

**Misappropriation of the TSA Brand: The Case of State-level “Tourism Satellite Accounts” Published in the United States**  
**Presented to the Eleventh Meeting of the UNWTO Committee on Statistics and TSA, Madrid, Spain, 25-26 March 2010**  
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I begin by referencing the document prepared for this Meeting under the provisional programme, “Protecting the TSA Brand,” specifically . . .

Paragraph 6: UNWTO Statistics Department has taken note about the concern expressed in the last two UNWTO International Conference on Tourism Statistics as well as in different UNWTO Statistics Committee meetings about the misappropriation of the term TSA due to the popularity of the TSA that has spawned an international assortment of consultancies, research centers and others that apply the TSA brand name to studies they produce for national and sub-national organizations. Such activities have already produced confusion among TSA users and may damage the credibility of the TSA as a sound, comprehensive method of measuring the direct contribution of tourism to national economies.

I fully support this document and strongly concur with this particular statement. I recently found the opportunity to examine recent sub-national TSAs in the United States, and reached a number of conclusions that directly relate to this document.

A request was sent on January 14, 2010 to a state and provincial tourism researchers listserv that I participate in asking for state tourism offices to report having a current Tourism Satellite Account. Nine states answered in the affirmative, and I obtained copies of the relevant reports from these states. These are enumerated in Appendix A of this paper, and I report my analysis of them here.

### Misappropriation

The UNWTO notes “Misappropriation of the TSA brand occurs when reports are released based on methodologies purporting to ‘simulate’ TSAs for countries and sub-national areas.” (UNWTO 2009, p. 6). Identifying misappropriation requires applying the standards of a UNWTO TSA to a given tourism economic impact measurement system termed a “Tourism Satellite Account”.

During the extremely informative and productive 5<sup>th</sup> UNWTO International Conference on Tourism Statistics, “Tourism: An Engine for Employment Creation”, in Bali, Indonesia, 30 March – 2 April 2009, I proposed five principles that distinguish the UNWTO TSA from other tourism economic impact measurement systems (Frechtling 2009). I am pleased to see that the document, “Protecting the TSA Brand,” presented as part of the program of this meeting has proposed certain minimum requirements for the development of the TSA (paragraphs 8, 9 and 10):

- A. The following tables at a “minimum level of disaggregation”
  - 1. Inbound tourism expenditure by products and classes of visitors
  - 2. Domestic tourism expenditure by products, classes of visitors and types of trips
  - 4. Internal tourism consumption by products
  - 5. Production accounts of tourism industries and other industries
  - 6. Total domestic supply and internal consumption
- B. Identifying the main tourism characteristic industries
- C. Use of National Income Accounts Supply and Use tables
- D. Definition of main aggregates, which I understand to include Internal Tourism Expenditure, Internal Tourism Consumption, Tourism Direct Gross Value Added and Tourism Gross Domestic Product.

For TSAs at the sub-national level, I think we must add E. “Effective communication between agencies at the national and sub-national level to ensure the success of regional TSA” (UNWTO 2008, p. xiv).

Looking at the analysis in Appendix A, you will note that the reports submitted by three of the states (Mississippi, Pennsylvania, and Wisconsin) do not mention the terms “Tourism Satellite Account” or “TSA.” Yet their sponsoring agencies submitted them as currently produced Tourism Satellite Account estimates. This suggests a level of confusion that is quite troubling. “Tourism Satellite Account” may be well on its way to becoming a generic term for visitor impact studies for our states. This robs the brand of any power of distinguishing the TSA concepts, definitions and results from other sub-national tourism economic impact estimates in our country.

Turning to the other six state reports, we find that they were produced by Tourism Economics, Inc. (Georgia and North Carolina), Global Insight, Inc. (Maryland and North Dakota), and two other consultancies. All of them refer to the UNWTO Tourism Satellite Account, implying that the report follows UNWTO TSA principles. But the reports themselves provide no evidence supporting these assertions.

