

Can Limiting Tourist Access Preserve Value?

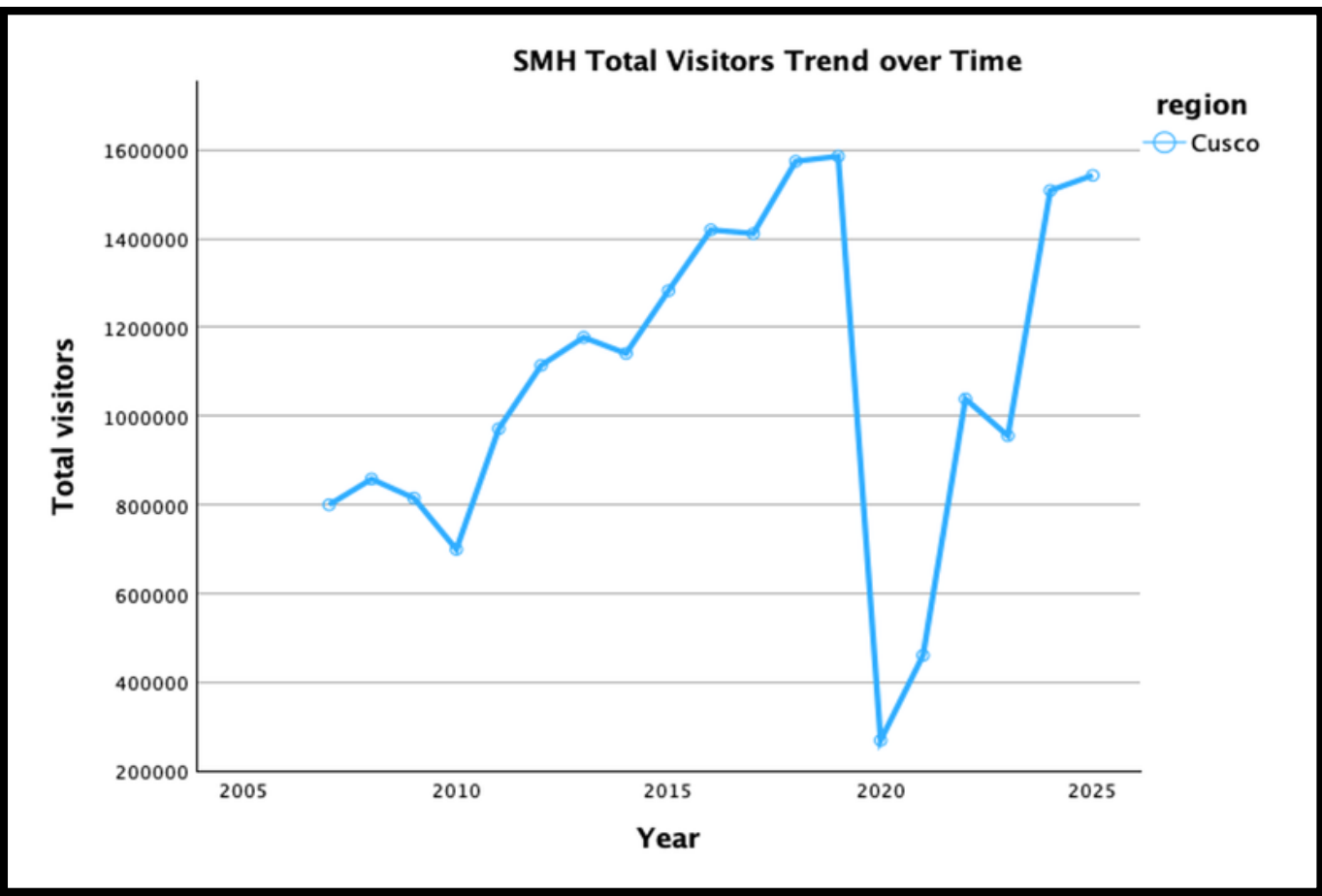
Evidence from the 2017 Visitor management reforms at Machu Picchu

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- Machu Picchu is a UNESCO World Heritage Site and one of the New 7 World Wonders.
- 1.5 million people visit Machu Picchu annually, surpassing its carrying capacity.
- Overtourism has led to overcrowding, environmental degradation, safety concerns and infrastructural damage.

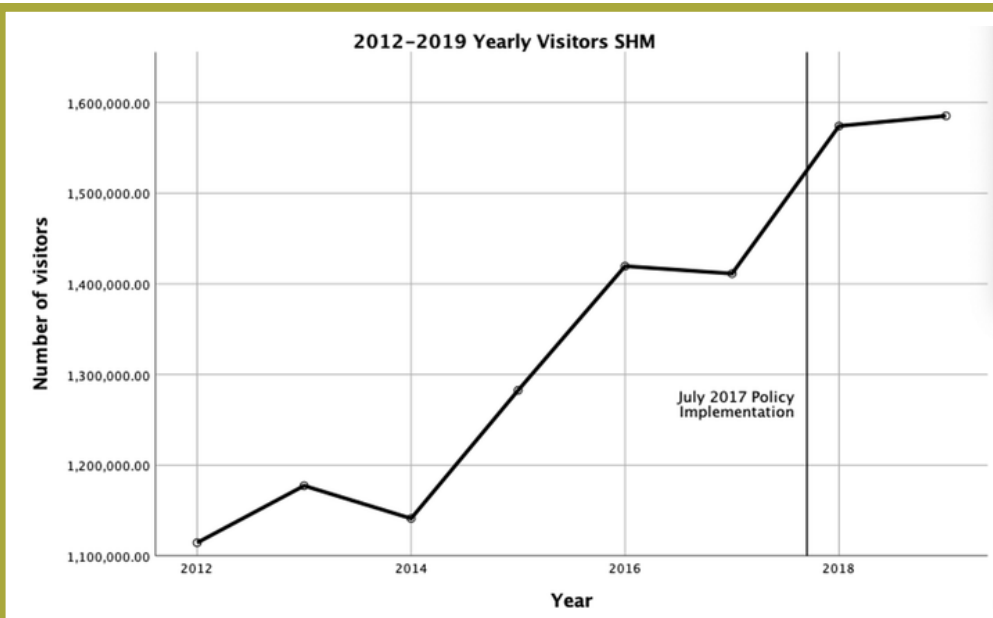
July 2017: Peruvian government enforced the following tourism limitations:

