

HUOM! Tämä on alkuperäisen artikkelin rinnakkaistallenne. Rinnakkaistallenne saattaa erota alkuperäisestä sivutukseltaan ja painoasultaan.

Käytä viittauksessa alkuperäistä lähdettä:

Ritalahti, J. & Lindroth, K. (2015). Economic Impacts of Tourism in Eastern Uusimaa. Teoksessa Lück, M; Velvin, J. & Eisenstein, B. (toim.): *The Social side of Tourism: The Interface between Tourism, Society and the Environment*. Bern: Peter Lang Academic Research. DOI: 10.3726/978-3-653-05558-0.

PLEASE NOTE! This is an electronic self-archived version of the original article. This reprint may differ from the original in pagination and typographic detail.

Please cite the original version:

Ritalahti, J. & Lindroth, K. (2015). Economic Impacts of Tourism in Eastern Uusimaa. Teoksessa Lück, M; Velvin, J. & Eisenstein, B. (eds.): *The Social side of Tourism: The Interface between Tourism, Society and the Environment*. Bern: Peter Lang Academic Research. DOI: 10.3726/978-3-653-05558-0.

The final publication is available at: <https://doi.org/10.3726/978-3-653-05558-0>

Economic Impacts of Tourism in Eastern Uusimaa

Jarmo Ritalahti & Kaija Lindroth

1. Abstract

The province of Eastern Uusimaa is a popular tourism destination about 50 km east of Helsinki, the capital of Finland. Its main attraction is the medieval town of Porvoo with its old town centre and a grey stone cathedral from the 15th century. Other attractions include the small and idyllic town of Loviisa, the surrounding archipelago and vibrant rural communities.

This study on economic impacts of tourism in the province of Eastern Uusimaa was conducted in 2009 and used the Nordic model to measure the income from tourism in the region. The Nordic model measures both tourism expenditure and revenues. In the case of Eastern Uusimaa, the former was estimated from the results of structured visitor interviews and surveys among local residents and second home owners. The tourism revenue study included an Internet-based survey of service providers directly and indirectly involved in tourism, followed by statistical analysis.

According to the study, the province of Eastern Uusimaa received over 1.7 million tourists in 2009. The biggest visitor group were day-trippers, followed by visitors staying with friends and relatives (VFR). The direct tourism revenue applying the Nordic model without value added tax (VAT) was 163 million euros and the total (direct + indirect) revenue (excluding VAT) amounted to 220 million euros. The turnover derived from tourism in the region makes the industry the third largest following the chemical and food industries. The number of jobs created by tourism in 2009 was over 1400.

2. Destination under Study

2.1 Eastern Uusimaa Region

The region of Eastern Uusimaa comprises ten municipalities with a combined population of nearly 100 000. Its long history has resulted in rich cultural, historical and architectural venues. It is also renowned for associations with many of the best-known artists in the country – both past and present.

The geographical centre of the province, Porvoo, has long traditions as one of the most popular domestic day-trip destinations thanks to its central role in Finnish history, its mediaeval town plan and wooden architecture from the 18th century. The rest of the region does not have significant tourism traditions but serves as a stop-over for tourists travelling from the capital to the Lake District in Eastern Finland or as a day-trip destination for tourists using Helsinki as their base.

Because of its proximity to the capital area, the region attracted 1.7 million visitors in 2009. Over 80% of them were Finnish day-trippers. Of the Finnish visitors, 40% came from the province of Uusimaa around the capital of Finland.

A typical visitor spent a couple of hours in the area, attracted to the region by the cultural offering. Over 50% of the visitors travelled with their spouse and 77% had visited the area previously. (Ritalahti & Holmberg, 2011)

2.2 Eastern Uusimaa Tourism Strategy

The tourism strategy of the province for 2007 – 2013 defines the vision of the area as a destination that is accessible and well networked. According to the strategy, the aim is to make sure that the region will develop and offer authentic tourism products and experiences of high quality throughout the year for individual tourists, groups of tourists, and business travellers. The key attractions of the province are the old towns of Porvoo and Loviisa, as well as the manor houses and the archipelago (Itä-Uudenmaan Matkailustrategia 2007-2013, 2006: 7.)

