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Digitalization of Urban Tourism Innovation for Increasing Local Government Revenue

Afrinady Rustam[1], Asrinaldy Asrinaldy[2], Hendri Koeswara[3], Kamaruddin Kamaruddin[4]
[1,4]Universitas Islam Negeri Sultan Syarif Kasim Riau, Riau. Indonesia
[2,3]Universitas Andalas Padang, Sumatra Barat. Indonesia

Corresponding Author: ocu_1974@yahoo.com

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Abstract:
Urban tourism has emerged as a strategic driver of local economic development, yet cities face mounting challenges in translating tourism growth into measurable fiscal benefits. The proliferation of digital technologies ranging from smart ticketing systems and destination platforms to analytics-based governance presents opportunities for cities to enhance efficiency, transparency, and revenue capture. This study aims to examine how the digitalization of urban tourism innovation contributes to increasing local government revenue (LGR) through improved compliance, reduced leakage, and the formalization of tourism transactions. Using a Systematic Literature Review (SLR) approach, the research synthesizes empirical and conceptual studies from multidisciplinary fields including urban tourism, smart city governance, and public finance. Literature was systematically searched, screened, and analyzed to identify mechanisms linking digital innovation with fiscal performance. The findings reveal four dominant revenue pathways: (1) expanding the taxable base through transaction formalization, (2) enhancing compliance and auditability via digital payments and e-licensing, (3) reducing administrative and operational inefficiencies through automation and analytics, and (4) protecting long-term fiscal sustainability by improving destination management and visitor dispersion. The results highlight that fiscal gains materialize when digitalization initiatives are embedded within coherent governance frameworks and data-sharing mechanisms across public agencies and private actors. The study concludes that urban tourism digitalization can be a strategic fiscal instrument transforming cities into more efficient, accountable, and sustainable tourism ecosystems while strengthening their local revenue capacity.

Keyword: Urban Tourism, Digitalization, Tourism Innovation, Local Government Revenue, Systematic Literature Review

INTRODUCTION

Urban tourism has become one of the most visible arenas where cities compete for visitors, investment, and global attention, yet it is also a sector that exposes local governments to volatility, congestion externalities, and rising service costs. In this context, digitalization is increasingly framed not only as a tool to improve visitor experiences, but also as a mechanism to strengthen destination governance and expand

local government revenue (LGR) through better pricing, compliance, and service monetization. The shift toward "smart tourism" highlights how urban destinations can integrate ICT, data, and interconnected services to redesign tourism systems while keeping public value at the center (Gelter et al., 2022; Kontogianni & Alepis, 2020).

At the destination level, digital innovation is changing how tourists search, move, consume, and evaluate urban experiences, which in turn reshapes demand distribution across neighborhoods, attractions, and time periods. Smart technologies (apps, sensors, interactive services) can improve information quality, reduce friction in mobility, and personalize experiences, but they also create new governance responsibilities: privacy protection, cyber-security, and service interoperability across public–private actors. For local governments, the fiscal logic is clear: better digital touchpoints can increase conversion, length of stay, and spending while also enabling more accurate measurement of tourism flows that matter for levies, fees, and revenue sharing schemes (Sigalat-Signes et al., 2020; Sustacha et al., 2023a).

Digitalization also depends on how tourism stakeholders learn, coordinate, and institutionalize new ways of working across the city ecosystem. Studies on tourism digital transformation emphasize that capability building, shared learning networks, and organizational innovation (including experimentation spaces such as innovation labs) influence whether digital initiatives become isolated pilots or scalable systems that generate measurable value. For LGR, this matters because revenue impacts typically emerge only when digital services are connected end to end linking visitor management, payment systems, licensing, data dashboards, and enforcement into one coherent architecture (Marx et al., 2021; Santarsiero et al., 2024).

