Tourism Demand in Portugal: Market Perspectives

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Abstract

Tourism has experienced different levels of development in the different regions of Portugal. To frame this development, several panel data models were estimated. The main objective is to explain the evolution of overnight stays by nationality in each region. Secondary data from 2000 to 2010 was used. The analysis includes the main tourism markets, such as the United Kingdom, Germany, the Netherlands, Ireland, France and Spain. Tourism literature suggests that, among others, the main determinants of tourism demand are income (GDP), population, tourist’s income by place of residence, households’ consumption, unemployment rate, inflation rate, compensation of employees, comparative prices and households’ investment rate. It is observed that, although significant, the explanatory power of these variables varies according to the origin and the destination region considered.

Key words: Tourism demand; econometric model; panel data.

Introduction

Tourism is an important social and economic phenomenon that follows a pattern of evolution that is important to understand. Applied economic research attempts to understand this pattern, from an applied macroeconometric, an applied microeconometric, or even a mixed (micro and macroeconometric) perspectives. The macroeconometric perspective considers that the tourism demand patterns are explained by economic and social conditions at an aggregate level (see, inter alia, Sakai, Brown, & Mak (2000); Santana-Galleno, Ledesma-Rodriguez, & Perez-