9-2022

A Modern Guide to Tourism Economics, Chapter 1: Introduction

Robertico Croes
University of Central Florida, robertico.croes@ucf.edu

Yang Yang
Temple University, yangy@temple.edu

Original Citation
Croes, R. & Yang, Y. (2022). Chapter 1 Introduction. In Croes, R. & Yang, Y. (Eds.), *A modern guide to tourism economics* (pp. 1-14). Edward Elgar Publishing. https://doi.org/10.4337/9781800378766.00007

Croes, R. & Yang, Y. (2022). (eds.) *A modern guide to tourism economics*. Edward Elgar Publishing: Cheltenham, UK.

Chapter 1 Introduction

By Robertico Croes & Yang Yang

The difficulty lies not so much in developing new ideas
as in escaping from old ones.
John Maynard Keynes

1.1 The purpose of the book

Since the appearance of the first tourism economics books some twenty-five years ago, tourism economics has slowly evolved into a specific discipline in the area of applied economics. The tourism product and the destination seem to distinguish tourism economics from other sister disciplines in applied economics, providing a rich kaleidoscope of research topics uniquely anchored in the distinctive tourism landscape. The purpose of this book is to capture the evolution of foundational tenets, theories, frameworks, and models that buttressed tourism economics into an evolving discipline, shining lights on old and new approaches, discussing the challenges, their coexistence, blending, refining, replacing or tweaking.

This book builds upon previous works that examined the foundation and applications of tourism economics. It is not only an update of the literature review related to tourism economics, it examines current and future trends and issues related to new economic theoretical perspectives. The book also helps economists interested in tourism and hospitality research better understand the context. The works revealed in this book consolidate the notion of tourism economics as a discipline of study. Three features distinguish tourism economics. First, tourism is a composite product consisting of private and public goods, and most of these experience-based products are perishable and largely intangible. Second, most of the production and consumption occurs at the destination, making the destination the central object of studying tourism economics rather than deliberating on a single firm. Moreover, third, the development of the destination largely depends on the variety of inputs and the coordination of activities among suppliers. These features stoke dynamic, stylized facts and policy implications within the context of the inquiry, distinguishing the tourism economic problem.

Traditionally, the observation of tourism consisted of supply- and demand-side approaches. These approaches examined the role of prices in coordination and rationing, marginal effects, market structure, externalities, incentives, uncertainties, and utility. The tenets undergirding these constructs hinged on perfect information, perfect mobility of factors, the rationality of decision-makers, and no externalities. Arguably, these premises proved untenable in the real world. That is, the tourism landscape stokes many deviations, such as the cost disease (Baumol), the tragedy of the anti-commons due to the fragmented nature of the production of tourism products, spatial agglomeration of tourism activities, and the impact of time on choice. Time in the tourism landscape seems more significant than price and income due to the perishability and intangibility nature of tourism production and consumption. These deviations suggest that preferences are not neatly given but change with information, events, and interaction with other agents, such as variety, public health, safety and security, quality service delivery, and memorable and novel tourist experiences. Preferences vary with social context and have consequences and feedback effects. That said, preferences are endogenous.

The integration of exogenous and endogenous perspectives of preferences spark the opportunity to expand the observation of tourism economics beyond mainstream supply and demand approaches (producer theory, consumer theory, and general equilibrium theory) to include perspectives from regional economics, behavioral economics, information economics, institutional economics, industrial organization, happiness economics, and public economics.

1.2 The need for this book

The tourism industry has witnessed dramatic growth in the past few decades. Developed and developing countries strategically embrace tourism for diverse reasons, such as generating income, foreign exchange, employment, alleviating poverty, revitalizing communities/districts, diversifying economic structure, and providing a regional, convergence policy instrument. More countries rely increasingly on tourism to improve the quality of life of their citizens. In many countries, an increase or drop in tourism revenues or foreign exchange can make a difference in the survival level of millions of people. Managers, with the responsibility to guide their tourism-related businesses to sustainable profit levels, liberally sprinkle their daily language referring to all manner of economic concepts and jargon, such as supply and demand, economies of scale, pricing strategy, profit levels, and value of the product.

