3rd UNWTO Conference on Overcoming Seasonality
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TECHNICAL NOTE

“Seasonality is a temporal imbalance in the phenomenon of tourism, which may be expressed in terms of dimensions of such elements as numbers of visitors, expenditure of visitors, traffic on highways and other forms of transportation, employment, and admissions to attractions” Butler (2001:5)

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Seasonality affects all aspects of supply-side behavior, finance, labor and stakeholder operations. It is caused by a combination of supply-side (climate, availability of facilities and transport) and demand-side factors (vacation periods, traditional, work cycles in originating countries). There is little doubt that the impacts of seasonality have increased with the growth of mass tourism. This is due a huge growth in the number of businesses (small and large) that depend on tourism within concentrated geographical areas, so that there is a much higher dependency on tourism in these locations. This, in turn, has impacted on the ability of destinations to adapt to changes in demand. General concerns about seasonality focus on effective planning and the optimum use of resources during the off-peak period but there is also a danger that the peak period is taken as granted so that the facilities during this period face capacity in a way that it makes it difficult to maintain service quality and satisfy visitors.

These impacts are well documented and analyzed from a wide variety of angles. In this briefing note, we address a number of key issues that are the result of the effects of seasonality on tourism operations at the destination.

2. ATTRACTING INVESTMENT

Investors frequently look to businesses that provide sustainable returns on their investment. Seasonality concentrates income generation within a limited timeframe each year, in some cases meaning that businesses close completely for a number of months. This creates a degree of uncertainty that can deter investors, especially when considering small tourism businesses or start-ups.

3. CASH-FLOW

Cash-flow for businesses is frequently a major challenge for tourism businesses that depend upon seasonal demand. Covering fixed costs during the low season (especially when operations may shut down completely) can present organizational/management problems for small businesses in the absence of financial planning skills.

4. SUPPLIER RELATIONS

Tourism seasonality transfers the impact of uneven demand throughout the full supply and support chain of the business and passes on the effects to a wide range of associated businesses both within the wider tourism sector (taxis, tour guides, and concession holders) as well as into associated sectors such as agriculture, wholesale, distribution etc.

5. EMPLOYMENT

A key impact of tourism seasonality is on the continuity of employment which operators are able to offer. This impinges on all aspects of the employment cycle, notably recruitment and retention; training and development; employment relations; and general working conditions. The absence of continuity in this regard means that tourism operations in seasonal destinations are unable to offer sustainable employment, are less able to compete for the best local talent, are reluctant to invest in the training and development of their staff and are less likely to offer the flexibility in working conditions that many contemporary employees require. These factors, in turn, also impact on product and service quality and, ultimately, can damage customer satisfaction and the likelihood to return to the business and the destination. The vicious cycle of seasonal tourism
employment is one of the main challenges that are faced by destinations with a pronounced high and low season.

6. RESPONDING TO TOURISM SEASONALITY

Tackling the ‘problem’ of seasonality is one of the most widely discussed practitioner and academic subjects. The reference list which follows this briefing note includes a small fraction of what is a voluminous literature on the subject and contains a range of recent articles with a focus on the Mediterranean region. Strategies to overcome seasonality have been proposed at both a destination and business level and tend to focus on marketing and product initiatives to stimulate demand. These have been mixed in their impact and success, targeting markets that are less sensitive to the influence both supply- and demand-side ‘causes’ of seasonality – climate, fixed vacation periods etc. Strategies include pricing, targeting new markets (for example, based on culture) or the development or promotion of events and festivals.

Marketing and product-driven responses to seasonality will not be elaborated further here.

Responses that can help to address the issues identified above include:

- Encourage and facilitate investment in local tourism businesses from local sources, where people are sympathetic to the tourism business cycle in the area and can plan their expectations of a return on the basis of this understanding;
- Support tourism SMEs with their financial planning through training and advisory services so that issues of cash-flow are managed more effectively;
- Encourage the formation of supply chain partnerships so that there is better understanding of the impact of seasonality by both tourism businesses and their suppliers and appropriate planning can be put in place;
- Adopt a partnership employment approach to provide sustainable, all year employment for talented tourism employees – this can be done in partnership between, for example, beach and ski resorts or, indeed, between local companies in a destination (‘coopetitors’);
- What these and similar approaches highlight is the need for tourism enterprises in seasonal destinations to improve their financial, operational, human resource and partnership businesses practices. At the heart of this approach is the need for partnership and collaboration by all stakeholders at a destination level rather than price and quality driven competition, a ‘race to the bottom’.

7. USEFUL RECENT SOURCES OF INFORMATION ABOUT SEASONALITY


Bigović, M. (2012), The Strength and Dynamics of the Seasonal Concentration in Montenegrin Tourism, Turizam, 16(3), 102-112


