees,” was enforced:
employees in organizations, groups, enterprises, public institutions, and private non-enterprise
entities, and individual industrial and commercial households hiring labor, who have worked
continuously for one year or more, are entitled to paid annual leave. Employers shall guarantee
employees’ such right. According to the provisions of the labor remuneration during the
vacations, employees shall be paid for annual leave equally similar to normal working hours.
An employee who has served one full year but less than ten years accumulatively is entitled to five
days of annual leave. For the person who has served ten full years but less than 20 years, annual
leave is ten days. For the person who has served for 20 full years, annual leave is 20 days.
For each day of the annual leave time which is due but not taken by the employee, the entity shall
pay the employee 300 percent of his daily wage income.
The following is targeted at the retirees, that the retirement system is the basic content of their permanent vacation. China's current legal retirement system is based on the State Council Provisional Regulations on Retirement and Resignation of Workers No. 104 Document of State Council (1978) published on May 24, 1978, which is still in effect, and is approved by the Second Meeting of the Standing Committee of the Fifth National People's Congress. So far, this system has not experienced any significant reforms. The document stipulates that the national legal retirement age of companies' employees should be 60 for male workers, 50 for female workers, and 55 for female cadres. Retirement age for people working in environments that are harmful to health is up to 55 years for male workers and 45 for female workers. China is currently planning to postpone the retirement age because of its ageing population, but it has not yet become a specific policy.

At last, but not the least, is the special holiday system, which includes marital leave, funeral leave, maternity leave, home leave, Winter holiday, and Summer holiday. The special holiday system has not experienced any significant reforms, similar to the retirement system, because the audiences are more dispersed. Therefore, this research will focus on China's circulation system of annual vacation leave, legal holiday, and the influence of the reform on China's domestic tourism.

3. Literature review

3.1 The “Golden Week” holiday system influences the tourism development

China's tourism boom may be attributed to a wide range of policy initiatives and measures instituted by China's Central Government (Zhang et al., 1999). Of the various tourism policies, the “Golden Week” holiday system implemented in 1999 is considered as having been the most influential. This policy not only caused an expansion of the tourism industry, but also contributed to China's economic stability during the Asian financial crisis by providing a major stimulus to domestic demand and consumption (Zhang, 2008a, b).

In the previous study on “Golden Week” holiday, Guo (2007) found that this holiday system had provided considerable contribution to China’s economic development. When it comes to tourism development, the forces are chiefly conspicuous. Acknowledged widely, tourism is a sector of political, economic, and social facets typified by diversity and a number of organizations and issues (Elliot, 1997). Specifically, increased leisure time has long been regarded as a critical

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<td><strong>Holiday system</strong></td>
<td><strong>Content</strong></td>
</tr>
<tr>
<td>Paid Annual Leave System</td>
<td>In 1995, “Labor Law” stipulated that laborers who have worked continuously for one year or more shall be entitled to annual vacation with pay. Concrete measures shall be formulated by the State Council. In 2008, “Announcement of the State Council on the Regulations of Paid Annual Leave of Employees” was published and stipulated that every employee who has served one full year but less than ten years accumulatively is entitled to five days of annual leave. For the employee who has served ten full years but less than 20 years, annual leave is ten days. For the employee who has served for 20 full years, annual leave is 20 days.</td>
</tr>
<tr>
<td>Permanent Holiday System</td>
<td>In 1978, State Council Provisional Regulations on Retirement and Resignation of Workers was published. It stipulated that the national legal retirement age of employee should be 60 for male workers, 50 for female workers, and 55 for female cadres.</td>
</tr>
<tr>
<td>Other special holiday system (such as marital leave, funeral leave, maternity leave, home leave, Winter holiday and Summer holiday)</td>
<td>No significant changes</td>
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</tbody>
</table>
determinant of tourism development (Wahab and Pigram, 1997). Hence, the “Golden Week” holiday system significantly increased domestic tourism demand by lengthening the leisure time of Chinese citizens; data from pertinent studies support this conclusion. According to Guo (2007), a wave of holiday travel swept across the whole country when the first National Day “Golden Week” holiday came in 1999: 28 million people travelled during this period, generating a total tourist income of RMB14.1 billion yuan. In 2007, the income generated by tourism reached RMB64.2 billion yuan.

In short, the holiday system has significantly boosted domestic demand, stimulated consumption, and promoted economic growth on a large scale. It has also caused a major expansion in long-distance travel trips. It is now well established that since the system produced a “golden” economic yield, the holidays were aptly labeled as “Golden Weeks” to reflect the enormous opportunities they had created, especially for the tertiary sector.

However, apart from the holiday system, there are some other important factors that affect demand for tourism as well. When analyzing the influence of the holiday system on tourism demand, previous studies neglect the impacts from other existing factors like newly implemented laws or an unexpected epidemic. This paper combines several potential factors and thus establishes a more convincing causal relationship between the holiday system and domestic tourism demand.

3.2 The “Golden Week” holiday system gives rise to problems

Although the “Golden Week” holiday system has played a significant role in promoting economic development and changing Chinese people’s concept of consumption and way of living (Guo, 2007), there is evidence that this holiday system has led to many social problems that pose obstacles for sustainable tourism development (Wu et al., 2012).

A great deal of previous research into the “Golden Week” holiday system has focused on the negative effects, such as overloaded tourist attractions, traffic congestion, insufficient hospitality facilities, decrease in service quality, and increase in security risks, which lead to the deterioration of environment and unpleasant travel experience (Li, 2006a, b).

There are a large number of published studies revealing that the negative effects are directly attributable to the time-place clustering of “Golden Week” holiday tourism activities. Li and Lin (2001) suggested that Chinese holiday-tourism activities have presented a high time concentration and an obvious convergence in the selection of traveling destinations currently. Moreover, they analyzed this convergence in destination selection with a psychology perspective: because of the group psychology, people tend to flood tourist attractions that are popular but few in number and thus give rise to a crowding-out effect. Wu (2002) provided further reflection by indicating that people have a strong preference for the famous tourism product brands. With regard to the role of travel agencies, Xie (2001) pointed out that travel agencies apply centralized propaganda as well as the capital investment and staff input only on main travel routes, thereby resulting in the limited and similar destination selection. Li and Tong (2003) viewed this topic in the context of tourism product design, demonstrating that there is a causal relationship between comparatively monotonous tourism products and similar travel decisions.

As explained by Yan (2000), holiday-tourism market is the seller’s market and so the tourism operators do not have to provide good service to get high profits. This situation will lead to a decline in the quality of tourism services, hence damaging the interest of the most tourists. Others argued that the decline in service quality is the result of the negative configuration function of the tourism market. Gao (2005) noted that holiday tourists’ surge, much beyond the tourism industry and related industries’ bearing and management capacity, will inevitably lead to a lower quality of service. As a consequence, Yang (2005) concluded that when the market configuration function fails to actively adjust the contradiction between tourism supply and demand, the market will sell the low-quality products at a high price in order to restrain the tourism demand forcibly, leading to disastrous effects on the tourism industry in the long term.

The concentrated nature of holiday tourism not only affects the quality of traveling experience, but also exerts a negative impact on traveling destination. Li and Lin (2001) pointed out that the
holiday tourism has brought air and noise pollution to the destination area. Tourism resources will inevitably move to an irreversible breakdown unless environmental protection is taken. Fan further maintained that if not controlled in time, resource depletion will induce a shorter tourism product life cycle and the destruction of tourism brands, damaging the long-term economic benefits.

Xie and Zheng (2001) discussed the impact of the holiday-tourism peak on the social life in the destination and pointed out that the peak destroys the cultural tradition and environment, and even changes the development direction of the local area. The tidal wave of tourists, as He (2002) mentioned, will do disservice to the interests of local community, causing an over-commercialized folk culture.

Because of the negative effects of the “Golden Week” system, a better holiday policy is needed. Given the problems mentioned, this paper provides countermeasures for solutions in the following part.

4. The domestic tourism changes in China

This research will mainly present tourism demand by the number of tourists’ person-time, tourism expenditure, and per capita spend on tourism (Table III).

From 1994 to 2014, China’s domestic trips, of both urban residents and rural residents, have shown a growing trend generally, except in 1998 and 2003; Chinese residents’ travel demand has been increasing every year, for the past 20 years. From 1994 to 2014, the number of urban residents traveling within the country has more than decupled, from 205 to 2,483 million.

The domestic tourism demand of the residents presents four relatively significant points of annual growth rate – 1995-2000: 1995 and 2000 are two peaks, whereas 1996-1998 is the trough; 2000-2004: 2000 and 2004 are two peaks, whereas 2002 and 2003 is the trough; 2004-2009: 2004 and 2009 are two peaks, but the years 2005-2008 showed a two magnitude smaller band,