However, it is not clear that they understand just what these terms mean or relate to the businesses/organizations they manage. Decisions at the managerial level affect the lives of millions of individuals, whether employees working at that firm or many workers at other firms, who depend on the success of tourism generally to increase or at least maintain their standard of living. Unfortunately, many managers in the tourism industry make decisions that are not based on a comprehensive and systematic understanding of human behavior from an economic perspective. The lack of guiding decisions anchored on economic precepts may be the result of trust deficit that exists between economists and average citizens. Polls show that economists entertain different views than ordinary citizens which hinders the sharing of nuanced conclusions about complex societal problems (Johnson and Ballard, 2016; Caplan, 2001; Blendon et al., 1997).

It is striking that many hospitality and tourism undergraduate programs do not include economics of inquiry. Economics is a field in the social sciences that facilitates the very understanding needed by tourism managers. Indeed, economics provides a framework for evaluating what motivates the individuals in a social context and how the decisions impact individuals' and societal welfare. Economics provides a highly developed theory of social behavior based on individuals' incentives and resource allocations. Economic theory has been applied to an ever-increasing range of social and economic phenomena, including tourism which has achieved an unprecedented scale and scope for affecting millions of individuals. Yet, so few books have been devoted to the relationship between economics and tourism.

For example, a search on google scholar resulted in fewer than thirty books in English (see selected list in the appendix) since 2000, which indicates a steady increase in the publication of tourism economics books compared to previous decades. Most of these are on tourism economic impact centering on specific geographical areas, or focusing on a specific topic or framework such as the microeconomic foundations on preferences, or revealing a collection of articles without a clear theoretical perspective. Most of the books are empirical and lack a systematic framework of analysis. In addition, they cover only a limited geographical space. The most analytical works in this area can be found in articles published in journals, such as Annals of Tourism Research, Journal of Travel Research, Tourism Management, and Tourism Economics.

An overwhelming majority of these articles are related to demand studies of tourism and impact studies. Most of the studies omit the discussion of other relevant topics in tourism, such as the "cost disease" inherent in the supply of tourism goods, the condition of asymmetric information and its impact on tourism, the problem of externalities, and the incentives of the public sector to intervene in the tourism activities, the challenge of coordination at the destination level, value creation, enhancement and retention, and development economics as it relates to tourism.

1.3 Building on past knowledge

The lack of specifying economic perspectives as they apply to tourism is unsettling. An exception is a book by Candela and Figini (2012) which cements tourism economics as a subfield in economic inquiry. Their study builds upon the work of Sinclair and Stabler, which is not only an update of the literature review related to tourism, but that also builds upon the theoretical foundations put forth in the seminal work of Sinclair and Stabler. The latter work provided helpful insights on the supply-side as a unit of analysis. It also explained and predicted firm behavior by applying the conventional economic underpinnings as expounded by microeconomics and international trade.

Supply-side economics is premised on resource endowment and production efficiency. Supply-side analysis, however, cannot account entirely for differences in tourism performance among destinations or firms. For example, the paradigms used by Sinclair and Stabler do not cover the outsourcing of firms. They fail to discuss firm behavior in developing countries, which largely remain in the shadow or underground economy. The study also fails to comprehensively analyze the economic problem of coordination at the destination level to create value. Perhaps the most fundamental weakness of the study is its implicit premise that tourism is suitable for development.

The significant contribution of economists in explaining the tourism phenomenon has been where mainstream theory seemed to apply most readily, i.e., tourism demand and impacts. The demand for tourism is influenced by the economic concept of utility, i.e., a person's benefit or satisfaction from consuming a good or service. The general premise germane to any outcome is based on the concepts of optimization and equilibrium at different scales. This standard economic paradigm posits that actors behave "as if" they were maximizing. The standard economic paradigm assumes an "ideal" market in which a good is transacted efficiently between the purchaser and the producer. In this relationship, the consumer acts rationally to acquire a good which can give him maximum utility. The producer is deemed to act in a way that maximizes profits. The outcome stems from individual cost-benefit equations undertaken by potential buyers and sellers, each pursuing self-interest.

