

Determining tourism's impact on an area's economy is not an easy task. It takes a great deal of information collection and highly skilled researchers to undertake the process. Let's look at this task of determining the economic impact of tourism expenditures.

Economic Impact Analysis

Economic impact analysis is an inexact process, and output numbers should be regarded as a "best guess" rather than as being inviolably accurate. Indeed, if a study were undertaken by five different experts, it is probable that there would be five different results (p. 80).¹³

Much of the government-sponsored research in tourism focuses on the economic impact of tourism to a certain region. These economic impact analysis (EIA) studies are conducted to determine tourism activities' effects on the income and employment of the residents of some region. Usually the studies reflect annual impacts of total tourism visits, but sometimes they are undertaken to measure the effects of visitors on a single entity or event, such as a major zoo or a festival.

On the benefit side, this normally means the study provides estimates of travel spending and the impact of this spending on employment, personal income, business receipts and profits, and government revenue. On the cost side, this means estimating the costs, sometimes nonmonetary, to government and residents of travel activity in the area (p. 359).⁴

The results of EIA studies are useful to:

1. Public policy makers and the area's residents when determining economic benefits of investment in tourism promotion or expansion/development of publicly funded tourism attractions, such as events.
2. Public/private organizations when measuring impact of travel promotion efforts or specific conferences or groups of travelers enticed to visit the area.
3. Tourism industry members in educating the public and government officials of the benefits that the industry offers the community or region.

Fundamentally, EIA research involves counting the number of area visitors and determining how much they spent during their visit, usually using sample surveys (although other estimation methods are used). Tourists are usually counted at border entry/departure points, visitor information (welcome) centers, or accommodation establishments. In the past, the surveys used to query tourists differed from country to country. The World Tourism Organization (UNWTO) published a general questionnaire that can be used by countries (and adapted by other organizations as well) to attempt to generate more consistent data that are more easily compared.⁵ Since the 1990s, the UNWTO has encouraged countries and smaller, more local entities to develop Tourism Satellite Accounts (TSA) to track the expenditures and economic impact of travelers to their regions. The purpose of a TSA is to link tourism expenditures spent in the wide array of industries in which they may be made and therefore better enumerate the total amount and impact of tourism.

Although the development of standard questionnaires is a giant step in the collection of expenditure data from tourists, the process is still no easy chore, for either the researcher or the tourist! To demonstrate the daunting task facing the tourist, imagine you have just spent ten days having fun in the Sun in Cancun, Mexico. While you are waiting to board your flight home, a pleasant-looking lady approaches you and asks whether you would take a few minutes to answer some questions about your visit to her country. Because you have nothing better to do, you agree. First she asks you several easy questions: in what country do you live, how many people (including yourself) are