Cultural Heritage Management

Wk 9   Managing 'soft' impacts: the importance of narratives and empowerment

Lecture 09-1

AUT

Today's session…

- Introduces various views on sustainability and introduces some dimensions of potential tourism impacts

- Shows the simple designation of heritage and the way it is consumed by tourists can affect cultural values and traditions of local and indigenous populations

- Recognises that while heritage tourism can have positive societal impacts, there is a need to understand the potential for alienation and cultural drift

- Makes certain management recommendations that are meant to minimise the negative 'soft' impacts while strengthening the positive values of heritage tourism

1. A question of impacts

- At the start of the course, the different layers of the tourism-heritage product were introduced: the core, actual and extended product
- Next, we discussed the difficulty of choice and the need for assessment tools
- In the following weeks, attention is paid to management aspects, both off-site and on-site, specifically related to averting potential negative impacts associated with cultural tourism
- Only by acknowledging the potential for negative effects, we can identify them, attempt to minimise them and increase sustainability of the attraction and destination

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- The sustainability dimension consists of three well-known dimensions:

Johann Dréo
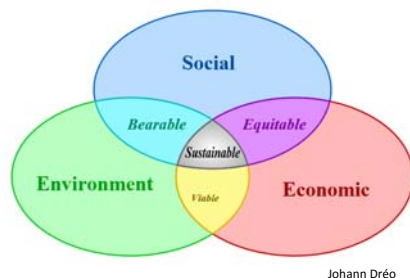
- While heritage has always attracted visitors, population rise and increased mobility have exponentially increased pressure on heritage sites. Especially in sensitive areas, even the slightest number of tourists has an influence on the environment and causes change (e.g. the 'observer effect'):

"That 'each man kills the thing he loves' is certainly true of the tourist. We are all looking for the virgin country we can deflower, the unspoiled beach, so that we can be the people to spoil it. The best time to visit any tourist destination is always ten years before you actually get there. Ten years ago the fishing village still had fishermen, and the local bar still had locals. Now, it's full of people like us." (Anderson, 1995, p.53)

- Change can come in various ways, from 'soft' (e.g. change in local behaviour under the tourist gaze) to 'hard' (e.g. physical site deterioration), and can be positive or negative

Images: Alexrk2 (left, upper), anneileino (right, upper), stapaw (left, lower), photoren (right, lower)

- Impacts don't happen in isolation and the way in which we would allow positive impacts to offset negative impacts influences the view on sustainable resource development

View on sustainable development	Main objective	Translation to tourism	Substitution between capitals	Carrying capacity
Weak sustainability/ non-conservationism	Development	Activity-based	Yes	Defined by least vulnerable resource
Norm-based sustainability	Stakeholder-approved development	Community-based	Maybe	Defined by societal norms
Strong sustainability/ Conservationism	Protection of resource base	Resource-based	No	Defined by most vulnerable resource

Neuts (2012)

- The philosophical view on sustainability will to an important extent influence whether we could define a development as sustainable
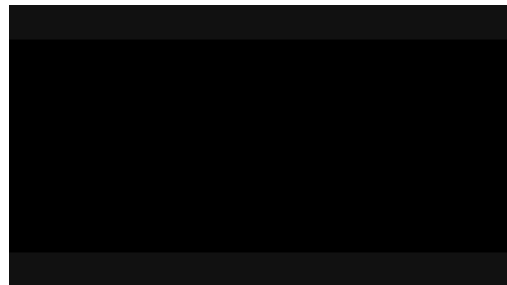
2. Some examples of soft impacts

https://www.youtube.com/watch?v=T1C4HI7OXCY
Copyright: Brusseler, M. (2013)

• Do you consider this cultural appropriation?

https://www.youtube.com/watch?v=kjVqZkDZrgg
Copyright: Supatankfan (2011)

https://www.youtube.com/watch?v=tuiMsQ4RcRM
Copyright: Haka International (2012)

- 'Soft' impacts can be positive or negative and this is a subjective evaluation that can be felt differently for different people

Negative	Positive
- Cultural change - Cultural commodification - Cultural appropriation - Alienation due to selected narratives / visualization / contestation	- Revival of lost or declining elements of culture - Community pride - Stronger destination image

Often caused by social amnesia, attempts to erase certain pasts

- Timothy (2011)

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3. Positive 'soft' impacts

a. Revival of lost or declining elements of culture:
- Things such as traditional dances, music, architectural styles of the verge of being lost have been revived because of tourist interest
- Tourism provides an economic rationale for safeguarding cultural elements, such as is the case here in Dominica:

A focus on tourism as an income generator is promoting a shift to revisiting and reviving old traditions. Boat making, weaving of baskets, crafts carved from coconuts or calabash gourds and use of herbal medicines are some examples. Prosper Paris, a member of the Kalinago council, runs the Karifuna cultural group where they engage the community, as well as tourists, by recreating and inventing new cultural dances and costumes.

Tourists also show interest in traditional foods, such as cassava bread. A recent Kalinago cuisine program trained 15 youth to cook traditional foods in hopes that this form of development will encourage them to seek out employment in the **Home Stay program**, which caters to tourists who want to stay with a Kalinago family. Home stay rates vary from $30 to $50 US per person with snacks and meals ranging from $6 to $15 US each.

Ruane Remy © http://jpress.journalism.ryerson.ca/kalinago2012/2012/06/29/reviving-culture-with-tourism/

- Timothy (2011)

b. <u>Community pride:</u>
- Cultural tourism might result in enhanced societal esteem when residents see interest of tourists
- Helps to preserve living heritage, clean up built environment and enhance community relations

E.g. Uluru-Kata Tjuta NP handed back to the Anangu after the Aboriginal Land Rights Act and now under joint management with the Australian NP and Wildlife Service). The Anangu often lead walking tours to inform visitors about the local flora and fauna, bush foods and the Aboriginal Dreamtime stories of the area.

Corey Leopold

c. <u>Stronger destination image:</u>
- Cultural heritage adds to the strength and attractiveness of a destination and satisfied cultural tourists will generate positive word-of-mouth, further strengthening the image and reputation of a destination
- This can come as a natural effect of heritage preservation, marketing, and visitation or can be actively pursued
- While in most cases this can be considered a positive effect, when a government uses/abuses indigenous symbols for propaganda purposes, it becomes an element of cultural appropriation

- Timothy (2011)

4. Negative 'soft' impacts

a. <u>Cultural change:</u>
- Tourists come to a place to experience local culture but invariably bring their own behaviour, expectations, values and money with them → can cause changes in the host culture and behaviour (e.g. observer effect, demonstration effect)
- Culture modifications and permanent change can include learning the language of tourists, consuming non-local food or drinks (or adapting ones own food to tourist preferences), wearing non-traditional fashion, indulging in the same form of entertainment as tourists, etc.
- Furthermore, at some stage Western tourists tend to crave Western-style amenities → if locals develop/copy these tastes as well, this might have an impact on the traditional production system, moving away from local goods
- Is most likely to occur where tourism is non-seasonal, its influence is strongly pervasive, and (certain) local people are favourable towards tourism development
- While change is not necessarily bad and is not just caused by tourism but also by things such as the media and internet, it can especially create tensions in societies that are strictly religious, patriarchal or close-knit

- Timothy (2011)

- <u>Example:</u> Hoi An (Vietnam)

Crazy3108

Mr & Mrs Backpacker

Changes are taking place, however, within people's households and in their lifestyles. For example, while traditionally most shop-houses had an ancestral worship space in the centre of the building, today, many shop owners use this space for commercial purposes. Likewise, entertainment and hobbies are also changing, particularly among young people. Discotheques and internet cafés are replacing traditional types of entertainment and communication, while new games are being introduced, such as tennis and badminton.

Other social changes taking place in Hoi An and the surrounding villages include changes in working hours. For example, tailoring services require long working hours which affect family relations.

There is also a move away from family-centred and community-focused behaviour associated with traditional Vietnamese villages toward more urban or individualistic attitudes in which materialism and material gain are prioritized.

- Hoi An Centre for Monuments Managements and Preservation (2008)

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b. <u>Cultural commodification:</u>
- Commodification can be regarded as a specific form of cultural change and is probably the most visible and widespread effect of heritage tourism
- It pertains to the commercialisation of both tangible and intangible cultural heritage as a result of tourist demand → through commoditization, traditional values and meanings are lost as merchandise is assembled for mass consumption
- Art gets manufactured to tourist tastes, cultural performances get adapted to the needs of tourists and unskilled workmanship starts to dominate the handicraft sector

c. <u>Cultural appropriation:</u>
- Cultural appropriation is a softer form of cultural theft in which unauthorized people use heritage and symbols from other cultures without permission
- Of primary concern here is loss of power and true ownership over culture
- This is complemented/exacerbated by commodification processes where the cultural owners not only lose ownership over their heritage symbols but also lose out on the economic returns of it
- Cultural appropriation can happen by private companies or by governments who use indigenous culture to instigate national sentiment or as a marketing gimmick

- Timothy (2011)

d. Selected narratives/visualisation/contestation:

- As was discussed before, heritage designation is an inherently political process, requiring choice of what is and what is not heritage and how it is interpreted → this is a relative concept
- While it can be argued that heritage interpretation does not necessarily need to be a faithful representation of historical facts and events, which is biased in itself, we have to be aware that the choice of interpretation can upset or alienate certain stakeholder groups; Which is the official story? Do divergent viewpoints get equal attention? Are minorities/locals heard?
- Relates to the problems of inauthenticity and can be innocent (e.g. in the case of a void of historic resources) or more deliberate (e.g. in the case of social amnesia and erasing the past)

E.g. In many Caribbean destinations, memories of colonial past are preferably forgotten and these historic sites are minimized and not actively marketed → however this is of interest to heritage tourists who actively seek out this form of heritage

Urban Walnut

- Timothy (2011)

- Heritage dissonance is generally caused by one of three related possibilities:

1. Multiple groups claiming the same heritage	- Diverse groups feel ownership of the same heritage place, but see a different meaning in it - Each groups views their 'truth' as being the only truth and hence no shared narrative can be considered fulfilling
2. Disagreement within a single group	- Different factions within a larger group (e.g. nationality) have different interpretations of common history - Can be the result of arbitrary administrative nation boundaries, personal inheritance, etc.
3. Multiple histories occurring at the same time	- Quite similar to the above, and manifested in colonial and indigenous heritage: different paradigms and histories exist of one place - If one narrative is chosen over the other, a group is consequently shut out

- Timothy (2011)

• <u>Example:</u> The Temple Mount in Jerusalem as a sacred place for Jews, Muslims, and Christians

