WHAT IS THE IMPACT OF HOTELS ON LOCAL ECONOMIC DEVELOPMENT? APPLYING VALUE CHAIN ANALYSIS TO INDIVIDUAL BUSINESSES

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Abstract

The impact of mainstream tourist hotels on destination economies is clearly an important question for public policy-makers wishing to develop robust tourism policy. We adapt the methodology of value chain analysis to measure the local economic impact of a large, single tourism enterprise, to show how to generate commercially realistic data using the example of an analysis of a 1,000 room All-Inclusive resort in Southern Turkey in partnership with TUI UK and Ireland. The data breaks down package revenues according to their beneficiaries and identifies areas for improvement. We further report and reflect on a 6 month evaluation of a tour operator-hotel partnership to deliver on a set of positive recommendations arising from the date to improve future impact.

INTRODUCTION

This paper assesses how a macro economic framework, value chain analysis (VCA), can be applied at the smallest geographic scale to assess the impact of an individual firm on the local economy. This allows policy-makers, researchers and entrepreneurs to assess the local economic impact of a single hotel, using a standard and reliable analytical tool. Commercial research has tended to focus on demonstrating the economic prowess of the tourism sector through assessments of its contribution to the macro-economy. Business unit assessments of economic impact are infrequent and generally compliance-orientated. A fundamental constraint facing policy-makers is the lack of rigorous analysis at the enterprise level upon which to base evidence-based tourism policy for the destination economy. The contribution of this paper is in outlining a conceptual approach which can be adapted to measure the local economic impact of a single enterprise and also in presenting the impact findings from a large, All-Inclusive (AI) hotel in Southern Turkey in the public domain to inform the debate on the economic impact of mainstream tourism.

Tourism businesses themselves have taken part, individually and at the level of hotel chains and tour operator associations, in a number of benchmarking exercises. Sustainability certification has focused primarily on environmental issues due to its difficulties of calculating socio-economic impacts (Font & Harris, 2004). Hotel chains do not calculate the socio-economic impacts resulting from operations or supply chain management (de Grosbois, 2012; Font, Walmsley, Cogotti, McCombes, & Häusler, 2012). This focus is not coincidental. Hotel managers see improving environmental performance in the form of saving water and energy as commercially advantageous, and regard improving the socio-economic performance with a degree of scepticism. Many measures to improve socio-economic impact (such as increasing hotel staff wages or purchasing local suppliers) increase risks and costs without any corresponding increase in revenue. When there is any consideration of social or economic factors at the hotel business unit level, this is generally on a compliance basis. The rationale for socio-economic audits of hotels is to avoid reputational 'harm' for the individual hotel, hotel group or tour operator using the hotel - rather than measuring the extent of positive economic impacts from their operations. Therefore assessments of the socio-economic impact of hotels by the business unit themselves rarely provide useful answers to our question regarding impact on the local economy. Recent studies found that corporate social reports of socio-economic practices in the hospitality industry were less comprehensive, and the gap between the policies and actual practices were greater (de Grosbois, 2012; Font et al., 2012).

A strand of academic and practitioner literature has examined the impact of tourism linkages from individual establishments into the local economy in developing countries, based upon a livelihoods approach and focused around community-based tourism projects in the 1990s (Murphy & Halstead, 2003). These provide important insights into the impact of individual tourism lodges on the local community and, in Southern Africa, of packaging concessions between commerical operators and local people living on communally-owned land (Massyn & Koch, 2004). Earlier livelihoods analyses tended to focus upon non-economic impacts of tourist development (increased capacity and confidence of local people through training). Its importance is a rigorous economic focus on assessing the impact of the individual tourism enterprise through supply chains into the local economy.

However, this work has generally been applied by the development sector (i.e. donors and NGOs) in developing countries. As such, the analysis tends to focus upon community-owned tourism assets such as campsites and very small game lodges. This type of analysis has not been applied to assessing the local economic impact of a large, mainstream tourism resort in a sophisticated economy.

One would have hoped that the academic literature on the impact of tourism would be more helpful, but this is possibly not surprising considering the many shortcomings of the different methods of estimating visitor expenditure currently in use (Frechtling, 2006). Trade statistics (in tourism, international arrivals and expenditure) have limited capacity to unpick where value added is, and therefore poor instruments for policy development. The tourism economics literature rarely focuses on the micro-economic level of the hotel and tends rather to seek insights into the impact of tourism activity on the economy as a whole, because most economic modelling approaches are macro economic approaches, which are incapable of dealling with microeconmic evalutions (Jago & Dwyer, 2006; Li & Jago, 2013). Much of the anthropological literature focuses upon the results of the collision of cultures inherent to particularly long-haul international tourism. This research can provide insights into the cultural impact of tourism in the economy – but fails to answer the question about whether the economic activity which is generating these cultural impacts is positive for the local economy or not. Hence the attempt of applying value chain analysis to the individual tourism business level.