Table 1. Digitalization pathways linking urban tourism innovation to local government revenue

No	Digital innovation lever	Typical urban tourism applications	Primary LGR mechanism	Critical enablers
1	Integrated destination platform	City tourism super-app; itinerary, tickets, permits	Transaction fees; bundled passes; higher conversion	Inter-agency integration; partner onboarding
2	Smart ticketing & access control	QR entry, timed slots, dynamic capacity	Higher fee capture; reduced leakage	Interoperable payments; access infrastructure
3	Data-driven accommodation oversight	E-registration; data matching; compliance dashboards	Improved hotel/occupancy tax compliance	Legal basis; secure data sharing
4	Mobility & crowd management analytics	Real-time flows, signage, route nudging	Better distribution increases spend & fee capacity	Sensors/data partnerships; analytics team
5	Digital licensing & event permitting	Online permits for guides, vendors, events	Faster licensing; fee collection; lower admin cost	Process redesign; digital ID/signature
6	Open-data & API ecosystem	Developer ecosystem for tourism services	Indirect revenue via innovation & investment	Standardized data; governance & quality control

Source: Author, 2025

Local government readiness is a decisive factor in whether digital tourism innovation produces fiscal gains or merely adds complexity. Evidence from destination governance research suggests that officials' task trust, perceived usefulness, and institutional support influence implementation quality especially when initiatives require cross-unit coordination (tourism office, revenue agency, transport, culture, policing). In practice, improving LGR through digital tourism requires aligning policy instruments (regulations, incentives, procurement) with service design and public-sector capacity, so that data and digital services reliably translate into compliance, efficiency, and monetizable value (Parappallil Mathew & Bangwal, 2024; Tena et al., 2024).

A central engine of "smart" urban tourism is the ability to transform high-volume, high-velocity data into operational decisions about congestion, safety, service allocation, and targeted promotion. Big data analytics in smart-city contexts has been linked to cascading effects across initiatives, where data infrastructures created for one domain (mobility, public safety) can enable tourism intelligence, and vice versa. For revenue, data capability supports (1) evidence-based pricing and capacity policies, (2) improved enforcement against leakage (unregistered accommodation/services), and (3) more defensible revenue-sharing arrangements with private operators based on transparent metrics (Spalding et al., 2023; Zeng et al., 2020).

Digital platforms are also reshaping urban tourism value capture by reorganizing markets for accommodation, experiences, and micro-entrepreneurship (guides, food, creative services). The rise of collaborative economy platforms changes how demand is intermediated and where value is recorded, which can complicate local taxation and licensing while also expanding the addressable market if governance keeps pace. At the same time, digital tools influence travel intentions and consumer behavior, meaning that platform design, trust signals, and frictionless payments can directly affect visitation volumes and spending profiles that feed local revenue bases (Mendieta-Aragón et al., 2025; Tan et al., 2025).

Beyond platforms, enabling conditions such as digital infrastructure and financial digitalization can shape the scale and inclusiveness of tourism-driven urban growth. Research linking digital finance to tourism revenue suggests that digital payment ecosystems and financial inclusion can facilitate cross-border spending and reduce transaction barriers, which is fiscally relevant where local revenues depend on formalized transactions (ticketing, attraction fees, regulated services). More broadly, digital infrastructure has been connected to urban innovation dynamics, implying that cities with stronger connectivity and digital readiness may be better positioned to sustain continuous tourism innovation rather than one-off projects (Wang & Zhang, 2025; Zhang et al., 2025).

Urban tourism digitalization increasingly intersects with sustainability agendas, because cities must manage emissions, waste, crowding, and residents' quality of life while maintaining competitiveness. Emerging evidence indicates that digitalization can complement green transformation in tourism-related organizations and value chains, supporting more efficient operations and improved monitoring. For local governments, this creates a "double dividend" opportunity: digital tools can strengthen environmental management (e.g., monitoring, nudging, capacity control) while also protecting long-term revenue by reducing destination degradation and improving resilience turning sustainability into a revenue-protecting strategy rather than a fiscal burden (Amin et al., 2025; Li & Li, 2024).

The fiscal case for digital tourism innovation becomes strongest when cities explicitly connect digitalization to local budget logic: expanding the tax base, increasing compliance, and improving the productivity of public services that support tourism. Evidence from local tourism development highlights its potential contribution to local budgets, but realizing these gains depends on governance choices and the business models through which tourism innovation is adopted and diffused. Therefore, urban tourism digitalization should be designed not only as a marketing or service modernization agenda, but as a revenue system that clarifies who pays, how value is measured, and how benefits are redistributed to sustain public support.

Despite rapid progress, many cities still face a gap between digital experimentation and fiscal outcomes: pilots may improve visibility or satisfaction but fail to alter the "hard" systems of payments, registration, compliance, and performance-based budgeting. Newer digital experiences (e.g., immersive technologies) can expand product innovation and demand, while open-data approaches can stimulate ecosystem innovation yet both require governance frameworks to ensure that growth converts into accountable revenue and reinvestment in public services. This article positions digitalization of urban tourism innovation as an integrated governance-and-revenue agenda, proposing a pathway where experience design, data governance, and fiscal instruments are aligned to increase local government revenue without sacrificing inclusiveness and sustainability.