The process of rational behavior among economic agents acting under the constraint of a competitive market assumes the existence of certain conditions. The marketplace should be competitive (i.e., the sale of homogenous products by many sellers unable to influence price), frictionless entry of competing firms to erode economic rent, and (near) perfect information distribution among market participants. The factors of production are combined in a profit-maximizing manner in which products are produced in anticipation of a sale or are held in inventory until sold. Furthermore, each actor is presumed to make a rational choice of resource allocation to maximize self-interest. However, there is a lot of information compressed in the rationality story. Economists use narratives to reveal the real world complexity from a few building blocks.

A series of questions arise in individuals' decision-making process related to tourism demand, like how do individuals decide what to do in their daily lives about work, leisure, consumption and production? How do all the individual cost-benefit decisions reflect in a person's choice of structuring a vacation? First, that person is involved in choosing the allocation of time. How much time should that person dedicate to work for income at the expense of leisure time? Once that decision is made, the next question is what to do with the gained income? How to allocate the income on the range of goods? Once a person has decided to take a vacation, then the next question is how much time and money should be spent on a vacation? Once that is determined, the individual has to decide where to go on a vacation? Which transport mode should be used? Where is it best to stay?

Similarly, a supplier will have to make various short-term resource allocation decisions: staffing, spending on procurement, what types of services to provide, and what types of amenities are available for offering. Airline officials have to decide how many flights and seats to allocate between which cities, and what prices they should charge for these seats. Rental car companies should decide where to locate their cars. Investors need to decide when to invest in a hotel, restaurant or theme park. Banks need to decide to loan money, and the entrepreneur must decide if and when to start a bakery, a shop, or a service. Individuals working in government tourist bureaus must decide how much money to spend and in which markets. All these decisions entail choices because available resources are often scarce. Individuals come from different backgrounds and have different sensitivities to price increases, to labor shortage, or to a new technology. Thus, individual and supplier decisions are fraught with ongoing and everchanging considerations.

1.4 How useful is the economic paradigm to tourism?

The tourist market, by the previous account, departs from conventional economic theories in six fundamental ways. First, tourism is burdened by its own needs to successfully identify and deliver the kinds of goods and services to a market that, by its complex nature, requires the synergistic and timely merge of a multitude of actors. Such actors include financial entities, infrastructure budgets and availability (roads, transportation, airlines, etc.), emergency facilities, events, hotel accommodations, activities, amenities and utilities. Tourism is dependent on these aggregate yet shifting properties of such complex services. Identifying tourism's characteristics as a product whose value is dependent on multiple and varied consumer factors and needs, then, impedes the ability to address a true market price. For the consumers seeking satisfactory experiences from destinations, their wants and needs are as multitudinous as the numbers of actors involved in developing and sustaining the destination's tourism industry.

Second, there also are implications in the standard assumption of instantaneous consumption. An essential feature of the industry is that production and consumption take place simultaneously in the exact location. In the tourism sector, a product does not result merely when the factors of production are combined. Unlike the conventional production model, the presence of a consumer is required before any economic activity in tourism is generated. Thus, tourists must travel to the destination to enjoy the market. The consumer then becomes a factor in the production process itself because it cannot occur without him. This process suggests that the destination's political, social, economic, and even physical climate will impact the demand for tourist services. Tourism is a product that covers the whole destination and requires a combination of goods and services. Consumers are searching for an experience and therefore need to move to consume the product, i.e., the consumer moves to the product for its consumption rather than the other way around. Inter-industry competition (e.g., airlines, hotels, facilities, conventions, and events) is dependent upon and derived from the choices made by tourists between alternative destinations.

Third, competitive levels exist between destinations as well as within destinations where local businesses vie to fulfill demands for goods that tourists consume - both tangible and intangible products. The primary purposes for visiting a destination notwithstanding (e.g., sun, sea, sand), tourists dictate, via their demands for local goods and services, the means by which relative pricing occurs. Thus, accurate information with which to meet demands is crucial toward creating and maintaining the supply and demand market process. Lack of consideration and concern for factors that could impact supply and demand (e.g., miscalculating practicable supply and demand, factors influencing those calculations, externalities, etc.) could render pricing objectives moot. In the tourism industry, the tourists are poorly endowed with information about prices and features of the product. Because tourism is an experience good, the quality of the good can only be inspected after the purchase. Most of the time, information is incomplete, and the cost of acquiring it often rises with distance despite recent changes in information technology.

