TOURISM AND LOCAL DEVELOPMENT COOPERATION

ASSIGNMENT 2

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The Economic Impact of Tourism in Hallstatt, Austria

Introduction

Tourism plays an important role in the economies of many destinations, especially in small towns that have unique natural landscapes, cultural heritage and historical sights. Hallstatt, which is in the Salzkammergut area of Upper Austria, is a good example of the way in which tourism can affect a local economy. The town is world-famous for its views by the lakes, its traditional architecture, its history of salt mining and the fact that it is situated within the Hallstatt-Dachstein/Salzkammergut Cultural Landscape, a site designated as a UNESCO World Heritage property.

The money that visitors spend in Hallstatt on things such as accommodation, food, transport, sightseeing, shopping and recreational activities leads to business opportunities and helps to create jobs in Hallstatt and in the nearby areas. Yet the economic advantages rely on how the tourism income is distributed, how much the businesses buy from local sources, and whether the town can manage the pressure from visitors effectively.

Tourism is of great economic importance all over Austria. According to Statistics Austria (2026) tourism spending amounted to about €39.2 billion in 2024, which corresponds to a direct contribution of 4.4 per cent to the national gross domestic product (GDP). The regional tourism figures also show the significance of tourism for the various Austrian states, such as Upper Austria and the adjacent regions of Salzburg and Tyrol (Statistics Austria, 2025). The example of Hallstatt shows how these wider economic effects can be felt at the local level.

1. The connection between tourism and the local economy in Hallstatt

The local economy of Hallstatt is closely linked with tourism since the visitors generate demand for the goods and services offered by local businesses. Domestic and international tourists are drawn to the town by its historic character, the Alpine scenery, Lake Hallstatt and

its salt-mining heritage. This influx of tourists leads to increased spending, which in turn supports the businesses and adds to the economic activity in the area.

Accommodation businesses, cafés, restaurants, souvenir shops, tour operators and transport services all gain directly from tourist demand. For instance, tourists can pay for stays in guesthouses, for meals consisting of Austrian food, for boat trips on the lake, for guided tours of the heritage sites and for locally produced souvenirs.

The tourism economy of Hallstatt is also connected with its cultural and natural heritage, the historic salt mine and the surrounding area providing features which set the destination apart from other Alpine towns. By protecting these resources visitor interest and the long-term value of tourism can be kept. For this reason, local authorities and businesses have an economic motive to preserve historic buildings, manage the public spaces and protect the lake and the surrounding environment.

Tourism can, however, lead to economic difficulties since large numbers of visitors may result in increased congestion, higher waste-management costs, greater pressure on public infrastructure and a higher demand for limited housing. Moreover, businesses may end up being too reliant on tourism, which makes them susceptible to economic downturns, travel disruptions and seasonal variations.

Tourism has a positive effect on Hallstatt's economy as long as the money spent by visitors supports local livelihoods without damaging the environmental and cultural resources upon which the destination relies. It is essential to have effective visitor management, promote responsible development and involve the local community in order to keep this balance.

2. The role of tourism in terms of employment, generating income and promoting local entrepreneurship

Tourism leads to job creation and generates income by providing employment, supporting current businesses and prompting people to set up new ones. In Hallstatt the opportunities

come about because of the demand from visitors for accommodation, food, transport, cultural experiences and retail products.

2.1 Employment opportunities

Tourism creates direct jobs in hotels, guesthouses, restaurants, cafés, visitor attractions, retail shops, and transport services. Examples include receptionists, housekeeping staff, chefs, waiters, tour guides, boat operators, drivers, and souvenir-shop assistants. Attractions such as Salzwelten Hallstatt offer heritage-related visitor experiences that need operational staff and tourism services.

Tourism also leads to indirect employment since hotels need maintenance workers, electricians, cleaners, laundry services and food suppliers. Restaurants in turn require farmers, bakers, delivery men and other service providers. Thus, tourism produces jobs beyond those in businesses which have direct contact with visitors.

Such opportunities can assist people in staying in the area rather than looking for work in the bigger cities. Employment linked with tourism might also offer seasonal opportunities for students, young people and those looking for flexible arrangements. The seasonal demand, though, can result in irregular working hours, temporary contracts and uncertainty about income. During the quieter times smaller businesses will have a difficult time keeping skilled workers.

To improve employment outcomes, tourism businesses should offer suitable training, pay fair wages, provide safe working conditions and give employees opportunities for career advancement. It would also be helpful to develop attractions that are available all year round and to promote tourism during the off-season.

2.2 The generation of income and the multiplier effect in the local economy

Tourists earn money by buying accommodation, meals, transport, entrance tickets, guided tours and souvenirs; this spending acts as income for businesses and so allows them to pay their workers, buy supplies and reinvest in their operations.

For instance, a tourist who stays in Hallstatt for one night might pay for a guesthouse, have a meal at a local restaurant, go on a boat trip and buy some handmade ceramics. The income from each of these transactions goes to a different business. Whenever those businesses then buy goods and services from local suppliers, part of the money that the visitor originally spent flows through the regional economy. This is referred to as the local economic multiplier effect.

The satellite accounts for tourism prepared by the Austrian regions show that tourism brings about both direct and indirect economic benefits. In the case of 2023, the regional accounts estimated total direct and indirect value added from tourism at about €29.1 billion on a national level, together with around 277,000 full-time-equivalent jobs linked to tourism and leisure activities (Fritz et al., 2025). While these national figures show the considerable economic importance of the sector, they must not be regarded as estimates specific to Hallstatt.