Godot13

Erin

5. Management lessons

• For successful, sustainable and respectful management of heritage sites, it is thus important to recognise negative impacts and minimise them, while attempting to maximise positive ones:

| Negative	Positive
- Cultural change - Cultural commodification - Cultural appropriation - Alienation due to selected narratives / visualization / contestation	- Revival of lost or declining elements of culture - Community pride - Stronger destination image

Minimise

Maximise

• How can we do this, after analysing 'soft' impacts? Any ideas?

a. <u>Empowerment and property rights:</u>
- Empowering indigenous cultures to (co-)manage their own heritage increases the sense of awareness, pride, and activation. It is about decision-making, use rights, and generating of revenues
- An important aspect to maximise changes for empowerment are clearly established property rights → management of public goods more difficult and potentially open to exploitation
- If established correctly, establishing local community rights and allowing self-management can result in:
  - A rise in community pride
  - A lower chance of cultural appropriation
  - On the other hand, commodification and selected narratives are still a possibility. While the former ought to ultimately be the decision of the cultural rights holders, the latter is depended on the ability to establish rights to all sorts of cultural owners
- However, empowerment can sometimes be used as a gimmick, only giving indigenous owners marginal decision rights. In cases where the voices of indigenous heritage owners are not actually heard in the management of the resource, this false empowerment can lead to conflicts, resentment and ultimately a sub-optimal conservation management

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- <u>Example:</u> Manyara Ranch (TZ)
  - <u>Reading:</u> Goldman, M. J. (2011). Strangers in Their Own Land: Maasai and Wildlife Conservation in Northern Tanzania. *Conservation and Society*, 9(1): 65-79. doi:10.4103/0972-4923.79194
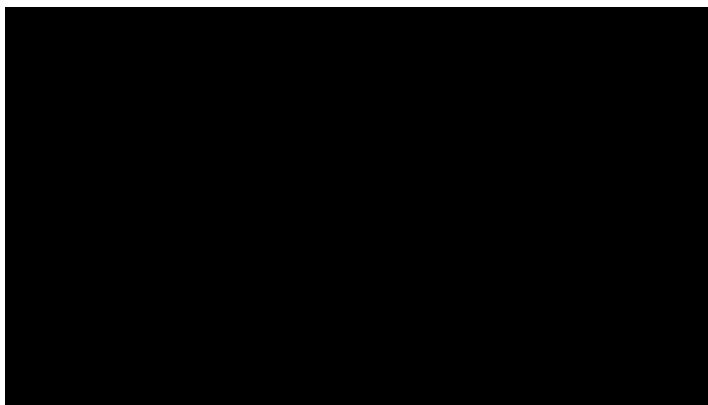
https://www.youtube.com/watch?v=GmaD_ReNrtE
Copyright: African Wildlife Foundation (2015)

<u>Questions:</u>
- What is the main objective of the ranch?
  - Wildlife conservation
  - Providing a wildlife corridor between two NPs
- Who manages the ranch? Is there any mention of empowerment of local communities?
  - AWF extended its sphere of influence from the adjacent NPs to the corridor connecting these parks
  - It is said they work together with the community, but ranch management happens through AWF employee

- While AWF talks about cooperation with local communities, the study of Goldman (2011) tells a different story, exemplary of how a lack of real empowerment and decision-making leads to aversion and acts of resistance (e.g. poaching) by local communities

> The hope and pride villagers expressed about Manyara Ranch in 2002 was based on an understanding that the area had finally been returned to them, and that they had decided to make it a conservation area and grazing reserve. This was forward thinking and would bring them relief from pasture shortage, and provide financial returns from wildlife-based tourism. It would also officially return them home, in the sense of regaining legitimate control and ownership of land and resources, which they saw as part of their larger resource system, and to which memories were tied. The sense of betrayal, confusion, and resentment villagers expressed in 2003 was based on the slow realisation that the land had, once again, been taken from them. Anger and resentment continued to build as more restrictions were placed on grazing, and people were fined for 'trespassing' inside the ranch. As wildlife numbers began to increase inside Manyara Ranch, wildlife conflicts in village lands also rose (e.g., lion attacks on cattle, elephant raids of farms),[31] and people began to refer to wildlife throughout the area as belonging to the Manyara Ranch manager.

Dan Lundberg

Goldman (2011, p.71)

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b. <u>Involving cultural owners with site interpretation:</u>
- While involving cultural owners with the interpretation of heritage helps to minimise change of selected narratives, it is also interesting from a marketing perspective. Indigenous guides are perceived as more authentic and a reliable source of information by visitors
- If done correctly, this can result in:
  - A rise in community pride
  - A stronger destination image
  - A lower chance of cultural appropriation
  - Less friction with regards to selected narratives and contestation
- However, it does not necessarily mean all frictions are solved, since no single viewpoint of multi-layered heritage can incorporate all narrative complexities

Winstonwolfe

Steve

THE TREATY IS A FRAUD

Ulanwp

c. Allowing for multiple narratives/interpretations:
- Especially for contentious historical sites, it is important to move away from the authorised heritage discourse which often centres on a white, middle-class, male perspective and also allow for divergent viewpoints
- When offering multiple viewpoints, it is important to be transparent about biases. Furthermore, it is worthwhile to try to link the given narrative to the expectations of the visitor, which can take three main forms:
  - Orthodox: only wanting confirmation of ones own narrative and point of view
  - Contrarian: an interest in hearing a contrasting point of view
  - Mixed: which attempts to introduce a variety of viewpoints
- Allowing for alternative interpretations could result in:
  - An enhanced community pride
  - Less friction about selected narratives and visualisation
- However, there is a need to balance historical accuracy with communal sensitivities and the role of cultural heritage resources as curators and educators. Not all information needs to be up for discussion

- Wecker & Kuflik (2015)

d. Spreading income from tourism:
- Often the cultural resources that attract tourists in the first place, are not the professions that earn the largest amount of income. This can lead to a situation where culture isn't preserved because locals move towards other professions:

Bestedingen, per persoon per nacht (euro)	kust	kunststeden	Vlaamse regio's
Logies	27	43	40
Maaltijden, drank en voeding	24	52	25
Attracties en ontspanning	2	9	2
Shopping	9	34	5
Verplaatsingen ter plaatse	1	4	3
Andere uitgaven	0	0	1
Totaal	62	142	76

- Setting up community funds to spread income of higher margin tourist resources over an entire village can help in safeguarding declining elements of culture
- Such community redistributions could result in:
  - Supporting the revival of lost or declining elements of culture
  - A stronger destination image
  - A lower chance of cultural change
- However, it is not necessarily a remedy against commodification and might actually exacerbate it by putting added pressure on generating money through culture that is spread throughout an entire community

- <u>Example:</u> Bwindi National Park (UG)

https://www.youtube.com/watch?v=6HSIzOdca4w
Copyright: Prairie Public Broadcasting (2013)

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e. <u>Limiting access to sensitive cultural traditions:</u>
- In order to preserve certain cultural traditions, a strategy could be to not allow visitors access
- Limiting access could result in:
  - A lower chance for cultural change
  - A lower chance for cultural appropriation
- However, this often takes the form of a staged setting in which the tourist is offered a commodified experience while the actual traditional practices are kept away from the tourist gaze. Notwithstanding, the commodification is then not an act out of commercial gain but of cultural protection

Elizabeth Thomsen

- Gold & Revill (2014)

Conclusion

- 'Soft' impacts resulting from heritage and tourism consumption pertain to the 'people' dimension of sustainable development
- Impacts can be positive or negative, often caused by the fact that multiple stakeholders can hold different views on heritage and its use for tourism
- The most essential element is recognising ownership and giving empowerment to heritage owners in (joint) management

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Cultural Heritage Management

Wk 9   Cases: Auschwitz and Grutas Park, the influence of narrative and stakeholder perception
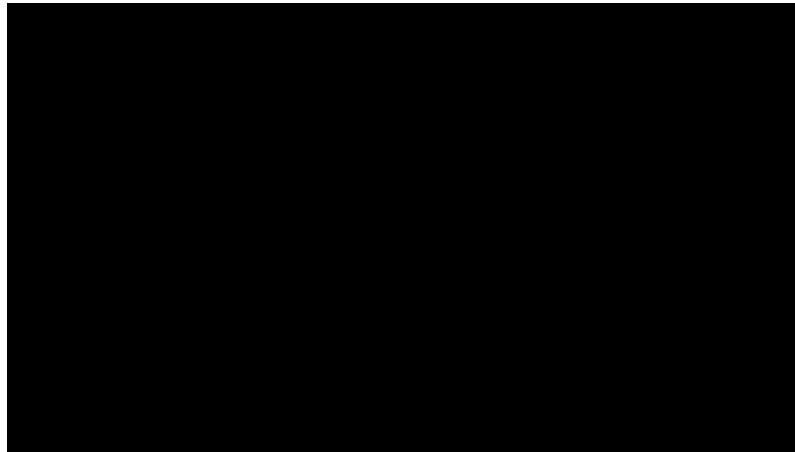
Tutorial 09-2

Today's session...

- Discusses the potential social impacts of selected narrative in the case of Auschwitz
- Looks into the effects of stakeholder perception on impacts of Stalin Park

1. An exercise in narrative: Auschwitz (PL)

https://www.youtube.com/watch?v=gonvxBXAgNI
Copyright: TWR Music (2012)

- Stories can increase attraction potential and are an important element of site management. However, choice of story can potentially have negative social impacts → identified before in terms of heritage dissonance
- Potential for a negative effect depends on chosen narrative and stakeholder involvement. Remember the stages of interpretation: choice of story told about heritage (level 1, 2, 3, 4) can lead to diversity of impacts

Stage of reality:

Chances of negative impact:

More real

1

Higher

2

Since heritage is based on reality, soft impacts are probable

3

Lower

Since heritage resource is based on a fake reality (without cultural owners), representation should not lead to negative soft impacts