The contribution from this paper is the adaption of a tool – global value chain analysis – to the context of a single hotel, to provide robust management data to improve the economic value of that hotel . The paper starts by contextualising the usefulness of VCA amongst other economic measurement methods. It then moves on to explain how VCA can be adapted to study a single business unit. It then examines how VCA was applied to a 1,000 bed mainstream tourism resort in Southern Turkey, providing a detailed account of the results, and finishing with a reflection on the ability of VCA to contribute to the debate of how to improve local economic impacts.

LITERATURE REVIEW

A value chain describes the full range of activities required to being a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers and final disposal after use (Kaplinsky & Morris, 2001). For example, a tomato value chain would typically start with the input suppliers that provide seeds and fertilisers to farmers, who are the producers. When harvested, the tomatoes will generally be transported to wholesale markets and sold to traders. Traders will pack the tomatoes and distribute them to retailers who will, in turn, sell the fruit to the end consumer. A value chain maps out this series (or 'chain') of physical activities and details the transactions which take place from production to consumption. Value chains are a useful conceptual framework for trying to undestand how how goods and services are produced and moved to the consumer.

The relevance of value chains for the analysis of local impact is that they allow researchers to analyse a complex product consumed in a specific place (like a package holiday in a hotel) and then trace, using a structured approach, the rich variety of goods and service supply chains that are required to offer this product. Value chain analysis shows how there are high barriers of entry for the higher rent activities in the chain, particularly around market access and brand development, while local communities work on the commoditised aspects of the chain (D Buhalis, 2001; Kaplinsky, 2000).

The concept of the value chain has risen to the fore in recent years to reflect major changes in market conditions (Gibbon, Bair, & Ponte, 2008; Kaplinsky & Morris, 2001). From the demand side, global markets have become increasingly demanding of variety and quality, and the resulting chains of production have become increasingly suffused with standards. Many of these standards require linked processes throughout the chain- hence logistics becoming an element of supply chain management that is key for quality control (Banfield, 1999). Environmental supply chain management was specifically developed to deal reducing costs and improving quality control through the reduction of environmental impacts (Van Hoek, 1999; Walton, Handfield, & Melnyk, 1998). Sustainable supply chain management has grown out of this background to incorporate additional sustainability aspects that were a risk to corporate reputation (Zadek, 2007). For example, in Travelife certification, a 'chain

of custody', involving environmental and social standards, has to be passed all the way from the outbound tour operator through the supply chain to individual suppliers (i.e. accommodation, excursions, animation, etc) at the destination.

From the supply side, firms have increasingly concentrated on their core competences and, although they have been reluctant to own their suppliers and customers, they have needed to ensure that these conform to chain standards in order that they can achieve systemic efficiency in global markets. These two factors have meant that chain coordination – referred to as 'chain governance' (Gereffi, Humphrey, & Sturgeon, 2005) – is a necessary component of value chain competitiveness. Here, Gereffi made the widely cited distinction between chain governance executed by key buyers ("buyer-led chains") and that in which the governance role is played by a holder of core technology ("producer-driven chains")(Gereffi, 1994). This distinction is very relevant to our concerns because international tourism is a classic buyer-led chain, where international tour operators have the economic power to set and demand standards throughout the chain (Medina-Muñoz, Medina-Muñoz, & Garcia-Falcón, 2003).

Public policy makers have several reasons to be interested in the value chain framework (Kaplinsky, 2000; Schmitz, 2005). First, value chains are particularly well-suited to understanding one of the key policy concerns for a local area in an emerging economy that is participating in a highly competitive global trade like international tourism – are local people engaging with this trade in a way that is beneficial to them? Second, value chains are a strong diagnostic tool to identify critical issues and blockages limiting the benefit - or *rents* - that specific target groups derive from trade. The framework provides a logical framework to formulate concrete intervention strategies to change the circumstances of particular vulnerable groups. In this sense, value chains are a normative as well as diagnostic tool. And third, value chains have been applied at a range of geographical scales. Initally applied to global agricultural commodity chains (i.e. cocoa from Cote d'Ivoire), the approach was adapted to the corporation level (i.e. the horticultural supply chain of a large European supermarket brand). Development practitioners have tended to apply value chains at specific sectoral and geographic levels (i.e. textiles in Bangladesh).