In 2006, when work on the 2007-2013 was on-going, the quantitative goals for tourism development in the region were set as shown in Table 1:

Table 1: Quantitative Goals for Tourism Development in Eastern Uusimaa Region for 2007 - 2013

Quantitative aims	Measure
Hotel occupancy rate	57%
Average stay	2 nights
Annual growth in business travel	7 %
Services in archipelago	growth
Business activities in tourism	growth
Employment in tourism	growth
Tourist season	lengthening
Funding for tourism development	€ 2 M

Source: Itä-Uudenmaan matkailustrategia 2007 – 2013 (2006)

Table 2 demonstrates the qualitative goals of the tourism strategy.

Table 2: Qualitative Goals for Tourism Development in Eastern Uusimaa Region for 2007 - 2013

Qualitative aims	Measure
Improved quality of tourism services	use of quality systems
Improved customer satisfaction	tourist experiences
Event development	innovative events

Source: Itä-Uudenmaan matkailustrategia 2007-2013 (2006)

3 Methodology

3.1 Economic Impacts of Tourism

Tourism brings money into an area when people from outside buy services and goods in that area. Such expenditure impacts on three levels:

direct, indirect and induced levels. First, companies and businesses, such as hotels, restaurants, museums, that receive income directly from incoming tourists spend it on local goods and services, labour, taxes, licences and fees. That said, a part of that income does leak out of the local economy in the form of savings and imports from elsewhere. Indirect impacts are those generated from the local tourism sector into other local businesses: hotels purchase laundry services, plumbing services etc. The third level, namely induced impacts, are salaries for local people, profits, rents and interests paid out by the tourist sector, but which are then returned in part at least to the local economy (i.e. Ratz & Puczko, 2002; Cooper, Fletcher, Fyall, Gilbert & Fanhill, 2008).

3.2 Nordic Model

The development of the Nordic Model started at the end of the 1970's in connection with a project funded by the Nordic Council of Ministers. The idea was to create a tool to measure the economic impacts of tourism at a regional level. The Nordic Model uses several methods in data collection.

The model consists of two processes that are carried out separately. The demand side, or expenditure method, focuses on the money tourists or visitors spend in the target destination. The supply side, or receipts method, measures the money flowing into the enterprises at the destination. Direct tourism consumption and tourism income are compared to elicit an estimate of the economic impact of tourism on the destination being studied (Paajanen 1994).

The variety of data collection methods depends on the aims of the project as well as the budget available. Methods to measure tourism expenditure include, for example, tourist interviews, questionnaires for tourists, questionnaires for locals who accommodate friends and relatives, and questionnaires for non-resident second-home owners. Methods to estimate tourism incomes include surveys and interviews with local or regional enterprises that receive direct or indirect tourism income. Furthermore, statistical analyses of secondary data are also used to support empirical data directly derived from the industry.

3.3 Methods to collect data

According to the traditional Nordic Model process, the research to measure the economic impact of tourism in Eastern Uusimaa can be divided into two parts. The methods to measure tourism expenditure were tourist interviews, surveys with local residents, and non-resident second-home owners. The method to collect data about tourism receipts was originally a survey sent to the enterprises operating directly or indirectly in the tourism sector. However, due to the low number of responses from the enterprises, the final analysis is based on regional statistics.

Research process

4.1 Research problem and aims

The aim of the survey was set as: „defining the income or amount of money tourists spent in the province in 2009, as well as the number of jobs created by tourism“.

Other interesting issues in the survey were the demographic background of the visitors, such as their home region or country, main purpose of the visit, type of trip, sources of information, services and goods purchased, attractions visited, nights spent, and booking or purchasing channel. All of this draws a clearer picture of tourists to the province.

Surveys of the economic impacts of tourism provide concrete information about tourists' activity patterns and what is actually happening in the tourism industry in the province. The main aim of this survey is to help regional tourism stakeholders, especially decision makers, deepen their understanding of the importance of tourism as an industry and to respond accordingly.

The limitations of this survey are linked to the multiplier effect of tourism income, lack of the study of leakages and induced income. The multiplier effect could not be calculated because the respondents, tourism enterprises, were not able to estimate how much they purchase products and services from other entrepreneurs. Therefore, an average multiplier

was used instead of one based on the results of the survey. Leakages and induced income were not regarded as significant by the commissioner of this survey, and were therefore left out.