4

Less real

- Voase (2010)
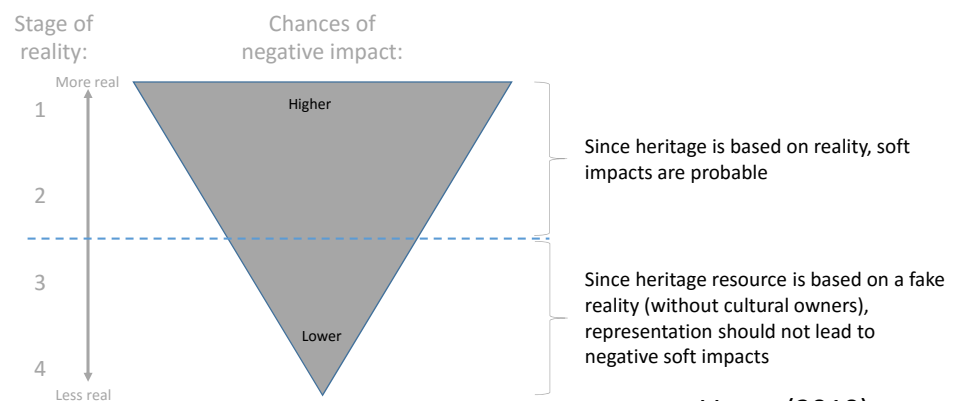
- Questions:
  - At what stage of reality would you place Auschwitz-Birkenau?
    - Auschwitz-Birkenau is a level 1 representation
    - Historical events having taken place here are represented as accurately as possible
  - Who are important stakeholder groups of the heritage site?
    - Victims and survivors of the camp and their relatives (not only Jews, but also homosexuals, gypsies, communists)
    - German and Polish residents
    - The nearby Polish tourist sector
  - Which possible soft impacts can you identify in the case of Auschwitz? What is the main narrative and is the story told inclusive or exclusive of some stakeholders?
    - Auschwitz-Birkenau is established as a museum and a memorial, one of the icons of the holocaust horror and is seen as a message of peace by not forgetting the things mankind is capable of
    - The information provided attempts to be inclusive and conclusive, collecting facts and true accounts of history
    - However, by being inclusive, a section of Jews feels that the narrative minimises the suffering of Jews by including the stories of other camp victims. This is a case of multiple histories occurring at the same place and leading to a form of heritage dissonance

2. Stakeholder perceptions: Grutas Park (LT)

https://www.youtube.com/watch?v=5RJMod6iKoI
Copyright: Journeyman Pictures (2010)

- Questions:
  - Who are important stakeholder groups here?
    - Park owner, management and employees
    - Local economy in the neighbourhood of the park
    - Relatives of victims of Soviet oppression

  - Taking the role of one of the previous stakeholder groups, describe which impacts you will focus on in order to defend the interests of your group?
    - From the perspective of park management, the rationale for the park lies in its economic contributions to the region. He therefore focuses on multiplier effects and employment. Furthermore, he defends it as a site to prevent social amnesia and forgetting of an important, albeit painful, part of the history of Lithuania
    - From the perspective of the relatives of victims, the park economically exploits the suffering of the past generations. The narrative taken here is one of commodification of a painful part of history, leading to a disrespectful representation of the past

Conclusion

- Both case studies show that in many heritage sites (especially these with a dark history attributed to them), 'soft' cultural impacts are likely
- The way these impacts are present and felt will depend on the chosen narratives and the stakeholder groups to which one belongs
- Depending on the stakeholder group to which one belongs, focus will be placed on different aspects of the heritage interpretation. This increases the complexity of finding a common ground in the chosen narrative

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Cultural Heritage Management

Wk 10   Managing 'hard' impacts and on-site experience

Lecture 10-1

Today's session…

- Looks at the difficult relationship between development and conservation, shifting focus to the physical impacts of heritage tourism

- Establish how 'hard' impacts can influence all dimensions of sustainability and thus have to be taken into account for a more sustainable tourism management

- Introduces management aspects on regional and site level to be taken into account in order to attempt to minimise negative impacts of development

1. Development versus conservation

• In a previous session, we focused on 'soft' impacts of heritage demand and consumption. However, when we think of tourism impacts and sustainability, most likely the first things that come to mind are images of physical destruction

• Physical-spatial impacts can take place in all three sustainability dimensions. It is noteworthy though that impacts do not generally happen in isolation (e.g. environmental degradation comes at an economic cost as well):

- Overuse of space
- Forced displacement

- Physical wear and tear
- Solid waste and littering
- Air pollution and noise
- Overuse of local resources
- Aesthetic pollution
- Cultural theft and vandalism

Johann Dréo

+ Job creation
+ Tax revenue and regional income growth
+ Source of conservation
- Inflation

• Timothy (2011)

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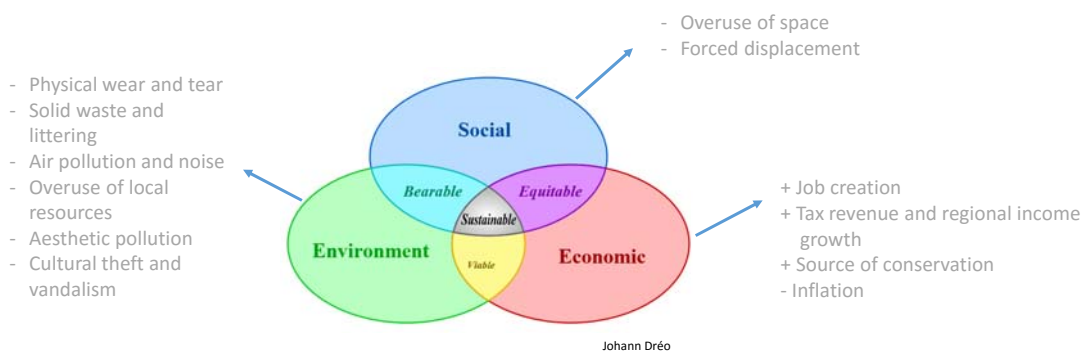
2. Environmental impacts

a. <u>Physical wear and tear</u>:
- One of the most obvious visible impacts that both relates to natural heritage and built heritage
- Years of visitation by tourists' feet and fingers wear away motifs, carvings, designs and other details, while also altering the form of the base material itself (e.g. ancient stairs and walkways)

e.g. Grand Place in Brussels gets visited by an estimated 2.7 million tourists, above the local residents and commuters → too intensive use of cobblestones and adjacent historic city hall lead to irreparable damage according to heritage experts

Galaxa1

- Timothy (2011)

- Apart from clambering feet and curious fingers, wear and tear also comes from increase in humidity due to human presence

e.g. Tutankhamun's mummy removed from original sarcophagus to a climate-controlled glass box, designed to prevent heightened rate of decomposition caused by the humidity and warmth from tourists visiting the tomb

Nasser Nouri

- In natural areas, trampling of people can cause compaction and erosion, preventing vegetation growth and increasing water runoff → harms the natural environment as well as posing a risk for the built environment through mudslides and flooding

- Timothy (2011)

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b. <u>Solid waste and littering</u>:
- Litter at historical monuments and in natural heritage areas takes away from the visitor experience: the aesthetic appeal diminishes as litter increases and places become unsightly
- Apart from an aesthetic influence, litter can have direct detrimental consequences: fried food, candy, gum and spilled soft drinks can ruin some surfaces, especially absorbent material. The direct effect is even more clear in sensitive ecological environments where litter can harm the resource itself (e.g. death of marine animals)
- Finally, higher tourist numbers (often used to a higher living standard), invariably lead to larger amounts of waste production which can cause problems regarding waste disposal management and cause environmental concerns as well as economic costs

Abd allah Foteih

ATCB (2012)

• Timothy (2011)

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c. <u>Air pollution and noise</u>:
- Is also a direct consequence of rising visitor numbers; especially transportation concerned with tourism is a source of pollution: a single transatlantic return flight emits almost half of the CO_2 emissions an average person yearly produced through all other sources (lighting, heating, car use, etc.)
- While being a worldwide issue, it also contributes significantly to local air pollution, which affects health and the heritage structures themselves

In crowded, ancient cities automobile exhausts have blackened white and grey stone structures while the poisonous chemicals in the exhausts eat away at granite, bronze and cement, contributing to the corrosion of statues, monuments and historic buildings

Dennis Jarvis

- Natural heritage sites are equally affected by air pollution, global warming affecting ecosystems and melting glaciers. Furthermore, some natural heritage sites have even begun to sell helicopter tours as an eco-tourism alternative to tramping, effectively replacing one problem with another one

• Timothy (2011)

d. Overuse of local resources:
- Overuse of local resources can relate to many things, an obvious one being the use of water: the tourist industry generally overuses water, with tourists in warmer destinations using up to 440 litre a day → can cause water shortage and degradation of quality
- But also other local amenities such as energy and food can be strained by tourist demand
- Overuse can also happen in the built environment, where tourists contribute to traffic congestions and parking problems

e. Aesthetic pollution:
- Aesthetic pollution due to heritage tourism relates to the supportive systems that have to be built around the heritage attraction in order to accommodate visitors
- Parking spaces near the heritage sites increase accessibility (also for people with physical limitation) but detract from the site experience; hotels, while needed, can pollute the aesthetic landscape as well

Julien1978

- Timothy (2011)

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f. Cultural theft and vandalism:
- In this case the literal stealing of historic artefacts (aka cultural racketeering)
- Is a booming multi-billion dollar industry, only behind drugs and armaments in volume and scale on the black market: theft of cultural artefacts in Egypt has increased by as much as 1000% due to political unrest and lack of protection
- Cultural theft has been going on for a long time: e.g. Tomb of Tutankhamun robbed at least twice within a few months after burial
- Heritage tourism could be both problem (creates demand for antiquities) as solution (part of the economic resource base of a destination)
- Vandalism can cause irreparable damage to historic environments and shows a sense of disrespect towards the culture being visited. It might also start more harmless, as an urge to leave behind some tangible clue and unknowingly harming the heritage resource

Disdero

- Timothy (2011)

3. Economic impacts

a. <u>Job creation</u>:
   - One of the most important needs in any destination is the creation of jobs for locals → tourism is a labour-intensive industry and a rise in tourism demand therefore increases job opportunities, also for people without higher qualifications
   - Heritage tourism, like all other forms of tourism creates jobs in three ways: direct, indirect and induced (often calculated via multipliers)

Direct	Indirect	Induced
Jobs that are directly related to the heritage demand, such as park rangers, museum curators, historic theme park actors, groundskeepers, cashiers, …	Additional non-tourism jobs that are created because people from the first group spend their money throughout the economy in various other sectors	Refers to extra jobs being generated because increased demand for employment (through 1 and 2) leads to a rising income that also gets spent

   - Timothy (2011)

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b. <u>Tax revenue and regional income growth</u>:
   - Heritage tourism generates taxes on income, growth, property, sales, car rental, lodging, and airport fees → these raise the income of national and regional government and can partly be reinvested in heritage conservation
   - Regional income growth refers to the redistribution of income by shifting money through regions, which is specifically beneficiary if tourists come from abroad. In the latter case, foreign currency enters the local economy as a sort of 'export'
   - The effect on regional income can, just like with job creation, be divided into a direct, an indirect and an induced effect with the direct expenditure of heritage tourists on, for instance, ticket prices and souvenirs, trickles further down the economy in a multiplicative sense

   - Timothy (2011)

Images: Alexas_Fotos (left) 22Kartika, 663highland, Pexels, DBZ2313 (right, upper to lower)

