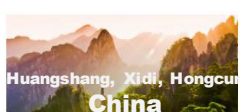
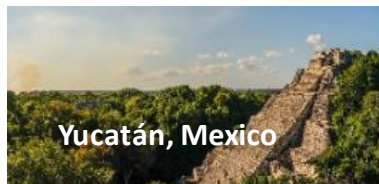




# **Fourth INSTO INSIGHTS Webinar Overview Of Measurement Efforts in the field of Economic Benefits by INSTO Members**

16 March 2023

# INSTO Members: 36







# UNWTO International Network of Sustainable Tourism Observatories

## VISION

Fostering a dynamic network of partners that strives towards creating healthy places for both visitors and the host communities while leaving resilient destinations to future generations.



## TOOLS AND RESOURCES

A repository of tools and resources on the 11 mandatory issue areas that INSTO Observatories are required to monitor

[TOOLS AND RESOURCES](#) →



## WEBINARS

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[INSTO INSIGHTS WEBINARS](#) →



## INSTO FRAMEWORK

Learn about the different generic elements of importance within the INSTO framework that member observatories are following

[FRAMEWORK](#) →





# Repository of Tools and Resources

<https://www.unwto.org/sustainable-development/unwto-international-network-of-sustainable-tourism-observatories>



World Tourism Organization  
International Network  
of Sustainable Tourism  
Observatories

# A Repository of Tools and Resources

on the 11 mandatory issue areas that  
INSTO Observatories are required to  
monitor



## PUBLICATIONS

**Economic Benefits**, Excerpt from *Indicators of Sustainable Development of Tourism Destinations, A Guidebook*, World Tourism Organization (2004), pp.128–134.

**Types of Indicators**, *What Tourism Managers Need to Know*, World Tourism Organization (1997), p. 72.

**Baseline issues and indicators of sustainable tourism**, *Making Tourism more Sustainable, A Guide for Policy Makers*, World Tourism Organization (2005), p. 178.

**The Economic Impact of Tourism: Overview and Examples of Macroeconomic Analysis**, World Tourism Organization (2013)

**Enhancing the economic benefits of tourism for local communities and poverty alleviation**, World Tourism Organization (2002).

**The Indicators**, *Indicators for Measuring Competitiveness in Tourism: A Guidance Document*, OECD Tourism Papers, No. 2013/02, p.17.

# Economic Benefits: Excerpt from „Indicators of Sustainable Development for Tourism Destinations“

## 3.6.5 Community and Destination Economic Benefits > Baseline Issue

### *Capturing Benefits, Tourism Revenues, Tourism Contribution to the Local Economy, Business Investment, Community Investment, Taxes, Satellite Account*

Tourism can bring investment and employment opportunities to a destination. It can also bring investment in public sector infrastructure and services. A community needs to evaluate the return on its own investment in tourism, in direct and indirect jobs created, on revenue earned from tourist spending, on taxes earned from tourism businesses, and any increase in asset value (land and infrastructure prices). These economic considerations also have a socio-cultural element. Questions to consider include, for example:

1. Is the community as a whole making economic gains?
2. Are just a few people profiting, or are the benefits widely spread?
3. To what extent do outsiders (not-resident at the destination) control tourism businesses and profits? For example, outsiders may own the major hotels, tour bus operations, or attractions.
4. What are the economic multipliers? Communities can estimate their economic inputs and outputs to demonstrate spin-offs in other business generation beyond tourism.
5. What is the economic leakage? How much tourism revenue is leaving the community? Smaller and less developed communities may show greater economic leakage if many goods and services have to be brought in from the outside. (See Leakage p. 177).
6. How is tax money from tourism spent?

Communities need to consider how much tourism (and how many tourists) they want and what assets they have to make the community a destination. Tourism may also bring indirect economic benefits through the development of support services and increased opportunities in other industries ranging from food and agriculture to hardware, crafts and construction, creating diversified local economies. On the negative side, economic leakage may result in much of the economic benefit being siphoned off to outside tour operators, accommodation owners and other suppliers. The potential economic gains for the community through tourism employment, business development and revenue must be weighed against community expenditures that support tourism and the possible increase in the cost of living or change of lifestyle for residents. A balance must be found between the overall welfare of the community and that of the tourism industry.