- A. None of the reports address the products that visitors purchase as the UNWTO does. Rather, they all report their estimates in terms of industries only. So they cannot provide TSSA Tables 1, 2, 4 or 5. Rather they jump directly to a version of Table 6: Domestic supply and internal tourism consumption, arrayed by industries, not products.
- B. Only the Global Insight reports enumerate all of the Characteristic Tourism Industries, but these inexplicably add “Real Estate” to this class. The TSA does not allow purchases of assets to be included in tourism expenditure or consumption categories. The three other sources cover 8 of the 10 Internationally Characteristic Tourism Industries (See Appendix B for the TSA characteristic product and industry categories).

- C. None of these studies makes use of Supply and Use Tables for their states, nor do they refer to such in any way.
- D. None of these reports makes use of the names of the main TSA aggregates, but all of them produce estimates that can be termed, "Internal Tourism Expenditure". All sources produce measures of tourism contribution to Gross State Product (through estimates of Tourism Value Added). None of them produce measures of Internal Tourism Consumption or acknowledge that this aggregate exists.
- E. The U.S. Bureau of Economic Analysis prepares the quarterly and annual reports on the U.S. Travel and Tourism Satellite Account. The head of the TSA program in the Bureau informs me they have had no communication with any of the nine state tourism offices under study here.

It is clear that misappropriation of the TSA brand characterizes these state TSA efforts.

### Misrepresentation

Misrepresentation of the TSA brand "occurs when researchers describe the TSA structure and results in misleading terms." (UNWTO 2009, p. 6) This has been primarily expressed through incorporating indirect and induced effects of tourism spending on the sub-national economy. As the "Protecting the TSA Brand" document makes clear, (paragraph 10), "the TSA as such only makes it possible to measure the direct effects of consumption on output and value added of tourism industries and other industries serving visitors".

My review of the state 6 TSA reports found that each of them adds the indirect and induced impacts of visitor spending, thus expanding the size of the estimated impact on Gross State Product dramatically. All of them present estimates of national, state and local tax revenue generated by visitor spending, which is also not part of the current UNWTO TSA system.

Finally, five of the reports add state government spending to visitor spending to obtain a measure of "tourism demand". In four of these reports, the spending appears to be limited to state and local tourism administration and promotion. One report (Louisiana) adds "a portion of [highway] spending roads" to its measure of tourism expenditures.

These unauthorized additions to the UNWTO Tourism Satellite Account clearly misrepresents the UNWTO TSA concepts and definitions.

### Conclusions and Recommendations

The TSA brand is under assault in the United States at the sub-national level. Despite the fact that UNWTO has not endorsed any sub-national TSA "approach or accounting method" (UNWTO 2008, p. xiv), consultancies are strongly implying they are observing TSA concepts, principles and results. This is weakening the TSA brand in my country, turning it toward becoming a generic term for any sub-national tourism economic impact study.

As the current document, “Protecting the TSA Brand,” eloquently states,

in UN terminology the UNWTO is the “custodian” of the implementation of international recommendations with which it should be possible to standardize tourism statistics for the sake of international comparability; consequently, protecting the TSA brand is part of our responsibilities. (paragraph 12)

Consequently, I respectfully recommend the following:

- That the UNWTO publicly acknowledge that the production and distribution of reports of tourism economic impact at sub-national levels explicitly linked to the Tourism Satellite Account without explicitly adopting its concepts, principles and methodologies threatens the integrity of the TSA brand.
- That UNWTO work with the U.S. Office of Travel and Tourism Industries, the national tourism office for the United States, to discourage the use of the TSA brand by U.S. consultancies or agencies producing sub-national studies and reports that do not conform to all of the minimum requirements I have alluded to above from “Protecting the TSA Brand.” Similar steps should be taken in other countries where misrepresentation and misappropriation of the TSA brand is so blatant.

I also submit that, when it comes to protecting the TSA brand at the sub-national level, time is of the essence. I have been asked by an international economic journal to review a manuscript on the development of a set of sub-national TSAs covering the states and two territories of Australia. The manuscript reports that these sub-national TSAs include the indirect impacts of tourism for each state/territory through a modeling approach that combines estimation through local data with allocation of national estimates among the areas.