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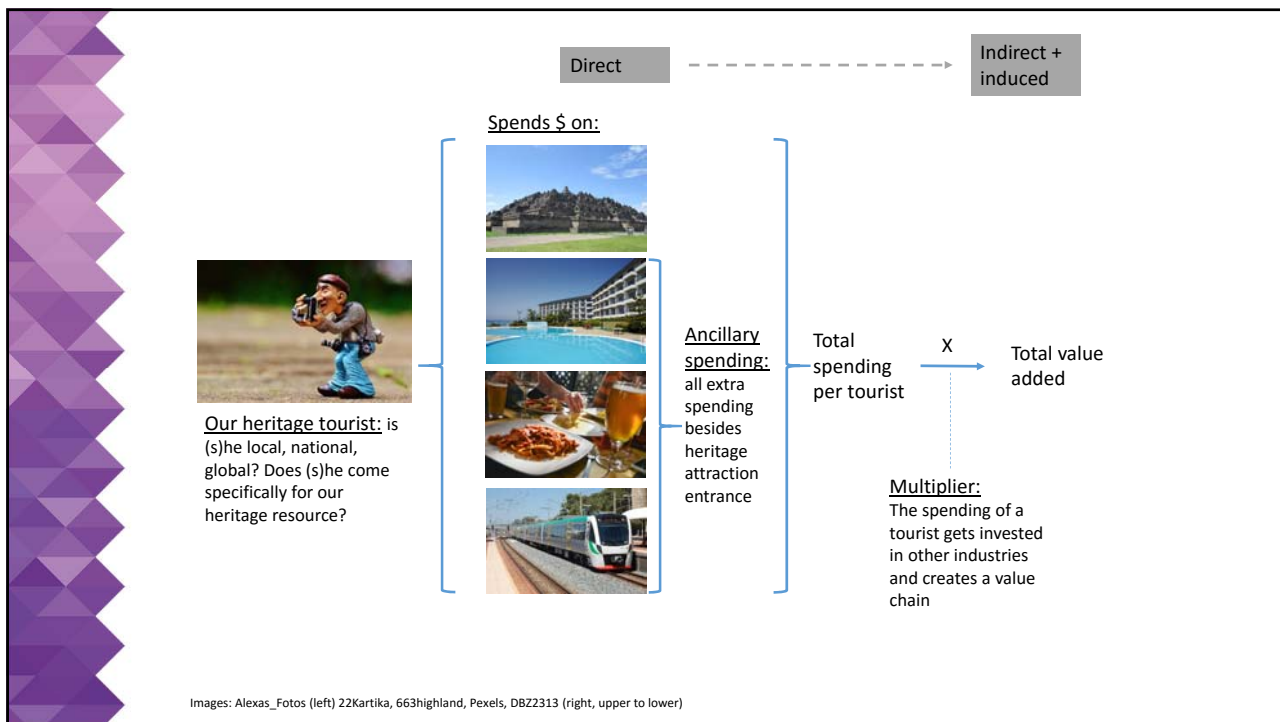
c. <u>Source of conservation</u>:
- Heritage resources have to compete with alternative forms of use → heritage conservation is expensive and bringing in tourist expenditure as a source for conservation can help to alleviate costs
- Even though ticket prices are often not enough to cover the operational costs, together with the regional economic benefits, heritage conservation can be considered worthwhile (see previous example: shows why a government should invest in these instances)

d. <u>Inflation</u>:
- As a negative effect, an increased demand for products as a result of tourism can raise the price level of commodity products as well as property prices → can in some cases lead to crowding out of locals in favour of second home tourists
- This can result in a increase of expatriate and foreign ownership of both real estate and businesses, further resulting in heavy leakages of money out of the local economy

- Timothy (2011)

7

4. Socio-cultural impacts

a. Overuse of space:
   - Crowding comes in various forms and depends on resource, recipient, and source of impact

Crowding		Recipient		Resource

Felt by…   Tourists   In …   Urban

Locals   Rural

Natural
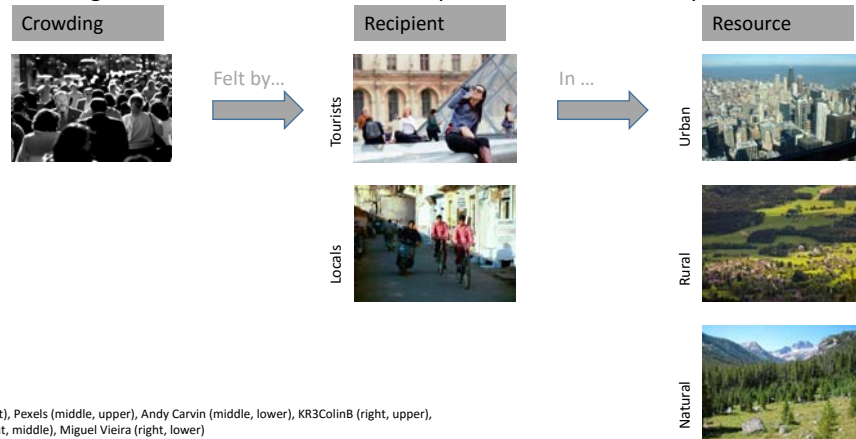
Images: _Imaji_ (left), Pexels (middle, upper), Andy Carvin (middle, lower), KR3ColinB (right, upper), Petr Kratochvil (right, middle), Miguel Vieira (right, lower)

- Can lead to direct physical consequences on the heritage resources, but also increased levels of stress, longer waiting times, constraints on pedestrian and cyclist flows, etc.
- For tourists, crowding influences satisfaction, although relationship is mediated by e.g. preferences. For residents, crowding primarily influences space use (e.g. time of use, avoidance, dissatisfaction with use). Again, however, mediated by other variables
- Main thing to remember is that the amount of people can influence space use and utility but is dependant on e.g. personality, nationality, behaviour, type of resource. Therefore, relationship between large crowds and space use is not necessarily and strictly negative

Bruges: Space use of lovers   Bruges: Space use of haters
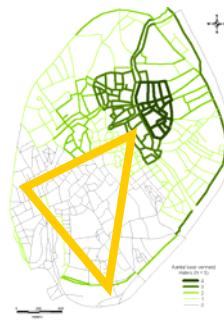

Locals who like tourists in their city will be drawn to these public spots, while opponents to tourist development actively avoid these

Bryon (2007)

- Neuts & Nijkamp (2012)

8

b. Forced displacement:

- While overcrowding might lead to a soft relocation through space, based on people's preference, sometimes entire villages and neighbourhoods are moved away to accommodate tourism development
- Can result in the exclusion of native people from their own lands under the auspices of heritage protection and nature conservation
- Example: Manyara Ranch (TZ)
  - Reading: Goldman, M. J. (2011). Strangers in Their Own Land: Maasai and Wildlife Conservation in Northern Tanzania. *Conservation and Society*, 9(1): 65-79. doi:10.4103/0972-4923.79194
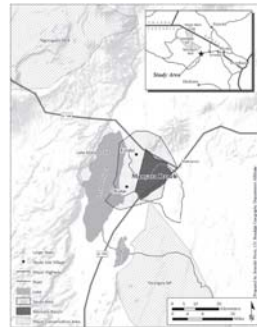
Goldman (2011, p.67)

- Timothy (2011)

- Question: How did displacement at Manyara Ranch develop historically?
  - Historically, land belonged to Maasai village of Esilalei. Maasai bomas in the area were abandoned in the 1930s because of an increase in tsetse flies
  - Shortly thereafter, a mzungu herder, requested the land for grazing his cattle → since Maasai were not currently grazing there, this was granted
  - However, this lead to the Maasai unknowingly giving up property rights → from Masaai perspective, Manyara ranch was common property and free to use, while from European perspective, the land was now privatized and fenced
  - Maasai who continued grazing inside the ranch or used some of the water wells, risked being fined and beaten → the land was lost to them
  - In the late 1990s, the land of Manyara Ranch came up for sale and Maasai petitioned the president to get the land returned to them. AWF, however, secured a 99-year lease, causing confusion among Maasai about ownership of the resource, since they were under the impression they had gained ownership of the land and decided to make it in a conservation area and grazing reserve
  - Idea of the Nature Conservancy Land Trust concept is protecting areas that are deemed valuable for conservation but that are connected to human-occupied spaces → should be an inclusive concept, respecting the historical rights of indigenous groups. However, in reality, a participation gap exists in which no local representatives are part of the Conservation Trust Board, with only limited overseeing in steering committees
  - In Maasai perception, the land of Manyara Ranch was lost a second time to them, with grazing prohibitions introduced in 2002, against earlier plans and promises

- Goldman (2011)
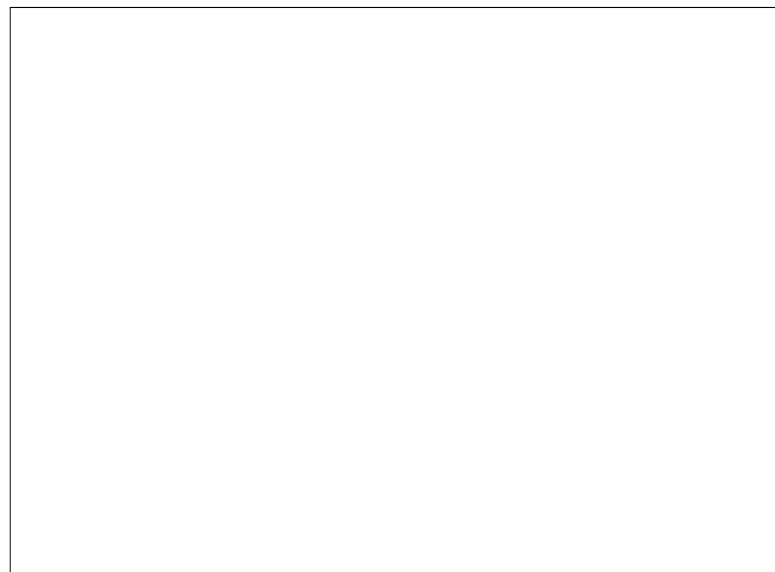
5. Management implications

- Just like in the case of 'soft' impacts, it is important to understand the possibility for various 'hard' impacts and look at ways in order to mitigate them through site management

