

THE FRENCH INITIATIVE FOR INNOVATION IN TOURISM: HOW TO REJUVENATE SUPPLY AND INCREASE THE PRODUCTIVITY OF THE TOURISM SECTOR?

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This note is divided into three parts. The first part examines the forms of innovation in tourism. What is innovation in tourism? What are the innovations that have brought genuine changes in the sector? The second part indicates the governmental actions in several domains. The third part considers the structures, agencies and networks designed specifically to support the dissemination and use of innovation and the exchange of experiences.

What does innovation in the tourism sector consist of? Some examples from the past!

In his latest book, "*Le tourisme en France (vade mecum)*", Marc Boyer begins his chapter on the history of tourism in France by mentioning four dates:

- 1741: Publication of "Relation of a journey to the glaciers of Chamouni" by Windham and Pococke.
- 1838: Publication of "Memoirs of a tourist" by Stendhal.
- 1936: Act on paid holidays.
- 1950: Club Méditerranée opens its first village.

Can the history of tourism in France be summed up by these four dates alone? Other milestones in the history of tourism in France deserve a mention:

- 1492: Besides the discovery of America, this was also the year in which Charles VIII climbed the Mont Aiguille in the Dauphiné, a first in the development of mountaineering.
- 1552: Charles Estienne publishes the guide to the roads of France, the first portable guide for use by travellers.
- 1747: Briseux publishes the « Art de bâtir des maisons de campagne ».
- 1763-1765: Dr. Tobias Smollett sojourns in Nice, where a street still bears his name, and writes his "Letters to Nice".
- 1779-1796: Horace-Bénédict de Saussure, «Voyages dans les Alpes», 4 volumes.
- 1787: the above climbs Mont Blanc after having encouraged and rewarded the first ascension by Jacques Balmat and Dr. Michel Paccard.
- 1822: First seaside resorts in France established in Dieppe, Boulogne, etc.
- 1850-1860: Construction of the major railway networks in France.
- 1852: Decree on traffic police in France, which will subsequently be applied to bicycles and the first automobiles used for tourism.
- 1863: Creation of Monte-Carlo and its casino.
- 1867: First music festival organised in Orange (Les Chorégies), the same festival that fared so badly this year (2003).

- 1889: First tourist office opens in Grenoble.
- 1900: Publication of the 1st edition of Michelin Guides.
- 1910: Creation of the National Tourist Office.
- 1919: Acts of 14 March and 24 September on the classification of spas and tourist resorts;
- 1935: Act of 19 November establishing the *Commissariat Général au Tourisme* (French Tourism Commission).
- 1946: First post-war automobile salon and launch of the Renault 4CV (*La bombe*).

A further example could address the way in which mountains were both viewed and used. Mountains were awful, nameless places abandoned by their inhabitants and avoided by travellers. In the middle of the 18th century the whole situation changed, however, and they started to attract attention – they became sublime. Mountain-climbers, initially from Britain, eagerly flocked to reach the summits of these mountains and leave their names there for posterity.

In addition to these scattered markers in the history of tourism development, we should also take a look at the meaning of these changes for those who were its principal or initial actors. Over the past few centuries new practices in tourism have always been pioneered by people with strong personalities, people who are often out of step with the customs and practices of their time, who have substantial financial resources and who are members of the circles of influence in their countries with access to the highest instances of government. These people are the adventurous aristocrats imitated by royalty. They were subsequently replaced by the stars of show business admired by the upper middle classes, before practices gradually trickled down to a large portion of a more democratic society. Innovations in tourism are firstly a cultural development before they become a social phenomenon. The State and public authorities are always involved in this process, firstly through the actions of their leaders and then through their role in regulating the diffusion of practices.

French initiatives and government programmes

France reports enviable results in terms of the number of international tourists it attracts (77 million), the scale of tourist consumption reported in its Tourism Satellite Account (EUR 101 billion) and the comfortable surplus in its tourism balance of payments (EUR 15 billion). At the same time, France tries to keep public funding for tourism at a particularly low level. Out of a budget of EUR 273 billion, the French government earmarks solely EUR 75 million for the French State Secretariat for Tourism. Is this false modesty on the part of France? Does France take an ironic view of tourism? Are we showing disdain for the tourists who set their sights on visiting France, and for their attendant buying power?

Let us swiftly focus our attention on the actions taken by the French authorities to support the development of tourism – actions taken at all levels of government, namely central government, the Regions, Départements and Communes. The following illustrations have been matched to the various domains identified in the introductory note as areas where government action was expected.

Government shapes the framework of operation

The State exercises its sovereign powers with regard to civil peace, individual freedoms, government based on the rule of law, security in terms of food and health, varied and reliable public services, etc. This framework is important for the development of tourism.

The State ensures the legislative and regulatory framework for all activities, and accordingly tourism.

