University of Southeastern Philippines

**SCHOOL OF APPLIED ECONOMICS**

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**EXERCISE ON VALUATION USING TRAVEL COST METHOD**

***(Economic Value of the Monfort Bat Cave in the Island Graden City of Samal (IgaCos))***

Acknowledgement to Ms. JC Redoble for the data.

**Instructions**

A. Download the data from <http://rupertstudies.weebly.com/>

The following data are gathered using structured survey questionnaire

B. The Economic Model and Variables are the following:

 1. The individuals demand curve for site visits take the following general form:

 $V\_{i}=f\left(TC\_{i},X\_{i}\right) i=1…..n$

 Where: $V\_{i}$- visit of individual I to the site, $TC\_{i}$-cost of travel of individual I, $X\_{i}$-socio-economic characteristics of visitors.

 Xs includes the following: **Y**-visitors monthly income in PhP, **AG**-visitor’s age (last birthday), **AQ**-visitor’s acquaintance with the site (in number of years).

C. Run the model using the data in Shazam V.9.

**Questions:**

1. What is the most appropriate functional form for TCM in this exercise? Why? (Show your results in tabular form that shows estimated coefficients, standard errors, and $R^{2}$ , $σ^{2}$ of different functional forms and Discuss).

2. What are the significant determinants of visitation to Monfort Bat Cave?

3. Report the demand equation of the bat cave $V\_{i}=f(TC)$.

4. Using the double-log functional form, compute the individuals economic value of Monfort Bat Cave.

5. Suppose the annual total visits in Monfort Bat Cave is 55778 visitors, compute the total economic value of the resource.