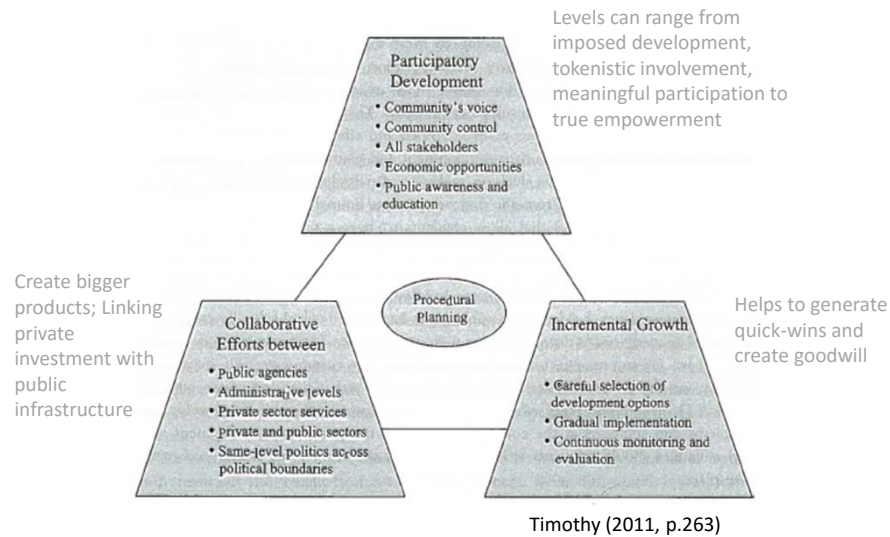| Negative	Positive
- Physical wear and tear - Solid waste and littering - Air pollution and noise - Overuse of local resources - Aesthetic pollution - Cultural theft and vandalism - Overuse of space - Forced displacement - Inflation	- Job creation - Tax revenue and regional income growth - Source of conservation

Minimise →   ← Maximise

- How can we do this, after analysing 'hard' impacts? Any ideas?

https://www.youtube.com/watch?v=HYFlvsrGwwc
Copyright: American Planning Association (2012)

• Three main, guiding principles:

Levels can range from imposed development, tokenistic involvement, meaningful participation to true empowerment

Create bigger products; Linking private investment with public infrastructure

Helps to generate quick-wins and create goodwill

Timothy (2011, p.263)

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a. Incorporating wider regional scope:
  1. Spatial analysis of supporting industries
     • An interesting aspect of higher-level spatial planning is to look into spread of tourist attractions, accommodations, transportation and demand

Spread of tourist facilities in Ghent   Tourist walking patterns in Ghent


Jansen-Verbeke & Lievois (2008)

- In order to successfully develop heritage tourism, a supporting industry of transportation, accommodation, and restaurants is needed. A potentially interesting heritage site far off the beaten track of tourists and tourism development will be much more expensive to develop and potentially have more negative effects
- This fits with what Alpin (2002) terms as a 'soft' tourism development strategy in which development should be concentrated in certain areas, so other areas can be protected and preserved
- If done correctly, adopting a wider regional scope can:
  - Minimise overuse of local resources by concentrating demand where supporting systems exist
  - Lower air pollution and noise by focusing on development with good transportation networks
  - Lower aesthetic pollution by zoning rules around heritage sites

2. Development of transportation networks between sites and catchment area
   - Transportation between sites and tourist accommodation centres has an important consequence on potential of many sites
   - Transportation options not only increase accessibility of a site, they are also important in helping to define the total tourist experience
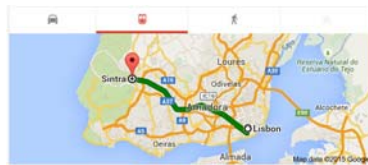

Train passengers fear attacks as authorities guarantee crime rates are falling

IN REGIONAL · 06-10-2007 00:00:00 · 0 COMMENTS

Passengers travelling on CP trains, particularly in and around Sintra, are said to travel in fear of attacks and muggings, following a constant series of incidents despite authorities and Comboios de Portugal (CP) officials guaranteeing criminality on trains has fallen significantly over the past year.

The Portugal News © http://www.theportugalnews.com/news/train-passengers-fear-attacks-as-authorities-guarantee-crime-rates-are-falling/23001

- If a site needs to be protected from overconsumption (and potential wear and tear), sometimes limiting transportation modes might be advisable. On the other hand, transportation to sites that can withstand many visitor numbers should be optimised. This could lead to a natural spread of visitors and a soft way to protecting vulnerable sites
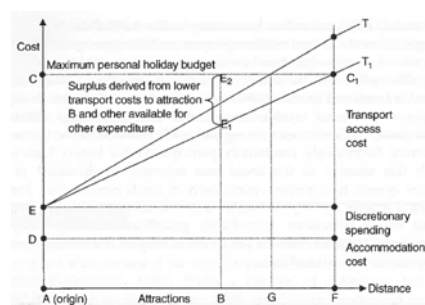

Prideaux (2000)

- If done correctly, smart use of transport development can:
  - Minimise overuse of space for certain attractions and concentrating visitors in other areas
  - Lower wear and tear for some attractions on the periphery
  - Combat air pollution by focusing on public transport and soft modes of transportation

- Example: Burra (AU) http://visitburra.com/web/
  - With a copper mine established in 1848, the Burra supplied 89% of South Australia's and 5% of the world's copper for 15 years
  - By 1851 it was the largest inland town of Australia
  - In 1877, mining was discontinued due to rising operational costs, causing the town to decline rapidly since agriculture could not make up for loss in mining
  - In 1965 local residents established National Trust to preserve mining heritage
  - While Burra is supported by a strong community involvement, and offers an interesting heritage trail (Burra Heritage Passport Scheme), covering 8 locked heritage sites and 47 other sites with interpretation, supported by a modest accommodation provision, visitor numbers are modest (ca. 30,000 per year)

http://www.burrahistory.info/BurraMining.htm
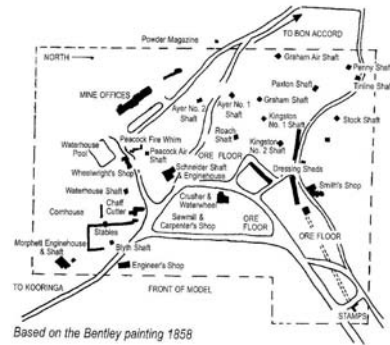
Peripitus

- Competition from other, more popular heritage sites and lack of non-heritage attractions and significant supporting infrastructure
- While being too far in the periphery and only having a one-dimensional tourist product with regional attraction, Burra should not be considered a failure though
- The Heritage Passport Scheme generated a profit of A$130,000 in 2000, being a significant local employer (for a town of less than 1,000 people) and generating sufficient funds to ensure viability

Moonta more popular mining heritage destination

160km from Adelaide

Wine tourism in Barossa Valley more important

13

b. <u>On-site planning:</u>

1. Visitor spread through access planning
   - By offering multiple access points, visitors could be spread over multiple entrances. This is especially worthwhile in case of different types of users → making special arrangements for groups (e.g. admission hours, different entrance), or behaviour (e.g. specific hours for pilgrims at religious sites)
   - Apart from multiple access points, access planning can also involve flexible opening hours, which might even be accomplished through some sort of demand-based pricing
   - Another important element of site access planning is the choice of establishing visitor centres. Especially in historic heritage sites, in order to preserve the authentic atmosphere, modern visitor centres are often built at some distance from the actual heritage, incorporating educational functions, toilets, souvenir shops, and restaurants
   - If done correctly, access planning can:
     - Lower the feelings of overuse of space by spreading visitors in time and place
     - Diminish aesthetic pollution of heritage sites
     - Might lower air pollution and noise if it incorporates a plan of vehicle spread linked with public transport systems
     - Offer an additional source of conservation in case of demand-based pricing

- Timothy (2011)

2. Establishing visitor routes and site hardening
   - One aspect of this lies in restricting access to certain places. Many sites use physical barriers such as chains, ropes, glass cases etc. → important that access is restricted, not view. This is one of the most common ways of mitigating negative physical impacts with a focus on conservation
   - A softer form of restriction is using signs or subtle forms of routing → doesn't always work! Conservation can clash with the quest for memorable holiday experiences
   - Trails, pathways, boardwalks might also be hardened, creating corridors in sensitive areas → choice for some linear impact in order to protect surrounding environment
   - If done correctly, establishing visitor routes can:
     - Avoid excessive wear and tear
     - Limit solid waste and littering
     - Lower the possibility for cultural theft and vandalism

Joseph Mischyshyn

Pedro Taboas

- Timothy (2011)

3. Combining reproductions with authentic, unaltered structures
   - Choices need to be make about general product and experience offering: e.g. keeping things in a ruined state (more object authentic) or renovating them extensively (more experiential authentic). If large visitor numbers are expected, original materials/authentic objects might be considered too vulnerable
   - One option is to renovate or make a reproduction which is accessible to visitors, while keeping many of the original structures inaccessible
   - These reproductions can:
     - Avoid physical wear and tear to the authentic objects
     - Limit the possibility for cultural theft and vandalism

Wknight94

- Timothy (2011)

4. Queuing management
   - Queues should be short as to not deter visitors → providing initial experience/info while waiting helps
   - New queuing services make use of mobile internet services, including remote queuing (i.e. access a queue remotely through a mobile device) and mobile queuing (i.e. getting a notification on phone when it is your turn in the queue). Both of these are supported by predictive summoning algorithms
   - Main queuing principles:
     - It's not the length of the line that matters but what we think about it when we are in the queue
     - People who have to wait less long than anticipated are generally more satisfied
     - Time of waiting remains constant whether there is one line or two, but movement is faster in one line and can be perceived as fairer
   - Efficient queuing management can:
     - Limit the conception of overuse of space
     - Increase revenue for conservation by decreasing dissatisfaction and number of walk-outs

Jeremy Tarling

- Watson (n.d.)

5. Appointing security guards and using CCTV
   - To further prevent unwanted behaviour, video cameras and security guards can be used as intimidation
   - The obvious problem being though: these generally affect visitor experience in a negative way (e.g. http://www.swinglikeawildman.com/silencio/)
   - These security measures can:
     - Avoid some physical wear and tear by making sure visitors do not touch exhibitions
     - Prevent cultural theft and vandalism

6. Installing souvenir shops and providing places to leave a mark
   - According to some researchers, for those who want to leave their mark or take a memento, we should provide managed options to do so: e.g. souvenir shops, guest books, graffiti walls, etc.
   - Providing these can:
     - Prevent cultural theft and vandalism
     - Add to revenue and create a source for conservation

Mihael Grmek

- Timothy (2011)

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7. Installing visitor quota
   - Some sites have used visitor quota in order to combine conservation policy with a more optimal visitor experience. Especially with vulnerable historical sites, soft means of preventing mass access (such as limits to transportation options) might be insufficient
   - Less strict systems to control visitor numbers relate to congestion pricing mechanisms
   - Installing quota can:
     - Limit overuse of space
     - Prevent physical wear and tear
     - Limit solid waste and littering and protect ecosystems
     - Limit overuse of local resources

Special visits to the necropolis underneath the Basilica, where the tomb of St. Peter is located, are only possible following special permission granted from time to time by the "Fabbrica di San Pietro". Visits are organized according to the schedule set by the Excavations Office.

