

# ÍNDICE

|   |    |
|---|----|
| <b>PREFACE .....</b>  | 13 |
| <br>  |    |
| <b>CHAPTER 1. INTRODUCTION</b>  |    |
| <i>Maria Jesús Such (Universidad Alcalá) and Ana Ramón (Universidad Alicante)</i> ..... | 17 |
| 1. Contextualisation .....  | 17 |
| 2. The economics of tourism and the challenges of the 21st century .....                | 18 |
| 3. Overview of chapters .....   | 21 |
| <br>  |    |
| <b>CHAPTER 2. TOURISM DEMAND</b>  |    |
| <i>Italo Arbulú and Francesc Sastre (Universitat Illes Balears)</i> .....               | 27 |
| 1. Analysis of demand .....   | 28 |
| 1.1. Market demand and individual demand .....  | 30 |
| 1.2. Shifts in the demand curve .....   | 31 |
| 1.3. The elasticity of demand .....   | 35 |
| 1.3.1. Price elasticity and income of sellers .....                                     | 38 |
| 1.3.2. Other important elasticities .....   | 40 |
| 1.4. Demand curve with a positive slope: Giffen and Veblen goods .....                  | 42 |
| 1.5. Characteristics of tourism demand .....  | 43 |
| 2. Determinants of tourism demand .....   | 44 |
| 2.1. Economic factors: income, time and price .....                                     | 44 |
| 2.2. Demographic determinants .....   | 47 |
| 2.3. The media .....  | 47 |
| 2.4. Safety .....   | 48 |
| 3. Segmentation .....   | 49 |
| 4. Tourism demand in Spain .....  | 50 |
| Conclusions .....   | 56 |
| Key terms .....   | 57 |
| Exercises and activities .....  | 57 |
| Bibliography .....  | 61 |
| <br>  |    |
| <b>CHAPTER 3. TOURISM SUPPLY</b>  |    |
| <i>Covadonga Ordóñez and María Núñez (Universidad Alicante)</i> .....                   | 63 |
| 1. Introduction .....   | 63 |

|   |    |
|---|----|
| 2. Tourism supply function, elasticity, costs and other factors . . . . . | 65 |
| 2.1. Price elasticity of the supply curve . . . . .                       | 67 |
| 2.2. Costs and strategies of the tourism company . . . . .                | 71 |
| 2.2.1. The representative cost structure of tourism businesses            | 73 |
| 2.2.2. Strategies of the tourism company . . . . .                        | 73 |
| 3. Analysis of tourism supply . . . . .                                   | 76 |
| 3.1. Types . . . . .  | 76 |
| 3.2. Statistical analysis of tourism supply . . . . .                     | 82 |
| 3.3. Evolution of the tourism supply . . . . .                            | 84 |
| Conclusions . . . . .   | 91 |
| Key terms . . . . .   | 93 |
| Exercises and activities . . . . .  | 94 |
| Bibliography . . . . .  | 97 |

## CHAPTER 4. MARKET STRUCTURE, EQUILIBRIUM IN THE TOURISM SECTOR AND MARKET FAILURES

|   |     |
|---|-----|
| <i>Oana Driha (Universidad Alicante) and Daniel Balsalobre (Universidad Castilla-La Mancha)</i> . . . . . | 99  |
| 1. Introduction . . . . .   | 99  |
| 2. The structure of the market . . . . .  | 100 |
| 2.1. Perfect competition . . . . .  | 102 |
| 2.2. Imperfect competition . . . . .  | 103 |
| 2.2.1. Monopoly . . . . .   | 104 |
| 2.2.2. Oligopoly . . . . .  | 106 |
| 2.2.3. Monopolistic competition . . . . .   | 108 |
| 3. The equilibrium of the tourism market . . . . .  | 109 |
| 4. Market failures . . . . .  | 112 |
| 4.1. Imperfect competition and market power . . . . .   | 113 |
| 4.2. Differentiated goods and public goods . . . . .  | 115 |
| 4.2.1. Differentiated goods . . . . .   | 115 |
| 4.2.2. Public goods . . . . .   | 115 |
| 4.3. Externalities . . . . .  | 116 |
| 4.4. Asymmetric information . . . . .   | 118 |
| 4.4.1. Adverse selection or ex-ante asymmetric information . . . . .                                      | 118 |
| 4.4.2. Moral risk or ex-post asymmetric information . . . . .   | 120 |
| 4.5. Public intervention in tourism markets . . . . .   | 121 |
| 4.5.1. The regulation and defence of competition . . . . .  | 121 |
| 4.5.2. The supply of public goods . . . . .   | 123 |
| 4.5.3. Establishment of signals . . . . .   | 123 |
| 4.5.4. Public intervention instruments to address negative externalities . . . . .                        | 127 |
| Conclusions . . . . .   | 133 |
| Key terms . . . . .   | 133 |

|                                    |     |
|------------------------------------|-----|
| Exercises and activities . . . . . | 134 |
| Bibliography . . . . .             | 137 |