RESEARCH METHOD

The research method can be structured using a Systematic Literature Review (SLR) to ensure that conclusions are built on transparent, traceable, and evidence-based procedures. An SLR is appropriate because the topic sits at the intersection of urban tourism, smart city development, digital governance, and local public finance—fields that often publish relevant evidence in different outlets and disciplinary traditions. By applying SLR, the study can map how digitalization initiatives (e.g., destination platforms, smart ticketing, digital payments, mobility analytics) relate to revenue mechanisms such as improved tax compliance, reduced leakage, enhanced user-fee collection, and administrative efficiency (Pahlevan-Sharif et al., 2019; Shafiee et al., 2019).

In this study, SLR supports a rigorous pathway from conceptual framing to policy-relevant synthesis. It enables the researcher to define a focused research question (for example, which forms of urban tourism digitalization most consistently increase local government revenue and through what channels), and then to evaluate the quality and relevance of the evidence before integrating findings. This approach strengthens the credibility of the paper by making the search strategy, screening decisions, and synthesis logic replicable and auditable (García-Pérez & Castillo-Ortiz, 2024; Rodrigues et al., 2024).

As illustrated, the process begins with formulating the research question, which guides the scope of keywords, databases, and inclusion criteria. The next steps selecting and evaluating relevant studies and locating studies can be operationalized through a structured screening workflow (title/abstract screening followed by full-text review), using explicit inclusion exclusion rules such as publication timeframe, urban context, presence of digital innovation components, and measurable implications for fiscal or revenue outcomes. This ensures the final corpus of literature is directly aligned with the

article's aim: explaining how digital tourism innovation can translate into measurable revenue gains for local governments.

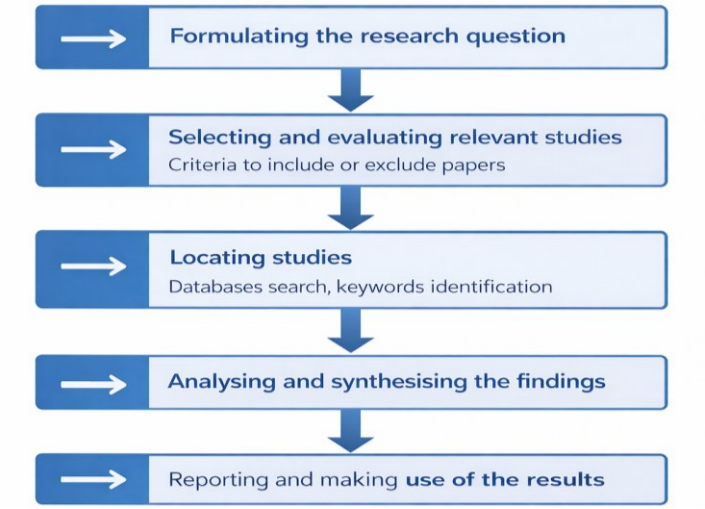

Figure 1. Systematic Literature Review (SLR) Process for Method
Source: Author, 2025

The stage of analysing and synthesising findings can be implemented using systematic data extraction and thematic coding, capturing variables such as the type of digital intervention, governance arrangement, enabling infrastructure, revenue channel (tax compliance, fee capture, licensing, operational efficiency), and reported outcomes. Finally, reporting and making use of the results should translate the synthesis into a coherent conceptual framework and actionable recommendations showing how local governments can integrate tourism digitalization with payment systems, registration and licensing, data governance, and enforcement capacity to increase revenue while maintaining service quality and sustainability.

RESULTS AND DISCUSSION

1. Evidence synthesis: how urban tourism digitalization translates into local government revenue

Digitalization in urban tourism consistently appears in the reviewed literature as a value-creation strategy that improves visitor experience through informativeness, interactivity, and service integration factors that indirectly shape spending intensity and repeat visitation. Across studies on smart tourism and destination innovation, technology-enabled touchpoints (apps, smart services, connected infrastructure) are associated with higher perceived experience quality, but also introduce governance requirements (privacy, security, interoperability) that determine whether benefits are sustained and scalable in city contexts (Sustacha et al., 2023b; Williams et al., 2020).