- The classification of tourist resorts – which as we have seen dates back to 1919 – has a number of implications. A classified commune has certain prerogatives, notably with regard to complementary funding allocations in addition to those received by other communes. Commune officials pay great attention to the procedures that apply to this classification system and its implementation. At present, several working parties, made up of elected officials and local and national civil servants, are discussing ways in which this almost century-old text might be improved. An important issue is at stake here, given the weight of classified communes in terms of the number of tourists they attract.
- In France we have an administrative classification for accommodation in the form of hotels, holiday rentals and camp sites. There is a similar classification system for tourist offices. Indeed, this system is apparently the object of some envy. However, managed by government departments, these systems can sometimes prove cumbersome and far too removed from the situation on the ground. The second wave of decentralisation measures, one of the major reforms currently being pursued by the French government, would be to hand responsibility for this administration classification to territorial bodies and in the case of tourist accommodation, the *départements*.
- The Act of 23 December 1992 divides institutional responsibilities in the tourism field between central government and the various levels of territorial government, namely the regions, *départements* and communes. Decentralisation does not mean anarchy and incoherence. The regions, which are responsible for planning, set the medium-term objectives for tourism development. They draw up a regional tourism development plan and establish the procedures for meeting the objectives set out in the regional plan. Each *département* can draw up a tourism development plan, which must take account of the directions set out in the regional plan for the development of tourism and leisure activities.
- Tourism is a service activity and in this respect requires a large workforce, which is a blessing during the current period of relatively sluggish economic growth; in France, tourism is one of the few sectors still creating jobs. However, the highly seasonal nature of this activity generates constraints that tend to marginalise such jobs or make them less attractive, despite the fact that the quality of the welcome extended to tourists depends directly on the attractiveness and professionalism of jobs in the tourism sector. Over the past few years novel legal and social provisions have been deployed with a view to narrowing the gap, in terms of the working environment and security and sustainability, between jobs in the tourism sector, particularly for seasonal workers, and those in other sectors of activity. For example: creation of a contract of employment tailored to periods of seasonal work, development of employers' groups, better access to training and recognition of acquired skills, changes to occupational medicine, access to various allocations and particularly housing benefits, organisation of a territorially-based environment for the protection of employees (European network of housing for seasonal workers, with union representation). A recent Interministerial Tourism Committee adds a new and fundamental dimension by providing that a given percentage of new or renovated tourist accommodations for which tax benefits have been granted should be reserved for seasonal workers.

The public authorities provide infrastructure

There can be no tourism without spending a night away from home. Consequently, there can be no tourism without **transport**. There is surely no need to recall the role played by the State and territorial authorities in the construction and maintenance of transport infrastructure. This infrastructure comprises ports and inland waterways, the railway network, airports and, of course,

roads and now a dense motorway network. Several large and costly motorways have been built in France to provide tourists with access to the mountains in the Alps or the Massif Central. Let us also recall the major effort that has been made to equip France with a high-speed rail network. What is less well-known is the role that all regions in France play in the organisation of public transport by bus and by train. Paris is the first tourist port in Europe. The public establishment managing this activity introduces and thereby justifies the major programme of work that will be carried out on the course of the Seine upstream, downstream and within the Paris Conurbation between now and 2007. A large part of this work is aimed at passenger transport.

Lets us now look at what remains invisible. There can be no holiday, tourist accommodation or tourist attraction in a developed country without the provision of basic public services such as water (drinking water and wastewater disposal), energy (electricity and gas), communications (post and telecommunications), etc. The French authorities have endeavoured to cover the entire national territory with reliable network infrastructure for all inhabitants. This infrastructure has therefore for many years also provided services for summer visitors, holiday-makers, week-end homeowners and, in general terms, all tourists.

Besides infrastructure, the French State and territorial authorities have also been involved, on a massive scale, in the creation of tourism superstructures. The enviable ranking that our country has achieved in the number of visitors to winter sports facilities is largely attributable to implementation of the “snow plan” in the 1960s and 1970s. The State, with the support of the *départements* in mountain areas, over a period of 20 years have developed and provided facilities for all the major ski resorts in France. Along France's seaboard the same will to organise tourism can be seen along the coast of the Languedoc and Aquitaine regions as also in Corsica.

At present, the development of high-speed digital communications infrastructure or the completion of national coverage for mobile telephony are mobilising the forces of all public authorities. They are a powerful incentive for the development of new personal services and particularly those directed at tourists, namely Internet information and booking services, geo-positioning, information regarding neighbourhood services, electronic guides, etc.

The public authorities encourage innovation, research and development

Adopting a narrow vision of this area of action would produce a meagre result. Particularly if we restricted our examination to the technical side of matters in that it is indeed difficult to identify inventions or research findings that apply specifically to tourism. If on the contrary we adopt a broader vision encompassing all the research and innovations that are more or less directly at the service of tourism, then there is no shortage of examples.