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban residents</th>
<th>Rural residents</th>
<th>Total</th>
<th>Urban residents</th>
<th>Rural residents</th>
<th>Total</th>
<th>Urban residents</th>
<th>Rural residents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>205</td>
<td>319</td>
<td>524</td>
<td>84.8</td>
<td>17.5</td>
<td>102.4</td>
<td>415</td>
<td>55</td>
<td>195</td>
</tr>
<tr>
<td>1995</td>
<td>246</td>
<td>383</td>
<td>629</td>
<td>114</td>
<td>23.6</td>
<td>137.6</td>
<td>464</td>
<td>61</td>
<td>219</td>
</tr>
<tr>
<td>1996</td>
<td>256</td>
<td>383</td>
<td>641</td>
<td>136.8</td>
<td>27</td>
<td>163.8</td>
<td>534</td>
<td>70</td>
<td>255</td>
</tr>
<tr>
<td>1997</td>
<td>259</td>
<td>385</td>
<td>644</td>
<td>155.2</td>
<td>56.1</td>
<td>211.3</td>
<td>600</td>
<td>146</td>
<td>328</td>
</tr>
<tr>
<td>1998</td>
<td>250</td>
<td>445</td>
<td>695</td>
<td>151.5</td>
<td>87.6</td>
<td>239.1</td>
<td>607</td>
<td>197</td>
<td>394</td>
</tr>
<tr>
<td>1999</td>
<td>284</td>
<td>435</td>
<td>719</td>
<td>174.8</td>
<td>108.4</td>
<td>283.2</td>
<td>615</td>
<td>250</td>
<td>394</td>
</tr>
<tr>
<td>2000</td>
<td>329</td>
<td>415</td>
<td>744</td>
<td>223.5</td>
<td>94</td>
<td>317.6</td>
<td>679</td>
<td>227</td>
<td>427</td>
</tr>
<tr>
<td>2001</td>
<td>375</td>
<td>499</td>
<td>784</td>
<td>265.2</td>
<td>87.1</td>
<td>352.3</td>
<td>708</td>
<td>213</td>
<td>450</td>
</tr>
<tr>
<td>2002</td>
<td>385</td>
<td>493</td>
<td>878</td>
<td>284.8</td>
<td>103</td>
<td>387.8</td>
<td>740</td>
<td>209</td>
<td>442</td>
</tr>
<tr>
<td>2003</td>
<td>351</td>
<td>519</td>
<td>870</td>
<td>240.4</td>
<td>103.8</td>
<td>344.2</td>
<td>626</td>
<td>200</td>
<td>396</td>
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<tr>
<td>2004</td>
<td>459</td>
<td>643</td>
<td>1,102</td>
<td>335.9</td>
<td>135.2</td>
<td>471.1</td>
<td>732</td>
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<td>2005</td>
<td>496</td>
<td>716</td>
<td>1,212</td>
<td>365.6</td>
<td>163</td>
<td>528.6</td>
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<td>2006</td>
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<td>181.5</td>
<td>623</td>
<td>766</td>
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<td>2007</td>
<td>612</td>
<td>998</td>
<td>1,610</td>
<td>555</td>
<td>222</td>
<td>777.1</td>
<td>907</td>
<td>223</td>
<td>483</td>
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<tr>
<td>2008</td>
<td>703</td>
<td>1,099</td>
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<td>277.8</td>
<td>874.9</td>
<td>849</td>
<td>275</td>
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</tr>
<tr>
<td>2009</td>
<td>903</td>
<td>1,999</td>
<td>2,902</td>
<td>723.4</td>
<td>295</td>
<td>1,018.4</td>
<td>801</td>
<td>296</td>
<td>535</td>
</tr>
<tr>
<td>2010</td>
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<td>2,038</td>
<td>3,103</td>
<td>940.4</td>
<td>317.6</td>
<td>1,258</td>
<td>883</td>
<td>306</td>
<td>598</td>
</tr>
<tr>
<td>2011</td>
<td>1,687</td>
<td>2,564</td>
<td>4,251</td>
<td>1,480.9</td>
<td>449.7</td>
<td>1,929.6</td>
<td>878</td>
<td>471</td>
<td>731</td>
</tr>
<tr>
<td>2012</td>
<td>1,933</td>
<td>2,957</td>
<td>4,890</td>
<td>1,767.8</td>
<td>502.8</td>
<td>2,270.6</td>
<td>915</td>
<td>491</td>
<td>766</td>
</tr>
<tr>
<td>2013</td>
<td>2,186</td>
<td>3,076</td>
<td>5,262</td>
<td>2,069.3</td>
<td>558.4</td>
<td>2,627.7</td>
<td>947</td>
<td>519</td>
<td>806</td>
</tr>
<tr>
<td>2014</td>
<td>2,483</td>
<td>3,611</td>
<td>6,094</td>
<td>2,422</td>
<td>609.2</td>
<td>3,031.2</td>
<td>975</td>
<td>540</td>
<td>840</td>
</tr>
</tbody>
</table>

where the growth rate is low in the years 2005 and 2007, whereas higher in the years 2006 and 2008; 2010-2012: 2011 is the peak with the highest growth rate in the past 20 years. When it comes to 2013 and 2014, the fluctuation of growth rate is comparatively small.

As shown in Figure 1, compared to China’s urban residential domestic tourists, the changes to rural residents are less fluctuant. In Figure 2, we can find that the urban residents’ per capita spend on domestic tourism from 1994 to 2014 is relatively small, but there is still a growing trend in general: from 415 yuan per capita in 1994 to the peak of 907 yuan per capita in 2007; although the figure fluctuated during the following three years, it still kept around per capita 800 yuan, and in 2012 the expenditure per capita reached another peak at 915 yuan. The expenditure kept rising from 2013 to 2014.

Although rural residents are basically not affected by the holiday system, by comparing urban residents’ domestic tourism demand to that of the rural residents, we can highlight the effects of the holiday reform better.

First, from 1994 to 1995, China’s circulation holiday system transited from “a six-day week” to “a five-day week,” and from “one-day off” to “double cease,” which nearly doubled the leisure time of China’s urban residents. Thus, the 20.1 percent annual growth rate of the urban residents’ domestic travel trip in 1995 is also the second-highest point, except atypical growth in 2004. In fact, weekends are also a two-day off, compared to one-day off per week, and this also has a quality level of influence on tourists’ travel motivation.
Therefore, due to China urban residents’ consumption habits, the change in the cost per capita was not that obvious. Although the residents have the leisure time, and they are willing to make full use of the leisure time to travel, they are still relatively thrift when it comes to spending money; but even so, during 1995-1997, tourism spending per capita still remained above 10 percent of the growth level, and respectively the second to the fourth peak. This can also be seen as residents are getting used to the increase of the leisure time, and spend more money on tourist activities during the leisure time.

Second, from 1999 to 2000, China started to implement the seven-day “Golden Week” holiday system. The annual growth rate of urban residents’ travel person-time in 1999 is 13.6 percent, it not only changes the negative value in 1998, the annual rate in 2000 was also continuing go up after complete implemented three “Golden Week”, it remains at 15.8 percent, it even can still keep the position 14 percent next year. Furthermore, the influence and the significant effect of tourism in “The Golden Week” have outperformed the numbers during the ordinary weekends.

Although, the double cease day is the main body of Chinese urban residents’ total holiday length, based on time consumed in travels, the length of holiday will directly lead to an improvement in the motivation of tourists and the grade of tourism. Most importantly, around the year 2000 the transportation technology and the popularity of transportation was far less than it is nowadays; thus, sufficient leisure time, especially long-distance travel, is significantly more important now. The simplest way to identify tourism class or travel distance is to investigate the tourists’ per capita travel expenses. In 2000, tourists’ spend per capita increased significantly, and the annual growth rate reached 10.4 percent. In view of the Chinese residents’ conservative spending habits, this growth rate is quite high. Moreover, in the same year the rural residents’ per capita travel costs were down by almost 9.2 percent. Compared to 1994, tourists’ per capita travel expenses had increased by more than six times in 2000.

Third, the global economic crisis of 2008, should have inevitably affected the domestic tourism industry to a certain degree, even though China was less affected. However, in 2008 and 2009, the domestic tourism industry in China had experienced a growth of 14.9 and 28.4 percent, respectively; the annual growth rate in 2009 even reached the typical retaliatory rebound peak of 2004. This may be associated with the increased number of holidays. Although the number only increased by one day before legal holiday reforms on the total length, it increased three times by adding “Tomb-sweeping Day,” “The Dragon Boat Festival,” and “Mid-Autumn Festival.” The degree of tourist motivation for residents from “small long holiday” probably would not be less than the “Golden Week”, but the seven-day off “Golden Week” will let the residents have a longer holiday period and further tourist motivation. On the other hand, the three-day off “small long holiday” would let residents have a short-distance travel motivation, as compared to completely no-tourist motivation. For example, even though “May Day” holiday had shortened from seven days to three days during the revolution, it will not let the residents lose travel motives; instead it will just let them give up some long-distance tourism activities and choose some excursion activities. As a result, due to the increasing number of vacations, the number of urban residents’ trips increase, and because of the influence of economic crisis, and also because residents are not used to the new holiday system, the number of trips rose relatively modestly in 2008. In 2009 however, tourist trips increased by 28.4 percent, which is the highest level except the atypical growth in 2004.

This viewpoint has also been supported by the decline of urban residents’ per capita domestic tourism cost between 2008 and 2009; this is because, due to the decline of the even leisure time, some tourists will turn to shorter tourism activities, in order to decrease the travel expense. Although during the economic crisis, the drop of per capita spending is mainly affected by the economic downturn, but the way, China’s impact is relatively small, so far as the per capita consumption of urban residents, 13,653 yuan in 2008 than in 2008 increased by 12.6 percent of 12,130 yuan, 14,904 yuan in 2009 than in 2008 increased 9.2 percent; and second, at the same year the rural residents’ domestic tourism spending than last year, respectively, rose 23.7 and 7.3 percent, so the decline in tourism spending is also likely because of the result of the change of the holiday system in 2008.

Finally, on January 1, 2008, the “Announcement of the State Council on the Regulations of Paid Annual Leave of Employees,” which had been clear about the way of annual vacation with pay, safeguarded the rights of every worker’s paid annual leave, and increased their leisure time. Most of the workers can enjoy five or ten days’ paid vacation, which when joined with the
Although China has revoked the average daily load rate of 106 key scenic spots jumped from 72.830 in 2007 to 83.756 in 2008. Focused on home for family reunion, a travel demand that needs more leisure continuity time will be more long-distance travel has objectively existed, and Spring Festival is the time for people to go back. "What is worse, the new system not only has a limit on alleviating the travel pressure during weekends is equivalent to one or two "Golden Week," and this will stimulate domestic tourism demand. During 2008-2010, for three consecutive years, the annual growth rate of urban residents’ travel person-time was close to or more than 15 percent. The growth continued and accelerated from 2011, and reached a dramatic 58.4 percent of the annual growth rate for urban residents. In 2013 and 2014, the implementation of the new tourism law, which was designed to get rid of flaws such as wanton price hikes and unfair competition, improved the performance of tourism business. Taken together, these facts were in accordance with the growing trend of urban residents’ per capita domestic tourism cost, although the annual growth rates of urban residents in 2013 and 2014 were relatively lower than that in 2011.

5. The negative influence of Chinese holiday system on domestic tourism: intensive travel problems caused by the two reforms of the system of statutory holidays

Although the reform of the China’s holiday system has greatly increased workers’ leisure time, the increase in leisure time led to the tourism activities, but at the same time, it also completely released the huge domestic tourism market demand in those particular holidays. Compared to holidays that occur more times, and are of shorter cycle length, and more scattered special holidays, statutory holidays are longer (Golden Week has at least seven days, small long holiday has at least three days), and occur less times (there are seven legal holidays, but before 2008, the holiday system only stipulated four legal holidays). The travel habits of China’s urban residents are relatively conservative, although they rise almost year by year. The travel rate was only 166.3 percent in 2007, which means, each urban resident traveling an average of only 1.66 times a year. The "Golden Week" seven-day off is undoubtedly the perfect time to stimulate the urban residents, which generates a travelling average of 1.66 times a year. As Qing and Bi (2009) point out, the more leisure time is continuous, the higher travel index is as compared to leisure time, and thus tourists will focus more on the strongest leisure time continuity of “Golden Week,” which inevitably leads to the “blowout” travel case. Keeping in mind the Chinese traditions, most people will choose to go home during the Spring Festival holidays to visit their relatives. On the contrary, for some popular scenic spots the load stress is not bigger than the other two “Golden Week;" however, it also indirectly implies that tourism demand will be more focused on “May Day” and “National Day.”