From a revenue perspective, the evidence indicates that local government revenue gains rarely come from "digitalization" alone; they emerge when digital services are linked to fiscal instruments (fees, taxes, licensing) and enforcement systems. The tourism taxation literature emphasizes that destination charges and tourism-related taxes must balance revenue goals with competitiveness, acceptance, and externality management meaning digitalization is most effective when it strengthens transparency, compliance, and fairness rather than merely adding new charges. In parallel, urban

tourism scholarship shows that cities increasingly need strategic planning tools to manage tourism pressures; digitalization becomes a practical mechanism for aligning demand management with local fiscal sustainability (Klepej & Marot, 2024; Rosselló-Nadal & Sard, 2026).

A recurring finding is that urban tourism digital innovation affects revenue through four pathways: (1) expanding the taxable/fee-paying base by formalizing transactions, (2) improving compliance via better registration and traceability, (3) reducing leakage by closing gaps between service delivery and payment capture, and (4) creating efficiency dividends by lowering administrative burdens and improving targeting of inspections. In many cities, leakage is not only a technical issue but an institutional one fragmented data systems, manual processing, and weak coordination between tourism, licensing, and revenue offices. When digitalization unifies these components, the same visitor activity becomes more "visible" to local fiscal systems, enabling fairer collection and more defensible reinvestment narratives.

The synthesis also shows that revenue impacts depend on the maturity of the digital solution. First-generation tools (information portals, basic apps) primarily support marketing and experience enhancement; their revenue contribution is indirect and difficult to attribute. Second-generation tools (integrated ticketing, digital payments, platform-based passes) produce clearer, traceable revenue effects because they move the city closer to "transactional control points." Third-generation tools (analytics, dynamic capacity, predictive demand management) support revenue indirectly by stabilizing demand, reducing overcrowding, and protecting destination quality helping preserve the revenue base over time.

Table 2. Evidence-informed mapping of urban tourism digitalization to local government revenue channels (synthesis from reviewed themes)

Digitalization lever	Immediate operational effect	Primary revenue channel	Typical measurement signals
Integrated destination platform / super-app	Higher conversion and service bundling	User-fee capture; bundled pass revenue	Share of digital transactions; pass uptake; average spend per visitor
Smart ticketing & access control	Reduced entry leakage; smoother throughput	Better fee collection; reduced fraud	Ticket leakage rate; digital ticket ratio; peak congestion reduction
Digital payments and e-receipting	Formalized transactions	Expanded taxable base; improved compliance	Reported sales coverage; tax gap reduction; audit yield
Digital licensing and e-permitting	Faster approvals; higher visibility of operators	Licensing fees; compliance improvement	Processing time; compliance rate; renewal rates
Visitor flow analytics (sensors/app traces)	Better dispersion and capacity control	Revenue protection via quality/resilience	Hotspot intensity; dwell time; repeat visitation proxies

Source: Author, 2025

Another pattern is that interoperability functions as the "hidden variable" behind success. Digital ticketing without aligned payment rails, identity verification, and

reporting dashboards can improve convenience but still allow leakages. Likewise, a tourism super-app without partner onboarding standards, data-sharing agreements, and service-level monitoring becomes a promotional layer rather than a revenue system. The reviewed evidence therefore suggests that cities should treat urban tourism digitalization as a governance-and-revenue architecture, not as isolated technology procurement.

Finally, the synthesis indicates that revenue benefits are most plausible when digitalization is explicitly paired with institutional changes: standardized procedures, cross-agency data governance, and reinvestment rules that link additional receipts to service quality improvements. Without these, digitalization may improve experience but fail to change fiscal outcomes. Thus, the results support a policy direction where digital tourism innovation is designed as a measurable revenue pathway linking experience systems to collection, compliance, and reinvestment loops.

2. Data Governance and Analytics: Managing Flows, Value, Accountability

Across the reviewed evidence, big data and analytics are repeatedly positioned as a core capability for modern tourism management, enabling cities to sense and respond to visitor behavior at scale. Tourism-oriented analytics supports decisions on marketing effectiveness, congestion mitigation, and service allocation, but its real contribution to local revenue emerges when analytics informs operational controls (capacity, timing, pricing) and strengthens the traceability of transactions. At the same time, the literature warns of an "analysis gap," where data abundance does not automatically translate into better decisions unless cities invest in interpretive capacity, governance, and fit-for-purpose indicators (Agrawal et al., 2022; Weaver, 2021).

