

Tourism & Community Development Supply-Demand-Consequence Analysis

The Supply-Demand-Consequence (SDC) Analysis¹ is a planning tool designed to give planners and stake holders a means of rapidly assessing existing economic, social and environmental conditions of a community that result from the development or underdevelopment of tourism. The tool looks at three dimensions of variability:

- supply (What does the community provide?),
- demand (Why do visitors come?), and
- consequence (What difference does tourism make?).

Design of the SDC Analysis protocol was based on CIDA funded case study research conducted in the Maritimes (Canada) and in Brazil. The approach investigates a community through key informant interviews and specific quantitative and qualitative indicator data. These data are presented in three reports:

- a case study narrative,
- an indicators matrix, and
- a strategic analysis.

As the narrative and matrix reports are self-explanatory, this guide will focus on interpreting the strategic analysis report.

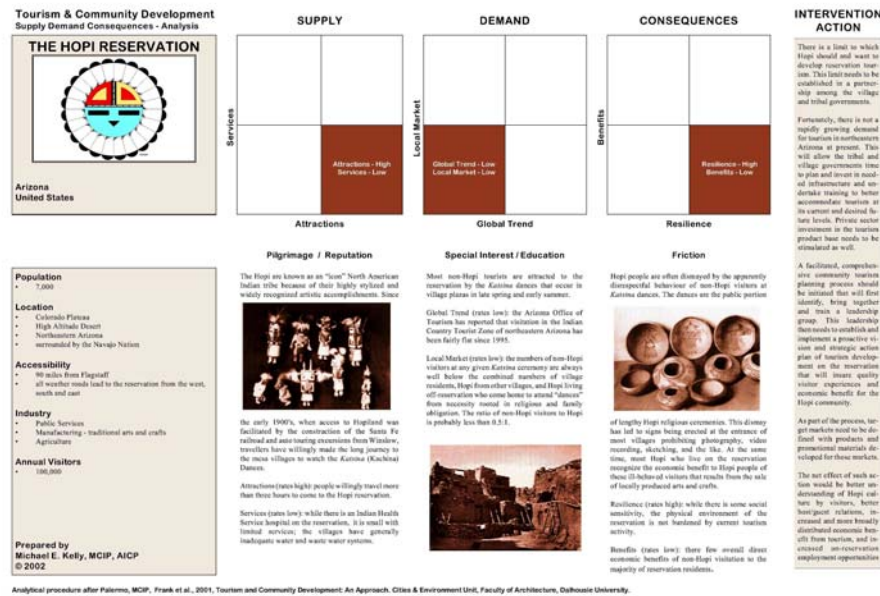
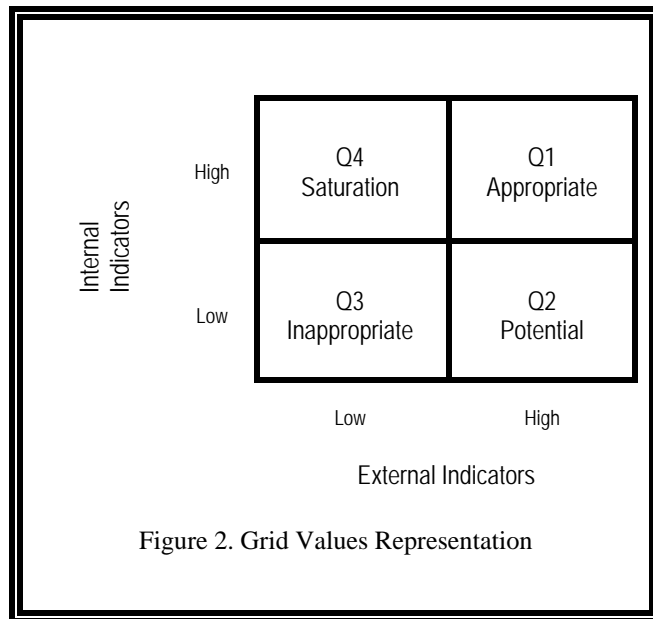


Figure 1. SDC Strategic Analysis Report

¹ Palermo, MCIP, Frank *et al.*, 2001, Tourism and Community Development (Volumes 1 & 2), Dalhousie University.

SUPPLY-DEMAND-CONSEQUENCE STRATEGIC ANALYSIS REPORT



The SDC strategic analysis report is laid out in five columns (Figure 1). The core of the analysis is contained in the three centre columns under the headings of SUPPLY, DEMAND, and CONSEQUENCE. Each of these columns contains a grid of four cells, a community characterization label for that dimension, and a justification of the values reported in the grid and the community characterization. The first column of the report presents some general background on the community and the last column contains action recommendations.

The grid for each dimension (Figure 2) represents in graphic form a strategic evaluation of the community with respect to a small number of key indicators. Aggregated, these indicators offer a comprehensive “quick

take” on the community situation.

