

Article Title

Interaction between Finance, Tourism and Advertising: Evidence from Turkey

Citation

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Abstract

The purpose - It is important to emphasize that a research on relationship between tourism, finance and advertisement is very rare. The aim of this study is investigation of causal relationship between these variables.

Design - In this paper, the relationship between tourism revenues and variables like tourism index of Istanbul Stock Market (BIST) & tourism advertising durations which have not been used previously in the literature was investigated for Turkey.

Methodology - To attain more useful and accurate findings, bootstrap granger causality test of Hacker Hatemi-J (2010) was used which can determine critical values by bootstrap simulation method in order to reduce the possibility of potential non-normal dispersion of errors.

Approach - In purpose of contribution to literature, monthly data in the period spanning from Aug 2004 till Dec 2012 and bootstrap causality method were used, thus new findings were tried to be found

Findings - While traditional Toda-Yamamoto (1996) causality test has been determined no causality between these three variables, there was observed one-way causality from tourism index to tourism advertisements by the aid of more advanced Hacker Hatemi-J (2010) causality test. As a result of study, one-way causality from tourism indices, which is an important indicator representing all positive and negative performances of businesses in tourism sector, to advertising durations was detected.

The originality of this research - In this study, unlike others, variables like tourism index which represents businesses in tourism sector and tourism advertising durations were used. The relationship between tourism index, tourism advertisings and tourism revenue was examined with Hacker Hatemi-J (2010) bootstrap causality test which obtains critical values by bootstrap monte-carlo simulation. By this new test, more reliable and advanced results have been obtained. As a result, tourism index which can be considered as a fundamental performance scale of tourism sector has a vital effect on tourism advertisement.

Summary

Tourism is an important sector in economic growth and development of developing countries by its positive contribution on employment & balance of payments and its expansionist effect upon other sectors. Therefore, there are many studies on tourism in the literature. These studies generally focus on the relationship between tourism and economic growth, tourism demand, tourism revenue and exchange rates. In this study, unlike other studies, variables like tourism index which represents businesses in tourism sector and tourism advertising durations were used. The relationship between tourism index, tourism advertisings and tourism revenue was examined with firstly Toda-Yamamoto (1996) causality test, then with Hacker and Hatemi-J (2010) bootstrap causality test which eliminates the problem of possible normal non-dispersal of errors and obtains critical values by bootstrap simulation. More advanced and reliable findings were gained through Hacker and Hatemi-J (2010) test for these variables that there was no relationship according to results of TodaYamamoto test (1996). While many one-way and two-way causality relationships were discovered between GDP and tourism income in literature, there was no causality between tourism index which is a fundamental scale of economic performance and tourism income according to our study.