This ambiguity provides the opportunity for the holder of superior information to charge premium prices and cheat on the product's quality. Market failure can cause inadequate preservation of natural and cultural resources because private profits are inadequate for optimal use and development.

Fourth, the inability to separate production and consumption has necessary implications for destination development and management. Externalities occur when not all of the costs are factored in the price of a product. Such is the case with pollution, crime, congestion, prostitution, and residents' hostility. Butler suggested that a destination matures once it starts losing its attractiveness unless the destination takes action to rejuvenate itself; otherwise, it will decline. This cycle is contrary to manufacturing goods or typical international trade transactions where the good is brought to the consumer. In the case of tourism, however, various goods and services are consumed as they are produced. Thus, if the consumer fails to buy one of these goods and services, they are, for the most part, perishable (contrary to ordinary market situations where goods can be held in inventory). Because the product is highly perishable, the hotel manager, for example, has an incentive to sell the room by lowering prices. The inability to store services also means that tourism suppliers cannot build inventory ahead of peak time (seasonality).

Fifth, the destination's environmental status is heavily impacted by climactic conditions, seen and unforeseen events, whether catastrophic or not. Either way, the issue is or can be experienced by consumers as well as the businesses that produce their goods and services. The health of a destination's natural resources, cultural heritage sites, planned tourist events, etc. is at risk during environmental calamity, just as poor destination management, governmental issues, financial instability, tourist misuse or overuse of resources has bearing on the destination. In addition, not only is resident welfare compromised under the burden of a destination's negative environmental status, valued relationships between locals and tourists can be conceded due to tourist's destructive influence on the natural resources.

Sixth, the spatial aspects of consumption play a different role in the travel market than standard goods. As tourism represents a spatial movement of individual tourists, tourism demand and supply are highly dependent on various spatial factors, such as location, spatial competition, and intervening opportunities. For standard goods, transportation is assumed to be constant and has no bearing on the price of the good regardless of point of sale. Therefore, the consumer indirectly bears the costs of transportation. Unlike the treatment of the transportation factor in standard goods, however, the consumer of tourism services bears the travel costs directly, and transport cost is considered an explanatory variable.

1.5 New and distinct economic conundrums

Kuhn asserted in his classic study of the role of paradigms in science, that it is the accumulation of repeated empirical rejections ("anomalies") of the traditional theory that warrants a fundamental modification (i.e., paradigm shift) in scientific thinking (Kuhn, 1962). Scholars of tourism now have many anomalies that cannot be explained by mainstream economic theory. The fundamental deviations from the economic paradigm, discussed previously, generates specific and distinct economic conundrums. For example, the nature of the production and consumption patterns in tourism is determined by the complementary character of the service providers at a destination. The discrete business units generate several customers through activities (e.g., promotion) and affect the activities of other tourist agents. Candela, Figini, and Scorcu (2005) refer to this situation as the 'anti-common problem", differentiating it from the common problem. The former is characterized by property fragmentation, rendering coordination difficult, while the latter lacks property rights as the main reason for the overconsumption of a good. Moreover, the uncertainty so pervasive in the tourism market induces consumers who are unsure about the quality of the product to demand assurances against the potential presence of lemons.

Consumers' movements (agents) may become a potential source of positive and negative externalities. Externalities are side effects that the markets do not take into account, such as better leisure facilities, recognition of saving and protecting heritage, petty crime, congestion, and pollution. One clear and typical example of an externality is congestion, thereby generating excessive use of the resource (e.g., road, beaches, or congestion at heritage sites or parks) without proper contemplation of the effects on other individuals who want to use the same facilities or resources simultaneously (Schubert, 2009). Internalizing these externalities is associated with the ability of a destination to maximize the benefits derived from tourism in its attempt to realize equilibrium.