**CHAPTER 5. MEASURING THE TOURISM ACTIVITY: THE ECONOMIC IMPACTS****OF TOURISM**

|  |     |
|--|-----|
| <i>José María López and Eva Senra (Universidad Alcalá)</i> . . . . .           | 139 |
| 1. Introduction . . . . .  | 139 |
| 2. Macroeconomic aspects of tourism . . . . .                                  | 140 |
| 2.1. Definition of macroeconomics: The circular flow of income model . . . . . | 140 |
| 2.2. Principal macroeconomic variables: macroeconomic magnitudes . . . . .     | 142 |
| 2.3. Measuring economic growth and development . . . . .                       | 147 |
| 3. Measuring tourism activity . . . . .  | 148 |
| 3.1. Definition of economic activity: measurement methods . . . . .            | 148 |
| 3.2. Multipliers of the tourism activity . . . . .                             | 150 |
| 3.3. Input-Output analysis: the tourism satellite accounts . . . . .           | 152 |
| 4. The balance of payments and tourism . . . . .                               | 163 |
| 4.1. Definition and structure of the balance of payments . . . . .             | 163 |
| 4.2. The balance of services: travel and tourism account . . . . .             | 166 |
| Conclusions . . . . .  | 171 |
| Key terms . . . . .  | 172 |
| Exercises and activities . . . . .   | 176 |
| Bibliography . . . . .   | 176 |

**CHAPTER 6. TOURISM POLICY AND PUBLIC INTERVENTION IN TOURISM**

|  |     |
|--|-----|
| <i>Rubén Garrido, Elena Mañas and María Teresa Gallo (Universidad Alcalá)</i> . . . . .  | 179 |
| 1. Introduction . . . . .  | 179 |
| 2. Government, tourism policy and tourism administration . . . . .                       | 183 |
| 3. Tourism policy within a framework of goals, objectives and instruments . . . . .      | 186 |
| 3.1. The goals of economic policy and tourism policy: a symbiotic relationship . . . . . | 186 |
| 3.2. The objectives of tourism policy . . . . .  | 190 |
| 3.3. The instruments . . . . .   | 200 |
| 4. Tourism policy and endogenous local and regional development . . . . .                | 204 |
| 4.1. Tourism policies and territory: a necessary equilibrium . . . . .                   | 204 |
| 4.2. Tourism and regional and local development . . . . .                                | 205 |
| 5. Tourism policies and territory: strategic planning . . . . .                          | 208 |
| Conclusions . . . . .  | 213 |
| Key terms . . . . .  | 214 |
| Exercises and activities . . . . .   | 215 |
| Bibliography . . . . .   | 220 |

**CHAPTER 7. GLOBALISATION AND TOURISM**

|  |     |
|--|-----|
| <i>Alexandre Peretó and Jesús Navarro (Universidad Alicante)</i> . . . . . | 223 |
| 1. What is globalisation? . . . . .  | 223 |

|   |     |
|---|-----|
| 1.1. Economic factors . . . . .   | 225 |
| 1.2. Political factors . . . . .  | 233 |
| 1.3. Cultural factors . . . . .   | 236 |
| 1.4. Environmental and sustainable development aspects . . . . .          | 238 |
| 2. Characteristics and factors that drive international tourism . . . . . | 239 |
| 3. Global expansion and tourism . . . . .                                 | 241 |
| 4. COVID-19, impact on tourism . . . . .                                  | 244 |
| Conclusions . . . . .   | 248 |
| Key terms . . . . .   | 249 |
| Exercises and activities . . . . .  | 250 |
| Bibliography . . . . .  | 251 |

## CHAPTER 8. INNOVATION IN THE INTERNATIONALISATION OF TOURISM

### COMPANIES

|  |     |
|--|-----|
| <i>Francisco Juárez (Universidad Alicante)</i> . . . . .   | 253 |
| 1. The internationalisation of tourism companies. The process of economic globalisation and multinationals . . . . . | 253 |
| 2. New scenario, competitive pressure, new technologies and changes in demand . . . . .                              | 256 |
| 3. Changes in ways to compete in the tourism sector in response to globalisation . . . . .                           | 257 |
| 3.1. The airline industry . . . . .  | 260 |
| 3.1.1. Strategic alliances . . . . .   | 262 |
| 3.1.2. Low-cost companies . . . . .  | 264 |
| 3.1.3. The low-cost paradox. The Southwest - Ryanair case  | 267 |
| 3.2. Tourism intermediation . . . . .  | 268 |
| 3.3. Hotel accommodation . . . . .   | 277 |
| 3.3.1. Management models: from “asset heavy” to “asset light”  | 279 |
| 3.3.2. The Airbnb effect . . . . .   | 281 |
| 4. The global tourism value chain . . . . .  | 282 |
| Conclusions . . . . .  | 285 |
| Key terms . . . . .  | 286 |
| Exercises and activities . . . . .   | 287 |
| Bibliography . . . . .   | 289 |

