

The impact of air transport on tourism tourism essay

[Environment](#), [Air](#)



Air transport is an integral part of the tourism industry. The tourism industry in many countries of the world has been profoundly shaped by the development of air services. The advances in aircraft technology, improvements in communications and information technology, and marketing strategies have improved the quality of air travel and reduced the price of air tickets so that the volume of traffic, particularly on longer routes, has doubled in each of the past three decades (Organization for Economic Cooperation and Development, 1997). The relationship between air transport and tourism is a highly complex subject involving an intriguing mixture of tourism accessibility, economic factors, and demand of low cost carriers.

2. Air Transport and Tourism

Air transport is part of a broader travel and tourism sector, which is widely recognized as the world's largest industry. The airline share of the market increases on longer routes as it is a lot more time-saving. The importance of air transport for tourism is justified in Table 1 (Refer to Appendix), which lists twenty-six countries in which 70 per cent or more of international tourist arrivals came by air in 1994. In fifteen of those countries virtually all visitors arrived by air (World Tourism Organisation, 1996).

The cost of air transport has a direct influence on the cost of tourism products and indeed on the consumer's choice of destination. The steady reduction in the cost of air travel is making this a more competitive form of transport for tourists. This reduction of costs and hereby airfares is partly derived from improved technology, aircraft have become larger, faster and are able to carry more passengers. It is partly linked to the fact that airlines

upgraded their fleets and made second-hand aircraft available at low cost and in good condition to other airlines (Pender, 2001).

3. Tourism Accessibility

Tourism accessibility has evolved and became very much commercialized and developed. The accessibility of a destination is an indicator for tourist arrivals, which increases tourist receipts to the country. The advancement in air transport has improved drastically as compared to the mode of transportation in the early days. Air transport has made traveling more affordable and convenient for destinations. Accessibility is one of the many factors that influence the development of tourism in a region. Physical and market access to the destination are important and contributes the attractiveness of a region.

Air transport is now able to reach areas that have been previously seen to be inaccessible or remote. Air transport is internationally based in terms of its network across countries. The efficient network of air travel provides access to remote regions and enables them to be considered as tourist destinations and people can now reach places like the Kalahari Desert in Africa. The journey to any destination in the world is now measured in terms of hours and not days or months. People are now able to travel from continent to continent within hours through air transport.

According to Mauritian Central Statistics Office, the figures showed that tourist arrivals grew by 3.6 percent from 761,063 in 2005 to 788,276 in 2006. The increase in tourist arrivals was a result of market diversification,

liberalisation of air access and increased seat capacity on the national airline with the acquisition of an aircraft in December 2006 and another one in 2007.

4. Economic Impacts of Air Transport on Tourism

The economic environment affects tourism organizations in two ways, the first one generates changes in the demand for an organization's products and the second way implies changes that may affect an organization's costs. The key macroeconomic factors affecting demand for travel and tourism products are customer's expenditure, export demand, investment demand and government expenditure (Holloway, C & Taylor, N, 2006).

The main determinants of customer's expenditure are real disposable income, interest rates, expectations, and savings ratio. The economic environment will affect export demand in two ways – Exchange rate will affect the overseas price of exports and level of economic growth in countries, which are markets for the products. The determinants of investment demand are customers' expenditure, expectations, amount of spare capacity and interest rates. The level of government expenditure reflects the state of the economy and political party in power. The key macroeconomic factors affecting costs of leisure and tourism products are interest rate, inflation, exchange rate, and indirect taxes.

Tourism creates important multiplier effects on other sectors of the economy. There are three levels of impacts that can be estimated. The direct effects are the economic impacts derived directly from changes in tourist

spending as it occurs in the tourism-related establishments. The indirect effects occur because of the increased purchases of the tourism-related businesses. The direct and indirect effects will have accrued the local income in the form of wages, salaries, profits and rent. The money spent within the local economy will generate additional economic impacts called the induced effect (Bull, 1992 & Fletcher, 1999).

The World Travel and Tourism Council estimates that tourism generates an indirect contribution to local economies equal to 100 % of direct expenditures. However, there are also negative economic impacts such as leakage, infrastructure cost, and an increase in prices (United Nations Environment Programme, 2003). According to the International Air Transport Association (IATA), air transport provides 28 millions jobs worldwide and the total economic impact of air transport on gross world output is of at least US\$ 1, 360 billion (IATA, 2003a). Furthermore, the organization estimates that the combined direct, indirect and induced employment created at European airports is 4, 000 jobs per million passenger served (IATA, 2003b).

5. Demand of Low Cost Carriers

Hanlon examines the factors affecting passenger demand. The three fundamental factors are incomes, fares and service levels (number of flights and routes). “ Broad estimates of aggregate elasticities imply that demand is highly elastic with respects to income, rather less elastic with respect to fares and relatively inelastic with respect to service levels.” (Hanlon, 1999, p. 16).

Low cost carriers (LCC) often set up bases in nearby countries as their brand awareness becomes more established. According to the “ Mega-trends of tourism in Asia Pacific”, low cost carriers would become one of the king makers of booming tourism (World Travel Organisation, 2006). LCC aim at stimulating demand particularly from fare conscious leisure and business travelers to widen existing markets or to develop markets neglected by competitors. For instance, LCC open more routes and offer flights at a higher degree of frequency.

The emergence of LCC has created a gradual evolution in European tourism. According to an article - Budget airlines have transformed tourism in Europe (Hotel Marketing, 2006) Statistics show that in 1994 less than 3 million passengers used LCC in Europe, by 1999 this figure increased to 17.5 million and 85 million in 2003, and a year later there was a further rise of 24% to 107 million.

6. Conclusion

Most of the travel destinations rely almost entirely on air services for their visitor traffic. The total economic impact of travel and tourism can be assessed by measuring current and capital expenditures in each of the fields including those by consumers, businesses, and government. The adequate system of air services is an essential requirement for the successful development of tourism to many destinations. The emergence of low cost carrier contributed to the increase in tourist arrivals as it caters to the different markets of consumers. There is a powerful synergy between the development of international air transport and international tourism.

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