4.2 Tourism expenditure

Tourism expenditure was measured by three different tools. The personal, structured interviews of visitors were conducted between January and October 2009. They were carried out in three languages, (Finnish, Swedish and English) in the towns of Porvoo and Loviisa, the two most important towns of the province. The size of the sample was 2742, and most of the interviews were conducted during the summer months of June, July and August, representing the peak of the tourism season in the province. The interviews were conducted daily in Porvoo and Loviisa in June and July, and during weekends in August. During other seasons tourists were interviewed only in the old town of Porvoo, which is the most visited attraction in the province. The interviews took place on the streets or other locations close to the most visited sites in the destinations. The interviewees were selected by random sampling, interviewers stopped tourists passing by and interviewed those who fitted the selection criteria (being a „tourist“ or a „visitor“).

While mining the data and analysing the results tourists were divided into the following six groups according to their type of accommodation in the province:

1. Tourists staying in hotels and motels
2. Tourists staying on camping sites, in hostels, B&Bs or boarding houses
3. Tourists staying in boats in guest harbours
4. Tourists staying in their own second homes
5. Tourists staying with friends or relatives
6. Day-trippers

Data was also collected through postal surveys of second-home owners and local residents in the province. A total of 2000 questionnaires in either Finnish or Swedish depending on their mother tongue were sent to the second home owners in different municipalities by random sampling. The number of questionnaires posted depended on the number of se-

cond-homes in the respective municipalities. The questionnaires with covering letters and reply-paid envelopes were sent out in one mailing in October 2009. The response rate was 30%, i.e. 631 questionnaires were returned, which is an excellent result.

In November 2009, 2970 questionnaires in either Finnish or Swedish were sent to the local residents following the same procedure than with the second-home owners. The target of 500 usable responses was almost reached, the response rate being 16% (468). Respondents to both postal surveys were encouraged to participate by giving them an opportunity to take part in a prize draw with gifts from regional tourism service providers.

4.3 Tourism income

Initially, the goal was to collect the data on the tourism income through a tourism enterprise survey on the Internet. The enterprises were chosen according to the classification of the Tourism Satellite Account (TSA), designed to measure the goods and services purchased by visitors. The goods and services in tourism are defined as:

1. Accommodation services
2. Food and beverage serving services
3. Passenger transport services
4. Travel agency, tour operator and tourist guide services
5. Cultural services
6. Recreation and other entertainment services
7. Miscellaneous services

Examples of miscellaneous services include fuel and retail products in non-specialized stores.

The first Internet survey was sent to 84 enterprises in December 2009. Because the number of responses was low, a second round was despatched at the beginning of January 2010, and a third at the end of January 2010. In spite of these three rounds the number of responses remained so low that the results could not be used as a main source of data for this study.

Thus the tourism income study was conducted as a statistical study using data based on the statistics of the different sectors of the economy in 2008. The 2008 figures were converted to estimates for 2009 by using different coefficients of change between these two years.

5. Results

In 2009, two years into the new strategic period, a total of 160.812 overnight stays were registered in accommodation establishments and guest harbours in the area. Furthermore, nearly two million overnights were spent with friends and relatives while just over two million nights were spent in private second homes. The goal set in 2006, a 2-day average stay, had not been reached yet. Direct tourism revenue in 2009 was 163 million euros and total tourism revenue (excluding VAT) amounted to 220 million euros. Tourism directly employed 1 400 persons. Table 3 shows the total tourist expenditure in 2009 divided between the various segments:

Table 3: Tourist Expenditure in Eastern Uusimaa in 2009

Visitors staying with friends and relatives	€ 73 893 000
Same-day visitors	€ 58 520 000
Visitors in private second homes	€ 44 785 868
Hotel guests	€ 14 710 664
Visitors in guest harbours	€ 1 638 826
Other accommodation	€ 1 537 006
Total	€ 190 036 446

Source: Ritalahti & Holmberg (2011)

6 Discussion

The study on the economic impacts of tourism in the province of Eastern Uusimaa in 2009 coincided with the recession in the world economy. This global downturn may have had an impact on consumer behaviour in this region as well. However, 2009 marked the celebration of the Diet of Porvoo in 1809. The happenings that were staged in the region to commemorate this historic event may have compensated for the pos-

sible loss of revenue from abroad by bringing in an increased number of domestic visitors.

According to this study, the economic impact of tourism in the region is considerable. Direct economic gain in 2009 amounted to € 163 million (excluding VAT), whereas direct and indirect revenue together (excluding VAT) was € 220 million. This turnover has considerable significance in the region. The significance is indicated by the fact that nearly 1 400 people were employed in tourism in 2009.

