

Analysis of the Model of Tourism Life Cycle From the Perspective of Production Investment

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Abstract: After Butler (1980) put forward the hypothesis of tourism destination life cycle theory, there has been the wide divergence of survey research about it. Most scholars only study from the perspective of demand change to illustrate the evolution of the tourism destination life cycle. Based on the production investment and demand perspective, the article established and explained the tourism product life cycle and tourist destination life cycle model completely. This paper holds that the developmental stage of tourism product life cycle is determined by the relationship between its investments and is the number of tourist reception. It includes the construction of infrastructure and competitive rides, and puts forward the main factors affecting each stage of evolution. At the same time, the tourism destination life cycle is composed of several superposition of tourism product life cycle, and analyzes several forms of tourism destination life cycle. The article also expounds the significance of the model.

Keywords: Tourism product life cycle (TPLC), Tourism area life cycle (TALC), Fixed cost of tourism investment, Variable cost of tourism investment, Price of tourism product

1 Introduction

At present, the research status quo of international tourism academic mainly has three aspects: question or support model of tourism area life cycle proposed by Butler; what factors determine the evolution of the tourism destination life cycle; the interpretation of the TALC model should be from the perspective of demand, or from the angle of production. These three aspects is a major debate of TALC research problem. The above three problems, is an important cause of argument for research object definition is not clear, and the complexity of the object of study makes a lot of great debate in the literature. Material place, according to Smith, as the core of any travel products, can be attractions, natural resources or scenic spot, can also be a hotel or transportation facilities, etc. In this paper, from the material place this factor to study tourism, think that the difference of tourism products and tourism destination can be reflected in the size of the geographical scope, but the more important difference is that tourism destination can contain multiple tourism products.

In this paper, the research question is: why the existing literature about the interpretation on travel life cycle theory will differ greatly; Does Butler (1980)s tourism life cycle curve have universal significance; What is the main factors influencing the evolution of tourism life cycle.

2 Text

Most existing literature is only from the perspective of demand change to illustrate TALC, and not to strictly distinguish between the tourism product life cycle and the tourist destination life cycle. Only a few scholars have noticed from the point of production to illustrate the importance of tourism life cycle. Keller expounds the Canadian northwest periphery tourism development stage; Keller stressed the important role of infrastructure and the investment of local government in development and participation stage. And some literature emphasizes the effect on the life cycle of tourism, entrepreneurship and the importance of entrepreneurship is in the production and management. These documents are emphasized the construction of tourism products and its influencing factors at a certain stage, but not to establish a complete and precise explanation and prediction model. Therefore, this article will analyze from the tourist attractions in investment to build a model completely containing the

basic tourism product life cycle and a tourist destination life cycle of tourism life cycle.

2.1 Tourism life cycle model

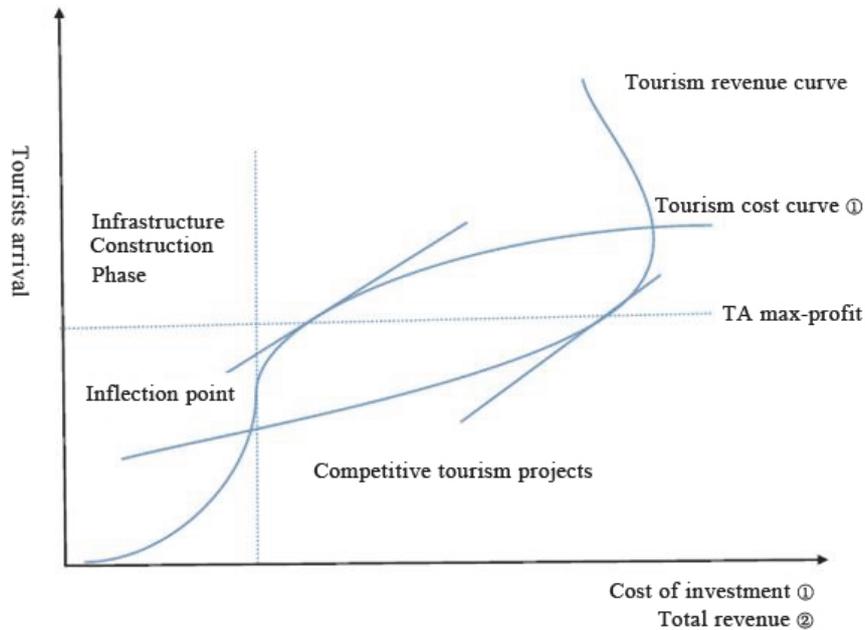


Figure 1 The production process of tourism product and service

As shown in Figure 1 is the production of tourism products and services process. For the tourism industry, on the basis of different research perspectives, people can be a demand of tourists can also be output; At the same time, most of the literature in order to keep the tourists arrival on the ordinate of tourists, tourism products and services of the production process shown here, also put the cost of investment and tourism income abscissa, tourists arrival on the ordinate.