Internal indicators, the ones that the community has control over, are measured along the vertical axis - weaknesses (lower quadrants) give rise to increasing community strengths (upper quadrants). External indicators, those that are beyond the community’s sphere of influence, are measured along the horizontal axis - external threats and constraints (left quadrants) morph into opportunity (right quadrants). If an indicator falls on the midpoint, it is considered to have a low value.

Each indicator requires a measurement which places the community in either the lower or higher quadrant for that dimension and thus provides a quickly perceived visual representation of the community situation. The three grids, together with the community type categorizations, lead to suggestions of appropriate local action and intervention.

SUPPLY

Internal Key Indicators: Service - provision of basic public services indicates an internal precondition for tourism: absence (low) or presence (high) of a hospital or similar emergency medical services within a one hour drive of the community **and** absence (low) or presence (high) of waste water/sewage treatment in the community.

External Key Indicator: Attraction - willingness of visitors to travel indicates an external precondition for tourism. If most visitors on any given day during peak season are unwilling to travel three or more hours to the community, than Attraction is scored as low. If they will travel more than three hours, than Attraction is scored as high.

Community Type Categories - Supply:

- Natural Spectacle, e.g. Grand Canyon
- Museum / Built Artifact, e.g. Venice, Pyramids
- Pilgrimage / Reputation, e.g. Bethlehem, Carnival in Rio, Disney, “Must See” places
- Resort / Company Town, e.g. Club Med
- Package / Buffet, e.g. Castles on the Rhine
- Incidental, e.g. University towns, Border towns, Prison towns

DEMAND

Internal Key Indicator: Local Market - evaluates the extent to which the community is defined by the presence of tourists. Measurement is the average value on any given day during the peak season of the ratio of visitors to local residents. A ratio of less than 1:1 (low) indicates visitors are part of, but not the defining element of a place. At or above a ratio of 1:1 (high), the community has likely achieved or surpassed its local market threshold.

External Key Indicator: Global Trend - measures overall demand for the primary type of tourism a community offers, e.g. eco-tourism, cultural, adventure, urban, etc. If a community is linked to a particular destination attraction that is growing or fading in popularity, then that should be taken as the critical measurement. Global trend can be stable or declining (low), or growing (high).

Community Type Categories - Demand:

- Special Interest / Education, e.g. historical re-enactments, archaeological sites
- Health / Self-Improvement, e.g. spas, health resorts
- Physical Adventure, e.g. skiing, mountain climbing
- Social / Recreation, e.g. resorts, camping
- Convenience, e.g. the place close by
- Necessity, e.g. the place where friends and relative live

CONSEQUENCE

Internal Key Indicator: Benefits - the gauge of socioeconomic and environmental impact. Benefits are low if the annual economic return from tourism activity is less than \$200 (US) per resident **and** there are no measurable environmental or cultural outcomes. Benefits are high if the annual per capita economic impact exceeds \$200 **and** there are some positive outcomes for the physical and cultural environments of the community.

External Key Indicator: Resilience - investigates environmental sensitivity and community dependence. The community resilience scores low if sensitive environments are at risk **and** the local economy is more than 50% dependent on tourism. Resilience scores high if there are no environmental risks **and** 50% or less of the local economy is dependent on tourism.

Community Type Categories - Consequence:

- Enabling, e.g. tourism is a catalyst for community development
- Inconsequential, e.g. tourism makes no measurable difference
- Excluding, e.g. bars local people from access to community resources

- Friction, e.g. tourism is an irritant and creates local disharmony
- Dependence, e.g. community is economically dependent on tourism
- Destructive, e.g. tourism is destructive to the environment and/or social fabric of the community

REPRESENTATION

Generally speaking, each quadrant of the SDC strategic analysis grid (Figure 2) can be ascribed a development meaning:

- **Q1: Appropriate** - Ample services and significant attraction; high demand globally and locally; unimpaired environment and measurable benefits being returned to the community. Tourism is working well at this level; judicious expansion is possible if planned thoughtfully.
- **Q2: Potential** - Room for improvement in services, marketing and/or capturing benefits, all areas within development control of the community.
- **Q3: Inappropriate** - Little in the community is of attraction and the service infrastructure is limited, global demand for the tourism type is stagnant or in decline, the environment is fragile and/or there is over dependence on tourism already. New or further development of the sector would not work well.
- **Q4: Saturation** - Attraction is limited by willingness to travel, there are significant numbers of tourists already, and they may or may not benefit the community. They may also be the cause of local environmental deterioration. All these are areas beyond direct community control.

Communities generally are in the best position if they occupy quadrants Q1 or Q2. If they are a Q2 community and they enhance services and/or marketing to increase tourist numbers, they must also insure that strategies exist to capture increased benefits and preserve the environment. Stimulating tourist activity simply for the sake of increasing visitor numbers does not make sense.

Occupying Q3 and Q4 positions implies fundamental obstacles to tourism development and the community likely would be better off exploring other avenues of economic development.