Ideally the measurement of economic benefits would be integrated with socio-cultural benefits with a full social benefit/cost analysis (see related section on > Effects of Tourism on Communities p. 57). Such an analysis may yield indicators such as the net benefit of each additional tourist to a destination, but in practice it often tends to be complex and costly. Work on satellite accounts for tourism (See Box 3.19 and <http://www.world-tourism.org/cgi-bin/infoshop.storefront/EN/product/1194-1> for details and methodology) will help to clarify the economic contribution of tourism, and efforts to implement such procedures are under way in many countries.

Components of the issue	Indicators
Employment (see also issue section on Employment p. 119)	<ul style="list-style-type: none"> <li>• Number of local people (and ratio of men to women) employed in tourism &gt; <b>Baseline Indicator</b>;</li> <li>• Ratio of tourism employment to total employment;</li> <li>• % of tourism jobs held by local residents;</li> <li>• Average tourism wage/average wage in community;</li> <li>• Ratio of part time to full time employment in tourism;</li> <li>• Average tourism employee income (and ratio to community average).</li> </ul>
Business investment in tourism	<ul style="list-style-type: none"> <li>• Number of tourism businesses in the community, and % owned locally;</li> <li>• Number and type of business permits and licences issued;</li> <li>• Ratio of the number of local to external businesses involved in tourism;</li> <li>• Asset value of tourism businesses and % owned locally;</li> <li>• Longevity of tourism businesses (rate of turnover).</li> </ul>
Tourism revenue	<ul style="list-style-type: none"> <li>• Tourist numbers;</li> <li>• Tourist spending/spending per tourist;</li> <li>• Occupancy rates in accommodation establishments;</li> <li>• Revenues generated by tourism as % of total revenues generated in the community &gt; <b>Baseline Indicator</b>;</li> <li>• Local GDP and % due to tourism (see Box 3.19 on Tourism Satellite Accounts);</li> <li>• Total fees collected by community for access/use of community attractions;</li> <li>• Revenue from business permits, licenses or concessions and taxation.</li> </ul>
Community expenditures	<ul style="list-style-type: none"> <li>• Existence of tourism budget/plan;</li> <li>• Annual expenditures on tourism (% of total tourism revenue);</li> <li>• Amount and % of infrastructure expenditures for tourism;</li> <li>• Amount and % of total annual operating expenditures for tourism ;</li> <li>• Cost of tourism advertising and promotion per number of tourists;</li> <li>• Amount and % contribution of tourism revenues to the cost of water, sewage, roads, food production, energy, waste management, air quality, human resources development, etc.</li> </ul>
Net economic benefits	<ul style="list-style-type: none"> <li>• Net tourism revenues accruing to the community;</li> <li>• Economic Multipliers: Amount of additional revenue in other businesses for every dollar of tourism revenue (based on satellite accounts where available).</li> </ul>
Changes in cost of living	<ul style="list-style-type: none"> <li>• % increase/decrease in land and housing prices over time;</li> <li>• % increase/decrease in average family weekly income;</li> <li>• % increase/decrease in expenditures (groceries, transportation, leisure etc.).</li> </ul>