Here need to make detailed explanation on the meaning of tourism cost curve. Similarly, tourism cost curve is divided into two stages. The first stage, the ratio of tourism investment cost is in a decreasing increase, due to the fixed cost and variable cost of tourism investment do not meet an optimal matching ratio, fixed investment cost is relatively abundant, while the variable cost is relatively lack, therefore, as people rise of tourists, fixed cost and variable cost of matching is getting better and better, make the total cost to rise with the decreasing ratio. The second stage, after the optimal matching state, a major part of the service personnel of the management cost in the variable costs of tourism is very high. Therefore, along with the increase of tourists arrival, the cost management is in the rapid growth; fixed costs of reception facilities also gradually close to the saturated state, is also contributing to the rise in the total cost with increasing ratio. These two phases logically is a turning point in the picture of Cost curve.

3 The Construction of Infrastructure Projects

3.1 Infrastructure construction projects

The investment of infrastructure construction project is mainly fixed assets investment cost, thus can assume that no variable costs.

Infrastructure projects can only compare price changes and changes in the cost of fixed investment that affect the lowest degree of the change of tourism arrival.

After the completion of the project, assume that average unit price is P in an average year of sales. Fixed

investment cost is C. the lowest number of tourists is N.

Rate of change about Impact factor F:

$$\alpha = \frac{\frac{\partial N}{N}}{\frac{\partial F}{F}} \quad (N = C/P, \quad F = C, P) \quad 3.1.1$$

① Assume that the price change:

$$\alpha_1 = \frac{\frac{\frac{C}{P_1} - \frac{C}{P}}{\frac{C}{P}}}{\frac{P_1 - P}{P}} = -\frac{P}{P_1} \geq -1 \quad (P_1 \geq P) \quad 3.1.2$$

② Changes in the cost of fixed investment:

$$\alpha_2 = \frac{\frac{\frac{C_1 - C}{P}}{\frac{C}{P}}}{\frac{C_1 - C}{C}} = 1 \quad 3.1.3$$

So the cost of the fixed investment in the construction of infrastructure project phase is a major determinant, is the main factor influence the lowest tourists travail. This is the phase of TALC Butler.

3.2 Competitive tourism projects

Competitive project contains fixed investment cost and variable cost, expressed in A and B, respectively. The factors affecting the changes are the proportion of the k - 1.

$$\alpha = \frac{\frac{\partial N}{N}}{\frac{\partial F}{F}} \quad (N = (A+B)/P, \quad F = A, B, P) \quad 3.2.1$$

$$\textcircled{1} \alpha_A \geq \alpha_P \geq \alpha_B$$

If during the investment recovery period, the total variable cost is greater than zero and less than or equal to 10% of total fixed capital investment, the investment in the fixed cost is the most important factors of price, variable cost least affected. This is the participation of TALC Butler phase.

$$\textcircled{2} \alpha_P \geq \alpha_A \geq \alpha_B$$

If during the investment recovery period, the total variable cost account for between 10% and 100% of the total fixed capital investment, the price is the most important factors of times of investment in fixed cost, variable cost least affected. This is the development stage of TALC Butler.

$$\textcircled{3} \alpha_P \geq \alpha_B \geq \alpha_A$$

If during the investment recovery period, the total variable cost is fixed between 1 to 10 times of the total capital investment, the price is the most important factors of variable cost second, investment in fixed cost least affected. His is the consolidation stage of the TALC Butler.

$$\textcircled{4} \alpha_B \geq \alpha_P \geq \alpha_A$$

If during the investment recovery period, the total variable cost is more than 10 times of the total fixed capital investment, the variable cost is one of the most important influencing factors, price, investment in fixed cost least affected. This is stagnation stage of TALC butler.

4 Conclusion

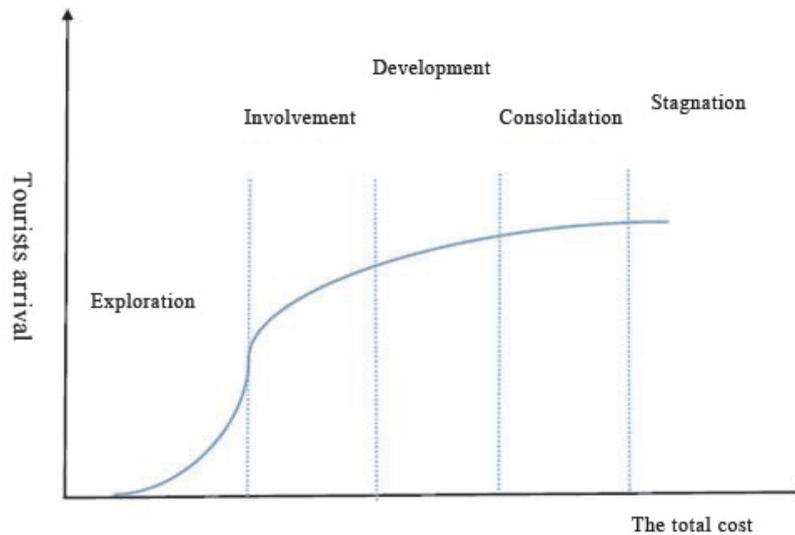


Figure 2 The TPLC model

The above five stages is, in turn, the development of, namely first the basic tourism investment projects (scenic area on the outskirts of infrastructure investment), and then the competitive tourism investment projects. In this big stage, competitive tourism investment projects and, in turn, such as participation, development, consolidation and stagnation four stages.

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