VCA applied to tourism

Since 2005, a team located mainly within the Overseas Development Institute (ODI) have developed an approach to tourism analysis based on VCA focused on increasing low-income groups within developing countries benefit from tourism. The approach has evolved through empirical analysis in some 14 countries worldwide. The approach is based upon 'following the tourism dollar' through the tourism value chain and associated supply chains. By definition, the approach is partial. It focuses on economic transactions and on direct, indirect, induced and dynamic impacts. These three key pathways by which low income groups, or indeed any specific target group (i.e. local residents, women, etc) may benefit from tourism are outlined below.

Direct effects include both labour income and other forms of earnings from the tourist sector (i.e. jobs in hotels and restaurants, taxi rides). It also includes direct effects from tourism on the poor even if they are non-financial livelihood changes (improved infrastructure or reduced access to the beach for local residents). Secondary effects includes indirect earnings (and non-financial livelihood impacts) from non-tourism sectors that arise from tourist activity (crafters, construction workers, farmers, etc). Also included are induced effects, the re-spending of earnings in the local economy from workers whose jobs are generated by tourism spending (in this study, we only traced the induced effects from workers in the tourist sector for the pragmatic reason that it was possible to identify these workers easily. Finally the broad category of dynamic effects covers long-term changes in the economy and patterns of growth: whether experienced in the macro economy, or limited to the local economy at the destination. Some environmental impacts, such as the erosion of natural assets from tourist developments can be conceived as dynamic effects. The treatment of important non-economic issues is limited. The concepts of direct, indirect and induced effects are the same in both input and output (I-O) modelling and VCA. I-O modelling takes a macro-economic approach, using secondary data (e.g. national accounts) (Fletcher, 1989). VCA applied in this study takes a bottom-up approach. It collects financial data of individual firms on the value chain, which enables to capture effects at the micro level.

Table 1: A structured approach to undertaking a tourism value chain analysis

Phase	Step	What to do?	Why?
Phase 1: Diagnosis	Step 1	Preparation	To define the destination, target group, and the project team and review panel
	Step 2	Map the big picture: enterprises and other actors in the tourism sector, links between them, demand and supply data, and the pertinent context	To organise a chaotic reality, understand the overall system
	Step 3	Map where the target group do, and do not, participate	To avoid erroneous assumptions about actors in the target group. To take account of the less visible suppliers.
	Step 4	Conduct fieldwork interviews in each node of the chain with tourists and service providers, including current and potential target participants	To provide data and insights for Steps 5 to 8
	Step 5	Track expenditure flows through the chain and how much accrues to people in the target group. Consider their returns and factors that enable or inhibit earnings.	To follow the dollar through the chain down to the target group, and how assess how returns can be increased.
Phase 2: Scope and prioritise opportunities	Step 6	Identify *where* in the tourism value chain to seek change. Which node or nodes have the greatest opportunity (or rent) accessible for target groups?	To select areas ripe for change, draw upon Steps 1 to 5. To ensure Steps 6 to 8 are focused on priority areas.
	Step 7	Analyse blockages, options, & partners in the nodes selected, to generate a long list of possible interventions	To think laterally and rationally in generating the range of possible interventions.
	Step 8	Prioritise projects on the basis of their impact and economic and social feasibility	To generate a project shortlist, comprising projects most likely to deliver impact.
Phase 3: Planning	Step 9	Intervention feasibility and planning	Package selected interventions for funding and implementation

Source: Adapted from Mitchell and Ashley (2010)

The approach is structured around three distinct phases (see figure 1). What is notable is that it is possible, with a team of one to three specialist researchers - working with a team of local stakeholders - to complete the data collection for the diagnostic phase (Phase 1) and Steps 6 and 7 of Phase 2 within about two weeks, because ODI have developed a series of standard tools to conduct the analysis (i.e. hotel manager surveys, inbound tour operator surveys, tourist surveys, retailer surveys, etc). This approach is greatly enriched by involving local stakeholders in a participatory analysis and should including formal rounds of feedback to 'ground truth' the analysis with a panel of experienced local stakeholders. It is ideal to have a break in the fieldwork for analysing the data collected, writing up findings and organising further consultation, before moving into Step 8 (short-listing and selecting) and then the planning of projects (Phase 3). This is because it is important to analyse and understand what the results of - typically about one hundred - interviews are before proceeding to defining interventions to enhance the pro-poor impact of the destination. Whilst Phases 2 and 3 are less intensive in terms of data collection, they are nevertheless demanding in terms of both consultation and analysis.