The manuscript concludes, “we have reported on a study designed to extend regional TSAs in Australia to take into account both the direct and indirect measures of the size of tourism . . . [as] essentially an accounting exercise”. It ends by asserting, “Static or accounting measures, such as TSAs, with or without measures of the indirect contribution, do not measure the economic impact of tourism.” I find these to be misleading and disturbing statements submitted for publication to an international scientific journal.

We must join together to find ways to protect the TSA brand from such assaults as more institutions appropriate the brand for sub-national purposes.

## REFERENCES

Frechtling, D. C. (2009). “Clarifying and Extending the TSA Brand”, Keynote paper to the Fifth U.N. World Tourism Organization International Conference on Tourism Statistics, Bali, Indonesia, March 31, 2009.

UNWTO (2009). 5<sup>th</sup> UNWTO International Conference on Tourism Statistics, “Tourism: An Engine for Employment Creation”, Bali, Indonesia, 30 March – 2 April 2009, UNWTO Findings and Evaluation” downloaded from <http://www.unwto.org/statistics/index.htm> on March 12, 2010.

UNWTO (2008). International Conference on Measuring Tourism Economic Contribution at Sub-National Levels, 29 - 31 October, Málaga, Spain, downloaded from <http://www.unwto.org/statistics/index.htm> on March 12, 2010.

UNWTO (2010). “Protecting the TSA Brand”, submitted to the eleventh meeting of the UNWTO Committee on Statistics and TSA, 25-26 March 2010.

## APPENDIX A

**State Government Tourism Office Responses to Request for Current Tourism  
Satellite Accounts**

<b>Agency Securing Report</b>	<b>Title of Report</b>	<b>Source of Estimates</b>	<b>Comments</b>
Georgia Department of Economic Development	"The Economic Contribution of Tourism to the State of Georgia, Tourism Satellite Account Method, September 2008"	Tourism Economics, an Oxford Economics Company; co-sponsored by Travel Industry Association	See Tourism Economics Methodology below.
Louisiana Department of Culture, Recreation and Tourism	"The 2008 Louisiana Tourism Satellite Account, An Update"	Louisiana State University	"The methodology for creating a TSA has been revised over time by the World Tourism Organization in partnership with the OECD, the European Union and the United Nations. Our methodology follows the WTO guidelines . . ." Includes Investment and Government Spending in "Travel and Tourism Expenditures"; "Travel & Tourism value added is computed using the TSA methodology", "Travel & Tourism employment was obtained using the TSA methodology"; indirect and induced impacts are included. No methodology is presented; data sources include D. K. Shifflet & Associates and the University of New Orleans
Maryland Office of Tourism	"2007 Tourism Satellite Account for the State of Maryland and its Counties, February 2009"	Global Insight, Inc.	See Global Insight Methodology below. "Tourism Development Annual Report Fiscal Year 2009" downloaded 3-15-10 states "recently released <i>Global Insight 2008 Tourism Satellite Account</i> - a methodology that is backed by the U.S. Office of Travel & Tourism

			Industries (OTTI) and the World Tourism Organization". Full 2009 report is not available on this website.
Mississippi Development Authority/Tourism Division	"Fiscal Year 2009 Economic Contribution of Travel and Tourism in Mississippi, February 2010"	Internal research	Report does not mention the terms "Tourism Satellite Account" or "TSA" but does provide estimates of Tourism Value Added relationship to Gross State Product.
North Carolina Division of Tourism, Film and Sports Development	"The Economic Contribution of Tourism to the State of North Carolina, Tourism Satellite Account Method, September 2008"	Tourism Economics, an Oxford Economics Company	See Tourism Economics Methodology below.
North Dakota Tourism Division	"North Dakota Tourism Satellite Account, October 2009"	IHS Global Insight	See Global Insight Methodology below.
Pennsylvania Tourism Office	"The Economic Impact of Travel & Tourism in Pennsylvania – Travel Year 2007"	Global Insight and D. K. Shifflet & Associates Ltd.	The report does not mention "Tourism Satellite Account" or "TSA." Visitor Spending (direct, indirect and induced) impact on Gross State Product is reported.
South Carolina Department of Parks, Recreation & Tourism	"The Economic Contribution of Tourism in South Carolina, 2007 Tourism Satellite Account Results January 2009"	U. S. Travel Association (formerly Travel Industry Association)	"The Tourism Satellite Account (TSA) framework is the international standard for the economic measurement of tourism. It has been ratified by the UNWTO, OECD, and Eurostat. It is used by the US Bureau of Economic Analysis at the national level." Government, Investment, Merchandise Trade and "resident and business spending <u>outside</u> the state" are added to visitor spending to obtain "Total Tourism Demand". Tourism-generated Taxes are reported. No methodology is presented.
Wisconsin	"The Economic	Davidson-Peterson	Report does not mention