- In order to preserve this exceptional historical, archaeological site and due to the limited premises around the venerated tomb of the Apostle Peter, only around 250 visitors per day are permitted to enter.

- Groups are composed of approximately 12 people and according to language.

Excavation Office © http://www.scavi.va/content/scavi/en/ufficio-scavi.html

Blue 439

- Timothy (2011)

Conclusion

- 'Hard' impacts pertain to physical, visible impacts on heritage, of which elements of damage and wear and tear are most obvious
- Most 'hard' impacts refer to the environmental dimension of sustainability, but there are also aspects of social and economical impacts involved
- Guiding principles throughout all site management should involve: collaborative planning, participatory development, and incremental growth
- On a lower level, main management choices to prevent 'hard' impacts revolve around visitor management, limiting access, and establishing quotas, thus directly interfering with visitor behaviour

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Multimedia

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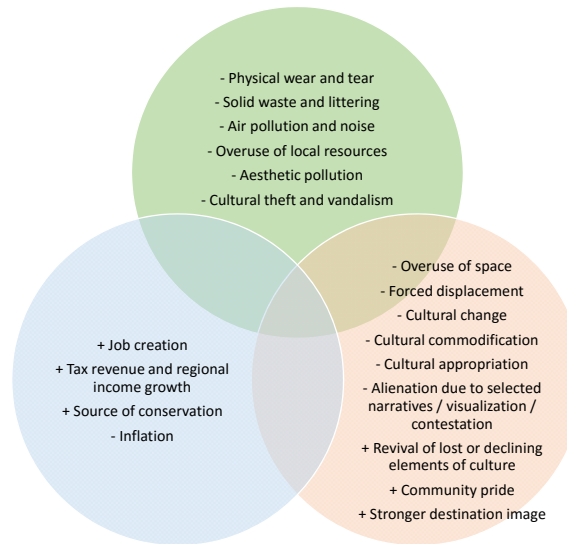
Cultural Heritage Management

Wk 10   Case: Visitor management at Skara Brae Prehistoric Village

Tutorial 10-2

Today's session…

- Looks further into aspects of potential 'hard' impacts and the site management to alleviate these impacts
- Analyses the case study of Skara Brae Prehistoric Village

1. An overview of potential impacts

- Physical wear and tear
- Solid waste and littering
- Air pollution and noise
- Overuse of local resources
- Aesthetic pollution
- Cultural theft and vandalism

\+ Job creation
\+ Tax revenue and regional income growth
\+ Source of conservation
- Inflation

- Overuse of space
- Forced displacement
- Cultural change
- Cultural commodification
- Cultural appropriation
- Alienation due to selected narratives / visualization / contestation
\+ Revival of lost or declining elements of culture
\+ Community pride
\+ Stronger destination image

2. Case study: Skara Brae Prehistoric Village (GB)

- <u>Reading:</u> Leask, A., & Garrod, B. (2013). Visitor Management at a World Heritage Site: Skara Brae Prehistoric Village. In B. Garrod, & A. Fyall (Eds.), *Contemporary Cases in Tourism* (pp.81-97). Oxford, United Kingdom: Goodfellow Publishers Ltd.

Wknight94

Google ©

2

https://www.youtube.com/watch?v=XxxSYc0KHMg
Copyright: UNESCO (2013)

- Case:
  - Skara Brae recognised as one of the best-preserved group of prehistoric houses in Western Europe. Located on the Orkney Islands, north of the coast of Scotland
  - Remains date from around 3100BC to 2500BC
  - Currently, six houses are visible, having lost the north site of the settlement to the sea
  - Skara Brae is part of several properties that combine to form a WHS

- Questions:
  - Which items are included in the management plan that has to be delivered to UNESCO for WHS designation?
    - Consideration of various impacts that visitors have or may have
    - Specify how site will be maintained
    - Specify how impacts will be managed
    - Specify how the needs of visitors will be met via access, safety and interpretation

  - What are the main visitor markets for Skara Brae? And what are some characteristics?
    - Combination of locals, holiday visitors, cruise ships, and day visitors
    - Visitation is highly seasonal
    - Visitor numbers have grown from 52,400 in 1995 to 69,361 in 2009

      - Leask & Garrod (2013)

- What are some of the main impacts the management of Skara Brae has to take into account?
  - The most important impacts revolve around wear and tear of prehistoric remains, by human visitation but also by nature. Secondary, there is an issue of overuse on certain days, lowering the tourist experience
  - The economic impact also needs to be taken into account, with tourism contributing £31.8 million to the Orkney economy

- Describe the main management aspects that were implemented by the management to deal with the impacts
  - To prevent physical wear and tear and vandalism:
    - Purpose-built visitor centre that now houses most artefacts
    - Creation of a buffer zone to preserve the identity of the site (i.e. protection against aesthetic pollution)
    - Resource monitoring programme in order to gauge visitor impacts
    - Restriction of visitor access and instead creation of a replica that allows people to experience the space and layout without entering the authentic houses
    - Prohibition to walk on wall heads and restricting visitors to a set path around the perimeter
    - Education of visitors about less-damaging behaviour
  - To deal with overuse:
    - Linking the site with nearby Skaill House, other attractions of the WHS, and offering of coastal walks
    - Ensuring more efficient scheduling of coach arrivals by working with cruise companies
  - To increase economic impact:
    - Limited events programme run from the visitor centre
    - Retail opportunities and café at Skara Brae
    - Focus on quality instead of quantity and trying to attract overnight visitors

- Leask & Garrod (2013)

Conclusion

- The case of Skara Brae shows the decisions made in a WHS to deal with certain impacts associated with tourist presence
- To a certain extent, a choice has to be made between conservation and experience, and in this case visitors have been increasingly denied access to the authentic prehistoric houses in order to prevent visitor-induced damage

References

Leask, A., & Garrod, B. (2013). Visitor Management at a World Heritage Site: Skara Brae Prehistoric Village. In B. Garrod, & A. Fyall (Eds.), *Contemporary Cases in Tourism* (pp.81-97). Oxford, United Kingdom: Goodfellow Publishers Ltd.

Multimedia

UNESCO (2013). Heart of Neolithic Orkney. Retrieved February 8, 2016, from https://www.youtube.com/watch?v=XxxSYc0KHMg

Cultural Heritage Management

Wk 11   Managing cultural heritage resources: generating income

Lecture 11-1

Today's session…

- Broadly identifies the management process in a heritage resource
- Looks into aspects of financial management and the different income sources for cultural heritage attractions
- Pays attention to revenue management and specifically the different steps that need to be taken in order to decide on an appropriate price setting
- Further looks at the available instruments for private heritage owners and the reasons why a government is often so willing to invest in heritage

1. A difference in perspective

• Trouble with managing heritage: a clash of cultures

Heritage conservation, curatorship

Business perspective, profitability

Simbabu

• Management starts at the planning and development phase, and incorporates areas of HR, operations, information technology, and marketing → it is the structuring of a company's inputs to reach the set goals

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→ The people at the top who set goals and outcomes

Strategy development

→ Developing strategies to create competitive advantage

Managing organizational resources

Site management planning

HR, financial, etc. management

→ Primarily focussing on physical land-use (i.e. the hard design)

Selling organizational outputs
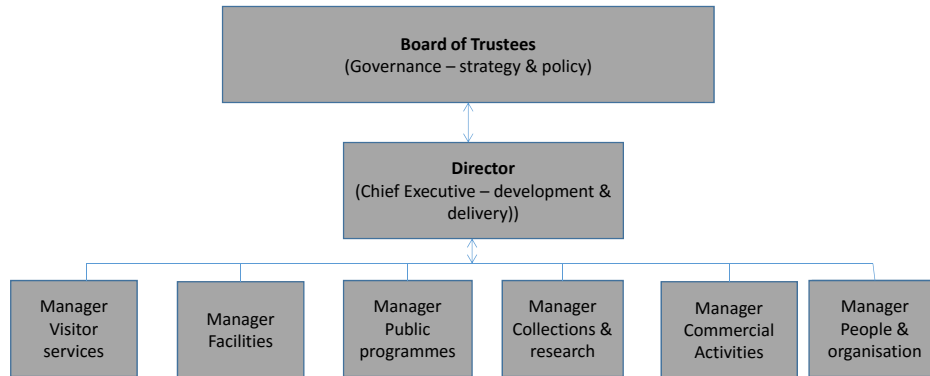
Marketing management

→ Focusses on bringing the physical site to the market

4. The 7 P's

→ Is one of the central aspects of the marketing plan (e.g. visitor management, interpretation)

- Difference between governance and management

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┌─────────────────────────────────┐
│         Board of Trustees        │
│  (Governance – strategy & policy)│
└─────────────────────────────────┘
              ↕
     ┌───────────────────────┐
     │        Director        │
     │ (Chief Executive –     │
     │  development &         │
     │  delivery))            │
     └───────────────────────┘
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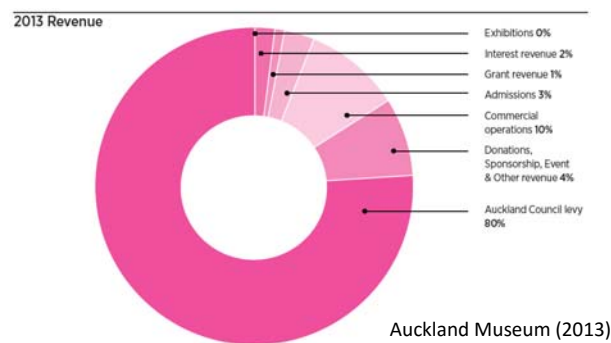| Manager Visitor services | Manager Facilities | Manager Public programmes | Manager Collections & research | Manager Commercial Activities | Manager People & organisation |

- Board of Trustees are concerned with governance:
  - Setting overall strategy, policy and goals but not really a hands on role
  - But ultimately publicly accountable for the organization, its viability, assets, debts, behaviour and reputation
  - See e.g. https://www.aucklandmuseum.com/about-us/corporate-information/executive-team-trust-board
- A manager is concerned with management:
  - Implements the plan in accordance with the policies in order to achieve the goals or desired outcomes
  - A manager (or director) oversees and controls the heritage attractions on a day to day basis as an employee of the 'owners'
  - (S)he makes decisions to get the job done, monitors progress and reports back to the governing body

- Timothy (2011)

2. Financial management and income sources

- Relates to securing funding for operations and investing the money in daily operations, salaries, maintenance, acquiring new objects, etc. in order to accomplish goals
- <u>Question:</u> Which main sources of revenue to you identify?