The “blowout” travel problems of tourists during the “May Day” Golden Week are often more serious than during the “National Day” Golden Week. Therefore, in order to disperse the tourist reception pressure during “May Day,” as well as other problems brought by the “blowout” of excessive travel demand releasing on a point, the State Council amended the “Regulation on Public Holidays for National Annual Festivals and Memorial Days” on January 1, 2008, and shortened the three-day Labor Day vacation to one day, and the seven-day “Golden Week” vacation to the three-day “small long holiday." In order to maintain the total length of the legal holiday for urban residents, the government also added the “Tomb-sweeping Festival,” “Dragon Boat Festival,” and “Mid-Autumn Festival” as three legal holidays; in addition to the “New Year’s Day” and “May Day,” they formed the five “small long vacation.” This is also the second reform to the legal holiday system.

However, the system reform did not seem to alleviate the pressure, and instead brought a bigger problem. According to Li’s (2009a, b) analysis of the load rate of 106 key scenic spots in China, in the first year of the new holiday system, which is 2008, the daily load rate did not decline; in fact, it rose from 92.662 in 2007 to 95.976 in 2008. That is to say, at least in 2008, the tourism pressure had not been significantly reduced during the “May Day” small long holiday.

And what is worse, the new system not only has a limit on alleviating the travel pressure during “May Day,” but also intensifies the “National Day” tourism “blowout” problem. As urban residents’ long-distance travel has objectively existed, and Spring Festival is the time for people to go back home for family reunion, a travel demand that needs more leisure continuity time will be more focused on “National Day” Golden Week. Thus, hot spots faced a greater reception pressure, the average daily load rate of 106 key scenic spots jumped from 72.830 in 2007 to 83.756 in 2008.

Although China has revoked the “May Day” “Golden Week” in the hope that it can reduce the continuity of urban residents’ leisure time in China, in order to alleviate China’s current tourism “blowout” problem, the reality is counterproductive. As shown in Table IV and Figure 3, before the second holiday-system reform in 2008, the growth rates of domestic tourists during
the National Day “Golden Week” were around 10 percent, and after the reform, the growth rate soared to 22.1 percent in 2008, 28.5 percent in 2009, 27.1 percent in 2010, 18.8 percent in 2011, and a dramatic 40.9 percent in 2012. However, the growth rate underwent a sharp decrease in the following year, 2013, in which the growth rate was only 0.7 percent. On October 1 of 2013, China’s first tourism law came into effect. Approved in April, 2013, the law aims to promote the sustainability of the industry growth, through measures of tourist safety, unfair competition, and forced shopping. Facing the new regulations, tour operators hiked the prices of tourism products, which led to the decrease of group tour. Some unexpected events also exerted great effects on tourism during the National Day vacation, 2013. Typhoon Fitow brought torrential rainfalls to the coastal area, which reduced the number of tourists to a large degree. To make matters worse, the outbreak of H7N9, a kind of bird flu virus which was first reported to have infected humans in Anhui Province, in 2013, somewhat affected the tourism industry. The “blowout” phenomenon during the Golden Week caused many severe problems. First of all, the passenger transportation experienced huge pressure, which mainly showed up as peak capacity constraints in hot tourist routes. Travel inconvenience due to overcrowding is common during the “Golden Week,” which displays the most significant contradiction between supply and demand. The imbalance between supply and demand is very conspicuous when considering tourists’ travel and return time by the civil aviation, railways, and highways in “Golden Week”, such as the

<table>
<thead>
<tr>
<th>Year</th>
<th>&quot;National Day&quot; Golden Week</th>
<th>Total year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million person-time</td>
<td>Growth rate (%)</td>
</tr>
<tr>
<td>2003</td>
<td>89</td>
<td>11.5</td>
</tr>
<tr>
<td>2004</td>
<td>101</td>
<td>12.1</td>
</tr>
<tr>
<td>2005</td>
<td>111</td>
<td>10.5</td>
</tr>
<tr>
<td>2006</td>
<td>133</td>
<td>19.3</td>
</tr>
<tr>
<td>2007</td>
<td>146</td>
<td>9.6</td>
</tr>
<tr>
<td>2008</td>
<td>178</td>
<td>22.1</td>
</tr>
<tr>
<td>2009</td>
<td>228</td>
<td>28.5</td>
</tr>
<tr>
<td>2010</td>
<td>254</td>
<td>27.1</td>
</tr>
<tr>
<td>2011</td>
<td>302</td>
<td>18.8</td>
</tr>
<tr>
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<td>425</td>
<td>40.9</td>
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<td>428</td>
<td>0.7</td>
</tr>
<tr>
<td>2014</td>
<td>475</td>
<td>15.7</td>
</tr>
</tbody>
</table>

“thousands mile long dragon” highway entrances and exit, as well as the transport during the Spring Festival period; it is incredibly hard to get a train ticket.

The second problem is the capacity of the scenic spots, which mainly shows up as crowding of hot scenic spots, aggravation of environmental load, and decline in the tours and service quality. Scenic spots are another aspect of contradiction between the supply and demand during “Golden Week.” Visitors complained that rather than looking at the scene, they had to look at other tourists’ heads and shoulders. Thus, when the number of visitors is too large, it will inevitably lead to a drop in the quality of tourism services and harm the tourism resources of scenic spots.

The last problem is the potential safety concerns. The overexploitation of the capacity of tourist arrivals will greatly increase the security and environment risks. There have been many reports about the security accidents, facility damages, trash pollution, and traffic overload in the tourist destinations throughout the country during the “Golden Week.”

6. Discussions and implications for the future

This paper examines the correlation between “Golden Week” holiday system and domestic tourism demand in mainland China in the last years, and explains the trends by analyzing the effects of holiday system on domestic tourism demand. Besides, problems caused by the system were also discussed. Based on the findings above, this paper provides three feasible solutions for future development of domestic tourism in China.

First, the current holiday policy applied in China results in a highly centralized tourism demand during the “Golden Week” period. The seriously dense demand is not only due to the “Golden Week,” which provides such a long and continuous leisure time that brings about a long distance trip, but also caused by the unity of the legal holidays. As for the majority of urban residents, the private leisure time is relatively limited and determined by the public-holiday policy. Thus, the urban residents, together with the hundreds of millions of other people, are forced to arrange their travel activities within the “Golden Week” vacation. Not surprisingly, the overcrowding of the visitors in the tourist attractions is unavoidable.

The solution to this problem may be a more flexible holiday-system design: the paid annual leave. Under this reform, each employee gets to enjoy the total length of fixed paid annual leave, but the selection of days in which to take holidays is completely determined by the employee himself. Therefore, in the system of paid annual leave leading to long continuous leisure time, the probability that the tourists will massively select the same time travel is very low, i.e. the number of tourists travelling at the same time period will be greatly reduced, which means the flexibility of paid leave can disperse the visitors’ travel very well.

Better still, through paid annual leave, the residents can separate their leisure time and traditional holidays, such as the Spring Festival. The residents will be able to arrange their tourism and leisure activities during paid annual leave and celebrate the legal holidays in the traditional ways, restoring the essence and cultural heritage of the festivals.

Second, as for the holiday travel peak, the price leverage is a very effective means to suppress the abnormally high tourism demand. It is reasonable for the well-known tourist attractions to raise the admission fee, and the profits of the tourist attractions will not be reduced as long as the increase in ticket prices is equitable. On the contrary, tourist attractions may upgrade their market presence by lifting the ticket prices and establish the status of upscale tourism products in tourists’ minds. This chain reaction is conducive to the long-term development of tourist attractions. Another impact of price leverage is restraining the arrival of tourists by comparatively high pricing, so as to achieve the purpose of limiting the occurrence of abnormal peaks. However, the price increase during holiday should be regarded as a special economic behavior that is different from usual price adjustments. Tourists are supposed to distinguish the two kinds of increases in price, otherwise there will be a negative impact on the development of tourist attractions. Of course, the price strategy should be varied according to sub-periods and distinct areas, rather than just a simple increase in ticket price. The leverage should be a comprehensive utilization.

Finally, tourism development should be carried out with the comprehensive planning and rational design of scenic tourism products, trying to create a combination of long-, medium- and,
short-term tourism activities and sightseeing, vacationing, and leisure activities. Therefore, tourists will have more choices when facing positive diversification of tourism products. For a single tourist area, there will be a number of different attractions. A good planning can lead to a more even distribution of tourists. For instance, the tourist areas can build attractions for tourists’ split-flows. With a balanced distribution of visitors among different attractions, the environmental tensions will be relieved. In conclusion, design and arrangement are of much importance to a certain tourism area. Regarding the ecological influences, this method is undoubtedly essential.

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Towards adaptive tourism areas: using fitness landscapes for managing and futureproofing tourism area development

Stefan Hartman

Abstract

Purpose – Tourism areas are challenged to become adaptive areas in the context of a dynamic networked society and globalizing economy. The purpose of this paper is to contribute to an enhanced understanding and conceptualization of adaptive tourism areas by drawing attention to “fitness landscapes,” a metaphor that is used in complexity theories to visualize development trajectories of adaptive systems.

Design/methodology/approach – Fitness landscapes, and its underlying theories, are useful to conceptualize tourism area development as a stepwise movement through a dynamic landscape with peaks and valleys. Doing so allows us to highlight why adaptation is a crucial property for tourism areas that are embedded in dynamic contexts and offers a frame of thought for how tourism areas can be managed.

Findings – The article raises awareness about and draws attention to a set of factors and conditions that support tourism planners and managers in enhancing the capacity of tourism areas to adaptively respond to changing circumstances.

Originality/value – Introducing fitness landscapes contribute to the discussion on adaptive capacity building – a topic that contributes to managing uncertain futures and is likely to gain importance in the dynamic society. Moreover, it helps as well as stimulates tourism scholars to further develop this topic. Finally, it helps tourism planners to build adaptive capacity in practice.