Department of Tourism	Impact of Expenditures by Travelers On Wisconsin, Calendar Year 2008	Associates	the terms, "Tourism Satellite Account" or "TSA"; Does not provide estimates of Tourism Value Added, only estimates of tourism expenditure.
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### Global Insights Methodology

Each report states, "Tourism Satellite Account is the international (UN/WTO, OECD) standard for measuring the contribution of tourism to an economy."

Refers to "the TSA model"

Adds "Indirect & Investment" to Direct impact

"Core Impact" defined as "impact results based purely off of visitor expenditures", but "Core Tourism – Gross State Product" estimates show significant impact on the following industry categories: Wholesale Trade, Durables Manufacturing, Non-durables manufacturing, Construction, Mining. None of these industries are included among Characteristic Tourism Industries in the TSA because they do not sell directly to visitors.

Reports Federal Government and State/local Government revenue

Appears to include all Internationally Characteristic Tourism Industries but also includes Real Estate among them; does not mention Internationally Characteristic Tourism Products; mentions number of second homes but no indication any of their impact is included

No state Supply and Use tables are referenced

### Tourism Economics Methodology

Each report states, "The TSA was conceived by the UN World Tourism Organization and has since been ratified by the UN, Eurostat and OECD" and "The tourism industry is moving from traditional Economic Impact analysis to a more comprehensive analysis called Travel & Tourism Satellite Accounts to more accurately measure tourism's contribution to the economy. The TSA adds several components, most notably capital investment (construction of hotels, etc)."

Includes Capital Investment expenditures in Tourism Demand

Conflates Tourism Sales with Tourism Output (pace Gasoline Stations, Retail Trade)

Reports Direct, Indirect and Induced spending in "Tourism GDP Contribution",

Reports "Tourism Compensation" for all three levels of impact

Reports "Tourism Tax Generation" (Direct and indirect)

No product breakdown

May include 8 of 10 Internationally Characteristic Tourism Industries; no mention of vacation homes or treatment of Travel Agency services

No state Supply and Use tables are referenced



## APPENDIX B

*Classification of Products and Tourism Industries for TSA Tables 5 and 6*

Internationally Characteristic Tourism Products	Internationally Characteristic Tourism Industries
<b>A. Consumption Products</b>	
<b>A.1. Tourism characteristic products</b>	<b>A.1. Related Tourism Industries</b>
1. Accommodation services for visitors	1. Accommodation for visitors
1.a. Accommodation services for visitors other than 1.b	1.a. Accommodation for visitors other than 1.b
1.b. Accommodation services associated with all types of vacation home ownership	1.b. Accommodation associated with all types of vacation home ownership
2. Food and beverage serving services	2. Food and beverage serving industry
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport services	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services industry
9. Cultural services	9. Cultural services industry
10. Sports and recreational services	10. Sports and recreational services industry
<b>Country Specific Tourism Products</b>	
<b>11. Country specific tourism characteristic goods</b>	<b>Country-specific Tourism Industries</b>
	11. Related industries
12. Country-specific tourism characteristic services	12. Related industries

Source: World Tourism Organization, Commission on the European Communities Eurostat, Organisation for Economic Co-operation and Development and United Nations Statistics Division (2008). *2008 Tourism Satellite Account: Recommended Methodological Framework (TSA: RMF 2008 RMF 2008)*, Figure 3.1, para 3.10.