Model for Tourism Forecasting and Policy in Complex Situations

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Information about the current and forecast levels of tourism and its contribution to the economy is important for policymaking by businesses and governments. Traditional forecasting methods can provide reasonable forecasts in the context of predicable changes. However, forecasting becomes problematic in the context of both predictable changes and less predictable domestic or international shocks. This paper demonstrates the ways in which an integrated model, combining traditional forecasting methods and quantifiable scenario forecasts, can be used to examine complex combinations of events. The model is applied to Sri Lanka's tourism indicators, which provide a picture of tourism in the Sri Lankan economy, with traditional forecasting methods and quantifiable scenario forecasts. Results are provided for a combination of changes in relative exchange rates, income of major origin countries and a positive shock to tourism demand, to demonstrate the integrated model©s ability to take account of the complex multiple events that affect tourism destinations.

Keywords: Tourism; Forecasting; Policy Complex

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