2013 Revenue

Exhibitions 0%
Interest revenue 2%
Grant revenue 1%
Admissions 3%
Commercial operations 10%
Donations, Sponsorship, Event & Other revenue 4%
Auckland Council levy 80%

Auckland Museum (2013)

- There are three main sources of income generation for heritage sites:
  - Admission fees
  - Rental of interpretative materials
  - Retail sales
  - Food and accommodations

  Aimed at heritage visitors

  - Hosting special events

  Aimed at companies

  - Donations
  - Grants
  - Sponsorships

  Aimed at investors, philanthropists, etc.

- Relative importance of these depends on type of ownership: public, private, or not-for-profit heritage sites
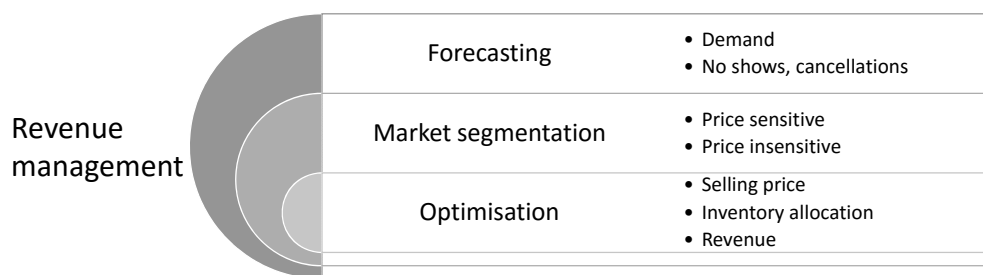
- Timothy (2011)
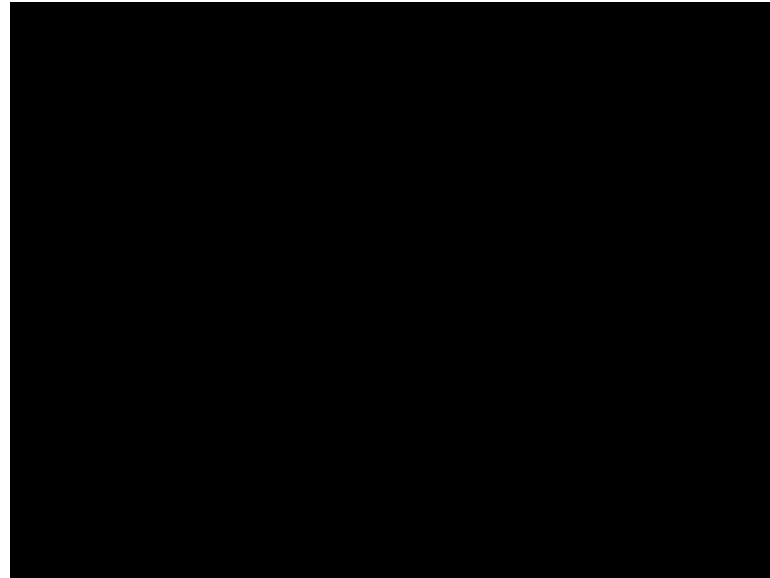
https://www.youtube.com/watch?v=Eic_b1q-6GU
Copyright: Resourcing Scotland's Heritage (2014)

3. Financial management through revenue management

- An important aspects of financial management is revenue management: optimizing pricing to maximize the revenue received from customers

- To increase revenue generated through visitation, strategies can either be aimed at increasing income from current visitors or attracting more visitors

Revenue management	Forecasting	• Demand • No shows, cancellations
	Market segmentation	• Price sensitive • Price insensitive
	Optimisation	• Selling price • Inventory allocation • Revenue

a. <u>Revenue through concessions:</u>
   - Budgetary constraints have led to an increased attention being paid to more commercial forms of funding. While an official shop is more likely operated by the heritage organization, food vendors and other souvenir vendors mostly work via concessions
   - Concessions can be either a fixed sum or a percentage of revenue

Hithalynn

• Timothy (2011)

b. <u>Increasing demand via promotional strategies:</u>
   - Decisions need to be made on type of media to use, the brand or image to be developed and how the attraction should be positioned in the minds of visitors
   - Word of mouth still most effective promotional tool: ± 50% receive info on historical sites from friends and relatives → and what about word of mouse?
   - Internet has become one of the most salient promotional tools because of low price as well as global reach + websites et al. becoming more than just advertisement tools
   - But don't forget about traditional media: brochures still important as well as road signs for spur of the moment decisions → don't underestimate effect of promotion at e.g. gas stations and rest stops along the way
   - Also, a significant number of visitors end up at a heritage site because they saw it while passing by → having an iconic building can increase demand (bigger is often better)

David Dixon

• Timothy (2011)
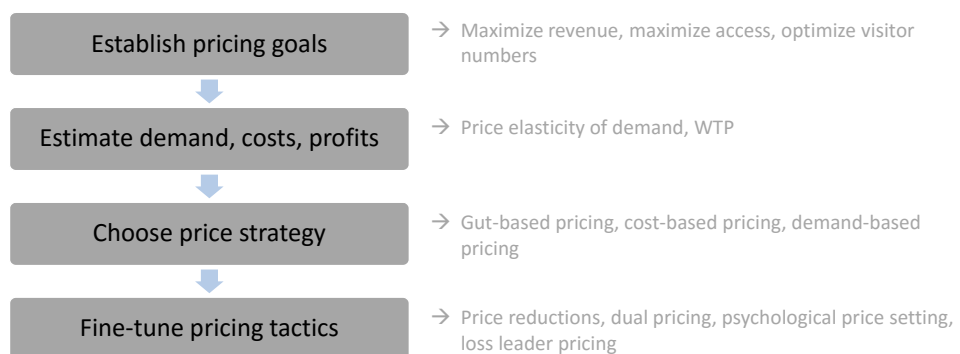
- Museums aotearoa (2014)

c. Increasing revenue via price setting:
- This incorporates various aspects:

Establish pricing goals	→ Maximize revenue, maximize access, optimize visitor numbers
Estimate demand, costs, profits	→ Price elasticity of demand, WTP
Choose price strategy	→ Gut-based pricing, cost-based pricing, demand-based pricing
Fine-tune pricing tactics	→ Price reductions, dual pricing, psychological price setting, loss leader pricing

- For efficient and effective price setting, we need some knowledge about demand and cost structure
  - Demand for cultural heritage inelastic for star attractions, but can be elastic for sites that are less unique
  - Cost structure of heritage resources depends on type, but is often characterized by significant fixed costs → can cause profit instability (net profit very dependent on change in sales)
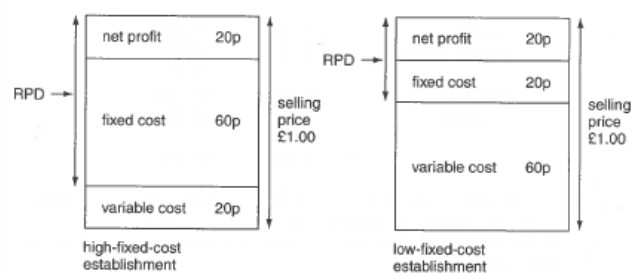
e.g. demand structure

e.g. cost structure

Nber85
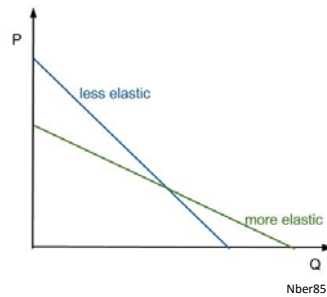
	Hifix		Lofix	
	Period 1	Period 2	Period 1	Period 2
	£	£	£	£
Sales	10,000	9,000	10,000	9,000
Fixed costs	6,000	6,000	3,000	3,000
Variable costs	3,000	2,700	6,000	5,400
Total cost	9,000	8,700	9,000	8,400
Net profit	£1,000	£300	£1,000	£600

Kotas (1999, p.36)

- Kotas (1999)

- Next we have to choose a pricing strategy
  1. Gut-based pricing: Still employed by many cultural resources where price is set historically or politically, without reference to consumer demand or costs
  2. Cost-based pricing: Using variable costs as basis for sales price (i.e. cost plus pricing) works best in retail situations → in situations where fixed costs are significant, the link between cost and selling price is vague

	high-fixed-cost establishment	
RPD →	net profit	20p
	fixed cost	60p
	variable cost	20p

selling price £1.00

	low-fixed-cost establishment	
RPD →	net profit	20p
	fixed cost	20p
	variable cost	60p

selling price £1.00

Kotas (1999, p.115)

  3. Demand-based pricing: most capable of striking balance between access, conservation, and financial sustainability

- Kotas (1999)

- Finally, we can develop some pricing tactics
  - Dual pricing systems are quite common (e.g. Auckland Museum) and can be used to make sure locals are not priced out of the resource
  - Other pricing tactics that are often employed include offering reductions for members, seniors, children, and students
  - A final pricing tactic is related to the business strategy of horizontal breadth and is known as loss leader pricing: offering one product at a loss to draw in visitors while other services are sold at a premium → not always legal though!

Ticket Type	General Admission	ROM Experience PLUS: *Wildlife*
ROM Member	Become a ROM Member for unlimited admission and more	
Adult	$17.00	$24.00
Student (15 - 25)*	$15.50	$20.50
Senior (65+)*	$15.50	$20.50
Child (4 - 14)	$14.00	$17.00
Infant (0-3)	Free	Free

Royal Ontario Museum © http://www.rom.on.ca

- Kotas (1999)

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4. Financial instruments for private and non-profit heritage owners

- There are multiple justifications for privatisation of heritage:
  - Reduces pressure on government budgets
  - Reduces production costs and maximises efficiency
  - Diminishes political influence in resource allocation decisions
- In order to ensure conservation of heritage, which might not necessarily be a priority of the private enterprise, different interventions are possible:
  1. Offering incentives to the private sector in the form of subsidies and grants
  2. Offering tax incentives
  3. Establishing an association between public and private sector (PPP's) which can be established under various ownership and management regimes
  4. Regulations concerning the use of listed heritage resources (e.g. building restrictions on owners of a listed building)

- Seamen (2013)

- <u>Question:</u> Why does a government offer financial incentives in order to protect heritage if not manage it themselves?
  - Cost of building, restoration and preservation is front-loaded (i.e. heavy initial investments and returns only gradually over longer timespan) → this renders it illogical for an individual to invest
  - Economic externalities. The diffusion of costs of renovation and benefits are very uneven, with benefits accruing to a wider region → driver for regional economic growth
  - Heritage can play a role as location factor for economic enterprises and potential residents
  - Heritage increases place identity and helps place-branding strategies

Dennis Jarvis

- Ashworth (2013)

- <u>Example:</u> Regional income growth due to governmental investment in Gallo-Roman museum in Limburg (BE)