Aside from externalities, there are some structural issues clouding tourism potential. Tourism seems to grow more slowly than the manufacturing industry because technological change seems faster in knowledge-intensive manufacturing than tourism, negatively impacting tourism cost structure. This outcome means that the production costs of tourism will continue to grow over time, thereby inducing higher prices and exuding the potential for a drop in demand. While it seems complicated to attain a cost advantage in tourism production, the only way to gain and manipulate the advantage seems to be on the demand side by making the tourism product more appealing, thereby extracting higher prices over time. Working the tastes and preferences of tourists in such a way that tourists‟ goods are increasingly valued in international markets thereby offsetting the increase in cost production to raise or maintain prices of tourism products under conditions of increased competition seems a daunting task.

The distinguishing features of tourism collectively impose daunting challenges to the competitiveness of a destination. These features include: a steady increase of production costs over time as compared to other economic sectors, the opportunity to apply scarcity as a method to increase prices, and the presence of market failure that is pervasive in the consumption and production patterns of tourism. These conditions present in tourism production and consumption seem to have prompted academe to devote increasing attention to studies of destination competitiveness. Tourism has become a competitive activity among regions compelled to enhance their performance to attract more tourists and increase their revenues. More noticeable is the attempt of policymakers to increase the market share of travel and tourism by constantly undertaking a plethora of new initiatives.

This pursuit is particularly true in developing countries, where tourism is viewed as an engine of economic growth to generate jobs, much-needed foreign exchange for covering imports, business opportunities, and tax revenues. Destination undertake efforts to increase tourism arrivals to enhance their growth-creating capacity. The tourism led growth hypothesis (TLGH) claims the existence of a positive relationship between tourism development and economic growth. However, as mentioned previously, tourism-based economies suffer from inherent lower productivity compared to other economic sectors. This lower productivity growth may jeopardize economic growth to the detriment of sustaining residents well-being.

Reconciling the differences attributed to the particular process in the activity described above as tourism with the attributes of the conventional economic paradigm is subject to considerable debate. The consumer also is a factor in the production of the tourism good. Therefore, it is essential to understand the motive behind the visit. Moreover, it is relatively simple to identify the tourist and to identify, and to canvass, the attributes of the market. Finally, it stresses the relevance of demand in determining the tourist activity, and it implies a coordinating requirement in producing the good or service at the destination.

Consumers wishing to purchase products (e.g., hotel rooms and vacation tours) in real life face the daunting task of selecting from different alternatives. The benefits they consider can often only be viewed as expectations in most cases, especially in the hospitality and tourism business. They need information in order to assess the alternatives. However, searching for and accessing information is costly; and acquiring knowledge of products is time-consuming. The purchase of goods and services in a destination infrequently occurs by many tourists who have limited knowledge of prices at a destination. They are more relaxed about budget issues when on vacation and may not search out the lowest-priced alternative.

In other words, the opportunity cost of searching while on vacation is likely to be high given the increasingly limited nature of leisure time for the employed. Therefore, there is inherent uncertainty about the product specification and quality from the consumer's perspective. The tourism product as a composite good consists mostly of services, and the buyer has to travel (commit) to consume the good. As already stated, the buyer has become a factor of production in creating the tourism good. Therefore, these products can only be inspected after purchase. We call them experience goods. In buying these goods, the buyer has to search for and improve the level of information – often via expert consultation (travel agent), referral (word of mouth of friends and relatives), the reputation of the seller, or personal experience. Tourists' searching and gathering information presents a challenge for suppliers as they have to figure out how to inform potential buyers about their products.

Delineating thorough, reputable, and updated information poses a dilemma for the consumer. Expecting that you will get what you pay for is all too often a foolish endeavor. That is, it is unfortunate for the consumer that determining the value of a product occurs only after having consumed it. So, “Let the buyer beware” becomes an all to familiar phrase when supply quality is far less than anticipated as producers take dishonorable advantage of the consumer’s trust. In the circumstance where producers find means to create products as cheaply as possible, the destination becomes a vehicle predisposed to influencing incoming tourist funds. This creates issues from the standpoint of the tourist who expects quality goods and services, businesses competing for their share of the tourist market, and the governing bodies that amass revenue for the greater good of the destination and its people.