High-level sports are a fantastic stimulus for applied research in different areas. Innovations are then rapidly passed on to the manufacture of products for leisure activities and tourism, namely: clothing, particularly outdoor clothes; specialised equipment such as skis, pleasure boats, recreational vehicles, etc.

How can all the aeronautical research currently being conducted in France be related to tourism? And yet it is nonetheless a fact that the resultant aeronautical products are primarily used by tourists.

Another essential domain is that of agricultural and agro-food R&D. Thirty years ago none of the rosé wines from Provence so popular today existed. People like places where you can eat local products. Registered designations of origin, the famous “AOC” labels, are the result of a marriage between tradition and managed qualitative improvement. In addition, the development of agro-food

technology helps to enhance the competitiveness of one of the hallmark activities associated with tourism, namely catering, whose future, without some improvements, would otherwise be compromised. I am thinking in particular here of the improvements brought about by the cold chain and the development of more or less processed products.

The public authorities provide natural and cultural resources

To underline the importance of the attractiveness factor in the tourism sector, I would like to mention a survey carried out in 1996 by the CREDOC on behalf of the Tourism Directorate. According to this source, the first reason for which tourists remain faithful to the seaside is that of “natural surroundings”, which was cited by 38.9% of respondents. It was also the first reason given by visitors to mountain areas by 33.4% of respondents.

The French Conservatory for Coastal Areas and Lake Shores (*Conservatoire de l’Espace Littoral et des Rivages Lacustres*) was created in 1975. At present, it owns 68 000 hectares of natural area and controls 861 kilometres of lake shore at 500 sites. In 1986, the “Littoral” Act marked the culmination of the national policy aimed at restricting urban development on France’s coastlines first introduced in the 1970s. Perhaps we have this Act to thank for not having to embark upon the spectacular destruction of too many tourist facilities built with “one foot in the water”.

The first national park in France, the *Vanoise*, dates back to 1963. There are seven national parks at present, with several more planned. A network of 40 regional nature parks completes the system for the protection of large natural areas. In 1985, the “Mountain areas” Act provided better control over urban development, particularly the development of tourist facilities, in these fragile environments. Lastly, mention should be made of the series of protective measures of a more ecological nature designed to safeguard birds, fauna and flora and biotopes. These measures have been integrated into the NATURA 2000 network covering around 15% of the territory of France.

I would like to make special mention of the tax levied by the *départements* on sensitive natural areas. This tax consists in a percentage of the duties payable on new constructions. It is paid to the *départements* in France that decide to levy it. The income from this tax is earmarked for the purchase, rehabilitation, maintenance and management of sensitive natural areas open to the public. Over the period 1990 to 2001, the cumulative income from this tax amounted to between EUR 700 and 800 million.

The cultural heritage domain would seem to be so closely related to the French sense of identity that there is doubtless little point in emphasising the pre-eminent role played by government authorities at all levels.

In contrast, I would like to include in this section actions undertaken to promote the development of tourism in areas whose economies are slowing. These actions are therefore combined with those aimed at territorial development. Rural Revitalisation Zones (ZRR) cover a large number of Communes and a large share of the national territory. Within these zones, tax benefits are granted to the owners and operators of tourist accommodation facilities. The introduction of these measures have been amply rewarded and has allowed a company such as *Pierre et Vacances* to avail itself of numerous opportunities.

Instruments for shaping national tourism supply

The example of agricultural development in France

Let me start with a short detour into the agricultural development. Agriculture in France currently comprises slightly under 700 000 farms, employs approximately 1 million people and generates value-added of EUR 32 billion accounting for 2% of gross national product.

What we refer to as agricultural development is a technological and financial system whose premises date back to 1947 and which has recently been overhauled. The aim of such development is to provide close support to individual farmers in order to assist them with their business, particularly in terms of finding solutions to technical problems, helping them with their choice of workshops and investment and in ensuring the economic optimisation of their enterprises.

This system is based on the network of chambers of agriculture at the level of the *départements* and on the professional network of groups of producers, groups of co-operatives and technical institutes in individual segments of the sector. Agricultural development is based on the expertise provided by 7 000 engineers, technicians and advisors, not to mention researchers and public research agencies, of which there must be a comparable number in the agricultural sector alone.

It is worth noting the recent decision to modify in part the organisation of this agricultural development in order to generate EUR 90 million of revenue from tax paid on annual income, which agricultural enterprises will pay in order to consolidate the corresponding portion of national programmes.

In this way a professional group of very small enterprises, seeking to implement a project with both professional and social implications, can overcome the handicap of wide dispersal and draw on resources that will help each of the individual entrepreneurs, particularly young farmers wishing to establish themselves.