Ziko van Dijk

- Government intervention in the region was meant to combat unemployment as a result of car manufacturing plant closure → heritage tourism as one of the opportunities
- Visitor numbers of previous years were used with positive effect estimated at +1%, +3%, +5%
- From other statistics we could guestimate that 86% are day tourists, while 14% are overnight tourists (which impacts the total spending to take into consideration), with an average number of 1.86 nights

Average over 5 years	Low impact (+1%)	Average impact (+3%)	High impact (+5%)
370,623	+3,706	+11,119	+18,531

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- From previous research we know the average ancillary spending per day and overnight tourist

Spending categories	Day visitor	Overnight visitor (per night)
Accommodation	0	40.08
Food & drinks	10.23	24.93
Shopping	14.40	5.04
Transportation	4.55	2.54
Entertainment	4.55	2.26
Other	4.17	0.67

- Total spending per day visitor = 37.9 → multiplied by number of extra day visitors gives total direct effect of day visitors
- Total spending per overnight visitor = 75.52 → multiplied by number of nights and by extra overnight visitors gives total direct effect of overnight tourists

- Gives a total direct effect of around 200,000 (low impact scenario) to 1,000,000 (high impact scenario). In order to calculate total effects (i.e. direct + indirect + induced effects) on region and employment, multipliers from input-output tables are used (i.e. around x2)
- Multiplying direct effects by these numbers (based on spending categories in which they occur), gives total effects of around 420,000 (low impact scenario) to 2,000,000 (high impact scenario)

Conclusion

- Even for public and non-profit organisations, financial management is an essential aspect of governance and site management
- Heritage preservation is often financed via three types of sources and a combination of visitor revenue, public investment, and private/corporate sponsorships
- Given the financial strain on governmental budgets, revenue management is becoming more and more important, even for state-owned museums. Thinking about optimal price setting strategies might become critical in future development and survival of certain heritage attractions

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Cultural Heritage Management

Wk 11   Demand forecasting and price setting strategies

Tutorial 11-2

AUT

Today's session...

- Looks into some methods for demand forecasting
- Solves a case of demand-based pricing for Machu Picchu and its effects on revenue generation and site protection
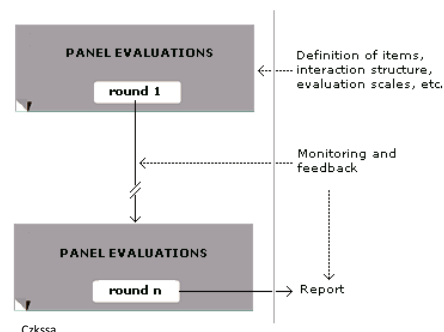
1. Demand forecasting

- In order to set goals, align strategies, make management plans, identify development opportunities, and estimate future revenue streams, forecasting future demand is important
- There are two general ways to go about forecasting:
    1. Qualitative: via expert judgement, based on macro-changes in the environment
    2. Quantitative: via time series analyses (e.g. growth models, gravity models)
- Demand forecasting can be done on three levels:
    - Product level: total product, specific tourism form, specific item
    - Geographical level: world, country, county, destination
    - Time level: short, medium, long term

- Vanhove (2005)

a. Qualitative:
    1. The Delphi method:
        - Originally used to provide long-range forecasts of technological developments. Later extended to the fields of economics, politics, medical developments, and tourism
        - It systematically combines the knowledge and experience of experts to form group consensus of opinions concerning future events through a series of looped, anonymous questionnaires with feedback
        - Generally speaking, the following steps can be identified in the Delphi method:

- Vanhove (2005)

2. Scenario writing:
   - Looks at global patterns and interactions on a macro scale to forecast changes to demand

Dimensions	Variables	Description
Demographic	Population growth	While population growth is continuing at a slower rate than before, it is still an important continuous trend that mainly takes place in developing nations, opening up new markets
	Ageing	Aging of population in the Western world increases level of more affluent and healthier retirees, opening up extra demand for accessible heritage tourism
	Migration	Migration and ethnic composition of tourist-generating societies sparks an added interest in travelling abroad, especially back to the homelands
	Family size	Smaller average family size and rise in single person households → gives people more freedom to travel more often to more distant places
Economic	Economic cycle	Travel is a luxury good and correlates positively with economic cycles. In times of recession, demand for travel is lower (e.g. 2007-2011), nowadays we're in a period of recovery
	Exchange rate	There is a direct correlation between exchange rates and international travel for personal holiday motives
	Rise of new economies	'New' economies increasing in worldwide importance, giving rise to a new middle class of travellers → opening up new markets for heritage tourism
Political	Conflicts, terrorism	Have a profound impact on tourism demand for an entire region → creates shifts in demand rather than drops as tourists look for substitutes
	Travel restrictions	Other political issues influencing demand relate to possible travel restrictions → e.g. the rise in Chinese tourists partly attributable to less strict travel policies

- Timothy (2011), Vanhove (2005)

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a. <u>Quantitative:</u>

1. Univariate time-series methods:
   - Statistically analysing past data concerning the variable to forecast (i.e. visitors, arrivals)
   - Is based on the assumption that a variable may be forecast without reference to the factors that determine the level of the variable. As such, important conditions are: (a) time-series data must be available, (b) the future must be similar to the past, (c) it must be possible to detect trends, (d) it provides a short-term forecast, (e) it requires a stable environment
   - Apart form the simple linear trend exploration, a popular method is the Box-Jenkins approach that combines autoregression and moving average methods

2. Regression analysis and causal methods
   - In order to identify trends and turning points (which cannot be detected via ordinary time-series), regression analysis is based on modelling causal factors for visitor numbers/arrivals
   - Choice of causal factors is important here, and a distinction can be made between push factors, pull factors, and resistance factors (e.g. war, unfavourable exchange rates)

3. Gravity models
   - Focus primarily on the effect of distance or travel-time constraints on tourism demand
   - The most simplified models use a function of population and distance. In practice, however, population is often replaced by more appropriate explanatory variables, making the method quite comparable to the causal methods described above

- Vanhove (2005)

2. Revenue management through demand-based pricing: Machu Picchu (PE)

- <u>Reading:</u> Mourato, S., Ozdemiroglu, E., Hett, T., & Atkinson, G. (2004). Pricing Cultural Heritage. A new approach to managing ancient resources. *World Economics, 5*(3), 95-113. Retrieved from http://eprints.lse.ac.uk/22973/


https://www.youtube.com/watch?v=gx9y18g7kHc
Copyright: Sky 1 (2010)

- <u>Questions:</u>
  - What is the main benefit of demand-based pricing according to the authors?
    - Via user pay strategies can strike a balance between the need for revenue generation and the threat of overexploitation
    - It follows economic principles of using price as a signal for consumer interest and value → helps in the decision-making process and heritage valuation
    - It can help in increasing revenue by capturing part of consumer surplus

  - Discuss the methodology used. How can demand be established?
    - In order to establish a demand function, we need variable demand for variable prices. This can often not be observed from actual data where price levels are often stable and unchanged over long periods
    - An alternative to observed data is to work with hypothetical price levels and scenarios (i.e. via stated preference techniques). This is most often done via on-site WTP studies
    - The WTP experiment set up by the researchers took the form of a contingent valuation study and consisted of:
      - An introduction, reminding the visitors of the current entry price ($10 for the Citadel)
      - A hypothetical scenario showing an increased entry price, with the question what the maximum WTP was to still visit the site under these new circumstances. The study specifically used a payment card with 32 different values
      - The questionnaire also asked questions about socio-economic characteristics, visitation and expenditure patterns, and attitudes and perceptions about the site

  - Mourato et al. (2004)

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- How to interpret the resulting demand curve?

Figure 2: Exponential demand functions and actual data for the Machu Picchu Citadel
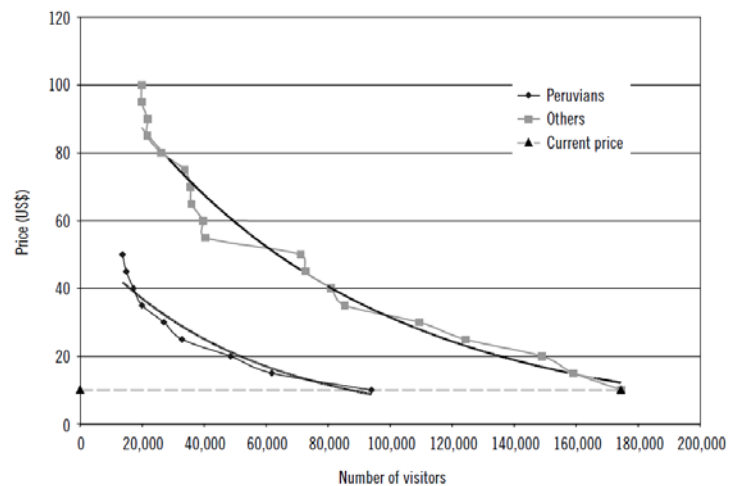
Mourato et al. (2004, p.106)

- What are the characteristics of the different pricing strategies and their results on site revenue and visitor numbers?

Table 2: Pricing policy options

	Price (US$) (Peruvians)	Price (US$) (Others)	Visitors (*1,000) (Peruvians/ others)	Profit ($ million)	Combined surplus to Peru ($ million)
Citadel					
Current price policy	10	10	94/174	0.81	2.20
Cost recovery	5	5	107/187	0.00	1.89
Profit max. (no price differentiation)	37	37	17/98	2.21	2.33
Profit max. (price differentiation)	23	44	44/93	2.68	3.27
Well-being max. (price differentiation)	5	44	107/93	2.18	4.07
Inca Trail					
Current price policy	17	17	13/53	0.05	0.31
Cost recovery	16	16	13/54	0.00	0.28
Profit max. (no price differentiation)	56	56	2/21	0.56	0.63
Profit max. (price differentiation)	33	67	7/17	0.77	0.87
Well-being max. (price differentiation)	16	67	13/17	0.72	1.00

Note: The data on which these estimates were based omitted the highest 10% of WTP responses. Truncation of outlying values is common in CV studies in order to obtain more conservative estimates of profit maximising prices, i.e. that are less influenced by a small proportion of people with very high WTP.

Mourato et al. (2004, p.108)

5

Conclusion

- While forecasting demand is a useful tool, the lower the geographical level, the more unstable results become. For site-specific purposes, a simple time series extrapolation will usually be the only available tool. On higher levels, other methods outperform simple time series, and causal methods are generally preferred

- In order to conduct demand-based revenue management it is essential to construct a demand curve. This is the most difficult step and can usually only be identified via stated preference survey methods

- Once established, the demand curve shows a clear relationship between site revenue and visitor numbers and can therefore be used to lower visitor pressure through pricing mechanisms

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