Measuring Tourism’s Impact
The most comprehensive impact assessment ever undertaken for tourism operations
Our groundbreaking pilot study revealed the impact of tourism on a destination’s environment, economy and community

Tourism can have a profound impact on holiday destinations - from the economic benefits of jobs and tax revenues, to positive and negative impacts on the environment and local communities. Whilst much work has been done to consider these different influences in isolation, very little is known about the overall impact tourism is having on destinations.

This is an important gap in knowledge which affects the industry’s ability to manage its impact for the benefit of the destination – to protect the environment, benefit local people, and improve the customer experience.

Our research, with TUI and PwC, is the first ever study to measure the overall impact of a large tour operator in a mainstream holiday destination. The study has provided unparalleled insights into ways of measuring impacts and has highlighted how valuable the results of such an undertaking are to understand and manage tourism activities for the benefit of everyone involved – destinations, travel companies and tourists.
Our approach

The pilot study used TIMM (Total Impact Measurement and Management), an impact measurement and valuation framework developed by PwC.

Four key categories of impact were assessed:

- Economic, including employment
- Tax
- Environmental, including emissions to air, land and water and the use of natural resources.
- Social, including livelihoods, skills and cultural heritage.

TIMM involves estimating the value of each impact, at the direct, indirect and induced level, so that they can be compared to each other. This enables decision makers to assess the total impact and to compare alternative strategies, investment choices and operating plans.

Cyprus was chosen for the study because it is a mature mainstream market where the impacts of tourism are widespread.
The study comprised a snapshot of the impacts of TUI Group’s activities in eight hotels, covering 60,000 customers over one year, excluding travel to and from Cyprus.

Malcolm Preston, Global Sustainability Leader at PwC
The Benefits

This pilot study has demonstrated that it is possible to measure and value the wider impacts of tourism in a more holistic way.

Benefits for tourism stakeholders

This type of research has many benefits for tourism stakeholders including:

- To inform sustainability strategies, target setting and decision making for businesses and destination governments.
- To inform the work of standard setters in the tourism sector, such as the GSTC and international policy making and funding institutions (including the World Bank and UNEP).
- To help travel businesses to communicate more effectively with their stakeholders, including destination governments, about their role in the local community and economy.
- To help destination governments to identify tourist spending patterns and the potential for increasing tourist spend in the local economy.

Benefits for TUI Group

The results of this study have given TUI Group a unique understanding of their impact in Cyprus which they aim to investigate further and integrate into business operations including to:

- Develop indicators to measure performance of suppliers spanning not only environmental but also socioeconomic factors.
- Analyse their impact in other destinations and in other product areas.
- Influence the future direction of their practical destination projects.
The positive economic and tax benefits were by far the greatest impact - amounting to €84 per guest per night - far exceeding the negative environmental (-€4) and social (-€0.2) costs. However, this is a one-year (2013) snapshot and does not take account of the construction of the hotels. In addition, many environmental and social impacts will accumulate over a longer timeframe.

Greenhouse gases (GHG) were the most significant environmental cost - although this represents less than 0.01% of total GHG emissions in Cyprus. GHG impact more than doubles if flights to/from Cyprus are included.

The most significant social benefit identified across all of the social impact areas was that associated with ‘on the job’ experience, with an upper estimate of €6.2 per guest night. This highlights the tourism sector’s significant role in developing skills in the Cypriot workforce, which is important in the context of the Cypriot economy where unemployment has increased in recent years, particularly among young people.

The study also shows that a significant amount of the total impact of tourism comes “indirectly” from supply chain activities and tourism spend. For example, supply chains and other services used by customers were found to generate almost 14 times as much waste as the hotels themselves (1.8kg of rubbish per customer per night from hotels compared with 25kg from the supply chain).
TOTAL ECONOMIC IMPACT

€32.3m

TOTAL TAX IMPACT

€13.8m

POSITIVE ECONOMIC AND TAX BENEFITS PER GUEST PER NIGHT

€84

TUI HOTELS

8

‘ON THE JOB’ EXPERIENCE (PER GUEST NIGHT) THE MOST SIGNIFICANT SOCIAL BENEFIT IDENTIFIED

€6.20

CUSTOMERS

60,000

1 YEAR

In numbers
We are keen to see destination governments, tourism businesses, NGOs and standard setters working together to:

- Test impact measurement approaches in other contexts, for example for other types of tourism and in different destinations.
- Develop and share the best ways to manage impact
- Integrate impact measurement into sustainable destination management strategies, tourism operation standards and sector targets.

To read the full report, please visit www.thetravelfoundation.org.uk/impact
To find out how the Travel Foundation can help you with research, policy development or embedding sustainable practice, contact us at partnerships@thetravelfoundation.org.uk or Tel: +44 (0)117 927 3049 thetravelfoundation.org.uk