How much benefit Hallstatt derives depends on how much revenue stays in the area. If businesses buy imported goods or are owned by outside investors who send their profits elsewhere, the local multiplier effect could be smaller. It therefore follows that promoting local purchasing and reinvestment can increase the amount of benefit enjoyed by the residents.

2.3 Local entrepreneurship

Tourism promotes entrepreneurship by providing residents with the opportunity to set up small businesses making use of their local resources, skills and traditions. Possible enterprises

are family-operated guesthouses, cafés, guided tours of the heritage sites, boat trips, craft shops, photography services and businesses concerned with regional food.

For instance, a local craftsman could offer handmade wooden items or ceramics to tourists who are looking for unique souvenirs. Someone who knows about the area's history could create guided walking tours in which they explain Hallstatt's salt-mining background and its traditional architecture. Farmers and food producers in the neighbouring communities could sell their regional products to restaurants or straight to tourists.

Entrepreneurship enables people to earn their own income and to keep their traditional skills. It can moreover contribute to diversifying the local economy by providing alternatives to ordinary forms of employment. Small businesses are able to reach international customers without having to run big advertising campaigns through the use of digital marketing, online reservations and social media promotion.

Even so, entrepreneurs encounter difficulties including high operating costs, competition, seasonal fluctuations in demand and a lack of commercial space. Since their income is overly dependent on tourism, businesses can be affected by travel disruptions.

In Hallstatt tourism provides support for employment, household income and entrepreneurship. The extent of this support is greatest when the jobs involve reasonable working conditions, the local businesses are able to remain financially viable and economic opportunities are available to the residents.

3. How Local Supply Chains Strengthen the Economic Benefits of Tourism

Tourism businesses don’t have to buy everything from big outside distributors. Hotels and restaurants in Hallstatt can get much of what they need from nearby farmers, bakers, craftspeople and service providers in the Salzkammergut. Doing so keeps more of each visitor’s spending in the local economy.

3.1 Benefits of local supply chains

The biggest gain is reach. Local purchasing spreads tourism money across more businesses and households. If a restaurant buys cheese from a regional dairy farmer, that farmer can pay workers, replace equipment or buy feed. A hotel that hires a local maintenance contractor does the same for another small business.

There are smaller benefits too. Some products travel shorter distances, buyers and suppliers can talk to each other directly, and visitors get something more authentic. That said, local doesn't automatically mean greener. Production methods, packaging, storage and transport efficiency all matter.

Regional products also help businesses stand out. Visitors will often pay more for a meal, gift or experience that says something about the place they're visiting, which gives small producers a market and helps keep traditional knowledge alive.

3.2 Examples of products and services tourism businesses could purchase

The table below shows where Hallstatt's tourism businesses could build stronger ties with regional suppliers.

Local product or service	Potential tourism buyers	Economic benefit
Cheese, goat's milk and sheep's milk products	Hotels, cafés and restaurants	Gives regional dairy producers a steady outlet
Seasonal fruit, vegetables, butter and meat products	Restaurants and guesthouses	Creates regular demand for local farmers and food producers

Bread, cakes and pastries	Hotels, cafés and caterers	Supports regional bakeries and food processors
Locally made salt products	Souvenir shops and visitor attractions	Links retail sales to Hallstatt's salt-mining history
Handmade ceramics and wooden crafts	Gift shops, hotels and tour operators	Provides a market for local craftspeople and traditional skills
Laundry, cleaning and maintenance services	Hotels and accommodation providers	Brings income to local service businesses
Local guiding and transport services	Tour operators and accommodation providers	Supports specialist workers and regional transport firms

None of this is far-fetched, because it builds on what the area already does. Hallstatt's weekly municipal market already promotes regional goat's and sheep's milk products, cheese, sausages, butter and seasonal fruit (Marktgemeinde Hallstatt).

The same goes for crafts. Hallstatt Keramik, a family-run business making handmade pottery, shows how visitor demand can keep a local craft going. Hotels and shops could buy from makers like this instead of stocking mass-produced souvenirs.

3.3 Practical strategies for strengthening local supply chains

Several practical steps could help.

Businesses could start by setting up regular purchasing agreements with farmers, bakeries, dairies and craft producers. Steady orders let suppliers plan production instead of guessing at demand.

They can also tell visitors where things come from. Menus, accommodation packages and souvenir displays that explain a product's origin help guests understand its cultural value, and they tend to buy more thoughtfully as a result.

Local tourism associations have a role as well. A supplier directory would link hotels, restaurants and tour operators with small businesses, and joint marketing or regional food events could introduce producers to new customers.

Cooperation on quality, pricing, food safety, packaging and delivery schedules matters too, because small producers often can't fill large orders reliably. Agreements need to be realistic so that no single supplier is stretched too thin.

Finally, local authorities and tourism bodies could encourage responsible procurement and track how much spending stays in the region, while balancing local sourcing against cost, quality and environmental impact.

Conclusion

Hallstatt shows how closely tourism and the local economy are tied together. Visitor spending supports jobs, creates income and opens up opportunities for entrepreneurs in accommodation, hospitality, transport, retail and cultural activities. But those benefits shrink when profits leave the region or when businesses rely too heavily on seasonal visitor numbers.

Building stronger local supply chains is a practical way to keep more tourism revenue in Hallstatt and neighbouring communities. Buying regional food, handmade crafts and local services supports producers and gives visitors a more authentic experience. Together with fair employment, responsible destination management and cooperation between businesses, these

steps can help Hallstatt keep a tourism economy that works for residents while protecting its cultural and natural heritage.

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