Visits to Eastern Uusimaa takes many forms but the biggest group consists of day-trippers. This dominating role of day-trippers, 1 100 000 out of the total of 1 700 000 visitors, is a distinctive factor to be considered when comparing the results with other regions. This category of tourists brought in € 53 million, whilst the segment bringing in most revenue, namely tourists staying with friends and relatives, brought in € 73 million. An average day-tripper spent € 48 - 61 per day, only 10 euros more than those staying outside registered accommodation, whereas hotel guests spent on average € 132, 34. These factors together highlight the importance of working towards reaching the strategic goal of longer stays in the destination.

The survey threw up two contradictory findings. The expenditure side of the survey suggests reliability whereas the income survey raises a lot of questions. One important finding is that the entrepreneurs taking part in the survey seem unaware of the role of tourists as the generator of their revenue. It would be beneficial for them to have a better understanding of the significance of tourism because these entrepreneurs play an important role in the implementation of the ambitious tourism strategy of the region. The problem is, judging by their poor rate of response to the income survey that the entrepreneurs do not seem to realise the value of research into the economic impacts of tourism. If they cannot be bothered to respond to the survey and, furthermore, if they are not able to estimate the share of tourism in their revenue, how can they be expected to develop innovative tourism products of high quality to meet the needs of future visitors? Is it the case that tourism businesses in the region are small lifestyle entrepreneurs who are not interested in growth and hence do not see the value of research? Or do they think that local decision makers are not keen on developing the industry, hence why participate in re-

search? Could perhaps different research methods have been used to reach a better result?

The survey was carried out using the Nordic Model, which offers various ways to approach the subject. However, this flexibility has two sides. One benefit is that it can be applied to a variety of tourism destinations. The downside is that the results obtained from different destinations are not comparable. (Jennings 2001)

Other criticisms levelled at the Nordic Model are: large empirical data, lack of statistical data on day-trippers, numbers of tourists staying in non-commercial establishments, interviewees' ability to estimate their expenses, the large number of stakeholders in destinations, categorising, sampling, and data collection techniques.

As regards the matter of large empirical data, they may be troublesome to handle and analyse. Day-trippers present a challenge because they do not necessarily visit places where visitor statistics are collected. Therefore there may not be much data on how they spend their money. The same is true of visitors staying overnight in private homes.

Beyond those, a further challenge comes when interviewing visitors about their use of money. People forget how much they spend on various items, what they bought before the trip using a credit card, or they may simply give answers they think are expected of them. The stakeholders involved in surveys are another consideration as they have their own opinions and interests that may conflict with the interests of the destination as such. As regards categorising and sampling there is no uniform understanding of tourism. This leads to serious issues about what data to collect and how reliable it is. (Kauppila 2001)

The combination of the above-mentioned weaknesses results in researchers in different regions using varying definitions, which in turn makes it difficult to compare results. One solution might be longitudinal studies where the same definitions and questionnaire techniques are used systematically over a longer period of time to allow for comparison. Due to recent changes in regional administration, i.e. Eastern Uusimaa becoming part of Uusimaa on 1 January 2011, the following study on econo-

mic impacts will embrace this new, larger Uusimaa province. Part of the funding for a similar survey has been guaranteed and it is expected to be carried out in 2013. It remains to be seen how it compares to current research and what changes in research methods will take place.

References

Cooper, C./Fletcher, J./Fyall, A./Gilbert, D./Fanhill, S. (2008): *Tourism Principles and Practice*. Fourth edition. England.

Itä-Uudenmaan Matkailustrategia 2007-2013 (2006)

Jennings, G. (2001): *Tourism Research*. Australia.

Kauppila, Pekka (2001): *Matkailun aluetaloudelliset vaikutukset: pohjoismaisen mallin matkailijatutkimukset*. Naturpolis Kuusamo, tutkimuksia 3/2001.

Paajanen, Malla (1994): *The Economic Interaction between Tourists and Enterprises*. The Helsinki School of Economics and Business Administration. B-142. Helsinki.

Ratz, T./Puczko, L. (2002): *The Impacts of Tourism, an introduction*. Häme Polytechnic. Hämeenlinna.

Ritalahti, Jarmo/Holmberg, Eva (2011): *Itä-Uudenmaan matkailun tulo- ja työllisyystutkimus 2009*. HAAGA-HELIA tutkimuksia 3/2010. Helsinki.