Issue Areas (based on UNWTO Indicator Book)	Indicator Code	Proposed Indicators	ETIS (mandatory indicators are marked in bold)	GSTC	OECD - Indicators for measuring competitive in Tourism
<b>Economic benefits for community/destination</b>					
	2.1	<b>Number of local people (ratio of men to women) employed in tourism</b>	<b>% of men and women employed in the tourism sector C.2.1</b>		
	2.2	Ratio of tourism employment to total employment	<b>Direct tourism employment as percentage of total employment B.3.1</b>		
	2.3	% of tourism jobs held by local residents			
	2.4	Average tourism wage/average wage in community (also women vs men)	Average wage in tourism for women compared to average wage of men (sorted by tourism job type) C.2.1.2	B2.d. Legislation or policies supporting fair wages for all, including women, youth, disabled people, minorities, and other vulnerable populations	
	2.5	Ratio of part time to full time employment in tourism			
	2.6	Average tourism employee income (and ratio to community average)			
	2.7	Number of tourism businesses in the community, and % owned locally			
	2.8	Number and type of business permits and licences issued			
	2.9	Ratio of the number of local to external businesses involved in tourism			
	2.10	Asset value of tourism businesses and % owned locally			
	2.11	Longevity of tourism businesses (rate of turnover)			
	2.12	Tourist spending/spending per tourist (average; per stay)			
	2.13	<b>Revenues generated by tourism as % of total revenues generated in the community</b>			2. Inbound tourism revenues per visitor by source market .A measure of the economic activity of
	2.14	Local GDP and % due to tourism			
	2.15	Total fees collected by community for access/use of community attractions			
	2.16	Revenue from business permits, licenses or concessions and taxation			
	2.17	Revenue retention (%exported, retained from total expenditures)			
	2.18	Existence of tourism budget/plan			
	2.19	Annual expenditures on tourism (% of total tourism revenue)			
	2.20	Amount and % of infrastructure expenditures for tourism			
	2.21	Amount and % of total annual operating expenditures for tourism			
	2.22	Cost of tourism advertising and promotion per number of tourists			
	2.23	Amount and % contribution of tourism revenues to the cost of water, sewage, infrastructure, food production, energy, waste management, air quality, human resources development, etc.			
	2.24	Net tourism revenues accruing to the community			
	2.25	Economic Multipliers: Amount of additional revenue in other businesses for every dollar of tourism revenue			
	2.26	% increase/decrease in land and housing prices over time			
	2.27	% increase/decrease in average family weekly income			
	2.28	% increase/decrease in expenditures (groceries, transportation, leisure etc.)			
	2.29	Inbound tourism: Total tourism expenditures (for the current and the last 3 years) - US\$ Million		B1.a. Regular monitoring and reporting of visitor expenditure data, revenue per available room, employment and	
	2.30	Out of 2.30: estimated % of non-resident overnight visitors as well as same-day excursionists			
	2.31	Inbound tourism: Average expenditure per day - US\$	Daily spending per same day visitor B.1.1.3		
	2.32	Total average length of stay (if possible, please specify between domestic and inbound tourism) - Days	<b>Average length of stay of tourists (nights) B.2.1</b>		
	2.33	Average guest night for the current year (and if available for the last three years)			4. Exports of tourism services. A measure showing the contribution of tourism to exports

# Analysis of indicators used by Observatories

- Overview of available indicators from UNWTO, European Tourism Indicator System (ETIS), GSTC, OECD and others
- Applied indicators by INSTO members
- Data sources

# Economic Benefits Indicators Overview from INSTO Observatories

## *Economic Benefits* indicators taken from INSTO Preliminary and Annual Progress Reports

### Often used

2.13. Revenues generated by tourism as % of total revenue generated in the community  
(baseline indicator)

### Often used

2.31. Inbound tourism: Average expenditure per day

### Often used:

2.32. Total average length of stay (if possible, please specify between domestic and inbound tourism)



# Upcoming INSTO Events in 2023

INSTO INSIGHTS Webinar Key Issue Area	Tentative Dates
Local Satisfaction	Wednesday, 7 December 2022, 3 pm
Tourism Seasonality	Thursday, 26 January 2023
Water Management	Thursday, 23 February 2023
Economic benefits	Thursday, 16 March 2023
Solid Waste Management	Thursday, 20 April 2023
Energy Management	Thursday, 18 May 2023
Wastewater Management	Thursday, 22 June 2023
Accessibility	Thursday, 6 July 2023
Employment	Thursday, 14 September 2023
Annual INSTO Meeting 2023	Thursday and Friday, 19 – 20 October 2023
Climate Action	Thursday, 16 November 2023
Governance	Thursday, 7 December 2023



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World Tourism Organization  
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# II Sustainable Destinations Summit

Leading the Transformation

30 - 31 March 2023

Convention Center at Hipotels Gran Playa de Palma

<https://mallorcasustainablesummit.com/en/home2023/>





**Thank you!**  
**[insto@unwto.org](mailto:insto@unwto.org)**