Introduction to Tourism Economic Impact Analysis

On Monday 22nd June, Meiji University's Graduate School of Governance Studies welcomed Assistant Professor Yang from Temple University's School of Tourism and Hospitality Management in Philadelphia, the USA.

To contribute to an Environmental Management course which has focused on protected area tourism, Dr. Yang's talk provided a useful overview of "Tourism Economic Impact Analysis".

First, three varieties of economic evaluation of consumer surplus were introduced:- i) Travel Cost Method (TCM); ii) Contingent Valuation Method (CVM); iii) Contingent Choice Method (CCM).

The difference between zonal and individual TCM approaches was explained and the pros and cons of revealed versus stated preference methods elaborated on. Next, sub-categories of economic impact were defined as follows:-

➢ *direct impact:* the immediate benefit to persons and companies directly providing goods or services to travelers.
➢ *indirect impact:* the secondary benefit to suppliers of goods and services to the directly-involved companies. For example, a food wholesaler providing goods to a restaurant. This model is careful to exclude imports from the impact calculations.
➢ *induced impact:* the tertiary benefit to the local economy as incomes in the prior two levels of impact are spent on goods and services. For example, a restaurant employee spends his wages at a grocery store, generating addition economic output.[1]

In order to monitor those impacts, we learnt to understand multipliers, with examples of:- i) Tourist survey based methods; ii) Input-output analysis (I-O analysis); iii) Tourism Satellite Account (TSA).

In particular, the UNWTO's TSA was introduced as practical tool that can help define the tourism economy and provide a methodology for calculating tourism GDP in a way that is consistent with economic accounting. The TSA also enables comparisons of the importance of tourism compared to other sectors of the economy in terms of GDP, employment, and income, and – crucially – enables comparative analyses among different destinations.

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[1] IMPLAN input-output model for New York State