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Indicators for Measuring Competitiveness in Tourism

A GUIDANCE DOCUMENT

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OECD TOURISM PAPERS:

INDICATORS FOR MEASURING COMPETITIVENESS IN TOURISM: A GUIDANCE DOCUMENT

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ABOUT THE OECD

The OECD is a multi-disciplinary inter-governmental organisation of 34 member countries which engages in its work an increasing number of non-members from all regions of the world. The Organisation's core mission today is to help governments work together towards a stronger, cleaner, fairer global economy. Through its network of 250 specialised committees and working groups, the OECD provides a setting where governments compare policy experiences, seek answers to common problems, identify good practice, and co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Commission takes part in the work of the OECD.

ABOUT THE TOURISM COMMITTEE

The OECD has a long-standing expertise on tourism. Tourism is located in the OECD Centre for Entrepreneurship, SMEs and Local Development (CFE). The Tourism Committee, created in 1948, acts as the OECD forum for exchange, and for monitoring policies and structural changes affecting the development of domestic and international tourism. It actively promotes the sustainable economic growth of tourism.

Addressing the major challenges faced by the tourism industry, and maximising tourism's full economic potential, requires an integrated and multi-faceted approach to tourism policy development across many government levels and departments. In this environment, OECD members see considerable benefit in co-operating to address economic, sustainability and employment issues, and promote tourism policy performance and evaluation, innovation and liberalisation of tourism. A closer co-operation with major emerging economies is also seen as being critical to achieving a strong impact with this work.

The website of the Tourism Committee www.oecd.org/cfe/tourism provides detailed information about the OECD activities on Tourism.

ABOUT THE PAPER

Mature tourism economies need to regain competitiveness as a new source of growth. Active policies require a good understanding of the determinants of competitiveness. This measurement framework includes a short list of core and additional indicators to guide governments in their analysis of tourism competitiveness and to inform tourism policy development. This framework is to be considered by countries as a toolkit and a guide. Pilot testing of the indicators will drive the work forward. The report was reviewed and approved by the OECD Tourism Committee on 10 April 2013.

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Alain Dupeyras, Head of Tourism, OECD, co-ordinated the project on the indicators for measuring competitiveness in tourism. This report has been drafted by Mr Neil MacCallum (neil4evaluation@hotmail.co.uk) and the OECD Secretariat (alain.dupeyras@oecd.org). It has benefited from the inputs of numerous members and partners (e.g. case studies, comments, drafting suggestions) and from the support of the informal experts' group on competitiveness issues.

The work has benefited from a large and participative process. 31 member and partner countries (Australia, Austria, Belgium, Brazil, Canada, Chile, Czech republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovak republic, Slovenia, Spain, Switzerland, Turkey and the United Kingdom) provided information on their work in this area. The work has also benefited from inputs from the OECD units on Monitoring Well-Being and Progress and on Purchasing Power Parities.

Two informal meetings of experts on measuring competitiveness in tourism have also been organised to allow a detailed discussion of the issues, to more closely associate partner organisations, and to examine OECD work under development:

- An informal meeting of experts and country representatives held in Vienna on 27-28 June 2012 was hosted by the Austrian Federal Ministry of Economy, Family and Youth and Statistics Austria.
- A second informal meeting of experts was held in Paris on 18 January 2013, hosted by the OECD. This meeting provided feedback and a summary of comments and suggestions from recent country consultations and telephone discussions on updating the framework and choice of core indicators. From this discussion, the choice of core and additional indicators was clarified.

Other organisations have also participated in the development of the work and have provided feedback, comments and inputs [UNEP, World Economic Forum, Exceltur (Spain), International Center of Studies on the Tourist Economy (CISET), Institute for Tourism Research in Northern Europe (NIT) and Chemonics].

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OVERVIEW

Tourism is recognised as one of the key sectors of development in all countries and a major source of income, jobs and wealth creation. It also plays a wider role in promoting the image and international perception of a country externally as well as influencing complementary domestic policies. This range of influence and importance creates challenges in measuring competitiveness in tourism.

Understanding country competitiveness in tourism is a major consideration for policy makers and a major challenge for professionals in providing evidence to inform decision making. Various indicators have been developed by different organisations over the years to address particular aspects of competitiveness but there has remained a lack of an overall measurement framework for competitiveness in tourism for the use of governments. The current work by member and partner countries seeks to address this gap and make a positive contribution to the practical measurement of competitiveness.

The influences on competitiveness can change quickly and this dynamic creates further challenges and a need for on-going research and development on indicators. Global economic and tourism trends, including changing market trends and travel behaviours, the role of social media and new sources of demand and growth all increase the importance of the topic and the ability of OECD and partner countries to compete within the changing global marketplace.

