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Extended Abstract of Diploma Thesis

**Tourism Economy in the United States: A Case Study of
New York City**

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1. Summary

The focus of this diploma thesis is to evaluate current situation of inbound tourism to New York City, as well as evaluation of specific characteristics and indicators that impact the flow of international tourists to New York City.

The diploma thesis is divided into two parts. The literature review introduces and defines basic terms and concepts, types and forms of tourism, consumer choice, basic economic concepts and how they are influenced by tourism as well as specific characteristics of the United States and New York City concerning incoming tourism. The practical part provides results of own case study based on econometric analysis and statistical monitoring of tourism in NYC. The first objective of this part is to determine the strong and weak aspects of New York City as a destination of incoming tourism. The second objective is to evaluate specific factors and characteristics that impact incoming tourism to New York City. The case study's focus is to determine which of the few factors influence the number of international visitors coming to New York City the most. The third objective of practical part is to forecast inbound tourist's arrivals to NYC during next few years.

2. Keywords

Incoming Tourism, United States of America, New York City, Case Study, International Visitors, Exchange Rate, Occupancy, Expenditure, Analysis, Forecasting

3. Objectives

The main focus of this diploma thesis is the evaluation of inbound tourism in the United States of America, particularly in New York City. The first objective is to determine the positive and negative aspects of New York City as a destination of incoming tourism as well as its possible threats and opportunities. The second objective is to evaluate specific factors and characteristics that impact incoming tourism to New York City. The case study's focus is to determine which of the few factors influence the number of international visitors coming to New York City the most. The third objective is to forecast inbound tourist's arrivals to NYC during next few years.

4. Methodology

In the literature review, methodology consists of the relevant information are collected in order to explain all definitions and concepts. Accordingly, types and forms of tourism, consumer choice, basic economic concepts and how they are influenced by tourism as well as characteristics

of the United States and New York City as a touristic location were defined and explained. The following methods of literature review include extraction, deduction, induction and abstraction.

In the practical part, methodology consists of qualitative research in the form of SWOT analysis and both quantitative and qualitative methods such as measuring the volume of flow of tourism and the value of tourism expenditure including graphs and figures. Statistical data are gathered and analyzed by using econometric methods such as ordinary least square method, normality test and White's test. For the forecasting the econometric ARIMA test was used. All the results were interpreted including the graphs and figures, which were created for the visualization during the analysis and for the outcome.

5. Main Findings

The first finding was regarding the SWOT analysis that was conducted. It was found that the strengths outnumbered the weaknesses significantly. This is important a tourist is deciding where to go because the positives of the city should outweigh the negatives.

The next results were for the "Analysis of Traveler Spending in New York City". What was found was that the largest number of tourists spending was on lodging followed by food services. Tourists spent 30% of their budget on lodging and the amount was 19.3 Billion USD in the year 2017, up from 11.6 Billion USD in the year 2005. This is important because it is a large factor to consider when looking at the economic impact of tourism on the city.

The third and most important results to be discussed are relating to the econometric model that was conducted. The econometric model was conducted using the number of international tourists to New York City as the dependent variable in the model, while the following were selected as independent variables: average exchange rate (EURO/USD), average daily room rate (USD), hotel occupancy (%), international aircraft movements, and total number of violent crime. After running the model, it was found that none of the variables had statistical significance in relation to the dependent variable, except for the number of international aircraft movements. It was found that if the number of international aircraft movements increases by 1% then the number of international tourists visiting New York City increases by 82,300.

The last finding to discuss is related to the time series forecasting that was done. It was found that there appeared to be an upward trend in the number of international tourists visiting New York City and after running the time series forecasting it was found that it is highly likely that it will continue to increase.

6. Conclusion

To conclude this diploma thesis, the reader should have been thoroughly informed on the topic of tourism in New York City. In the first part of the thesis, the theoretical section, the reader should have gained knowledge regarding the basics of tourism, tourism economics, and tourism in the United States. Then in the second part, the practical part the reader should have learned about the Strengths, Weaknesses, Opportunities, and Threats to tourism in New York City, followed by an econometric model trying to figure out which of the selected variables have an effect on the number of international tourists visiting New York City. It was found that out of the selected variables the only significant one was “number of international aircraft movements”. Lastly, the reader should have been shown a time series using ARIMA in Gretl, showing a possibly future number of international tourists. It appeared based on historical data that there would be a continually increase in the number of international tourists.

7. References

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