 Discipline: Economics  
Semester and Year: Fall 2012  
SEMS 2500-102: The Economics of Tourism  
Division: Lower  
Faculty Name: Colin White  

Suggested Pre-requisites: None

COURSE DESCRIPTION

This course begins by discussing a major structural change which is occurring in the contemporary developed world, the movement to a service economy: it uses tourism as an illustration of such a service economy, but points out that its significance is universal, even more important to some developing than to other developed economies. It analyses the economic aspects of the tourist industry, including its nature as an ‘industry’ and attempts to measure its size and significance to different economies. It focuses on the wide range of tourism products and of enterprises which provide tourist services. It explores the factors influencing supply and demand, noting the competition among tourist destinations, and seeks to show how it is possible to forecast tourist demand. The tourist industry is placed in a changing world, and in particular in the world of technical changes relevant to this economic activity, such as those in transport and communications. It shows how the impact of tourism might be assessed and what the ‘industry’ might contribute to economic development in both a developed and a developing economy. The role of strategy and of project evaluation at the enterprise level is analyzed, but the roles of both private players and of government are relevant. Attention is given to the significance of social benefits and costs as well as private. The impact of tourism on the environment is considered in this context. The implications for the tourist industry of government actions in response to global warming are considered.

This course will deliberately apply economic concepts to tourism. It is intended as an introduction to basic microeconomic and macroeconomic concepts illustrated in an interesting and lively empirical context. It will encourage students to adopt a case study approach, particularly taking advantage of the trips organized by semester at sea and undertaken by the students, and considering significant obvious developments such as the massive growth of commercial cruising and waterfront tourist developments, such as that in Cape Town.

COURSE OBJECTIVES

To see how tourism fits into the changing contemporary economy and in particular the emergence of the service economy

To evaluate the general nature and economic characteristics of the tourist industry, notably those relating to the supply and demand conditions.
To evaluate the contribution of the tourist industry to the performance of national, regional or local economies and its role in the economic development of these units.

To identify the nature of the various tourist destinations and activities which are important.

To show how to appraise individual tourist projects.

To show how basic economic theory, both micro and macro, can be applied to this sector of the economy.

ORDER FORM FOR REQUIRED TEXTBOOK

AUTHOR: Vanhove, N.
TITLE: The Economics of Tourism Destinations
PUBLISHER: Elsevier Butterworth Heinemann
ISBN #: 0 7506 6637 4
DATE/EDITION: 2005, 1st
COST:

TOPICAL OUTLINE OF COURSE:

The first three quarters of each class will consist of a lecture and the last half hour an activity involving the students. Classes are held on B days between 10.45 am and 12 noon.

<table>
<thead>
<tr>
<th>Class</th>
<th>Topics and questions</th>
<th>Student activities</th>
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<tbody>
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<td>Introduction</td>
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<tr>
<td>1. Preliminaries</td>
<td>Course guide</td>
<td>Introductions</td>
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<td>(Aug. 26)</td>
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<tr>
<td>2. Review of trips in countries visited review</td>
<td>What is the nature of the tourist destinations, including the main economic factors related to these destinations, in the port trips on the voyage?</td>
<td>Preparation for written</td>
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<td>(Aug. 2)</td>
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<td>3. The service revolution - the nature of the modern economy</td>
<td>What are the two phases in modern economic development? What is the significance of services in a modern economy?</td>
<td>Port introduction</td>
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<td>(Aug. 30)</td>
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<td></td>
<td>Reading: Vanhove, Chap. 1</td>
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<td></td>
<td>Reading: Goeldner and Ritchie, Chaps. 5, 6 and 7</td>
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Galway, Dublin and Southampton

4. What is tourism?  
   (Sept. 9th)  
   Is it possible to define a tourism industry?  
   How does it differ from other industries?  
   Reading: Goeldner and Ritchie, Chaps. 1 and 2  
   Tribe, 2005, Chap. 1

Antwerp

5. The measurement of tourism  
   (Sept. 17th)  
   How can the tourism industry be measured?  
   How big is it?  
   Reading: Vanhove, Chap. 2

Lisbon

The nature of tourism

6. Different types of tourism  
   (Sept. 22)  
   How many different types of tourism can you indicate?  
   Which are growing in importance?  
   Reading: Goeldner and Ritchie, Chaps. 9 and 10

Cadiz and Casablanca

7. Resort and events  
   (Oct. 2nd)  
   What makes a resort attractive to tourists?  
   How is it possible to advertise a resort?  
   What kind of events are attractive to tourists?  
   Reading: Goeldner and Ritchie, Chap. 8

The nature of the market

8. Tourism demand  
   (Oct. 4th)  
   How do we deal with demand in economics?  
   What are the main influences on the level of demand?  
   Reading: Vanhove, Chap. 3  
   Goeldner and Ritchie, Chap. 13
9. Tourism supply
   (Oct. 7th)
   Quiz 1.
   How do we deal with supply in economics?
   What are the main influences on the level of supply?
   Reading: Vanhove, Chap. 4
   Goeldner and Ritchie, Chap. 12

   Tema

10. Tourism markets
    (Oct. 14th)
    How does an economist classify different markets?
    What is the level of competition in tourist markets?
    Reading: Tribe 2005, Chap. 3

11. Competition and the tourist destination
    (Oct. 16th)
    Asking your questions
    How do enterprises compete?
    What are the most popular tourist destinations?
    Reading: Vanhove, Chap. 5

    Cape Town
    (Port Workshop on October 18th)

