TOURISM & SUSTAINABLE REGIONAL DEVELOPMENT IN INDONESIA

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INTRODUCTION

Non-market valuation techniques are commonly used by economists to assess environmental goods which are characteristically intended for public. Public goods, here are defined as non-excludable and non-rival in consumption (Ward and Beal 2000: 50); and they exist in many segments of society. Public goods are usually provided for free or at minimal cost so that the model of market demand cannot be used to estimate their value. Cultural heritage items typically have characteristics of public goods, and therefore to assess them requires non-market valuation techniques. Generally, there are two categories of non-market valuation methodology used by environmental economists: the stated preference and the revealed preference techniques.

Stated preference methods estimate the value that individuals place on non-market goods through direct elicitation queries. The most predominant valuation method is known as contingent valuation method (CVM) (Ready and Navrud 2002). On the other hand, Travel Cost Method (TCM) involves a revealed preference method, which infer value from individual travel expenditures to access and utilize the public-type goods. Revealed preference models have significant limitations and as such, have not been used to value