Keywords Complexity, Resilience, Adaptive capacity, Fitness landscape, Tourism area

Paper type Research paper

1. Introduction

Tourism area development is a dynamic socio-spatial and socio-economic phenomenon. The emergence and consecutive development of the tourism industry, and related industries of recreation, leisure and hospitality, serve as a driving force that stimulates tourism area (re)development. Throughout the world, places have been adapted and transformed for the purpose of leisure, tourism and recreation. Some regions have become tourism areas whilst others are in process of becoming a tourism area, exhibiting variety in their tourism area life cycle (Butler, 1980). These sectors are continually evolving, however, and actors are forced to co-evolve, even regardless of the position of the tourism area in its life cycle. Because of the enormous growth in these industries, there is an immense and intense local as well as global competition. For visitors this means that there is an abundance of choice available. Visitors are able to continuously shift their interest from one destination to another. As such, actors in the sector of tourism are caught up in a process of continuous improvement and innovation – finding themselves caught in a process of becoming as actors try to find and develop niches that captivate people and attract visitors, inhabitants and businesses. The tourism area development is influenced, steered and shaped by a variety of actors and factors. It can be framed as the result of the interplay between changing contextual circumstances, planning interventions and (self-organized) responses by actors at multiple spatial and governance levels (Urry, 2003; Urry and Larsen, 2011).
First, tourism area development is partly driven by processes that occur rather autonomously from the perspective of actors at the local and regional level. The increase of welfare and free time enabled people to travel and spend time and money on leisure. Innovations in transportation enable people to travel long distances in relatively short periods of time. Due to technologic progression new possibilities and experiences are constantly made possible. Society has developed more interest in the qualities of nature, ecology, landscapes, built and cultural heritage as well as the benefits and development opportunities these confer on societies. Also macro-economic dynamics may trigger an interest in the sector of tourism. For instance, when agriculture is declining in socio-economic importance or unable to upscale, when the service economies are clustering in cities or when (public) resources for the conservation of nature and heritage are declining.

Second, regions become tourism areas as a result of adaptive (self-organized) responses of entrepreneurs, organizations and governmental agencies. The factors mentioned above trigger development opportunities and motivate actors to engage in the leisure economy. Governmental agencies may support facilities and land uses for tourism, recreation and leisure purposes to respond to the demands and desires of society. Entrepreneurs and project developers develop business concepts and mobilize resources for development plans. Politicians may be inspired by the potential contribution of tourism to socio-economic development of localities and create room for the realization of public and private plans. However, whether regions are actually visited, and tourism area development gains momentum, depends on a range of factors such as the presence and uniqueness of amenities and spatial qualities as well as on practical matters, such as accessibility and costs.

Third, the ways in which tourism area development become spatially manifest is, at least in many Anglo-Saxon countries sometimes strongly steered and shaped through strategic spatial planning. More specifically, the design of institutional frameworks and the organization of governance arrangements may strongly affect how tourism area develop and evolve over time (Hartman, 2016b). Institutional frameworks defined as the assemblage of laws, rules, regulations, norms and values may shape development trajectories by privileging some activities and land uses over others. These could inhibit as well as stimulate tourism area development. Also, the organization of governance systems affects tourism area development, being shaped actions of specific actors, their networks, by intermediary agencies and relationships between public and private sector agents.

For these reasons, tourism areas are framed as complex socio-spatial systems (Hartman, 2016a; Brouder and Eriksson, 2013; Ma and Hassink, 2013), which are open systems that are embedded in a dynamic environment to which the actors (and their practices) that are part of these systems are constantly adapting. Stated as such, tourism areas are in the need of such capacity to adapt. In this context, complexity theories can provide analytical leverage on enhancing the adaptive capacity of tourism areas. A particular element of complexity theories is used called fitness landscapes. Fitness landscapes can be used to visualize the development of complex adaptive systems as the stepwise movement through a dynamic landscape with peaks and valleys. Fitness landscapes are used in this article primarily as a metaphor, being “vehicles for the transfer of concepts, ideas and notions from one domain to another” (Chettiparamb, 2006, p. 74, also see Mehmood, 2010) for the following aims:

- Use the metaphor of fitness landscapes to help us to develop an enhanced understanding of how theories on complex adaptive systems can provide analytical leverage on guiding and managing tourism areas in their evolution. Fitness landscapes are intentionally used as a metaphor for reasons of clarification, sense-making and theorization, whilst being aware that fitness landscapes can also be used more quantitatively for modeling and simulations (Gerrits and Marks, 2014; Gerrits and Marks, 2017).
- Discuss how fitness landscapes – particularly because it allows to visualize – contribute to an enhanced understanding of how development trajectories of tourism area unfold and why adaptation is a crucial property for tourism areas in dynamic contexts.
- Raise awareness about and draw attention to factors and conditions that support tourism planners and managers in enhancing the capacity of tourism areas to adaptively respond to changing circumstances.
2. Theorizing and characterizing fitness landscapes

Fitness landscapes are visual representations of a system’s space of possibilities which, in other words, concerns the totality of development options that are available to a system. This space of possibilities can be visualized, as it explained by De Landa (1994, p. 266): “To put it in visual terms, it is as if the space of possibilities [...] included mountains and valleys, with the mountain peaks representing points of optimal performance.” In literature, there are multiple notions describing more or less the same ideas. Walker et al. (2004) uses “stability landscapes” instead of fitness landscape. Battram (1998) uses “search space” instead of possibility space. Heylighen (2001) as well as Walker et al. (2004) use “state-space” instead of possibility space. Frenken (2006) uses “design space” instead of possibility space.

Following Kaufmann, fitness landscapes are defined by the number of “N” components with “K” interactions between the components and in which there can be any number of states for each N (Kaufman, 1993). The more components and interactions between them, the more peaks in the landscapes (also see Section 2.1), and the more difficult it becomes to identify a tourism area’s optimal performance. In line with the argument made above on conceptualizing tourism areas as complex adaptive systems, we believe that, hence, tourism areas consistent of a large(r) number of components and interactions. Whereas there is nowadays a strong tendency to say that tourism areas are performing optimally when socio-cultural (people), socio-economic (profit) and socio-ecological (planet) factors are in balance there might be multiple development trajectories that tourism areas can pursue in trying to become more sustainable. Different development trajectories can result in very different outcomes (different peaks) and can be mutually exclusive (valleys in between). Hence, in the context of tourism areas, fitness landscapes represent the various options available for tourism area development and, as these options are often heavily influenced by actors that are part of or have a stake in these areas, are very much co-created by these actors. As such, they are likely to be social constructs that represent the perspectives of groups of actors regarding the development options of tourism areas.

In fitness landscapes, the development of an adaptive system such as a tourism area can be visualized by a series of stepwise, uphill movements through this fitness landscape. This enables a region to progress and improve in terms of socio-economic and spatial development. Exactly this development process is represented by the arrows in Figure 1. The arrows portray a development trajectory (the result of a series of stepwise movements over a period of time) and are also understood as an “adaptive walk” (Kauffman and Levin, 1987). Fitness landscapes are constituted by the totality of factors that are capable of steering and shaping the ways in which a
complex system can evolve, i.e. affect how the development trajectories of places may unfold. Clearly, in our dynamic globalized economy and network society these factors are changing continuously, meaning that fitness landscapes deform over time, as is further discussed in Section 2.3.

This paper draws on the parallels between complex adaptive systems and tourism areas and conceptualizes tourism areas as socio-spatial systems – being situated in a space of possibilities that offers a range of development options – which are challenged to develop the adaptive capacity to navigate themselves uphill through a dynamic fitness landscape. Using the fitness landscapes as a metaphorical representation of a space of possibilities has first been introduced in evolutionary biology (Wright, 1932). Since then it has made its way into theories on complex adaptive systems (Kauffman, 1993, 1995), socio-ecologic systems (Walker et al., 2004), socio-technological systems (Frenken, 2006), literature on the behavior of organizations in dynamic environments (Battram, 1998; Maguire and McKelvey, 1999; Mitleton-Kelly, 2003; Eoyang and Holladay, 2013) and into the literature on public administration and decision making (van Buuren and Gerrits, 2007; Gerrits and Marks, 2014). Building on these insights and the perspective that tourism areas can be conceptualized as complex systems that have the potential to be adaptive (Hartman, 2016b), fitness landscapes can also provide analytical leverage on the planning, development and management of tourism areas – albeit at this moment at first as a metaphor. How does the metaphor of a fitness landscape provide analytical leverage on guiding tourism areas in their evolution? The follow aspects can be distinguished.

2.1 Fitness landscapes visualize that multiple development trajectories are possible

Peaks in fitness landscapes represent points of optimal performance. These peaks serve as attractors to which complex adaptive systems tend to orient their development trajectories. When regions are attracted by the potentials of the tourism sector one could say that tourism forms such a peak. For other regions, such peaks may be formed by economies that involve agriculture, the service sector, industries or by a mixture of different land uses and functions. Moreover, we can imagine that fitness landscapes in the context of tourism may have multiple peaks that influence how their development trajectories unfold. Hence, fitness landscapes may range from a single point to the so-called rugged landscapes (Kauffman, 1993; Eoyang and Holladay, 2013). In theories on fitness landscapes, it is explain in greater detail in the work of Kaufmann on the so-called NK models. He argues that whether fitness landscapes are single point or more rugged landscapes depends on the number of “N” components with “K” interactions between the components and in which there can be any number of states for each N. A fitness landscape is rugged when N and K are large, while it is smooth with only one peak when K is zero. This is visualized in Figure 2 with the single point landscape on the left-hand side, the multipoint landscape in the middle and the rugged landscapes on the right-hand side:

- Single point landscapes represent a situation where there is only one optimum. It is rather straightforward what constitutes the best fit, and how to (move “uphill” to) get there.

![Figure 2: Typologies of fitness landscapes](source: Østman (2013))
- Multipoint landscapes depict multiple optima. Hence, there are multiple development trajectories possible that all may lead to a better fit, although some trajectories may lead to a better fit compared to others.

- Rugged landscapes also have multiple optima. However, the more rugged landscapes are, the more difficult is it to oversee the entire space of possibilities. And, the fuzzier it is to determine which development path (and which combination of planning approaches and instruments) will lead a system toward the optimal state.

Tourism areas tend to be situated in rugged landscapes. These regions are often faced with multiple development options for instance related to housing, offices or agriculture next to tourism, leisure and recreation. Moreover, also in pursuing the development of the tourism sector, again there is a large range of niches and multiple development trajectories are possible. This resonates with Geels and Schot (2007) who emphasize the possibility of multiple (transition) pathways, in their discussion on how development trajectories of systems may unfold toward the future.