METHODOLOGY

This study is innovative in applying VCA to measure the economic impact of a single business unit. The focus of this project is a very large, four-star All Inclusive (AI) hotel, Holiday Village Turkey (HVT), located in the village of Sarigerme on the south-west coast of Turkey. The hotel is used almost exclusively by TUI customers under the First Choice brand from the UK source market. The hotel management company was in the hands of TUI Thomson Hotels (TTH) during this study, the in-house hotel management company within the TUI Group. The hotel was chosen in partnership with TUI UK and the Travel Foundation because it is representative of mainstream AI hotels in an advanced economy, in a country with availability of local supply and hence potential for increased economic linkages from the results.

The value chain approach adopted was applied to the detailed supply chain of the individual hotel. The approach is the same as an analysis of an entire tourist destination or national tourist sector, the key difference is one of scale. Rather than estimating the expenditure of all tourists in a country or destination, the innovation of this analysis is surveying in more depth the spending of tourists using the single hotel. Instead of examining the national or regional employment of tourist workers, this analysis examined the payroll of the hotel. Similarly, the supply chain of the individual hotel, rather than the tourist sector, was the unit of analysis.

An important difference between this analysis and work at a sub-national or national level is the degree to which the support of the hotel management was necessary. When undertaking studies at a national or destination level, it is not necessary for all participants in the hotel supply chain to be cooperative with researchers in order to achieve reasonably robust analyses. As there are large numbers of value chain actors in a national or regional study, it is only possible to interview a sample of hotel operators and the robustness of the study is not undermined by a small proportion of stakeholders refusing to provide data. For a national study it is also normally possible to triangulate survey results with other independent sources of data – such as official statistics of visitor numbers, spending patterns, length of stay, etc –to test the representativity of the sample data. However, when studying a single supplier, a high level of cooperation from the management of the firm is a prerequisite.

In this study the research team had open book access to all the information necessary to conduct the analysis and full cooperation from the hotel management and the tour operator. As the result, the value chain for activities within the hotel is largely based upon actual figures provided by hotel staff rather than estimates derived from samples. There is still a need for sample surveys to understand activities outside the hotel (such as hotel guest spending outside the hotel and the procurement patterns of suppliers to the hotel). However, for transactions undertaken by the hotel, the method of data collection in a firm-level value chain is different from a regional or national level study.

The background to this study is both the desire of TUI to understand how they can improve the economic impact on the local economy of an all inclusive hotel, and the concerns expressed by local retailers and local people that the hotel provides little benefit in the area surrounding the hotel. Expenditure information for the tourism VCA of the HVT was gathered from the tour operator (First Choice, a TUI UK & Ireland brand), the hotel management company, and from interviews with the hotel owner, tourists, hotel staff, and local retailers and suppliers. An action-research approach was taken to this study combining complete data sets from the hotel management or tour operator supported by indicative information based on small samples when it was necessary to drill down in more detail. For this study, 'regional' was defined as being within a 200km radius of the hotel; expenditure accruing directly to Sarigerme was also estimated to understand the impact of the hotel on the immediate local area.

RESULTS

We first present the package revenues, broken down into flights, food and beverage, staff and utilities. We then move on to look at discretionary expenditure, primarily shopping and excursions.

There are two principal cost centres: accommodation (47% of revenue) and flights (46% of revenue). The 7% of revenue spent on 'Other' costs are accounted for by agents' fees, and a range of ancillary payments such as transfers and resort entertainment. The figures above are based upon actual data

taken from the corporate TUI accounts. Further revenues from in-resort operations (such as the Kids' Klub) are largely offset by in-resort costs without a material net effect. In addition to the package revenue generated by the hotel (and paid prior to arrival), discretionary expenditure by tourists at the destination contributed an estimated €5.9m to HVT value chain.

The rent is paid to the hotel owner on a passenger night basis for the 484,000 bed nights occupied during the six month season. In addition, TUI UK & Ireland also pays the Turkish Government half the land rental. This expenditure accrues in Turkey but not in the local area, as the owner and Central Government are based in Ankara. The total operational expenditure incurred by the hotel management company in providing the all-inclusive product includes all the costs of running the hotel, except the rental payments to the owner and the in-resort entertainments and activities programme, provided by TUI UK Ltd. The primary components of this operational expenditure are illustrated in figure 1.