## CHAPTER 9. COMPETITIVENESS, SUSTAINABILITY AND SMARTNESS IN

### TOURISM: THE FUNDAMENTAL ROLE OF HUMAN CAPITAL

|  |     |
|--|-----|
| <i>José F. Perles and Adelaida Lillo (Universidad Alicante)</i> . . . . .            | 293 |
| 1. Introduction . . . . .  | 293 |
| 2. What is tourism competitiveness? . . . . .  | 294 |
| 3. The competitiveness of tourist destinations and its measurement . . . . .         | 296 |
| 3.1. The tourist destinations conceived as a cluster or group of companies . . . . . | 297 |

|   |     |
|---|-----|
| 3.2. The competitiveness of tourist destinations .....                          | 299 |
| 3.3. Measuring tourism competitiveness .....                                    | 303 |
| 4. The competitiveness of the tourism industry .....                            | 306 |
| 5. Competitiveness in tourism companies and general competitive strategies..... | 309 |
| 5.1. Human capital in tourism .....   | 310 |
| 5.2. General competitive strategies.....  | 314 |
| 6. Competitiveness, sustainability and tourism smartness .....                  | 315 |
| Conclusions.....  | 317 |
| Key terms .....   | 318 |
| Exercises and activities.....   | 318 |
| Bibliography .....  | 321 |

## **CHAPTER 10. INNOVATION AND DIGITAL DISRUPTION IN TOURISM. FROM**

### **ICTS TO THE AGE OF ARTIFICIAL INTELLIGENCE**

|   |     |
|---|-----|
| <i>Luis Moreno, Adrián Más and Marta Suárez (Universidad de Alicante)</i> .....                 | 325 |
| 1. Introduction .....   | 325 |
| 2. How much does the tourism sector innovate? .....   | 327 |
| 2.1. Innovation in the tourism sector. A necessary clarification.....                           | 327 |
| 2.2. Types and determinants of innovation in the tourism sector....                             | 329 |
| 2.3. How innovative is the tourism sector? .....  | 331 |
| 3. Tourism's response to the challenges of the digital economy and artificial intelligence..... | 334 |
| 3.1. Defining the digital economy .....   | 334 |
| 3.2. Motivating digital transformations in the tourism sector .....                             | 338 |
| 3.3. Innovation and new business models in tourism: from the low cost model to platforms.....   | 338 |
| 4. New tourism in the age of artificial intelligence.....                                       | 340 |
| 4.1. Data and more data. Why artificial intelligence changes everything .....                   | 340 |
| 4.2. The changes that AI will bring about in tourism.....                                       | 343 |
| 4.3. Where disruption originates. The importance of technology for tourism clusters .....       | 345 |
| 4.4. Smart destinations based on disruption.....  | 347 |
| Conclusions.....  | 351 |
| Key terms .....   | 352 |
| Exercises and activities.....   | 353 |
| Bibliography .....  | 356 |

## **CHAPTER 11. ENVIRONMENTAL ECONOMICS, , EXTERNALITIES, AND THE**

### **CIRCULAR ECONOMY**

|   |     |
|---|-----|
| <i>Teresa Torregrosa, Martín Sevilla and Julián López (Universidad de Alicante) and Patricia Aranda (Universidad de Alcalá)</i> ..... | 361 |
|---|-----|

|      |  |            |
|------|--|------------|
| 1.   | Tourism and the environment . . . . .                              | 361        |
| 1.1. | Environmental economics and ecological economics . . . . .         | 362        |
| 2.   | The externalities of the tourism activity . . . . .                | 366        |
| 2.1. | Internalisation strategies of public and mixed externalities . . . | 371        |
| 3.   | Natural resources and responsible tourism . . . . .                | 377        |
| 3.1. | Sustainable tourism . . . . .                                      | 377        |
| 3.2. | The circular economy and the tourism sector . . . . .              | 382        |
| 3.3. | Tourism and climate change . . . . .                               | 385        |
| 3.4. | The SDGs in the tourism sector . . . . .                           | 387        |
|      | Conclusions . . . . .  | 389        |
|      | Key terms . . . . .  | 390        |
|      | Exercises and activities . . . . .                                 | 392        |
|      | Bibliography . . . . .   | 394        |
|      | <b>ANSWERS . . . . .</b>   | <b>397</b> |