2.2 Moving “uphill” represents progression and involves adaptation

Complex adaptive systems are always searching for possibilities to find a better fit given the contextual circumstances. In fitness landscapes this is represent by moving “uphill,” away from a valley and toward a peak. For tourism areas moving uphill could be represented by taking steps toward becoming more sustainable or climate resilient being triggered by, responding to or anticipating changes in the contextual environment and aiming to find a modus that better fits this contextual environment. Moving uphill involves adaptation. Kauffman and Weinberger (1989, p. 211) describe adaptation as “a complex combinatorial optimization process.” Elsewhere Kauffman (1993, p. 33) argues that “many parts and processes must become coordinated to achieve some measure of overall success, but conflicting ‘design constraints’ limit the results achieved.” For instance, becoming a more sustainable tourism area depends on various factors ranging from entrepreneurship, laws and regulations, investment schemes, technology, etc. Moreover what is understood by sustainability itself may change over time as well (see Section 2.3 on deforming fitness landscapes). The understanding that moving uphill is a complex process is in line with theories of transitions and transition management that elaborate on how system dynamics may gain momentum and may be inhibited (Hartman and De Roo, 2013; Rauws and De Roo, 2011). Transitions are gradual processes of letting go of an old situation and embracing a new situation that could differ fundamentally from the old one. Such transition processes could be driven by rather autonomous processes, whilst at the same being coupled to path dependencies and lock-ins that inhibit the adaptation of the structures and functions of a region. Hence, adapting and steering development trajectory of systems in a particular way could be a potentially long-term endeavor that involves the persistent mobilization and unification of actors and resources. There are various contributions to the literature on exploring strategies and conditions that contribute to managing system transitions (Kemp et al., 2007) and building system resilience (Hartman, 2018).

2.3 Fitness landscapes may deform: development opportunities change over time

The space of possibilities of a system is not a fixed space, nor is a fitness landscape. As argued, the space of possibilities and the fitness landscapes is constituted by the totality of factors that are capable of steering and shaping the ways in which a complex system can evolve. This means that the shape of fitness landscapes can be deformed by changes within one system that alter another system’s space of possibilities (Kauffman and Johnsen, 1991; Mitleton-Kelly, 2003). We can think of trends and developments in systems such as the economy, climate, technology, ecology and belief systems (Loorbach, 2007). These can have a major impact on the opportunities and constraints of tourism area development. Macro level (global) trends and development that originate outside of a socio-spatial system such as a tourism area could influence fitness landscapes largely autonomously, as they are beyond the control of local actors, and may strongly steer and shape possible development trajectories. Alternatively stated, when fitness landscapes change, it may lead to new opportunities or urgencies to adapt (Kauffman, 1993, p. 33; Gerrits, 2008). When this is visualized, the peaks and valleys of fitness
landscapes may emerge, level off, or disappear over a period of time. Referring to Figure 2, this would imply that how fitness landscapes look like (e.g. the three options represented in Figure 2) depends on the current situation and may vary over time. This is the case when systems are interlinked, open, interacting and actors/agents within systems adapt to these dynamics. Hence, changing circumstances may (strongly) affect development opportunities and redirect development trajectories (cf. Lew, 2014).

Using fitness landscapes as a metaphor is useful to illustrate that tourism areas are embedded in dynamic contexts to which they adapt. To stay with the metaphor of fitness landscapes, these regions are challenged to develop the adaptive capacity to navigate themselves through a dynamic fitness landscape, avoiding valleys of low fitness and engaging in trajectories to move uphill toward peaks that represent a higher fitness. Here, adaptation can be defined as the process of changing the structures and functions of a system as means to acquire a better fit relative to its contextual environment (Heylighen, 2001). Complex adaptive systems have the capacity to navigate themselves through a dynamic fitness landscape, because these feature the necessary adaptive capacity. The mechanisms that enable complex systems to adapt to changing circumstances – as being represented by movements through dynamic fitness landscapes – are discussed amongst others by De Landa (1994, 1997), Kauffman (1993, 1995), Heylighen (2001) and Mitleton-Kelly (2003).

In order to adapt, the possibility space/fitness landscape needs to be explored to distinguish peaks and development trajectories that are promising. De Landa (1994, 1997), for instance, argues that adaptation is coupled to what he calls a “searching device” that “spontaneously explores a space of possibilities” (De Landa, 1994, p. 264). Kauffman (1995, p. 186) argues that “locating the highest peak or one of the few highest peaks requires searching the entire space of possibilities.” But elsewhere, Kauffman (1993, p. 33) states that “[…] adaptation typically progresses through small changes involving a local search in the space of possibilities.” From these insights, we can derive that exploring development options is crucial, whilst exploration is likely to uncover only a partial set of options. Adaptation involves, hence, an iterative and gradual, stepwise process of exploring and moving. As such, it might take a series of adjustments over a period of time before systems are fundamentally changed in structure, function, organization and identity. Generating diversity is, therefore, important for finding solutions to issues that arise when circumstance change (De Landa, 1994; Heylighen, 2001). Mitleton-Kelly (2003, p. 14) summarizes: “Complexity suggests that to survive and thrive an entity needs to explore its space of possibilities and to generate variety.”

3. From theory to practice: implications for tourism management

Theories on complex adaptive systems emphasize that dealing with persistently changing circumstances it is critical to feature adaptive capacity, which involves iteratively exploring a system’s space of possibilities and generating a degree of diversity. For complex socio-spatial systems such as tourism areas, these features involve actions that need to be actively pursued and governed. This implies that tourism area development is entangled in an endless process that involves both diverging perspectives on development (exploring the space of possibilities/mapping the fitness landscapes in order to move to peaks and stay away from valleys; generating diversity) as well as converging perspectives on development (articulating which peaks to pursue; distinguishing development trajectories). Similarly, Van Wezemael (2012, p. 45) states that planning and management processes “becomes readable as a repeatedly and experimentally generated response to changing relations in spatial development. Via trial and error the space of possibilities […] is explored.” This perspective on adaptive capacity draws attention to various issues for tourism planning, management and governance.

3.1 Exploring fuzzy fitness landscapes: mobilizing actors and their perspectives

Tourism areas are confronted with multiple development options, meaning that multiple development trajectories are possible. Their development trajectories are, therefore, constantly challenged and renegotiated. Potentially, some options offer synergies, for instance when developments contribute to environmental quality, socio-cultural development, poverty reduction
whilst others are mutually exclusive. The fact that multiple perspectives co-exist could raise issues in the context of exploring the space of possibilities/mapping fitness landscapes.

First, individuals, organization and institutions may have their own perspectives on the most promising state of a region and how to get there. Perspectives may harmonize but can also collide and conflict. As such, in the context of socio-spatial systems such as tourism areas, possibilities spaces and fitness landscapes may need to be interpreted as social constructs that are subject to factors such as interpretation, knowledge, normativity, power, politics. For good reason, De Landa (1998) speaks of “exploring a virtual space of possible forms” (p. 24). This calls for interactive meetings or workshops that make use of applications of strategic storytelling (Hartman, 2016a) or scenario planning to share perspectives and develop shared understandings and visions on the futures of tourism areas.

Second, actors may only explore or articulate particular parts of the possibility space as a result of unawareness of other possibilities, reluctant to other possibilities, they could be biased, face path dependencies that make shifts difficult, lack the resources to do so. Kauffman (1993, p. 33) argues this could be understood as a “local search.” Frenken (2006, p. 140) calls this a “myopic search” whereby actors search “only in the direct neighbourhood.” On the one hand, this implies that one may explore, see or articulate different development trajectories compared to others, which may give rise to issues. On the other hand, two actors see more than one. When perspectives are joined it may enlarge the explored space of possibilities or mapped fitness landscapes. Broadening the scope of the local search is important. This could be done by learning from others in interactive meetings, workshops, seminars or inspirational events. This could include perspectives that are outside-the-box, utopias and doom scenarios and science fiction.

Exploring multiple development options and pathways is an intrinsic part of tourism area development. Exploring options or “visioning” could be seen as a process of exploring and uncovering the space of possibilities, uncovering innovations and articulating promising development trajectories that may trigger further innovative niche developments. As a part of visioning, interactive and strategic storytelling can be used to portray a particular fitness landscapes and emphasize a distinct development trajectory. Although storytelling could serve as a strategy to pursue a limited set of interests, it could be used as a strategy to mobilize and assemble perspectives, and to articulate a common understanding. At this point, there is an important role for intermediaries and bridging organizations that mobilize and unite actors from different domains and governance levels.

3.2 Anticipating dynamic fitness landscapes: governing diversity

An important aspect of adapting to persistently changing circumstances is the ability to reorient development trajectories. As fitness landscapes are dynamic, peaks may over time level off and other peaks may emerge. When this happens, it could trigger adjustments to a region its development trajectory, as actors shift their focus to alternative actions and land uses. Maintaining trajectories of the past and extrapolating these “linearly” into the future can become unsustainable from economic, societal and/or environmental perspectives. Potentially, “[t]he ability to deviate from a vested development trajectory is then constrained by rigidly retaining traditional spatial patterns, policies, strategies, and institutional settings that once supported economic growth in an area but do so no longer. Consequently, mismatches will emerge between entrepreneurial and societal desires and institutional settings, causing an inability to acquire other, perhaps better, suitable combinations of land uses and functions at a specific time and place” (Hartman and De Roo, 2013, p. 559). Such a focus may “trap exploring agents preventing them from exploring any other point” (Frenken et al., 1999, p. 147). The desire to avoid such lock-in situations triggers an interest in strategies that foster path creation and safe-to-fail approaches (Ahern, 2011), which are also key factors for businesses in particular and tourism areas in general to reinforce their competitive advantage in a strongly globalizing tourism sector. The relevance of a degree of diversity in this context has been discussed above. Governing diversity is a key aspect of avoiding negative lock-in situations and ensuring that regions are both robust and flexible at the same time, which enables places to adapt and improve. It requires for instance room in policy frameworks that enable
entrepreneurs to take the required initiatives, institutional support via investment schemes to motivate tourism entrepreneurs and investments in education of entrepreneurs (e.g. via lifelong learning strategies).

3.3 Moving toward peaks: selecting development trajectories over others

Exploring development options is about mapping the space of possibilities, and generating diversity enables systems move from one position to another in a fitness landscape. Adaptation involves the ability to move, but it also involves moving in a particular direction, toward a distinct peak that brings a system in a better position to develop. This implies processes of selection; emphasizing some development trajectories over others. For tourism area development, for instance, some land uses and development projects could be supportive (e.g. better accessibility, enhanced amenities) whilst others could be inhibiting (e.g. perturbing environmental qualities). In other words, tourism area development is strongly dependent on and shaped by institutional frameworks and governance systems that tend to be strategically selective, privileging some development options over others, thereby shaping a tourism area its development trajectory and steering it into a particular direction.