Figure 1:Hotel management cost structure
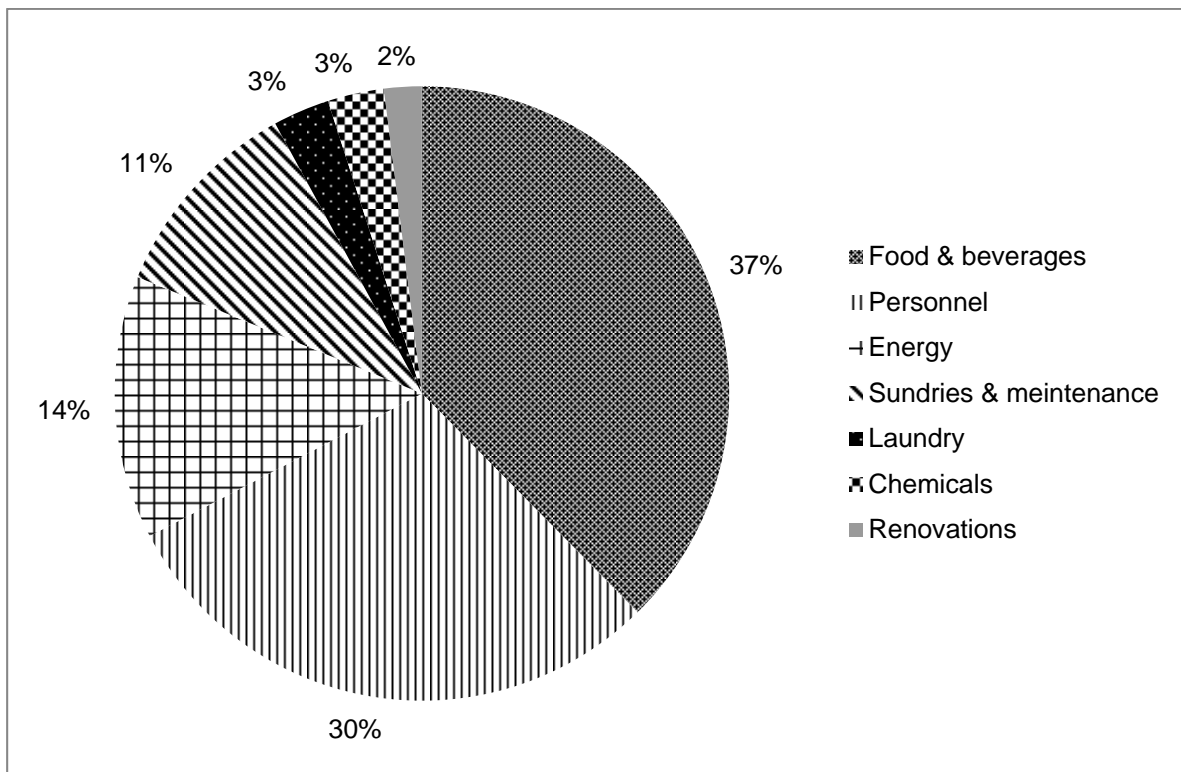
Food and beverages represented the largest single element of the hotel's operational cost structure (Figure 1). A high percentage were sourced from Turkey –80-85% of total procurement by value. Turkey is largely self-sufficient in agricultural terms, with a well-developed agro-industrial base serving a large domestic market and substantial export sector. Also Turkey maintains relatively high tariff rates and other barriers to imports across a range of agricultural and other products. Although the Turkish content within the hotel's supply chain is high by both volume and value, the study found that the majority of these goods were produced and purchased outside of the local region.

Staffing is next in value, from employing local residents, the spending of non-local staff and the accommodation of migrant staff. Using the data on expatriate salaries and staff expenditure surveys, €0.3m benefits the local economy, with expatriate staff spending a high proportion of their salaries on food and beverages. All staff employed by the management company were Turkish citizens and more than two-thirds of the hotel's workforce was drawn from the region. The average net wage for non-management staff was €325 per month (hotel payroll data), excluding accommodation, food and travel and social insurance benefits provided by the management company, but remain low in comparison to the Turkish net living wage. Hotel staff was found to be working significant periods of unpaid overtime, and those unable to commute were housed in poor quality accommodation. Expenditure on 94 expatriate in-resort staff totaled €0.8m. Expatriate staff is accommodated in an apartment block in Sarigerme owned by the hotel owner.