A second dominant theme is that data governance determines whether analytics can be used legally and ethically across agencies and partners. Smart tourism destinations increasingly position themselves as data-driven systems, yet barriers organizational silos, data quality, unclear ownership, and limited interoperability often reduce the usability of open data or shared data infrastructures. Evidence on smart destinations highlights both the potential of open-data provision and the practical constraints that shape uptake, especially where multiple actors (tourism boards, transport agencies, cultural venues, private operators) must coordinate data standards and access rules (Celdrán-Bernabéu et al., 2026; Gelter et al., 2022).

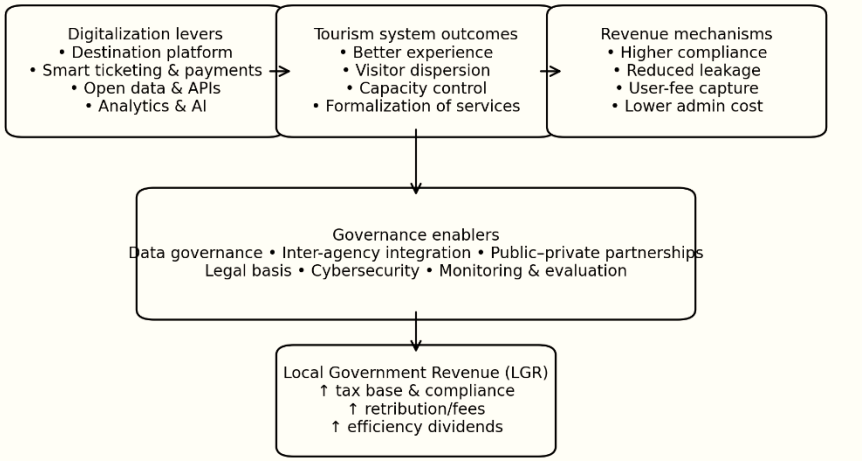

Figure 2. Conceptual Pathways Urban Tourism Digitalization to Local Government Revenue
Source: Author, 2025

In revenue terms, the most actionable analytics use-cases cluster around: demand forecasting (planning staff and services efficiently), visitor dispersion (reducing congestion externalities that undermine destination reputation), capacity control (protecting assets while sustaining ticket volumes), and compliance targeting (prioritizing inspections based on risk signals). Notably, these use-cases do not always require "perfect" data. The review indicates that cities can start with pragmatic proxies digital ticket ratios, occupancy estimates, mobility flow indicators, event attendance traces and progressively improve accuracy as governance matures.

The evidence also suggests that cities should move from "dashboard culture" to "decision-loop culture." Dashboards often remain descriptive, while revenue improvements require prescriptive integration rules that translate signals into actions (e.g., if a zone exceeds thresholds, activate timed-entry, adjust routing nudges, deploy enforcement teams, or trigger additional cleaning and safety services funded by earmarked receipts). This is where governance becomes central: the city must define thresholds, responsibilities, escalation procedures, and accountability otherwise analytics remains informational rather than operational. Finally, the review supports a conceptual model where analytics enhances local revenue indirectly by stabilizing tourism performance and directly by increasing transaction capture and compliance effectiveness. The model below summarizes these pathways for the current study.

3. Platform Economy and Fiscal Compliance: Short-Term Rentals, Enforcement, Leakage Control

A strong cluster of evidence addresses the fiscal and regulatory challenges created by platform-mediated tourism services, especially short-term rentals. Research on data-sharing agreements between governments and platforms shows that improved information exchange can raise compliance and alter host behavior supporting the view that digital governance instruments (data access, reporting obligations) are critical complements to taxation and licensing rules. In contrast, evidence on specific "platform taxes" suggests that when enforcement relies heavily on self-reporting, the behavioral effect may be limited, underscoring the central role of enforceability and data availability in converting policy into revenue (Garz & Schneider, 2023a, 2023b).

The review also highlights broader concerns around the "dark side" of the sharing economy, including uneven regulatory burdens, tax avoidance risks, and community impacts issues that motivate local governments to pursue more robust digital oversight. At the same time, studies of short-term rental interventions show that regulatory design can generate spillover effects across housing markets and neighborhood dynamics, implying that revenue-focused policies must be balanced with social sustainability (Huang et al., 2021; Mosaad et al., 2023).