4. Discussion: toward adaptive tourism areas

Enabling development trajectories to unfold in a particular direction whilst retaining a capacity to adapt brings forth major challenges and conditions for institutional design. Alexander (2002, p. 1) defines institutional design as “the devising and realization of rules, procedures, and organizational structures that will enable and constrain behavior and action so as to accord held values, achieve desired objectives, or execute given tasks” (North, 1990; Alexander, 2006). Institutional design is a key aspect of planning and management (Innes, 1995; Alexander, 2005) and takes place at the levels of the state, the province, the municipality/county and results in laws, rules and regulations at multiple governmental levels. By enabling and constraining particular land uses and activities over others, it becomes possible to steer and shape the development trajectories of a region, for instance toward leisure. A major challenge in the institutional design process is to ensure that tourism areas feature a degree of robustness and flexibility at the same time. Robustness is relevant to avoid disturbances that inhibit tourism areas in their uphill movement toward reaching better system states (e.g. ensuring that the regional leisure economy is diverse, protecting nature, heritage, spatial quality). Flexibility is relevant to facilitate actors to adapt and transform tourism areas, so that progression can be made (e.g. introducing new business concepts, land uses, stimulating spatial quality).

However, because tourism areas are facing persistently changing circumstances, institutional frameworks need to be produced, reproduced and adapted over time. Institutional frameworks should not be static but be renegotiated and transformed amongst others in response to emerging societal demands or changing socio-economic situations. On the one hand, this may affect the development potential of areas for tourism in a positive way, for instance when policies and regulations are adopted that stimulate infrastructure, heritage preservation, spatial quality or that constrain large scale or ad hoc urban development. On the other hand, such land uses and activities may be negative for tourism. Overall, tourism areas may have the potential to develop in a variety of development trajectories ranging for instance from housing, glass house development, leisure, agriculture, of which some of these development trajectories are mutually exclusive. Without an institutional framework that emphasizes tourism, development trajectories may unfold rather differently and include other types of land uses. This highlights not only that multiple perspective may co-exist on which development trajectory to pursue. It also highlights the relevance of recognizing when changing circumstances requires regions to pursue alternative development trajectories. This draws attention toward a more reflexive form of governance.

Voss and Bornemann (2011, p. 1) explain that a “reflexive stance toward governance abandons the assumption of ‘one’ adequate problem framing, ‘one’ true prognosis of consequences, and ‘one’ best way to go that could be identified in an objective manner from a neutral, supervisory outlook on the (social-ecological) system as a whole.” In contrast, a reflexive approach to
governance “implies that one calls into question the foundation of governance itself, that is, the concepts, practices and institutions by which societal development is governed, and that one envisions alternatives and reinvents and shapes those foundations” (Voss and Kemp, 2006, p. 6).

In the context of fitness landscapes reflexive governance could be understood as iteratively addressing the following steps:

■ explore the space of possibilities and map fitness landscapes;
■ articulate peaks and valleys and identify accompanying development trajectories;
■ renegotiate institutional frameworks to privilege some trajectories over others; and
■ mobilize actors and resources to engage in development trajectories.

Summarizing, guiding tourism areas in their evolution comes with a set of conditions for spatial development (explorations, governing diversity), for institutional design (privileging development trajectories over others, adaptive institutional frameworks) and governance (selecting development trajectories, reflexive governance). These are important topics to further research, conceptualize and test in practice to better manage and futureproof tourism areas development.

References


Further reading


About the author

Dr Stefan Hartman holds the position of the Head of Department of the European Tourism Futures Institute (ETFI) at NHL Stenden University, the Netherlands. At the ETFI, he helps actors related to the leisure and tourism industry to develop strategies and actions that allow them to manage continually changing circumstances. To do so, he uses his knowledge of transition management, resilience and adaptive capacity building. Stefan received a PhD degree from the University of Groningen, the Netherlands. Dr Stefan Hartman can be contacted at: stefan.hartman@stenden.com

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Teaching the future: learning strategies and student challenges

Ian Seymour Yeoman and Una McMahon-Beatte

Abstract

Purpose – How do you teach the future when it has not happened yet? The purpose of this paper is to delve into the teaching and learning philosophies of Futurist Dr Ian Yeoman of Victoria University of Wellington who emphasises authenticity, problem-based learning, visuals as creative tools and students’ negotiating problems.

Design/methodology/approach – This paper is a reflective account of the Author Dr Ian Yeoman as a human instrument.

Findings – The paper overviews three papers taught by the Author Dr Ian Yeoman – TOUR104 is a first-year introductory course addressing how the drivers and trends in the macro environment influence tourism from a political, economic, social, technology and environment perspective. TOUR301 is a third-year course as part of the bachelor of tourism management degree. The course aims to help students develop the skills and knowledge necessary to understand and critically analyse tourism public policy, planning and processes within New Zealand and a wider context. TOUR413 is a scenario planning paper, applied in a tourism context and taught to students in postgraduate programs.

Originality/value – The paper examines different learning tools and strategies in order to deliver the philosophy with scaffolding and incremental learning featuring predominantly in this approach.

Keywords Pedagogy, Scenario planning, Futures, Problem-based learning

Paper type Viewpoint

Introduction

It was Flechtheim (1945) who told us that Cassandra foretold the fall of Troy and Jeremiah prophesized the doom of Jerusalem. Throughout history, soothsayers, prophets and wizards have stirred the masses with pictures and predictions of the future. But how do these prophets understand the future, how did they learn and who taught them? This working paper is not about the prophets, doomsday merchants or crystal ball gazers. But a personal reflection of how one academic teaches the future of tourism. Dr Ian Yeoman is an Associate Professor of Tourism Futures at the Victoria University of Wellington; this is his story of teaching and learning based upon the following principles:

- a student-centred approach to learning rather than teacher focussed;
- the role of authentic learning in simulating a real-work environment;
- problem-based learning in which the student negotiates his/her own learning, sets boundaries and negotiates problems and resolves issues; and
- the use of problem-structuring methods to visualise learning.

The paper overviews these principles drawn from a number of taught undergraduate and postgraduate tourism courses/modules.

Teaching the future

Teaching the future is not a new topic, beyond the soothsayers of Cassandra bodies such as the World Futures Society and World Futures Studies Federation have “been involved in university...
and professional courses since the early 1960s (Eldredge, 1970; Rojas, 1970; Masini, 1971). When Toffler (1975) published Learning for Tomorrow, the world took notice of Toffler’s celebrity status in the popular culture. The book represented the first attempt to document the historical development of futures studies in higher education from across a range of disciplines in humanities, science, business and social science. Toffler’s contribution was a call for education to embrace the future in order to understand its unfolding. What is important is that educators must use future frameworks to allow students to delve and explore their own learnings. This approach to understanding the future, placing an emphasis not on teaching the future but an educational philosophy and epistemology approach that embraces student learning is what the authors advocate in this paper. Since then, other books have included Kauffman (1976), Slaughter (1993), Dator (2002), Hicks (2002) and Gidley (2005). Most recently Bishop and Hines’ (2012) book Teaching About the Future is a noteworthy contribution which follows the formulas of success from the University of Houston, USA and Swinburne University of Technology, Australia. The book embeds the postgraduate education programmes used to teach foresight students using models, systems theory, mapping the future and how to influence the future. The book is the most comprehensive account to date of higher education futures curriculum development. Finland has always adopted a futures perspective in society, The University of Turku Master’s programme is one of the earliest and well regarded degree programmes. The programmes set out to educate foresight experts in both qualitative and quantitative approaches to designing the future. One of the most common research methods is scenario planning (Van der Heijden et al., 2002), which is typically embedded in many MBA degrees and strategic management courses. This approach to constructing the future is used by European Tourism Futures Institute (www.etfi.eu) and NHL Stenden of Applied Sciences www.nhlstenden.com in many of their bachelor and masters degrees in tourism and leisure management. In the remaining sections of this paper, the authors explain what they do at the Victoria University of Wellington, New Zealand.

TOUR104: the business environment of tourism

TOUR104 is a first-year introductory course addressing how the drivers and trends in the macro environment influence tourism from a political, economic, social, technology and environment perspective. Topics covered are very broad from economic drivers such as disposal income and exchange rates to technological trends such as ubiquitous computing and Moore’s Law drawn from the course reader 2050: Tomorrows Tourism (Yeoman, 2012a). The course emphasises the “good” and “bad” issues of tourism using dilemma frameworks. At the heart of the learning strategy are two tools – learning questions (Long et al., 2015) and mind maps (Noonan, 2013). A series of learning questions are posted on Blackboard (intranet) each week to reflect lectures, tutorials and readings. These learning questions are the basis of tutorial activity and student study groups. They are an effective tool in bringing structured learning to the course, thus enabling students to scaffold their learning (Raymond, 2012). A portfolio is used for the summative assessment. Students complete five learning questions over seven weeks and then complete a critical reflection demonstrating the interconnectedness of tourism trends. The second tool is mind mapping. Students are encouraged to structure their answers using mind maps in a variety of ways. These include the time within lectures for students to summarise their lecture notes, answering learning questions using mind maps or tutorial activities focused on group maps.

Key challenges from a student perspective

These include developing student skills in mind mapping and visual learning, especially international students, emphasising the importance of mind mapping as a learning tool in order that students see the benefits to enhance their learning and establishing student ownership for personal considerations of the future. As one student noted, “The future of tourism of tourism has to be more than Yeoman’s writing”!

TOUR301: tourism policy and planning

TOUR301 is a third-year course as part of the bachelor of tourism management degree. The course aims to help students develop the skills and knowledge necessary to understand and
critically analyse tourism public policy, planning and processes within New Zealand and a wider context (Yeoman et al., 2016). The central theme running through the course, from a pedagogical perspective it is about developing student’s skills in applying policy and planning frameworks, hence the paper uses scenario planning and soft systems methodology (SSM) (Checkland, 1981) as envisioning and analysis tools. Given the location of Victoria University of Wellington as New Zealand’s capital city, a number of guest speakers from government departments, industry associations and local government discuss the key issues and challenges in tourism policy and planning. The teaching philosophy is based on authenticity, problem-based learning and negotiation. Students find this style of learning new and different. The teaching of TOUR301 defines the teacher as a facilitator providing the students with a structure through SSM as the framework. Through facilitation, the teacher is a supporter, director, providing guidelines and creating dialogue for learning. Following SSM’s seven-stage process allows the students to construct their own learning through negotiation and problem solving. Facilitation is about guiding, setting direction and providing feedback. Students take responsibility for their own learning and working with others in order to achieve an outcome. SSM allows students a degree of abstraction through “rich pictures” and experimentation through conceptual models (policy solutions). SSM deals with ambiguous problems which allow the students to negotiate their understanding of the problem. This includes negotiation with students, as they often work in small groups in tutorials. The teacher acts as a “clarifier” where problem situations are not understood or need clarification.