    The strategic dimension

12. Corporate strategy in tourist enterprises
    (Oct. 23rd)
    What is the meaning of strategy?
    What are the main elements of a good strategy?
    Reading: Tribe 1997, Part 1

13. Evaluation of tourism projects – the private sector
    (Oct. 25th)
    What are the different ways of evaluating projects?
    How do you evaluate a tourism project?
    Reading: Vanhove, Chap. 8

14. Forecasting tourism demand
    (Oct. 27th)
    What are the different ways of forecasting?
    What are the determinants of tourism demand?
15. Evaluation of tourism projects – the public sector  
(Oct. 30th)

Why might a public evaluation differ from a private one?  
How do you take into account social benefits and costs  
as well as private?  
Reading: Vanhove, Chap. 8  
Goeldner and Ritchie, Chaps., 15 and 16

16. Environments and risk  
introductions  
(Nov. 1st)

What threats can be identified in the environment  
in which tourist organizations operate?  
Reading: Tribe 2005, Chaps. 8 and 9

Buenos Aires and Montevideo

The dynamics of tourism

17. Tourism and technical change  
Port introduction and  
review  
(Nov. 10th)

Why is technical change relevant to the tourist industry?  
How has technical change affected  
the development of the tourist industry?  
Reading: Tribe 2005, Chap. 8

Rio

18. Tourism and globalization  
Port review  
(Nov. 15th)

How far is tourism the result?  
Or a cause of globalization?  
Reading: Tribe 2005, Chaps. 14 and 15

19. The economic impact of tourism  
Some  
comparisons (Nov. 17th)

How can we evaluate the economic impact of tourism?  
Is it a significant impact?  
Reading: Vanhove, Chap. 7  
Goeldner and Ritchie, Chap. 14
20. The role of tourism in economic development

(Nov. 20th)

How far can tourism promote the process of modern economic development?
What can governments do to encourage that promotion?
Tribe 2005, Chap. 13

Manaus

21. Environmental impact

(Nov. 25th)

What is the nature of the impact of tourism on the environment?
How will global warming affect tourism?
Tribe 2005, Chap. 16
Goeldner and Ritchie, Chap. 17

Conclusions

22. A review of the course

(Nov. 27th)

What have we learned from the course?
Reading: Vanhove, Chap. 9

23. A review of the port visits – what have you learned?

(Nov. 29th)

Reading: Goeldner and Ritchie, Chap. 20

Roseau

24. Examination (Dec. 4th)

FIELD COMPONENT:

Every trip is relevant, so the students will use both the whole range of trips offered and the ones they actually take as the basic raw material for the port component of the course. Attendance at the field laboratory in Cape Town on Oct. 18, called The Victoria and Alfred Waterfront, is compulsory and what is learnt should be used in the various assignments.

METHODS OF EVALUATION:
There will be five methods of evaluation.

1. **Port activities – 30%**

There will be three pieces of work, each worth 10% of the grade. The students will be asked, first, to prepare for a verbal review in Class 2 of the nature, and importance, of economic factors relating to the tourist destinations involved in the trips organized by semester at sea and then to write a review for class 3. The second task is for the students in turn to give a report on the ports visited. They will be divided into 12 groups, each of which will report to the class after the port visit. The third task is to select two contrasting tourist destinations for detailed economic analysis. It is permitted to choose, even encouraged, the Victoria and Albert Waterfront as the one of these destinations. This assignment is to be handed in during class 22.

2. **Tests – 20%**

There will be two quizzes, at the end of classes 9 and 15. Each of these will consist of 15 multiple-choice and true/false questions and 5 short answers. The quiz will test the students on the material covered in classes 1-9 and 9-15 respectively.

3. **A research paper (essay) – 20%**

The students will be asked to set themselves a relevant question from any topic relevant to tourism but in conjunction with and after the approval of the lecturer. There will be a word limit of 2,000 words to the paper. Credit will be given for the quality of both question and answer. The essay is to be handed in to the lecturer in class 19.

4. **An examination – 25%**

The examination will consist of five questions to be completed in 75 minutes. These will test conceptual understanding. There will be a choice from eight questions.

5. **Participation – 5%**

The score of 5% will be awarded for attendance and participation. Participation includes questions and comments made during the class and the degree of interest displayed both inside and outside the class, notably in consultation with the lecturer during office hours. The basis for the evaluation scale is: 0 = no participation or engagement, very poor attendance, 1 = poor attendance, participation and engagement, 2 = moderate attendance, participation and engagement, 3 = about average attendance, participation and engagement, 4 = good attendance, participation and engagement, and 5 = perfect attendance, excellence participation and engagement.

**RESERVE LIBRARY LIST**

**AUTHOR:** Goeldner, C. R. and Ritchie, J. R.
**TITLE:** Tourism: principles, practices and philosophies
PUBLISHER: John Wiley and Sons.  
DATE/EDITION: 2006, 10th ed.  
COST:

AUTHOR: Tribe, J.  
TITLE: The Economics of Recreation, Leisure and Tourism  
PUBLISHER: Elsevier  
ISBN #: 0 750 66180  
DATE/EDITION: 2005, 3rd  
COST:

AUTHOR: Tribe, J.  
TITLE: Corporate Strategy for Tourism  
PUBLISHER: International Thomson Business Press  
ISBN #: 0 415 14204 0  
DATE/EDITION: 1997, 1st  
COST:

ELECTRONIC COURSE MATERIALS

None

ADDITIONAL RESOURCES

None