From the synthesis, three fiscal lessons stand out. First, visibility is revenue: when tourist activity occurs outside formal systems, local governments lose both direct receipts (fees, taxes) and indirect capacity to plan services. Second, platform integration is a strategic control point: cities that can require standardized reporting, registration linkages, and automated withholding/collection mechanisms are more likely to reduce leakage. Third, policy sequencing matters: introducing taxes or fees without data infrastructure and enforcement capacity tends to produce weak results and can create legitimacy problems among compliant actors.

The reviewed evidence suggests that local governments can design a "compliance stack" for platform-mediated tourism: (1) mandatory registration and digital identification of units/operators, (2) platform-level reporting or data-sharing agreements, (3) automated collection or withholding where legally feasible, (4) targeted audits using risk-based analytics, and (5) public communication to build acceptance and reduce perceptions of unfairness. Importantly, the stack does not only apply to accommodation; it can extend to guides, experiences, event organizers, and micro-vendors operating through digital marketplaces.

Table 3. Digital-regulatory instruments for platform-mediated tourism and expected local revenue effects (synthesis)

Instrument	What it does	Expected revenue effect	Main risks to manage
Mandatory registration + digital ID for units/operators	Creates an official base of taxable actors	Expands tax base; improves auditability	Non-compliance without enforcement; privacy concerns
Data-sharing agreements with platforms	Improves visibility of transactions	Higher compliance; reduced leakage	Legal constraints; data quality; platform resistance
Automated collection/withholding (where feasible)	Captures payments at source	Strong fee/tax capture	Implementation complexity; equity concerns
Risk-based auditing using analytics	Targets enforcement efficiently	Higher audit yield; deterrence	Bias and false positives; capacity constraints
Integrated licensing + e-permitting for tourism micro-services	Formalizes operators beyond accommodation	More license/permit fees; better monitoring	Administrative burden if UX is poor

Source: Author, 2025

Overall, the results indicate that urban tourism digitalization can increase local revenue most clearly when it addresses platform-mediated leakages through data-enabled enforceability. However, the discussion also stresses that revenue-centered interventions must be evaluated against social outcomes (housing pressure, neighborhood disruption) to avoid short-term fiscal gains that undermine long-term urban livability and, eventually, the tourism revenue base itself.

4. Implementation Capability: Innovation Ecosystems, Organizational Readiness, and Adoption Barriers

The evidence base consistently frames tourism digital transformation as an organizational and ecosystem change rather than a purely technological shift. Systematic reviews on Industry 4.0 in tourism show that digital transformation requires aligned processes, capabilities, and governance, and that many implementations follow staged maturity patterns rather than rapid end-state adoption. Complementary evidence on open innovation in tourism emphasizes that value is more likely when stakeholders co-create solutions suggesting that local governments must function as orchestrators of

innovation networks (public agencies, tech providers, SMEs, community groups), not only as funders or regulators.

On the demand side, digital adoption affects travel intentions and purchase behaviors through multiple mechanisms, including information access, perceived control, and reduced transaction friction indicating that tourism digitalization can shape demand composition and seasonality. At the same time, digital commerce formats (e.g., live-streamed tourism product shopping) influence conversion and purchasing behavior, implying that cities and destination partners can stimulate demand but must also ensure that monetization channels remain transparent and measurable for fiscal purposes.

A key implementation finding is that local governments face a "two-speed problem": private actors can iterate quickly, while public systems (procurement, interoperability, legal compliance) move slowly. This gap produces common failure modes pilot projects that never scale, fragmented apps, duplicated datasets, and vendor lock-in. The reviewed evidence suggests that urban tourism digitalization should be implemented through modular architectures and phased integration, prioritizing high-leverage control points (payments, ticketing, licensing, reporting) before expanding to advanced features.

Another recurring barrier is capability scarcity: analytics talent, cybersecurity, and service design skills are often limited within local governments, particularly outside major metropolitan areas. The evidence implies that capacity-building strategies training, partnerships with universities, shared service units, and procurement that includes knowledge transfer are just as important as hardware/software investment. Without these, cities may collect data but fail to convert it into operational decisions that improve either service quality or revenue performance.

Stakeholder trust also appears as a decisive factor. If residents perceive tourism digitalization as "growth-at-any-cost," resistance increases; if businesses perceive it as surveillance without value, compliance falls. Successful pathways in the literature emphasize reciprocal value: digital systems should return benefits to stakeholders (simplified licensing, clearer rules, better crowd management, marketing support), and governments should transparently communicate how additional revenues are reinvested into urban services and destination maintenance.