**Key challenges from a student perspective**

The first challenge is that problem-based learning is a new method of learning to many students in a traditional university environment, especially international students. Second, SSM is a visual learning method which incorporates structuring problems through cartoon style diagrams. This approach is not for everyone. A common student complaint is that, “We are not artists”. Third, is the use of political ideologies to distinguish between policy perspectives is challenging. A student protested once, “If I wanted to do a degree in politics I would have studied it”.

**TOUR413: scenarios for world tourism**

TOUR413 is a scenario planning paper applied in a tourism context and taught to students in postgraduate programs at the Victoria University of Wellington. The learning strategy puts the students at the centre of the learning process through an action-based research method. Students engage with key stakeholder, leaders and experts to construct a range of scenarios about the future. The problems are of importance to the New Zealand stakeholders and Victoria University of Wellington’s proximity to government and industry allows the students to gain access in real time with the senior industry leaders (Yeoman, 2012b). Example of projects include: 2030: The Future of Wellington i-sites; 2050: The Future of Wellington Food Festivals – An International Perspective; 2030: The Future of Regional Tourism Organisations, etc.

For any project, four scenarios are constructed and implications analysed using Hiejden’s (2002) scenario method which involves literature reviews, interviewing stakeholders, scenario evaluation and construction workshops and report presentations. The learning process incorporates a multidisciplinary approach, with students drawing knowledge from different fields. The central learning tool used for assessment is student preparation assignments (SPAs). These short weekly assignments break down complex tasks, allowing students to scaffold their learning. This method originates from Vygotsky’s sociocultural theory and his concept of “zone of proximal development” (Raymond, 2012). The SPAs are posted to a blog and feedback is provided from the lecturer and further peer review from students, who comment on each other’s blogs.

**Key challenges from a student perspective**

SPAs as a tool for learning are a valuable education instrument but students indicate that it puts a lot of pressure on them to complete weekly tasks. The projects are based on a real-world
environment and the stakeholder client may well be a future employer. This may make the student prioritise the course over others. Additionally, as one student put it there is no wrong answer, “as the future hasn’t occurred yet, you cannot find the answer in a book. Conceptualisation is difficult”.

Conclusions

This approach to teaching and learning is a reflection of how Dr Ian Yeoman engages with the students across a number of taught courses. Over the last five years that approach has been refined resulting in improved course evaluations by students. What is clear is that imprecision and vagueness of the future is both realistic and useful, as it encourages students to search, define and negotiate their own understanding of the problem. Thus, the teacher is more of a facilitator than a traditional teacher. What is important is giving the students appropriate frameworks so that they can solve the problem, e.g. mind maps, rich pictures or scenario planning matrices. The power of group learning and study support should not be underestimated. Using mind maps in this context, students can easily see the connections and pathways to the answers. Incremental learning and scaffolding are important features of engaging with students to break down daunting tasks and assignments. In summary, this approach to learning, gives the students structure through a learning journey approach.

Note


References


Further reading

About the authors
Dr Ian Seymour Yeoman is an Associate Professor at the Victoria University of Wellington, New Zealand specialising in the future of travel and tourism. Dr Ian learned his trade as the Scenario Planner for VisitScotland where he established the process of futures thinking within the organisation using a variety of techniques including economic modelling, trends analysis and scenario construction. He has undertaken similar work across the globe including most recently in Norway, the Netherlands and New Zealand. Ian has a PhD Degree in Operations Research from the Napier University, Edinburgh and BSc (Hons) Degree in Catering Systems from Sheffield City Polytechnic. Dr Ian is the Editor of the Journal of Revenue and Pricing Management and the Co-editor of the Journal of Tourism Futures. He has published extensively in leading journals and is the Author and Co-editor of 18 books including the The Future of Food Tourism, 2050: Tomorrow Tourism and The Future of Events and Festivals. Ian holds honorary positions at the Sheffield Hallam University, Ulster University and the European Tourism Futures Institute. Dr Ian Seymour Yeoman is the corresponding author and can be contacted at: ian.yeoman@vuw.ac.nz

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Within modern societal constructs where male scholars still dominate academic and research environment at many levels of professional and senior research leadership roles, this book is a well-timed addition on gender and research to Channel View Publications portfolio. The book edited by two inspirational female academics aims to present lived experiences of female researchers during the data collection phase in the field of tourism studies. “The Femininities in the Field” are portrayed through self-reflective case studies. These case studies use first-person narratives that illustrate and analyse the role of gender, portray encountered gender biases and experiences of researchers at different stages of authors’ lives and research journeys.

The book begins with a foreword by experts from the field, includes introduction and conclusion chapter by editors, and consists of 13 individual and co-authored case studies. The book covers themes of access to the field, attire and conduct, sexual harassment, personal safety, and accompanied research, and well-being. Moreover, case studies provide insights into methods widely used in the tourism field, such as face-to-face interviews, participant observation, and ethnography. The content of the book “Femininities in the Field” is current and relevant to today’s contemporary discussions on gender issues in tourism and other spheres of life. Some implications provided in the book contribute to the wider discourse of gender roles, work-life balance, citizenship and cosmopolitanism in the modern neoliberal era. Hence, this book provides a platform for new directions in social science research methodologies, illustrated by specific examples from the tourism field. While this book focuses on women’s experiences, authors aim to expand the gender debate beyond binary male and female categorisation and focus on femininities on the field experiences.

The editors organised the case studies by the age of primary authors, beginning with the youngest author. One main theme of the book is its focus on how gendered practices, expectations and demands shape and impact the collection of research data in the field. In Chapter 5, Brook Porter examines fieldwork experience combined with a transformation to motherhood. The following chapter by Antonia Canosa describes embodies entanglements of her doctoral journey accompanied by her children. In Chapter 9, Catheryn Khoo-Lattimore explores the extent to which researcher’s identity as a mother influences research work with children. Then, in Chapter 10, Lisa Cooke reflects on her transformational experiences from woman to mother during her fieldwork, and in Chapter 11, Emma Stewart describes how the presence of her infant sons enabled her to gain acceptance into Inuit communities in Arctic Canada. Concluding the theme Chapter 13 by Heike Schänzel discusses how motherhood influenced different aspects of her research career and multiple field experiences in New Zealand and Oceania. The encounters mentioned above are moving and have a strong emotional component.

The second theme of the book discusses the narratives of sexism and sexual(lised) harassment encountered by researchers during their fieldwork. Two chapters, one by Jill Hamilton and Russell Fielding and a chapter by Ana María Munar discuss gender in terms of field access and safety of female researchers. In Chapter 2, Jane Godfrey and Stephen Wearing talk about embodied experiences of the role of gender and are raising awareness of sexual(ised) harassment incidents during the data collection and fieldwork. Shannon Switzer Swanson writes a chapter on conducting fieldwork and sexual
politics. Next, Lindsay Usher discusses binary positions of insider and outsider in sports tourism destination in Costa Rica. In Chapter 7, Gisele Carvalho talks about femininities and independent travel. The following chapter by Emmanuel Martinez and Catherine Peters illustrates dilemmas faced by women while conducting fieldwork in a male-dominant environment.

I would like to congratulate the editors and authors who contributed to this much-needed book illustrating shared perspectives of female researchers. Brave, honest and sensitive examples uncover identities and describe traumatic experiences of researchers who explore the factors and influences that impact females during the fieldwork. This book is a collaborative work of serious, passionate scholars with lots to say. However, the book lacks examples from Africa, Middle East and Central Asia. Notably, the book is not written by female researchers only and chapters co-authored by male academics provide insights to gender perspectives also from the male point of view and direct towards inclusive gender scholarship.

As a female researcher and a mother who could relate to several chapters and experiences mentioned in the book, I appreciate the transformational and inspiration elements presented by researchers in the first person. Another highlight of the book is its reflexive approach which provides space to re-negotiation of lived events. The focus of the book on tourism as research field does not limit its contribution to wider social sciences and the cases presented could echo in other fields of research. In terms of relevance of the book to the scope of this journal, authors believe that through open discussion and active engagement of gender issues discussed in the book can bring those gender discussion forward in the future. Finally, this book goes beyond gender bias and provides accounts not only of positive lived experiences but also challenges and complexities of being a female researcher in the field. Issues discussed in the book and the understanding of the importance, influences of the researchers’ gender are relevant to volunteers, research students, academics, ethics committee members and journalists. This book definitely should be on a library shelf of any university involved in social sciences research.

Yana Wengel
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I was delighted when I heard that this book was out and then even more so when it became available for review. It promises so much in areas which have long been key interests of mine both in terms of subject (heritage, screen and literary tourism (HSLT)) and the conceptual approaches (service-dominant logic (SDL), value creation and co-creation). I was so unsure of my reaction, I sought a second opinion from a young researcher focussed in film tourism and she has joined me in authoring this review.

Our initial conversation was difficult as I think she was concerned about annoying me, by expressing a view that I would not share but we soon established that our reactions had very much in common. So we sat and tried to put our disappointments in order and it is those we respectfully share with you in what follows.

We were impressed by the claims that the book makes but not by how the text works the issues through. For instance, we discussed what advantage there is in building the claim of the new nexus offered here, which brings HSLT together. They are significant areas of interest but heritage, as a concept, operates at a different level of analysis and practice from screen and literature. With the development of critical heritage studies, it becomes increasingly different to speak of it as a single concept. The appreciation of difference leads us to think of heritages in their plural richness. But using it as the term to anchor the nexus, there is a danger of losing the difference and the sense of values which can be enjoyed in these distinct and different settings. One of the problems was that by connecting film and literature tourism to heritage, the authors have limited their interpretation of the first two and cut short their touristic potentials.

This shows through in a number of the case studies introduced throughout the text. These are definitely stimulating and they would be good starting points for learning discussions but they appear, to us, to come up short in two ways and these link the two concerns with the book. We are told that the power of the book comes from the identification of a new nexus but the cases demonstrate—quite logically—that because of the differences involved in the co-creation of heritages not all sites share the same elements. For instance, the account offered of the Titanic developments in Northern Ireland would be stronger for a greater emphasis on the industrial heritage called upon and the different types of literature, which are used to good effect in the interpretations. The case studies also raise questions over the value(s) discussed in the accounts as the shift in theoretical perspective calls into question the notion of authenticity and in particular where the power to ascribe authenticity can come from.

