



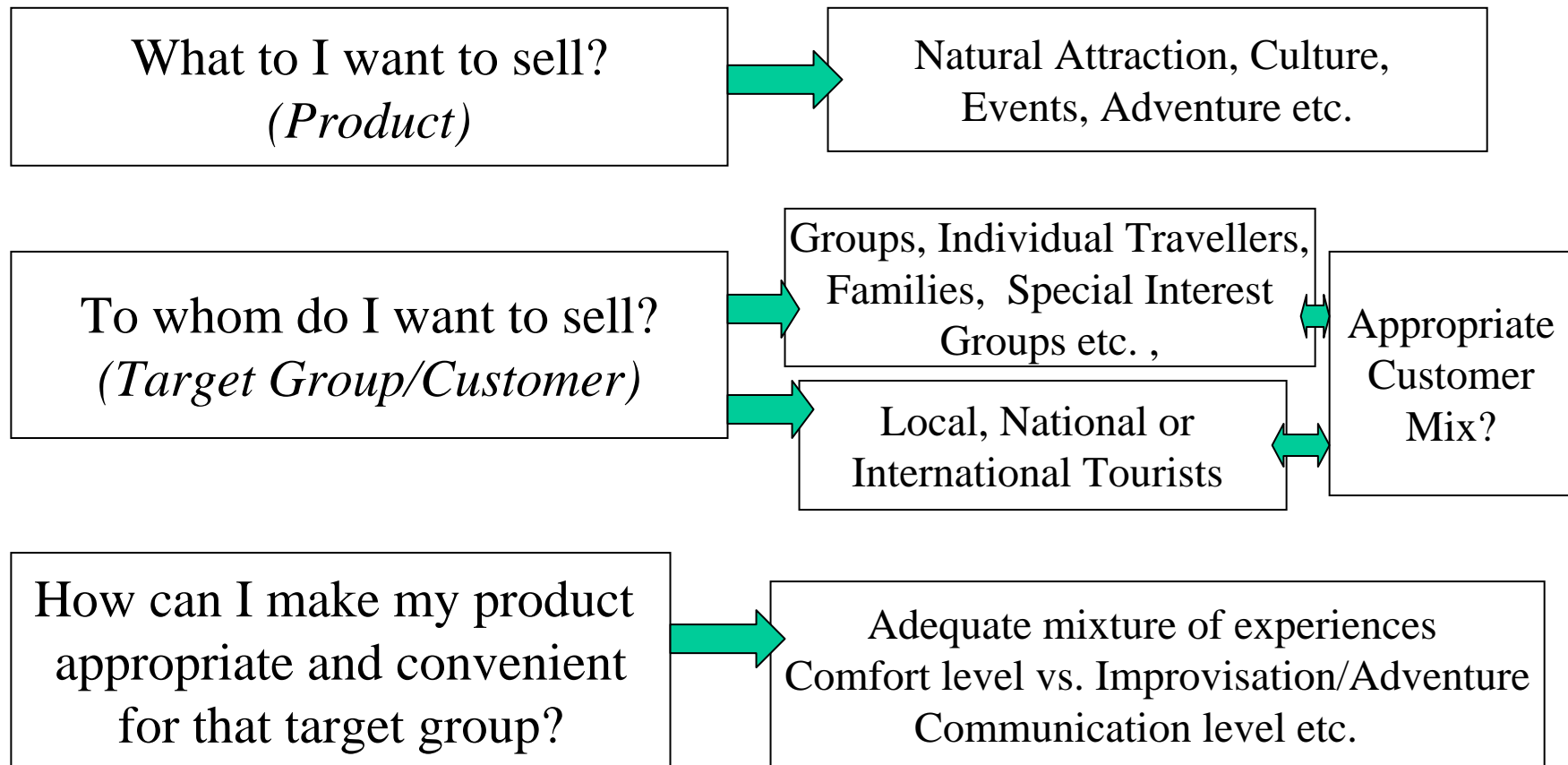
Basic Economics and Marketing for Sustainable Tourism Products

Klaus Lengefeld

Senior Advisor Sustainable Tourism
GTZ Sector Project “Tourism and Sustainable Development”



Basic Questions for Customer-Oriented Development of Tourism Products





Basic Questions for Profitability of Tourism Products

How much does it cost to
develop and maintain
my product ?
(Product Costs)

Direct Investment, indirect costs
(labour, space, training
promotion & marketing)

How much would the
Target Group be ready to pay
for my product ?

Excursion rates,
Day package rates
Overnight rates
Cultural Events rates
Handicraft/souvenir rates, etc.

How many guests can I
accomodate ?

„Community Carrying Capacity“:
Groups of 10? 25? 50? visitors

How often (*visitor frequency*)
and for how long (*length of stay*) ?

Once a week? A month?
1/2/3 nights?



Basic Cost-Benefit for Tourism Products

*(For a ficticious Community-Based Tourism Product,
Based on realistic figures)*

Investment Costs

Accomodate Guesthouse 500\$

Furniture (6 Beds, Sheets etc.) 600\$

Basic Toilets/Water supply
(6 Beds, Sheets etc.) 600\$

Improvement of Access 300\$

Total net investment 2,000 \$

Finance Costs 20% 400 \$

Value of labor 300 \$

Total community investment 2,700 \$

Running & Indirect Costs

Alternative use of space&labour 300\$

Running costs (meals etc.) 300 \$
(6 groups/year)

Depreciation of initial investment 400 \$
(5 years = 20%/year)

Total running costs community 1.000 \$

Promotion & Marketing costs ???

(Reisepavillon participation min. 5,000 \$)

(Local advertising: 500 \$)



Basic Cost-Benefit for Tourism Products

*(For a fictitious Community-Based Tourism Product,
Based on realistic figures)*

Income

Costs

6 groups of 6 guests/year
for 2 nights

40 US \$/day (overnight& meals)

$72 \times 40 \$ = 2,880 \$$ gross income

Total community investment 2,700 \$

Total running costs community 1.000 \$

Promotion & Marketing costs ???
(Reisepavillon participation min. 5,000 \$)
(Local advertising: 500 \$)

Net annual community income 1,880 \$

Average monthly community income 157 \$

External Assistance costs 45,000 \$
(3 months international advisor)