The discussion therefore supports an implementation logic grounded in governance: define measurable objectives (including revenue metrics), establish cross-agency steering, adopt shared data standards, implement privacy and cybersecurity safeguards, and create feedback loops that connect performance to policy refinement. In this framing, revenue increases are treated as outcomes of system coherence when experience design, transaction capture, compliance, and reinvestment are integrated.

5. Implications, Limitations, and Future Research Directions

Synthesizing across themes, the results suggest that digitalization increases local government revenue most reliably when it creates auditable transaction control points and compliance visibility, rather than when it focuses solely on promotion or information provision. For policy design, this implies that urban tourism digital strategies should be paired with fiscal architecture: clear definitions of taxable/fee-based activities, interoperable payment and reporting systems, and enforcement models that prioritize fairness and legitimacy. Where these conditions hold, digitalization can generate a

virtuous cycle: better services attract demand, stronger compliance captures value, and reinvestment improves destination quality.

A second implication is the importance of balancing revenue optimization with urban sustainability. Revenue growth that accelerates overcrowding, raises housing pressures, or weakens resident support can degrade destination competitiveness over time. Therefore, "revenue" should be treated not only as a growth target but as a sustainability instrument: cities can justify fees/taxes more effectively when they are transparently linked to mitigation (cleanliness, public transport, heritage protection, safety), and when digital tools demonstrate measurable improvements in congestion and service performance.

The main limitation of the review-based evidence is that many studies report improvements in experience, efficiency, or compliance proxies without consistently quantifying net fiscal impacts at the local government level. Attribution is difficult because revenue outcomes depend on concurrent policy changes, macroeconomic conditions, and destination life cycle dynamics. This suggests a need for future research designs that connect digital interventions to revenue indicators more directly, including quasi-experimental approaches, natural experiments, and longitudinal city-level panels that measure leakage reduction, tax-gap changes, and cost-to-collect improvements.

Future research should also examine institutional design choices data governance models, platform cooperation mechanisms, and inter-agency coordination structures that explain why similar technologies produce different revenue outcomes across cities. In practical terms, the next empirical frontier is not only "which technology works," but "which governance configuration makes digitalization fiscally effective and socially acceptable," especially in contexts where administrative capacity and digital infrastructure vary widely.

CONCLUSION

This study concludes that digitalization of urban tourism innovation is most likely to increase local government revenue (LGR) when it is designed as an integrated governance-and-revenue system, not merely as a marketing upgrade. The synthesis indicates that revenue gains become visible and measurable when digital tools create clear transactional control points such as integrated ticketing, digital payments, e-licensing, and interoperable reporting so that tourism activities are formalized, captured, and auditable. In this configuration, digitalization supports multiple fiscal channels simultaneously: expanding the taxable/fee-paying base, improving compliance, reducing leakage, and generating efficiency dividends through faster processing and more targeted monitoring, while also improving the quality and reliability of public tourism services.

The findings also emphasize that the effectiveness of digital tourism innovation depends heavily on institutional readiness and data governance. Even advanced technologies yield limited fiscal impact if agencies remain siloed, if data standards are weak, or if legal and cybersecurity safeguards are not embedded from the beginning. Conversely, cities that coordinate tourism offices with revenue agencies, licensing units, transport authorities, and private operators can convert analytics and digital platforms into operational decisions capacity control, visitor dispersion, risk-based inspections, and service allocation that protect destination quality and stabilize revenue over time. This reinforces the conclusion that the main driver of success is not the technology itself,

but the city's capability to align digital services, rules, and accountability mechanisms into a coherent implementation architecture.

Finally, the study highlights that revenue-oriented digitalization must be balanced with urban sustainability and social legitimacy to avoid short-term fiscal gains that undermine long-term destination competitiveness. Digital tools should therefore be linked to transparent reinvestment narratives (e.g., maintenance, safety, mobility, heritage protection) and designed to deliver reciprocal value to residents and businesses through improved service quality, fairness, and administrative simplicity. Future research should strengthen causal evidence by directly connecting specific digital interventions to fiscal indicators (tax gaps, leakage rates, cost-to-collect, and net revenue changes) across different city contexts, while also examining governance models that enable platform cooperation, ethical data use, and durable public trust.

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