The OECD's work identifies a set of indicators that can be applied within an overall framework to assess country competitiveness. The OECD approach is to create a limited set of meaningful and robust indicators useful for governments to evaluate and measure tourism competitiveness in their country over time and to guide them in their policy choices. The aim of the framework is not to produce an index or a ranking of the most competitive countries, but to provide a tool guide for countries to analyse tourism competitiveness and inform policy.

The findings build on previous OECD work and on members and partners contributions over the past two years. The work has benefited from a highly participative process with extensive country involvement through survey of country practices, a series of discussions at the OECD Tourism Committee meetings, a series of follow up discussion and submissions as well as two informal meetings of practitioners. Survey responses and contributions were received from 31 member and partner countries (Australia, Austria, Belgium, Brazil, Canada, Chile, Czech republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovak republic, Slovenia, Spain, Switzerland, Turkey and the United Kingdom) as well as contributions from various organisations including UNEP, WEF, Exceltur (Spain), International Center of Studies on the Tourist Economy (CISET), Institute for Tourism Research in Northern Europe (NIT), Chemonics, OECD units on Monitoring Well-Being and Progress and on Purchasing Power Parities.

There is significant interest in this work and the topic of measuring tourism competitiveness generally. However at industry level, there are few significant initiatives on monitoring competitiveness in tourism. Evidence shows that country initiatives for developing competitiveness indicators remain rather partial and unequal in terms of content. This work has sought to learn from others and take forward a balanced set of indicators within a new framework for measurement based around a shared definition of tourism competitiveness.

The agreed definition is based upon a common understanding of the key elements defining competitiveness in tourism:

> *Tourism competitiveness for a destination is about the ability of the place to optimise its attractiveness for residents and non-residents, to deliver quality, innovative, and attractive (e.g. providing good value for money) tourism services to consumers and to gain market shares on the domestic and global market places, while ensuring that the available resources supporting tourism are used efficiently and in a sustainable way.*

As a result, key indicators have been developed to address common challenges in the analysis of competitiveness in tourism in member and partner countries. The indicators are organised around four categories:

- Indicators measuring the tourism performance and impacts;
- Indicators monitoring the ability of a destination to deliver quality and competitive tourism services;
- Indicators monitoring the attractiveness of a destination;
- Indicators describing policy responses and economic opportunities.

The measurement framework comprises three types of indicator that can be applied to measure competitiveness in tourism – core, supplementary and for future development. The 11 core indicators are:

- *Tourism Direct Gross Domestic Product* - a comparison of TDGDP change over years is a key statistic of tourism competitiveness and will reinforce use of the TSA. The focus is on direct impacts, domestic and inbound tourism consumption. The challenge for the future is about measuring the indirect and induced impacts. A comparison of TDGDP change over years is perhaps the single most quotable statistic of tourism competitiveness.
- *Inbound tourism revenues per visitor by source market* - a measure of the economic activity of visitors identifying the percentage growth or decline year-on-year in inbound tourism revenues per visitor by source market. The focus is on inbound tourism consumption. The challenge is data availability and consistent protocols.
- *Overnights in all types of accommodation* - a measure of tourism flows in accommodation, capturing the percentage growth or decline year-on-year in overnights in all types of accommodation or, if not available, in hotels and similar establishments. The focus is on inbound and domestic (internal) tourism economy. The challenge is measuring unregistered and private accommodation.
- *Exports of tourism services* - a measure of exports of tourism services and relative performance compared with other sectors, capturing growth or decline year-on-year in value and in percentage. The focus is on inbound tourism consumption. The challenge is to collect detailed data for sub-segments. The measure will show change in performance reflecting competition in terms of brand, value awareness and international appeal.
- *Labour productivity in tourism services* - a measure of the level and evolution of productivity of those employed in tourism and the productive potential of the tourism economy shown in a table of productivity measures and growth rates by country. Productivity is a main dimension of

competitiveness. The challenge relates to difficulties of measurement, particularly to address quality issues, and the specificity of the tourism sector including the small size of businesses.

- *Purchasing Power Parity (PPPs) and tourism prices* - a measure of tourism price level differences across countries expressed as indices with a basis (real or artificial) chosen by country or country group. Changing costs are among the most important competitiveness factors. The challenge is to develop detailed tourism sector specific item groups and prices for individual items.