- 5940 visitors cap per day
- Tickets split into 2 entrance times: Morning (6am–12pm) and Afternoon (12 -5:30pm).
- Visitors must be accompanied by a tour guide and follow defined routes.



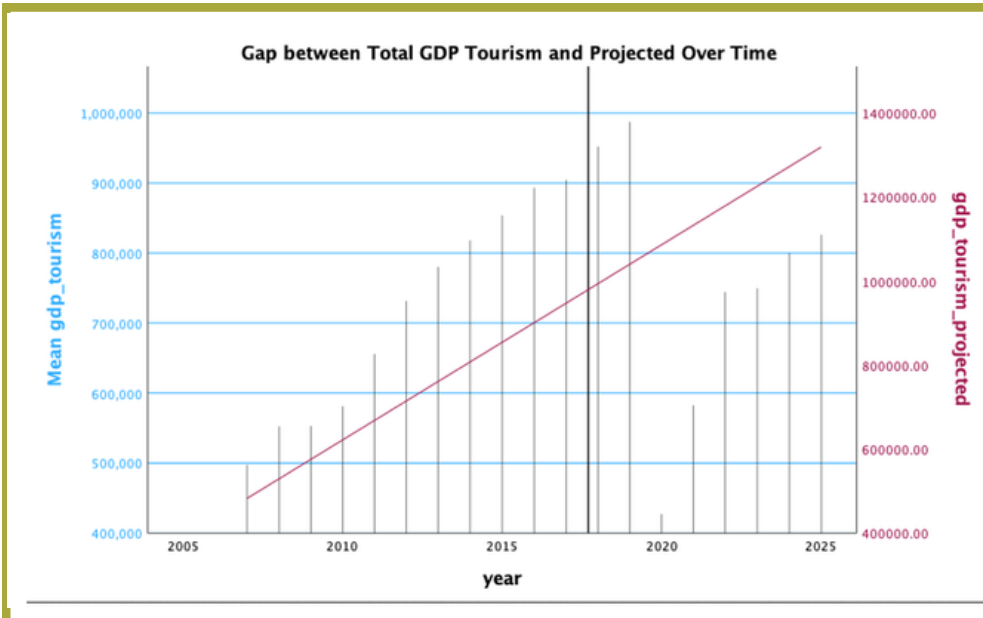
METHODS:

SEGMENTED REGRESSION



Did the July 2017 reform cause a break in visitor numbers and growth?

TREND PROJECTIONS



Calculate the gap between projected versus actual visitor volumes and growth.

Note: After the July 2017 reforms, tourism in SHM grew from 1,411,279 visitors in 2017 to 1,574,076 visitors in 2018 (+11.5%).

COVID-19 severely impacted GDP tourism and GDP total.

Tourism growth 2020: -82.99%

DIFFERENCE-IN-DIFFERENCES

Are the reform period or post-reform period linked to a change in Cusco's economy relative to two comparator regions: Puno and Arequipa?

CORRELATIONS SECTORAL GDP

Which economic sectors are most influenced by tourism volumes?

RESULTS:

SEGMENTED REGRESSION

- No "break" in tourism numbers or growth rate (note that tourism totals in 2017 were slightly lower than in 2016, but this is not evidence of tourism slowdown).
- Tourism grew back again in 2018 and reached a historic peak in 2019 when Machu Picchu received 1,585,262 visitors in the calendar year.

DIFFERENCE-IN-DIFFERENCES

- Tourism-sector growth continued even when visitor growth slowed down. In 2017, visitor growth shrank by 0.58%, but Cusco's GDP attributed to tourism grew by 1.28% while Cusco's aggregate GDP shrank by 1.47%.

TREND PROJECTIONS

- Actual visitors were only 0.6% less than projected in 2017. In 2018, actual visitors surpassed by 5.6% the projected numbers.
- The 2017 reform was not meant to cap the visitor numbers, but rather to distribute flows at the site better

CORRELATIONS SECTORAL GDP

- Tourism activities directly contribute to GDP tourism, but don't have a significant influence to Cusco's total GDP.
- No significant divergence in total GDP levels that can be attributed to the post 2017 period.

IMPLICATIONS:

POLICY REVIEW

- A growth in the tourism sector should be accompanied by the establishment of visitor caps, more routinary reviews, and the adherence to evidence-based restrictions to preserve the biocultural heritage.

TOURISM CAP VS FLOW REDISTRIBUTION

- Key distinction between tourism caps and tourism redistribution policies.
- The July 2017 reform enhanced visitor flow and distribution within the site, reducing congestion around the citadel, but did not slowdown tourism.

VISITOR EXPERIENCE

- Enhancing the distribution of visitors through strict protocols can improve the visitor experience and contribute to conservation efforts without trading off tourism growth and economic activity.