In order to explore this further, the consequences of adopting a SDL perspective are considered. SDL is presented via five axioms adapted from the ten original foundational principles plus the 11th one added later (Vargo and Lusch, 2016). This gives an overview of the concept but makes it difficult to see why SDL is such a radical challenge to older versions of marketing theory, as Vargo and Lusch have claimed consistently.

Herein lies the heart of the next disappointment. We are introduced to SDL presumably because our authors also think it is a significant departure, otherwise we would have been spared the theoretical re-routing. SDL is used as the way into co-creation and value creation (p. 33), but these are concepts which underpin SDL’s critique of previous approaches to the study of these fields. If we are to take this challenge seriously, and we believe we should, then what follows is that approaches to studying co-creation and
value creation have to be rethought too. We cannot use older forms of analysis to unpack the complexities of the new relationships which have now been exposed.

The challenge not only means rethinking marketing but also market research. What market research has focussed on in the past is no longer there to be the object of study. Most significantly we lose the idea of customer and the only meaningful form of value is “always uniquely and phenomenologically determined by the beneficiary” (adapted from Vargo and Lusch, 2016, also on p. 33). Therefore to continue to argue for any sense of objective or external authenticity has to be challenged—if authenticity counts then it must be counted by the beneficiaries.

The values to be found in the experiences with these different constructions of the nexus are shifted not just by doing away with the notion of a customer but by empowering the consumer as a resource in those processes giving rise to the experiences. Co-creation of value and the engaged consumer is central to the development of experience and makes the exploration of this nexus all the more urgent. Consumers as resources bring with them differing levels of prior knowledge and prior experiences—we are no longer experiencing on a level-playing field. This means our analyses of value creation have to be drawn much more sharply despite having a wider range of inputs to catalogue. There will be beneficiaries in the experience who define value as a relationship with price, there will be others who are concerned with degree of trust that can be drawn from the heritage. By opening up the experience relationships to the lens of SDL, Agarwal and Shaw are correct in identifying a significant moment, perhaps even a paradigmatic shift but then the rest of the book must empower the analysis of these new relationships just as the beneficiaries have empowered and been empowered in the experiences of the heritage economy. Given the journal we are reviewing for, our final comments will be concerned with the model of the future for HSLT. Here again we are presented with an analysis of trends that will affect the development. These are trends which are recognisable from our established approaches to situational analysis and we duly work effectively through the drivers that may support/challenge the market. There is a far more radical future, or rather set of futures, which come from the application of the SDL model and co-creation. We need to find ways of reading the beneficiaries before we should comment on what PEST factors will mean, because the only meaning in reading the futures of HSLT will be those of the beneficiaries. We need to be moving to find ways in which those deeper understandings can be reached but unfortunately this is not it.

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Reference
Book review

Online Gravity: The Digital Giants Driving the Way You Live, Earn and Learn

Authored by Paul X. McCarthy
ISBN: 9781925030747 (pbk); 9781925030754 (ebook)
Review DOI 10.1108/JTF-05-2016-0015

As the title of the book suggests, *Online Gravity: The Digital Giants Driving the Way you live, Earn and Learn* is about the digital world and how the way people operate is influenced by the leading companies within the digital world. The main title of the book (“Online Gravity”) is a play on words since the book is not about physics. However, the use of the word “gravity” (which is a phenomenon whereby things that contain energy are brought together) signals that “online” is a “force” beyond our control. The title of the book is also connected with the name of the business that the book’s author, Paul McCarthy, owns and operates (Online Gravity Consulting).

The structure of the 322-page book is a preface and introduction followed by three main sections. The preface introduces the reader to the concept of “online gravity”, where the author explains why he thinks that the web operates with a certain “force” that results in certain outcomes. He also explains why he wrote the book and his personal background. The reader is then provided with an introduction that explains in more detail what online gravity is and gives a solid context to assist with reading through the book’s three sections.

The three sections in the book are: “The Phenomenon”, which has five chapters; “The Laws”, which is by far the largest section and has seven chapters (each chapter is a “law”); and lastly, “The Future”, which has four chapters.

The difficulty I had with reviewing this book is that I was reviewing it as an Academic for an academic audience; but it is not an academic book. Thus, the style of writing took me some time to accept. There are lots of short sentences and simple language; and at times it is a bit conversational. For example, phrases such as “lo and behold” are unfamiliar words in reading, but common in conversation. There are also times when the writing is tangential and the reader can get a bit lost in some of the other side discussions, which also impacts negatively on the flow of the reading.

The book seems to have been written for a mass audience as a general enjoyment book. Business people would be a suitable target audience for the book. In fact, the book would probably also suit young readers such as teenagers who are passionately interested in the online world. As such, I would definitely recommend it to high school students who were interested in the topic. Not necessarily to be read in entirety, but some of it would definitely be suitable. The language is very simple and concepts are explained in great detail so that the concept could be grasped quite readily. However, as it is not an academic book, it is awkward reviewing such a book in an academic journal.

That is not to say that mainstream books cannot be used in academic arenas, however, I would not recommend this one to a university library. There were times that “Online Gravity” reminded me of another book I have read called *The New Rules of Marketing & PR* by David Meerman Scott. Both books essentially discuss the power of the internet and the web and how the way businesses operate in today’s environment is necessarily different. For example, both books discuss aspects such as “the long tail”; searching online; and online companies. Whilst the books are similar to each other in a number of ways due to content, there are also plenty of differences and one of those certainly comes down to style.

“Online Gravity” is written in a much more conversational tone. It is at times not well structured and can take longer than it needs to, to make a point. By contrast, “The new rules of marketing & PR”, whilst a longer book, is far more structured and has a logical flow. It also contains case studies that help to exemplify points and those case studies have their own heading to give them a separate but adequate discussion. Scott’s book is not only
available through numerous university libraries but has also been used by some institutions as the set textbook for relevant subjects.

Whilst I would not recommend McCarthy’s book would be a suitable textbook for a higher education subject, it does offer an interesting read. Some parts of the book were particularly enjoyable, whilst other sections were a bit too disjointed for me. For example, in the chapter “how does online gravity function?” there was a terrific section discussing how academic journals and citations work; discussing citations as “the stock and trade of academic credibility” and likened that to the way Google operates. This was a terrific analogy and was also presented in a light and engaging way. This lead beautifully to a section on “cumulative advantage” that would give a reader who does not understand search engines a wonderful insight into how they operate, and in a very basic simple manner.

There were many such examples in the book, and I confess that the more I read into the book, the more I enjoyed it. In part, this may have been because I became accustomed to the style of writing. However, I think one of the things that detracted from the early section is the author’s efforts to constantly remind the reader how the online world was so much like the solar system. At times, the analogy became tiresome and was certainly unnecessary. For example, a number of sections about companies contained drawings of planets named after the companies to signify their relative size. After a while, the point had been made and it became a bit redundant.

However, I also think that the second and third sections of the book were stronger than the first section. The middle section about the “laws” was much more structured and the final section on the future provided the reader with an insight into what may be to come as well as some very helpful tips for businesses. One such chapter is “strategies for small business owners and company executives”. There are a range of tips on how to operate a business online in achievable ways based on simple techniques.

In summary, “Online Gravity” is a simply written book about a complicated topic. Some people in business have little knowledge of how the online world operates and seem almost fearful of it because it is unknown and that makes it uncomfortable for them. The book “Online Gravity” would be ideal for someone in business to read who lacked confidence and understanding in operating online. It would also be a great read for anyone who was simply interested in the area, and for high school students – particularly older teenagers who may be interested in business studies and marketing. As previously mentioned, the book is not an academic book. However, it may nonetheless be a pleasant bit of light reading for academics.

Elisa Backer
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Even today, it seems everyone has an opinion about the future but does not really understand how (nor trust) experts who make predictions. Whereas history is accepted, and the world has many professors of history, the future is uncharted and lacks professors of the future. The word “futures” comes from the Latin “futura/futurus” meaning “going to be, yet to be”, from the verb esse: to be. It also appears in the Old French term as futur: “future, to come”.

Chapter 1 is an historical account of the future. Its beginnings and origins to modern day. The future relates to time and interwoven with the evolution of human consciousness. It was the cultural historians and consciousness researchers that provided the evidence that Charles Darwin’s biological theories are not the entire story of evolution. It was the writers of Hegel, Wolfgang and Schelling amongst others who advocated time as a human consciousness moment. An awareness of change and happenings. Gidley takes us though the evolution of the future from prophets, Di Vinci, Renaissance, science, enlightenment, the dark side, science fiction and early mathematical forecasting to peace creating in modern times.

Chapter 2 moves us into the realm of multiple futures and plurality. It was Wendell Bell (1993) who took us beyond positivism advocating Social Scientists Kuhn, Popper, Habermas and critical theorists of the Frankfurt School. When future studies were emerging as an academic field, major changes were occurring in the way scientific research was conceived and practised. This shift paved the way for pluralism to shine. Social scientists developed and worked with a diverse range of qualitative methods, better suited to social sciences than quantitative methods. It was Academics like Slaughter (2002) and Voros (2008) who developed processes, methods and tools advocating plurality.

Chapter 3 discusses the evolution of futures studies and scholarship. Here we move into critical studies, which is fundamentally about
asking hard questions. It is about challenging the status quo using value judgments about impending futures and considers the changes that might forestall an undesirable outcome. Gidley (2017) nicely frames the evolution and typology of future approaches from empirical, critical, cultural, participatory and integral highlighting the contributions of Masini (2006, 1989), Inayatullah (1995), Dator (2009) and Hideg (2002).

Chapter 4 discusses the trivia and misunderstandings of the future, as no discussion about the futures and futurology is without flying cars and robots despite the substantial body of literature about how futurists engage with real world issues. What we have are misconceptions in the media, business, government and the public. This is because of the nature of topic as it is trans-disciplinary. Some futurists advocate one method as a grand theory that will change the world. Thus, future studies create academic siloism rather than knowledge and circulation.

Chapter 5 is about position and focus. Should the future be how we deal with human futures? Whole high-tech futures are of interest to some, many future scholars are focussed on the potential social, cultural and environmental impacts of rapid unprecedented change. Human-centred futures is humanitarian, philosophical and ecological whereas technological futures are dehumanising, scientistic and atomistic. Then there is the transhumanist, a cybernetic view of intelligence, half human—half robot.

Chapter 6 focusses on the global challenges that futurists engage with. The challenges from near to far are called the crisis of crises. They range from socio-cultural, geo-political and environmental domains. The books conclusion is commendable, as Gidley (2017) has covered the breadth and depth of the future.

This is a must read for everyone whether you are a trainee aspiring futurist or a fully qualified one with a PhD.

**Ian Seymour Yeoman**

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**References**


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Journal of Tourism Futures

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