The tourism sector in France also provides approximately 1 million jobs in around 200 000 firms. It would be gratifying if the analogy could be continued still further into the area of instruments for technological and economic development capable of dealing with this dispersion, but our discussion must remain at a more modest level.

What support is in place for tourism development?

Professional assistance is provided through a network of public agencies for business and commerce. There are 159 chambers of commerce and industry, as well as 20 regional chambers, and these bodies are grouped together in the assembly of French chambers of commerce and industry, the ACFCI. In 2001, the combined income of these chambers amounted to EUR 3.4 billion, primarily in the form of tax revenue. These bodies have a very wide range of activities, including the management of infrastructure such as ports, airports, conference facilities, etc. This leaves them with few resources to devote to small and very small tourism firms. Nonetheless, they remain a genuine resource for the development of hotels and restaurants as well as the supply of leisure or tourism services.

Various semi-public agencies are run by territorial authorities, namely tourist offices operated by communes, tourism committees at the level of the *départements* run by general councils and regional tourism committees run by regional councils. Some of these agencies pursue development policies requiring know-how and consultancy services, such as to the occasional tourism office in large cities, a few tourism committees at the *département* level and even fewer regional tourism committees. The

situation is such that a number of territorial authorities are currently debating whether or not it might be timely to provide such resources internally.

The current landscape at the national level is somewhat of a patchwork:

- A specialised office in the Tourism Directorate within the central administration commissions and distributes general and prospective studies.
- The French National Tourism Observatory (ONT), is an association administered by the State Secretariat for Tourism. The ONT publishes statistical studies produced by the central administration. At the same time, working in partnership with tourism professionals and local operators, it carries out topical studies and analyses.
- The French Mountain Tourism Development and Studies Service (SEATM) continues to provide support for central government and local authorities, particularly with regard to the development of winter tourism activities.
- Lastly, the French Agency for Tourism Engineering (AFIT), which I shall now describe in greater depth.

French Agency for Tourism Engineering (AFIT)

The AFIT is a national public agency administered by the State Secretariat for Tourism. While the AFIT celebrated its tenth anniversary in 2003, it is the direct successor of the French Tourism Studies and Development Service (SEAT) created in the 1960s to advise central government, which at the time had responsibility for economic initiatives and territorial and tourism development. The administrative structure has therefore evolved in response to changes in the sector and in order to provide a better response to the initial decentralisation of tourism actors, given that the principle of subsidiarity certainly does not mean redundancy or wastage:

- Studies regarding markets, customer base segments, behaviours, sub-sectors and forecast trends call for an approach at the European, and sometimes global level.
- In order to be in a position to produce solutions tailored to meet their own requirements, local authorities need to have access to information about similar or matching initiatives and projects, both in France and in competing countries.
- A complex supply of “tourism products” comprises a number of private services and complementary elements of public services. Assembling this supply requires interdisciplinary expertise and advisory services, that is to say an array of skills that probably no region or profession would be able to put together alone.
- The overall weakness and highly dispersed nature of private tourism engineering services (most design bureaux have no more than one or two employees) constitute a risk for local actors. In contrast, the higher number of independent actors presents a risk of greater “balkanisation” of private engineering. An increase in professional standards and support for owners are required.

It is for this reason that the decision-making bodies within the AFIT (general assembly and board of directors) include representatives of all actors in the tourism sector, thereby facilitating the transversality that is of paramount importance: central government administrations, representatives of

territorial authorities at different levels, professional tourism federations, public establishments, national private tourism enterprises, etc.

The AFIT undertakes several dozen new initiatives a year. These initiatives are organised according to several main lines of approach:

- Analysis of general statistics.
- Understanding of customer bases and activities.
- Public management of tourism.
- Development of tourism projects.
- Marketing of tourism supply.
- Quality of products and services.
- Assessment.

In all these areas the AFIT provides expert and advisory services and:

- Maintains surveillance.
- Initiates studies.
- Updates databases.
- Directly advises tourist operators.
- Publishes a dozen documents a year.
- Organises technical days and training days.

The AFIT operates on a partnership basis. It maintains permanent relations with a number of networks including:

- Consultancies, particularly those relating to private tourism engineering.
- Regional tourism committees.
- Tourism committees at the Departmental level.
- Classified Communes.
- The Assembly of French Chambers of Commerce and Industry.

After ten years of operation, the professional qualities of the AFIT are recognised and appreciated by actors involved in the supply of tourism goods and services. They acknowledge the Assembly's role as an engine for activities in the sector, the exchange of information and experiences, and in stimulating innovation.

In conclusion, the AFIT helps to develop the national supply of tourism goods and services and to match that supply to requirements. Its job is to provide expert and advisory services to the sector. The AFIT has about 50 or so employees, equivalent to 40 full-time posts. It has an annual budget of around EUR 4.5 million (before tax).