- *Country entry visa requirements* - a measure of entry visa requirements including methods of visa issuance and of the number of visas issued per year and share of inbound tourism arrivals. Traveller mobility is a critical element and visa issues are part of the competitiveness environment. The challenge is to find a suitable format for policy analysis given that visa policies vary considerably across countries.

- *Natural resources and biodiversity* - a measure of a country's stock of natural assets, in terms of the number of recognised natural heritage sites and preserved areas. This should be assessed alongside with information on biodiversity and ecosystems, geographic location and population density. Natural resources are key drivers of attractiveness and offer countries a competitive advantage. The challenge is to identify a consolidated measure.

- *Cultural and creative resources* - a composite measure of the number of recognised cultural and creative attractions in different forms. Cultural and creative resources are key drivers of attractiveness. Building a strategy that capitalises on cultural and creative resources can provide competitive advantages. The challenge is to identify a consolidated measure.

- *Visitor satisfaction* - a measure of demand side attractiveness value, using a comparable measure of visitor satisfaction rating and intention for repeat visits. Visitor satisfaction is an important qualitative indicator from the demand side. The challenge is to collect data which are based on solid statistical methods and allow comparison over time.

- *National Tourism Action Plan* - a competitiveness eligibility indicator that recognises the existence and quality of implementation, effectiveness and evaluation of a National Tourism Action Plan to improve the competitiveness of tourism in a country. The challenge is to see how best to capture the value of the action plan to improve the competitiveness of a destination.

For each indicator, a fact sheet describes the policy context, the challenges linked to implementation, the measure and the interpretation, the data sources and methods, and the next steps.

The final list of indicators has been kept short and focused in order to be practical, manageable and relevant to immediate needs of countries. The first four core indicators aim to capture the actual performance contribution and economic market results delivered by tourism. This can then be assessed in terms of relative performance with other sectors and with other countries depending on the angle of competitiveness for policy makers. The next seven core indicators measure inputs and potential contribution to tourism competitiveness.

All the indicators complement existing sources and many that are subject to future development can be aligned neatly with the work of partner organisations, including the OECD. Some of the indicators are ready for immediate application and others will require further research and development. In addition to covering the core indicators, countries can choose to select from the supplementary list of indicators in the

framework and align these with their domestic policy priorities and emphasis while also providing inputs to the all-country information set.

Some indicators could change in future and the application and value of the indicators will be reviewed from evidence gathered through implementation (pilot testing). The supplementary indicators can be developed as part of a coordinated programme of work with interested countries leading on specific indicators. In this way, progress can be made more quickly and specific country interests can be taken forward within this initiative.

Member and partner countries also identified a long list of measurement aspirations, many of which will require further work as part of future areas for development. These were recognised and discussed at the various meetings by members and partners but have not been resolved sufficiently to be taken forward in this framework. These important issues (branding; weighting and use of indices; quality considerations; investment; skills; and digital capability) should be addressed as part of future work.

The OECD will continue to facilitate this work and further linkages with member and partner countries and organisations. The immediate next step is to test the core indicators and gather evidence of practices, methodologies and examples to refine and calibrate the framework in a way that further improves the on-going measurement of tourism competitiveness.

MEASURING COMPETITIVENESS IN TOURISM

OECD members have recognised the importance of competitiveness as an issue for tourism policy makers and entrepreneurs. The purpose of this work is to fill the knowledge gap and to provide a systematic framework for analysing not only the tourism competitiveness of a destination/marketplace but also the policy responses and their ultimate impact on tourism competitiveness.

The outputs should provide policy makers with the information they need on competitiveness in tourism to enable the formulation of better policy responses that contribute to strengthening the competitive position of their economies in the global tourism market. This work provides a tool for governments and national agencies to assess competitiveness in tourism and to develop a set of measures appropriate for their context. It also enables benchmarking to be developed with other countries and foster collaborative work around an agreed set of measurements.

This report capitalises on previous discussion in the Tourism Committee meetings, as well as at two informal meetings of experts. It proposes a set of core, supplementary and future development indicators. The core indicators provide guidance for all countries to provide measurements of tourism competitiveness indicators in a common way. Additional non-core indicators can be used to provide deeper analysis and this may require further research and development.

The focus is on the national level. Understanding the relative performance of countries in terms of competitiveness and to measure it is challenging; some countries with very similar tourism systems and offers may have considerable differences in terms of competitiveness. Developing and implementing policies that promote a competitive and sustainable tourism industry requires a good understanding of the determinants of what makes a destination competitive in tourism and appropriate information to support policy analysis and monitor progress.