Discretionary expenditure is the term for out-of-pocket expenditure over and above the holiday package. Tourist surveys suggest an average of €12 per guest per day (tourist survey on shoulder season). This breakdown does not include visa payments or spending on resort services provided directly by TUI. Extrapolating the spending preferences this data generates an estimate of about €5.9m as total customer discretionary spending per season.

Figure 2: Tourist discretionary expenditure breakdown
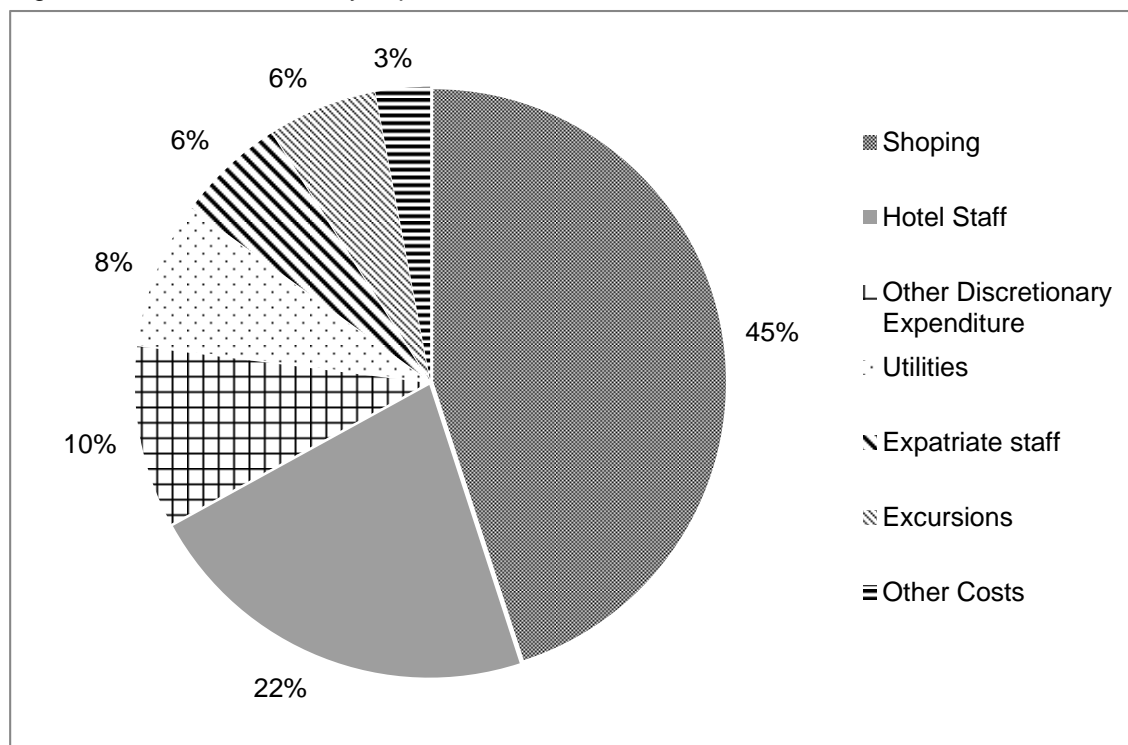
The permanent shops within HTV were the largest beneficiary of customer discretionary expenditure (37%), yet most supplies and shop leasees were from outside the local area. Wages to locally-employed staff and local expenditure by national staff on accommodation and living expenses

resulted in about one-quarter of expenditure benefiting the local economy, with the remainder accruing elsewhere in the Turkish economy. This figure illustrates the ability of large AI hotels, located even a short distance from the local town, to capture a high share of discretionary tourist spending.

The failure of many of the permanent shops in the town of Sarigerme (49 occupied in shoulder season) to benefit directly from HVT guest discretionary expenditure, as evidenced by the estimated average guest spend in the village of just €11 per stay, was surprising. This is the basis for much of the local resentment against HVT and claims that the hotel does not benefit the local economy. Although hotel guests spend an estimated €2.6m on shopping outside the permanent shops in HVT, approximately three-quarters of this total was spent at weekly markets held within HVT and in Sarigerme and other nearby towns. The permanent shops in Sarigerme captured only about €0.5m or 8% of total discretionary expenditure. The majority of the shopkeepers were from the local area or employed members of staff from the local area and this, combined with the rent paid to local landlords, resulted in an estimated 46% of expenditure accruing to the regional economy, with the remainder benefiting the Turkish economy. In total, shopping expenditure contributed £2.7m to the regional economy, and an additional £2.2m to the rest of the Turkish economy.

Excursions is next (£0.5m from <1 one excursion per guest per stay), a small market relative to the hotel size, provided by three companies, Tantour owned by TUI providing 'official' excursions (€0.4m, 4% local content 45%) and two independent providers in the village (€0.15m, high local content). Excursions contributed £0.3m to the local and £0.1m to the Turkish economy. Although excursions are a small proportion of HVT value chain (1% of total value chain expenditure), they are an important linkage with the local area because they take place outside the resort,offering the opportunity to spread the benefits of discretionary expenditure more widely**.**

Other discretionary expenditure was estimated to contribute £0.4m to the local economy. All of discretionary expenditure on transport benefitted the local economy- locally-operated taxis and a local cooperative minibus service.

In summary, our estimate of the global economic activity generated by HVT (including selling packages overseas, flights to and from Turkey, the hotel operation, rents and tourist discretionary spending is over €46m in one holiday season. 45% relates to expenditure taking place outside Turkey – principally activities coordinated by the outbound tour operator, such as selling holiday packages to tourists and transporting tourists from their origin to Turkey. The remainder, approximately 55%, is spent within Turkey at the hotel and by tourists in the local economy. At a macro-economic level, Turkey benefited significantly (see figure 3). Of the €26m spent within Turkey, only €1.8m is represented by imports. €5.0m benefited the regional economy- >€3m from discretionary spending, with most of the remainder from hotel staff and utilities. Only €1m accrued in the village (2% of the total value chain).

Figure 3: Holiday Village Turkey value chain
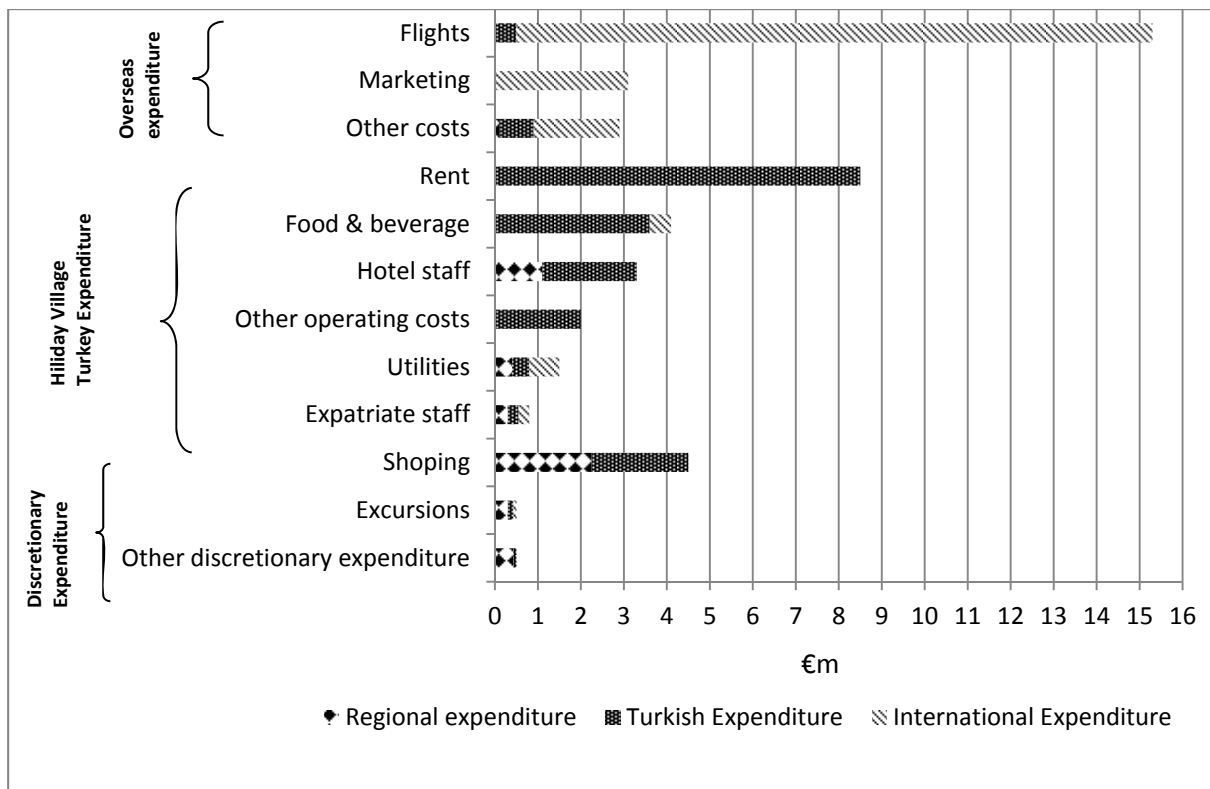
We detailed and further evaluated interventions to increase the value of local economic linkages backed with a business case, demonstrating significant benefits to Turkey (with a focus on the locality around the hotel) and saving or being cost-neutral to the management company (full implementation equalled >€1m saving in two years), allowing to better manage reputational risks and to substantially increase the positive economic impact. Implementing 1/3 of the recommendations within 6 months showed that accommodation costs for TUI were reduced significantly; hotel workforce labour conditions improved slightly; 23% of expatriate staff positions were localised increasing tourist satisfaction scores; and three simple changes to the supply chain (localisation of expatriate jobs and local purchase of fresh fruit vegetables and laundry) increased the regional impact by €0.8m a year.

CONCLUSIONS AND IMPLICATIONS

This paper is the first attempt to apply a VCA approach to estimate the economic impact of a single hotel. This paper contributes to the research literature in three separate ways.

First, it represents a methodological advance by showing how a VCA can be applied at the level of the individual tourism enterprise. This study benefited from the full cooperation of the hotel management in order to conduct the study. Obtaining the extent of management support required to conduct this type of analysis cannot be achieved easily and would be expected only from companies with a deep corporate social responsibility programme, and often for demonstration purposes only. If virtually 'open book' access to hotel accounts is achieved, the empirical base of the study findings is much more robust than is possible in a more typical VCA, where the researcher is external to the value chain and can only estimate the scale of economic impacts. It then becomes a powerful approach to inform sustainable supply chain management programmes, integral to meaningful corporate social responsibility plans. This is highly needed, for sustainability accounting data in relation to impacts on the local economy is weak (Font et al, 2012). VCA provides specific data to inform management action plans, targeting specific changes to achieve the greatest changes in local procurement relatively quickly and effectively.

Second, this analysis quantifies the geographical impact of an AI package holiday hotel. Sustainable development is unlikely without significant changes of priorities amongst those in power (Dimitrios Buhalis, 2000). The preference for large scale developments has improved macro economic outputs

at the expense of marginalised local communities (Tosun, 2001) because most economic measurements focus on contribution to the national economy, not equitable distribution (Frechtling, 2006; Tosun, 2001). The AI model is contentious principally because the local economic impacts are small and destination countries do not benefit. 55% of tourists to Turkey travel on all inclusive packages (Tosun, 2001) even though the customers that the AI model tries to attract make the lowest economic contribution (Anderson, 2010). At first sight, this case study confirms this belief – only 2% of the €46m tourism value chain accrues in the immediate local area, yet 50% nationally. This empirical data contributes to a more nuanced debate about the impact of AI hotels on holiday destinations – and a discussion in destination countries about how the benefits of large hotels are distributed geographically.

This analysis confirms that the mainstream segment of the tourist sector operates at high volumes with tight margins, for both the tour and hotel operator (Bastakis, Buhalis, & Butler, 2004). In a large, diversified and protected economy, the analysis also demonstrates that the destination macro-economy can capture and retain a large proportion of in-country expenditure by the tour operator, hotel and the tourists themselves. The 'leakage' is much higher for more open economies (i.e. European Union) or are less able to produce the goods and services required by the tourist industry (many small, low and middle-income developing countries). The analysis also confirms the critical role of specific linkages - hotel ownership, tourist discretionary spending, hotel workforce wages, food and beverage– in determining economic benefits.

Third, this analysis indicates a relevance for policy makers and development practitioners seeking to improve reality by addressing income distribution inequities towards marginalised communities (Kaplinsky, 2000). The increased impact within 6 months illustrates that it is relatively easy to identify practical and implementable solutions which achieve 'win-wins'. We acknowledge that evidence-based policy data is desirable but also not the norm . A better understanding of the governance of supply chains helps identify pockets to create value and who accures it, and both the players with more power in supply chains have the responsibility of proactive governance to provide access to trade for disadvantaged players (Kaplinsky, 2000; Schwartz, Tapper, & Font, 2008). This change from legislative and judicial governance to executive governance depends on the willingness and ability of those in power to take responsibility for the impacts they cause (Kaplinsky, 2000). Further questions need asking on how individual companies determine their responsibility towards sustainable communities and destinations. Having the data to show where bottlenecks and opportunities exist is a necessary first step.

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