Aligning interests to facilitate the maximum enjoyment of the experience is a significant challenge. On the other hand, the tourist wants to allay his fears because he has to commit (travel) to a destination before knowing its quality. Therefore, he seeks to validate his decision by researching the seller's reputation or seeking a referral. These particular requirements at both the production and consumption levels demand a great deal of coordination. On the other hand, the tourist wants to allay his fears because he has to commit (travel) to a destination before knowing its quality. Therefore, he seeks to validate his decision by researching the seller's reputation or seeking a referral. These particular requirements at both the production and consumption levels demand a great deal of coordination. Moral hazards issues could be detrimental to the destination's reputation. A destination's reputation depends on the individual stakeholder's behavior, and responsible behavior is only possible if that behavior can be observed. Protecting the destination's reputation, which is a collective good, may entail a private cost for the stakeholder while benefiting all other stakeholders. Aligning private and collective benefits is critical to prevent free-riding. A poor destination reputation is an invitation for free-riding.

That said, preventing free-riding entails a good destination's reputation. The destination's reputation relies on the product's creation and reproduction of consistency, bank on a high degree of cooperation and trust among the suppliers at a destination. Cooperation and trust are an outcome of the features of the tourism product, such as the perishable nature of the product and the inseparability between consumption and production. In the ever-increasing digitization of the economy, trust and reliability become ever more critical because transaction costs are shaped by what is an offer and with whom to do business, along with signaling costs.

Because demand is in constant flux, firms are in a constant state of uncertainty. Supply may fail to adapt to demand because of certain rigidities. For example, productive factors, particularly environmental and artistic resources, cannot consistently be replicated. Moreover, the supply of the tourist product cannot be stored -- its consumption cannot be separated from its production. Investments under these conditions can become actual sunk costs because they have no alternative uses. Firms have an incentive to extract premium prices under conditions of information asymmetry, which typically exist at tourist destinations. However, preventing the market from destroying itself requires offering quality goods and services and attracting repeat guests. This rent-seeking behavior can be devastating for a destination if left unchecked. Particularly, small firms lack the incentive to promote their reputation, so they depend on the destination's brand.

However, the quality of a destination's brand depends on the input of these many small businesses. Coordination of these inputs is a strategic asset in and of itself. It requires both the willingness and the capacity to induce business behavior toward promoting cooperation within the industry. Because of its nature, the tourism system is an anomaly in the conventional economic paradigm. The tourism system consists of heterogeneous products, which are generated by priced and un-priced inputs. In addition, the buyer is an integral part of the production process as a factor of production. Information is asymmetrical between sellers and buyers and prone to market failures. Particularly given the latter characteristic, the government has a solid incentive to be part of the production of the experience.

1.6 The book target audience

This book analyzes the core assumptions of the conventional economic paradigm and assesses the degree of their applicability to the individual economic agents in the tourism system. The book identifies and discusses the specific anomalies and determines how new economic perspectives and trends in economic analysis can address these anomalies. Knowing and understanding perspectives are critical for asking and answering questions, identifying and solving problems, and evaluating the consequences of alternative actions. This book examines tourism and the reallocation problem (the tourism economic problem) from multiple economic perspectives. It is essential to be aware that many different perspectives exist and that learning to understand the world from many points of view enhances our knowledge and skills.

The chapters reveal a kaleidoscope of multiple economic perspectives that shape tourism economics over time, interlacing twenty-three economic perspectives with tourism economics. These perspectives run the gamut from trade theory, choice theory, behavioral economics, cost disease, market failure, information economics, growth theory, public choice, institutional economics, environmental economics, development economics, happiness economics, regional economics, cultural economics, digital economics, and political economics to financial economics. Each chapter discusses the evolution of foundational tenets, theories, framework, and models that buttressed tourism economics into an evolving discipline, illuminating old and new approaches, their coexistence, blending, refining, replacing or tweaking. Each chapter ends with some future research insights and direction.

The book is new for another reason. It will keep the economic and technical jargon to a minimum and limits the use of symbols, equations, charts, and graphs as much as possible. Therefore, this publication is made to be accessible to an economic audience and those who may be unfamiliar with economic concepts and methods. This approach will encourage students and managers to look more closely at economic concepts and precepts and eliminate language, culture, and purpose barriers. The chapters survey the significant trends and issues of contemporary economic research because the understanding and the use of a wide variety of perspectives are essential for both advanced students and academic researchers of tourism economics.

The primary audience for this study are graduate students and senior undergraduate students in the hospitality and tourism management programs who seek to become a manager rather than an economist. A manager will confront many difficult choices in seemingly untenable situations and will need a comprehensive framework for making the appropriate and powerful decisions. Compelling and well-reasoned decisions are needed to make firms more profitable and more competitive while enhancing the quality of life of residents and tourists alike. Thus, the book tries to make economics a powerful management tool for the industry. Moreover, it serves as a handbook of relevant economic theories and frameworks for tourism researchers. Researchers from other sub-disciplines, such as tourism geographies, tourism marketing, and sustainable tourism, can find many chapters relevant in providing theoretical underpinnings for their research from an economic perspective. Lastly, the book provides necessary contextual information for applied economists who are interested in conducting economic research in the tourism and hospitality domain.

The book's content and context intends to frame and explain the main economic perspectives in a manner that would be easily understood and applied by students who want to become economically informed persons or who intend to engage in tourism research as economists, business and hospitality practitioners, or destination managers and planners. It is hoped that through its information and presentation, managers and potential managers can readily understand and apply the perspectives shared in this book.

References

Blendon, R., Benson, J., Brodie, M., Morin, R., Altman, D., Gitterman, D., Brossard, M. and James, M. (1997). Bridging the Gap between the Public's and Economists' Views of the Economy. *Journal of Economic Perspectives*, 11 (3), 105-118.

Candela, G., Figini, P. and Scorcu, A. (2005). The economics of local tourist system. In Brau, R., Lanza, A. and Usai, S. (eds.). *Tourism and sustainable economic development. Macroeconomic models and empirical methods*. Cheltemham, UK: Edward Elgar Publication.

Candela G., and Figini P. (2012). *The Economics of Tourism Destinations*. Berlin: Springer.

Caplan, B. (2001). What Makes People Think Like Economists? Evidence on Economic Cognition from the "Survey of Americans and Economists on the Economy. *The Journal of Law and Economics*, 44(2), 395-426.

Johnston, C. and Ballard, A. (2016). Economists and Public Opinion: Expert Consensus and Economic Policy Judgments. The Journal of Politics, 78(2), 443-456.

Kuhn, T. (1962). *The Structure of Scientific Revolutions*. Chicago: University of Chicago Press.

Schubert, S. (2009). Coping with Externalities in Tourism - A Dynamic Optimal Taxation Approach. http://dx.doi.org/10.2139/ssrn.1416103.

Sinclair, M. and Stabler, M. (1997). *The economics of tourism*. London, UK: Routledge.

Selected tourism economics books

Bull. A. (1995). *The Economics of Travel and Tourism*. Longmans, Green & Co.

Candela G., and Figini P. (2012). *The Economics of Tourism Destinations*. Berlin: Springer.

Dwyer, L. and Seetaram, N. (2013). *Recent Developments in the Economics of Tourism*. Edward Elgar Publishing.

Kozak, M. and Kozak, N. (2015). *Tourism economics, a practical perspective*. Cambridge Scholars Publishing.

Mak. J. (2004). *Tourism and the economy: understanding the economics of tourism*. University of Hawaii Press.

Matias, A., Nijkamp, P. and Sarmento, M. (2011). *Tourism Economics. Impact Analysis*. Berlin: Springer-Verlag.

Reece, W. (2010). *The economics of tourism*.Upper Saddle River, NJ: Prentice Hall.

Sinclair, M. and Stabler, M. (1997). *The economics of tourism*. London, UK: Routledge.

Tisdell, C. (ed.) (2013). *Handbook of tourism economics. Analysis, new applications and case studies.* World Scientific Publishing Company.

Tribe, J. (2020). *The economics of recreation, leisure and tourism*. London, UK: Routledge.

Vanhove, N. (2018). *The economics of tourism destinations*. London, UK: Routledge.