The selection of indicators for measuring competitiveness in tourism has been made on the basis of existing work and practices and experience in member and partner countries. The set of indicators will serve as a start for pilot testing and further discussion and will provide a useful tool for current OECD tourism policy analysis. The pilot testing phase with countries will help to refine the indicator status and provide examples of application and value in measuring tourism competitiveness. Members are expected to focus first on the measurement of the core indicators. This can be done by drawing upon existing data and information sources as well as stimulating renewed attention to questions around the measurement processes. It also encourages further work to gather evidence and enable use of the additional indicators.

The OECD approach

The OECD approach is to create a limited set of meaningful and robust indicators useful for governments to evaluate and measure tourism competitiveness in their country over time and to guide them in their policy choices.

The OECD work builds on relevant outputs from the OECD (e.g. Towards Green Growth: Monitoring Progress; Framework for the Evaluation of Tourism Policies and Programmes; Compendium of OECD Well-Being Indicators), as well as on member and partner countries and industry practices in measuring competitiveness.

The principles applied in drawing up a set of indicators are:

- A balanced coverage of the main elements of competitiveness in tourism with particular attention given to indicators of significance for advanced economies with a mature tourism sector.

- The identification of key issues for which indicators are needed, i.e. those that are of common relevance to the analysis of competitiveness in tourism in member and partner countries.

- The use of a conceptual framework that reflects the integrated nature of competitiveness in tourism while organising the indicators in a way useful to decision makers.

- The careful selection of indicators that best reflect major trends related to these issues. For each indicator proposed, there is a discussion about practicalities: its policy relevance, its measurability, and the data comparability.

The following considerations should be kept in mind:

- The importance of impact, outcome and policy indicators has been emphasised repeatedly by numerous countries and participants at each informal meeting of experts. This has informed the development of indicators.

- From a tourist perspective, the decision making process in making choices can be distilled down to three dimensions: from a set of options the decision maker mentally appraises the causes, the attraction (or disattraction) and the ability (or inability) of the destination to provide for them, compares and contrasts and makes a decision. These are important considerations that have informed our thinking on indicators and produced an integrated list of indicators that captures the dynamics of competitiveness from a tourist perspective.

- Tourism competitiveness indicators can look to the past, present or future. Tourism policy-makers ability to maintain or improve their country's competitiveness in the future requires foresight on the decision making processes of the future, which may bear little resemblance to decision making processes of the past. The indicators will assist countries to gather such evidence.

- In addition to this predictive aspect, the priority for policy makers is to look for evidence that their current policies are working. This requires indicators that measure the effectiveness and success of initiatives that have been put in place. The revised list of indicators will assist countries to gather such evidence. For more information, see also previous work of the OECD on the Evaluation of tourism policies and programmes.

Information needs for tourism competitiveness assessment

The OECD Tourism Committee has addressed competitiveness issues and policies in various analyses and reports (*e.g.* on globalisation and tourism, on global value chains and SMEs, on education and training, on innovation, on policy reviews and on evaluation of policies and programmes). OECD work has highlighted the multi-dimensional perspective of the competitiveness challenge and has brought to the forefront the absence of a good system of indicators that governments can use for measuring success and competitiveness in tourism. Competitiveness in tourism is not currently measured and monitored adequately by governments. One of the reasons for this is the difficulty in identifying a few core indicators to effectively measure and monitor what remains a very broad concept.

For member and partner countries, a system of indicators for the analysis of tourism competitiveness should:

- improve the understanding of the competitiveness challenge and, therefore, provide a basis for a better informed public discussion. It can drive emerging policy issues from a competitiveness perspective;

- give governments and policy makers a more comprehensive overview of the performance of the tourism sector, thus enabling them to design better policies and programmes, to play a leadership role in the management of the tourism value chain, and to support more effective and efficient public spending;

- monitor tourism progress over time and against longer term strategic objectives, identify early emerging risks for the tourism sector;

- provide evidence of the return on investment in tourism and cost effectiveness across a portfolio of policies and programmes;

- track relative performance against key competitors over time.

Member and partner countries highlighted a wide range of information needs. Satisfying all these needs would be a long term aspiration and will require continued joint commitment beyond the current work. The list of measurement aspirations includes:

- Methodology: methods for measuring tourism competitiveness and for weighting indicators;

- Benchmarking: to enable comparisons against key competitors and to monitor trends, initiatives and strategies adopted by competitors, internationally and intra-country on regional competitiveness;

- Marketplace: qualitative and comprehensive data on customer awareness, branding, conversion path-to-purchase routes, consumption and expenditure trends, travel behaviour and visitors' motivations and satisfaction;

- Industry performance: use of tourism satellite account data, economic and labour impacts, added value of tourism, performance along the value chain, tourism GDP;

- Price competitiveness: recognised as a domain largely outside tourism industries (e.g. exchange rates or local prices), but the framework should look at industry response to these developments that are the major factors driving international competitiveness;

- Accessibility: flights and air services capacity, air passengers by route; border-crossing wait-times; visa entrants;

- Investment: Private and public investment in tourism;

- Cultural and natural resources: inventories of tourism infrastructure (golf, nautical services, marinas, theme parks, etc.);

- Skills and labour: tourism workforce demographics, compensation and benefits practices of businesses, projected labour supply and demand requirements, tourism sector labour productivity; unit labour costs; implementing the TSA employment module. professional training;

- Innovation: assessing the innovation in destinations and tourism services; Information and Communications Technologies infrastructure;

- Sustainability: environmental and social indicators; share of public budget allocated to sustainable development programmes, , and;

- Framework conditions: effectiveness of public policies and public expenditure on tourism, policy regulations and laws, domestic market conditions, tourism related tax revenues; proportion of local administrations tax receipts as percentage of total tax revenues.

Key initiatives for measuring competitiveness in tourism

The OECD work complements and supports national and international initiatives for measuring competitiveness in tourism. The work will bridge the gap and provide linkages between a number of initiatives going in the following directions:

- The Tourism Satellite Account (TSA) is considered by many countries as a key tool to provide economic information on tourism. While the number of countries implementing the TSA is continuing to progress, still few countries are implementing this tool on a regular basis and in its complete form. TSA data remain largely underused.

- Ad-hoc reports and benchmarking, with a focus on issues such as investment, productivity, prices, labour market, key competitors markets or branding.

- Most of the countries do have regular visitors' surveys to assess visitors' satisfaction, etc. These surveys contribute to measure the quality of tourism services.

- A small group of countries have developed national indexes to assess the competitiveness of their regions within the country.

- Knowledge networks and other soft ways of dealing with the issue of competitiveness.

- Specific indicators, *e.g.* on sustainability or on industry issues, are also developed by several countries.

At industry level, there are few significant initiatives on monitoring competitiveness in tourism. Some work looks at cities and regions and others concern mainly the hotel industry. At international level, the major undertaking remains the WEF Travel and Tourism Competitiveness Index. Several countries also use the Nation Brand Index which measures the image and reputation of the world's nations, and tracks their profiles.

Country initiatives for developing competitiveness indicators remain rather partial and unequal in terms of content. A few countries have put in place a national competitiveness index allowing an intra-national perspective (how a particular region is comparing to another region in the same country, but not comparing with other countries). Other countries have produced ad-hoc reports/benchmarks which provide very valuable but limited information and restricted access to the data. Current country initiatives do not necessarily provide an adequate measurement framework for governments at international level. Many of the indicators identified, for instance, do not comply with international definitions and recommendations, would not be easily measurable and would not provide relevant data for international comparisons.

Therefore, the OECD aim is to take forward international work on tourism competitiveness, starting with a shared definition of competitiveness in tourism and a realistic set of deliverables to develop and pilot a core set of indicators which can evolve further in the future.

Defining competitiveness in tourism

Member and partner countries have agreed with a definition of tourism competitiveness (Box 1):

Box 1. Defining competitiveness in tourism

Tourism competitiveness for a destination is about the ability of the place to optimise its attractiveness for residents and non-residents, to deliver quality, innovative, and attractive (e.g. providing good value for money) tourism services to consumers and to gain market shares on the domestic and global market places, while ensuring that the available resources supporting tourism are used efficiently and in a sustainable way.

Towards a set of indicators to measure competitiveness in tourism

The current OECD initiative is based on solid survey evidence and an extensive and inclusive participation process. The various analytical contributions and the informed and articulated discussion of the Tourism Committee and informal discussions over 2011, 2012 and 2013 have guided the development of the indicators.

The proposed set of indicators

The process has shown that it is difficult to identify a few core indicators to effectively measure and monitor what remains a very broad concept.

This report is presenting an integrated approach with a shortlist of core and supplementary indicators that aim to capture the dynamic processes that influence and motivate further action by decision makers in the market. The list of indicators covers supply and demand side considerations with a focus on the economic outcomes and relative changes. There are 11 core indicators and a further 9 additional indicators. The list of indicators has been prepared to represent the main areas of coverage on competitiveness and to develop the tools and information for application to improve the basis for future policy decision making. The core indicators lead with a competitiveness performance and results oriented perspective with other core indicators covering a range of competitiveness inputs and indicators of potential competitiveness. The number of indicators is limited in order to be practical and to focus on agreed priority areas. It will also allow countries to start using the framework and begin testing to assess the real value in a country and OECD specific context.

The ideal number of indicators is always a matter of discussion. In addition to countries applying the core indicators, the development of a supplementary "tool box" of indicators could enable individual countries to use a wider set of indicators as part of on-going work. This means that individual countries or groups of countries could agree to use a combination of indicators beyond the core set and to agree areas of focus and on-going research and development for specific indicators. For example, some countries share a keen interest in the role of branding, international air routes and diversification into emerging markets. The supplementary indicators covering these topics can be developed as part of a coordinated programme of work with specific countries leading on specific indicators. In this way, progress can be made more quickly

and specific country interests can be taken forward within this initiative. The OECD can continue to facilitate this work and further linkages with member and partner countries and organisations.

Changes have been made in line with recent discussion and the agreed basis for shortlisting: i) a set of core indicators recommended for use as they are considered to focus more clearly and concisely as a means of measuring competitiveness, and; ii) a set of indicators identified as supplementary and for future development rather than core.

The indicators are organised around four categories:

- ***Indicators measuring the tourism performance and impacts***: Increasing the economic value of tourism is an important concern for advanced tourism economies to remain competitive in the global tourism market place and vis-à-vis other industries. The objective to augment the value of tourism requires an increased collaboration across the tourism value chain which could help the tourism sector at large to overcome its high fragmentation, to deliver a total tourism experience and to support a better use of existing infrastructure, staff and resources. An indirect measurement of these issues could be provided by traditional tourism indicators assessing change and trends in jobs, income and revenues.

- ***Indicators monitoring the ability of a destination to deliver quality and competitive tourism services***: A natural starting point for measuring the tourism competitiveness of a destination is the production side and the business environment. A direct source of competitiveness for a destination is a dynamic and fair business environment. This group of indicators therefore relates to the supply side of the tourism economy.

- ***Indicators monitoring the attractiveness of a destination:*** The attractiveness of a destination is a broad concept that is closely interconnected with the notion of competitiveness and with the quality of the tourism experience. To be competitive in the global tourism market place, a destination has to maintain and develop its attractiveness and distinctiveness. The tourism experience is about connecting people and visitors to what represents the identity of a destination, notably its natural and cultural resources and its way of life. To monitor the competitiveness of a destination, it is therefore appropriate to introduce a group of indicators dealing with the notion of attractiveness.

- ***Indicators describing policy responses and economic opportunities:*** Incentives to become more competitive and more attractive are provided by a dynamic institutional framework able to foster well-designed support policies in areas that impinge on competitive and sustainable tourism environment. Many policies play an instrumental role in tourism development. In advanced economies, new forces are needed to support growth and create new value by designing innovative tourism services.

Based on detailed survey evidence, OECD countries also largely agree on the key elements to be considered in a tourism competitiveness assessment (Table 1).

Table 1. Key elements defining competitiveness in tourism

Key elements identified	Comments	Country responses
Governance of tourism	Government support and tourism as a priority, Regulations, a whole of government approach, a tourism strategy, safety and security, public/private partnerships, vertical cooperation, statistics and data, multilateral cooperation, institutions (e.g. national tourism board), budget allocated to tourism support	Belgium, Canada, Chile, Egypt, Greece, Italy, Poland, Portugal, Spain, Turkey, United Kingdom
Product development	Product differentiation, innovation, investments, market share, provide unique experiences, Increase the added value of tourism, develop high value segments, marketplace perspective (including prospective travellers, tourism operators and small businesses)	Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hungary, Israel, Mexico, New Zealand, Norway, Poland, Spain, Turkey, United Kingdom
Quality of tourism services	Improve quality, welcome of visitors, quality of life, social equity and cohesion, services to consumers	Austria, Belgium, Brazil, Czech Republic, Denmark, Finland, France, Germany, Hungary, Portugal, Slovenia, Spain
Price competitiveness	Prices, exchange rates, ratio price/quality "value for money", taxation	Australia, Belgium, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Norway, Poland, United Kingdom
Accessibility/connectivity	Infrastructure development, geo-strategic position of the destination, proximity	Australia, Belgium, Brazil, Chile, Czech Republic, Finland, Greece, Italy, New Zealand, Norway, Poland, Portugal, Slovenia, Spain, Turkey, United Kingdom
Branding of the destination	Promotion and marketing, identity, image, awareness of the destination, breadth of appeal, market diversification	Australia, Austria, Brazil, Canada, France, United Kingdom
Natural and cultural resources	Sustainability, gastronomy, climate, biodiversity	Belgium, Brazil, Chile, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Israel, Italy, Poland, Portugal, Slovenia, Spain, Turkey
Human resources development	Skills, education and training, labour productivity, tourism training centres	Belgium, Chile, Estonia, Greece, Spain, Turkey

Source: OECD survey on Measuring Competitiveness in tourism, 2012

THE INDICATORS

For each indicator, a fact sheet describes the policy context, the challenges linked to implementation, the measure and the interpretation, the data sources and methods, and the next steps (Table 2).

Table 2. List of Core, Supplementary and Future Development Indicators

Core indicators	
Tourism performance and impacts	1 *Tourism Direct Gross Domestic Product* A leading international measure of the tourism contribution to GDP
	2 *Inbound tourism revenues per visitor by source market* A measure of the economic activity of visitors
	3 *Overnights in all types of accommodation* A measure of tourism flows in accommodation
	4 *Exports of tourism services* A measure showing the contribution of tourism to exports
Ability of a destination to deliver quality and competitive tourism services	5. *Labour productivity in tourism services* A measure providing evidence of the productive potential of the tourism economy
	6. *Purchasing Power Parity (PPPs) and tourism prices* A measure showing tourism price competitiveness using PPPs
	7. *Country entry visa requirements* A measure of entry visa requirements including methods of visa issuance
Attractiveness of a destination	8. *Natural resources and biodiversity* A measure of a country's stock of natural assets
	9. *Cultural and creative resources* A measure of a country's cultural and creative attractions, activities and events
	10. *Visitor satisfaction* A measure of demand side attractiveness value, based on current and future competitiveness
Policy responses and economic opportunities	11. *National Tourism Action Plan* A measure indicating effectiveness in assisting to improve the competitiveness of tourism
Supplementary Indicators	
Tourism performance and impacts	*Market diversification and growth markets* A measure to capture the broad basis of performance in several source markets. Countries with a wide range of source markets and a focus on growth markets would receive higher scores than countries with a narrow market dependency focus
Ability of a destination to deliver quality and competitive tourism services	*Employment in tourism by age, education levels and type of contracts* A measure that would assess ability to attract, retain and develop talent in the industry to enable improved competitiveness
	Consumer Price Index for tourism A complementary measure to others such as PPPs
	Air connectivity and inter-modality A measure of competitiveness revealed in air routes, flight time from main markets and passenger numbers
Attractiveness of a destination	*OECD Better Life Index* A measure using a tourism focused version of the index
Future Development Indicators	
Ability of a destination to deliver quality and competitive tourism	*Government budget appropriations for tourism* A measure of national government tourism expenditure per capita
	Company mortality rate A measure of the enterprise activity and business churn
Policy responses and economic opportunities	*Use of e-tourism and other innovative services* An Index measure on innovation and use of social media in the tourism industry
	Structure of tourism supply chains An Index measure of industry thickness, clusters and competitiveness, existing/potential

CORE INDICATORS

1. Tourism Direct Gross Domestic Product

Policy Context

There is a recognised need to gather evidence on tourism contribution to gross domestic product. In consistency with the TSA framework, the focus of this indicator is on direct impacts. Indirect/induced GDP effects are important however it is extremely difficult to obtain evidence of such effects from the application of a consistent approach to measurement.

For many economists and policy-makers, growth in GDP has been seen as the ultimate objective of economic development and of all constituent strategies and policies. GDP is Gross Domestic Product: the market value of all (recognized) goods and services produced within a country within a specified period. For most practitioners in economics, seeing a country's GDP grow faster than its neighbours or competitors is seen as the benchmark of success and a readily communicated statistic that is of great influence in international standing, a statistic parleyed at the very highest levels of international economics and politics.

Tourism is one of the world's most important industries in terms of GDP. As tourism demand continues to rise overall, tourism GDP increases however the competitiveness challenge takes on new features with the growth of emerging economies and the resultant new pressure on the market position of developed economies.

The direct contribution of tourism to GDP is calculated to be consistent with the output, as expressed in National Accounting, of tourism-characteristic activities as defined by the Tourism Satellite Account: Recommended Methodological Framework (TSA) (accommodation, food and beverage, passenger transport, transport rental, travel agencies, cultural services, and sports and recreational services) that deal directly with visitors. A core indicator on GDP would reinforce the TSA approach.

Challenges

With over two thirds of a century of international usage, GDP has been thoroughly explored and applied globally. This has led to a set of protocols in its derivation – which can be done several ways - as set out in the System of National Accounts (1993, SNA93). However this does not fully recognise many considerations such as environmental effects, human well-being or the utility of the projects that a nation invests in.

The challenge of measuring the direct impacts of tourism is tackled by the TSA. However this is not always implemented or reported consistently. Also, international interpretation, especially around the margins of tourism, remains a challenge and there is a lack of expertise and evidence gathering on the measurement of the indirect and induced impacts.

Measure

Percentage growth or decline year-on-year in Tourism Direct Gross Domestic Product (TDGDP). The focus of the indicator is on the part of GDP attributable directly to domestic and inbound tourism consumption. The indicator will also be shown as a percentage of the country's total GDP.

Interpretation

Use of tourism direct gross domestic product (TDGDP) is a valid measure for the sector given its long history of development and use, global application and wide-spread comprehension. A comparison of TDGDP change over years in a range of countries is perhaps the single most quotable statistic of tourism competitiveness.

Sources and Methods

- Tourism Satellite Account: Recommended Methodological Framework 2008, UNWTO, OECD, EUROSTAT
- OECD Tourism Trends and Policies (data collection every two years)
- OECD paper "Using the TSA for Business and Policy", 2009 (guidance and practice on TSA interpretation)
- World Tourism Organisation, Compendium of Tourism Statistics
- World Tourism Organisation ad-hoc data collection on TSA "TSA data around the world" http://statistics.unwto.org/sites/all/files/pdf/tsa_data.pdf , 2010
- Eurostat (yearly voluntary TSA-data transmission by member and EFTA states)
- National statistical institutes and National Tourism Administrations

Next Steps

- Pilot testing (prepare country examples of calculation, reporting format and analysis and findings) of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis
- Agree future research on the total contribution of tourism to GDP including indirect and induced effects, which are not measured through the TSA
- Request specific examples from individual countries on their TDGDP and call for countries to lead on delivery of future research into indirect and induced TGDP measurement

2. Inbound tourism revenues per visitor by source market

Policy Context

Measuring the economic activity of visitors allows tourism analysis to be linked with economic analysis, making integration of tourism policy within macroeconomic policy possible. The measure is a more direct indicator of economic returns than other 'activity' measures such as visitor numbers. There are significant challenges and complexities in attempting to capture total tourism receipts and identifying the specific level of expenditure per visitor. All countries recognise the value of this measurement but the degree of effort and resource commitment prohibits many countries from being able to provide this level of comprehensive information.

Monitoring inbound tourism revenues per visitor by source market over time provides policy makers with a perspective on whether the tourism sector is growing or shrinking in terms of international competitiveness. The difference between one year's figure and the next is a transparent and easily conveyed way of showing the country's tourism growth or decline in terms of visitor revenues from international source markets. The range of source markets and change in performance also provides valuable information on strength in growth or declining markets to alert policy makers to relative strengths and weaknesses and future actions.

Challenges

Visitor spend in itself is not a measure of competitiveness until compared with the tourism revenue from other countries. Visitors from the same country of origin may have different disposable expenditure patterns in different countries. This could be explained by a series of competitiveness related factors such as cost of travel and accommodation, opportunities to spend, choice, quality, range of attractions, currency, taxation and other restrictions etc.

There is a need for consistent protocols in using this measure so that a country can establish whether it is receiving the same, less or more in tourism revenues per international visitor than its competitors or neighbours.

Measure

Percentage growth or decline year-on-year in inbound tourism revenues per visitor by source market year-on-year. The focus will be on inbound tourism consumption.

Interpretation

Interpretation of this measure relies on an understanding of its key terms: revenue and visitor. International visitors and revenues are proposed for measurement and conversion to show relative movement by country and by source market. However size and market power can also influence revenue attraction: large and mature economies have a strong critical mass of activity which would confer additional advantages and potentially bias an international competitiveness index. For this reason, the measure proposes to track the relative movement in terms of growth of tourism visitor revenues.

The components to produce this measure are available in a number of countries and examples of use will be gathered and presented as part of the pilot testing.

Sources and Methods

- Data collected through international visitors' surveys; tourism expenditure surveys; Balance of Payments; and Tourism Satellite Account
- National statistical institutes, central banks and National Tourism Administrations
- International organisations including UNWTO, IMF, OECD, Eurostat

Next Steps

- Pilot testing (examples of calculation, reporting format and analysis and findings) of the indicator in partnership with source countries and organisations. Agree a sample of source countries to assess expenditure rates of change from each over time
- Disseminating the information in a suitable format for policy analysis
- Research on how to capture added value; total revenues from markets
- Development to show relative international tourism competitiveness on this measure and in relation to specific source markets
- Outline proposals to develop ways to show growth in inbound visitor tourism revenues by source markets

3. