Tourism Management 42 (2014) 141–148

Contents lists available at ScienceDirect

Tourism Management

journal homepage: www.elsevier.com/locate/tourman

Use value of cultural experiences: A comparison of contingent valuation and travel cost

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HIGHLIGHTS

- CVM and TCM are applied to assess the value of cultural experiences.
- Experiences consist of core cultural experiences and of other valuable experiences.
- TCM is an inappropriate measure if the total experience consists of multiple experiences.
- CVM allows measures of the core cultural experience and other experiences separately.

ARTICLE INFO

Article history:
Received 7 February 2013
Accepted 14 November 2013

Keywords:
Cultural institution
Contingent valuation method
Willingness-to-pay
Travel cost method
Non-market valuation
Public good

ABSTRACT

Few applications to assess the value of cultural experiences exist. This is particularly frustrating for cultural institutions, as it provides them with few opportunities to reveal their importance in terms of attractiveness and thus what drives tourism demand. This study applies the travel cost method (TCM) and contingent valuation method (CVM) to assess the value of two rural cultural institutions in order to compare the results of the valuation methods.

The results reveal that visitor experiences consist of a core cultural experience as well as other valuable experiences before and after. Whereas CVM allows for a valuation of the core cultural experience separately from other experiences, the TCM is limited to an overall assessment. The TCM is therefore an inappropriate measure of the value of the cultural experiences when the total experience includes several other experiences.

If visitors travel for the sake of only one cultural experience, TCM may be preferable due to its simple applicability and cost efficiency. If, however, as is most often the case, a cultural experience is part of a bundle of experiences, the application of CVM is recommendable. This is also the case, if only visitors who state the cultural experience to be the primary reason for travelling are included.

1. Introduction

For tourists, the value of experiences is the foremost motivation for travelling. Cultural experiences, in particular, attract an ever larger share of tourists. While measures for understanding the artistic significance of arts and culture exist, these measures may not necessarily uncover the experiential value for consumers. Neither does the market in which cultural experiences are traded work efficiently (Throsby, 2003). Lacking more sophisticated measurements of experiential value, assessments of experiences have therefore mainly remained an exercise in counting visitor numbers, without really understanding the value of what is created. This is particularly frustrating for cultural institutions, as it provides them with few opportunities to reveal their importance in terms of attractiveness and thus what drives tourism demand.

In this article, non-market valuation techniques, separable into revealed and stated preference techniques, are considered as means of assessing the value of experiences (Choi, 2009; Navrud & Ready, 2002; Noonan, 2003; Throsby, 2003). Stated preference techniques are criticised as being unreliable, due to their hypothetical scenarios, and as leading to biases and errors in the estimates. However, it may be claimed that, if applied carefully, stated preference techniques produce valid and reliable results (Arrow et al., 1993). While stated preference techniques are hypothetical, revealed preference techniques assess the value through actual behaviour, such as the cost of travelling.

Previous research results are ambiguous with regard to the extent that these two techniques generate similar results. Carson, Flores, Martin, and Wright (1996) found that a contingent

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http://dx.doi.org/10.1016/j.tourman.2013.11.010

valuation method (CVM) may yield smaller estimates, though not grossly smaller estimates in environmental settings. Clarke (2002), on the other hand, concluded in a health care setting that the stated preference method generated larger estimates than a revealed preference technique.

From a tourism management perspective, the choice of a non-market valuation technique may affect the results and the relevance of the results, as well as the costs of the valuation. The aim of this study is to compare the two techniques in a cultural setting. The research question is: *Do contingent valuation and travel cost method produce the same or at least similar measures of use values?* The purpose is to measure and compare the estimated use values at two cultural institutions, and discuss possible differences.

2. Study sites

Two cultural institutions were studied. 'Vara Konserthus' is a concert hall located in the centre of the province of Västra Götaland, in a rural area. On average, 35,000 people visit the 100–150 performances annually. The average entrance fee to the concert hall is €15.

The Nordic Watercolour Museum is located on the west coast of Sweden and hosts exhibitions from Nordic and international artists. Between 150,000 and 230,000 people visit the museum annually. The location of the museum, on an island in the archipelago, offers visitors the opportunity to visit nearby fishing villages, unspoiled nature and the coastline. The entrance fee for a one-time visit to the museum is €6.30, which is equivalent to the cost for a season ticket.

Both institutions are physically well defined and located relatively far from major towns, making it easier to draw conclusions about their attractiveness. The institutions, however, differ in terms of the motivations for their existence. In Vara, the municipal executive board decided to invest in culture as a strategy for improving quality of life for local residents. On Tjörn, the initiative was taken by the Nordic Watercolour Society, who aimed to create a centre for Nordic watercolour art, work, research and teaching. Another difference is that the Watercolour Museum is relatively specialised in what it offers, which results in less breadth but greater depth, while Vara Concert Hall offers a broad range of performances.

3. Economic methods to measure value

Since its application to the oil spill caused by the Exxon Valdez, CVM has been a preferred method within environmental and, more recently, also cultural settings (Arrow et al., 1993; Carson et al., 1992; Noonan, 2003). Revealed preference methods, particularly the travel cost method, have also received increasing attention (Alberini & Longo, 2006; Bedate, Herrero, & Sanz, 2004; Herrero, Sanz, Devesa, Bedate, & del Barrio, 2006; Sanz, Herrero, & Bedate, 2003).

3.1. Contingent valuation method

The CVM assesses individuals' willingness-to-pay for a specific scenario (Mitchell & Carson, 1989). The underlying assumption is that individuals have preferences that can be elicited by creating a hypothetical market (Mmopelwa, Kgathi, & Molefhe, 2007), and that conclusions can be drawn about how the utility of a product or service is perceived by individuals.

Measuring willingness-to-pay requires value statements from respondents, usually elicited through face-to-face interviews and mail/telephone surveys (Garrod & Willis, 2001). Surveys use open-ended questions, dichotomous choice questions, bidding games or choice modelling. Open-ended questions give respondents an opportunity to state their maximum willingness-to-pay amount freely, while dichotomous choice offers respondents predefined bids which the respondent may accept or reject. Bidding games offer ever increasing or decreasing willingness-to-pay amounts, until an amount is accepted (Mitchell & Carson, 1989).

Throsby and Withers (1983) were pioneers of using willingness-to-pay in cultural economics. Since then assessments have been carried out in settings such as historic sites (Rolfe & Windle, 2003), theatres (Bille Hansen, 1997), monuments and landmarks (Kling, Revier, & Sable, 2004; Powe & Willis, 1996), broadcasting (Schwer & Daneshvary, 1995), world heritage sites (Del Saz Salazar & Montagud Marques, 2005; Kim, Wong, & Cho, 2007; Maddison & Mourato, 2001; Tuan & Navrud, 2008), museums (Bedate, Herrero, & Sanz, 2009) and festivals (Andersson, Armbrecht, & Lundberg, 2012; Andersson & Lundberg, 2013; Snowball, 2005).

Despite its popularity, the method is disputed, being based on hypothetical and not actual behaviour, which leads to biases affecting its reliability and validity (Arrow et al., 1993; Bedate et al., 2009). The endorsement and guidelines proposed by the National Oceanic and Atmospheric Administration have contributed to methodological refinements in support of the method (Mmopelwa et al., 2007).

This study elicits willingness-to-pay using open-ended questions. The format involves asking: what is the maximum amount that individuals are willing to pay for a product. A recurring problem with the open-ended format is that it tends to yield relatively large numbers of non-responses and protest bids, as respondents find it difficult to put a monetary value on goods without any guidelines (Mitchell & Carson, 1989). Furthermore, Hanemann (1994) argues that open-ended questions may lead to strategic behaviour and incorrect valuations.

Desvousges et al. (1993) used open-ended as well as dichotomous choice techniques to assess the value of preventing oil spills. The results did not differ significantly. Furthermore, open questions are regarded as advantageous as they are easier to administer and do not lead to starting point biases (Walsh, Loomis, & Gillman, 1984). The approach is efficient in that it is likely to result in more conservative estimates than, for instance, the bidding game approach (Kriström, 1988; Walsh et al., 1984). The open-ended format is also preferable in that it provides more information about individuals' preferences, in comparison with a dichotomous layout (Mitchell & Carson, 1989).

Values elicited with other methods than open ended tend to be larger (Carson et al., 1996). This phenomenon is attributed to factors such as (a) strategic bias (especially understatement) in open-ended formats; (b) 'yea-saying', in the case of a dichotomous format; and (c) the tendency of respondents to provide a lower value when confronted with a difficult open-ended question (Venkatachalam, 2004). Mitchell and Carson (1989) state that the open-ended method is suitable in situations where respondents are familiar with paying for the product under consideration. In this study all respondents pay for their experiences and can be assumed to be familiar with the product or service under consideration.

3.2. Travel cost method

Travel cost method (TCM) assumes that the travel costs represent the *price* visitors have to pay to obtain access to a site(Fleming & Cook, 2008). Therefore, TCM uses the cost of travelling as a proxy for inferring the benefits provided by a resource (Driml, 2002). The method is based on the assumption that the price paid to access a cultural institution increases with increasing distance (Hotelling, 1947). A key concept in the TCM is the visitation rate, reflecting the number of visits in relation to the population. The increase in distance and travel costs results in the visitation rate falling, the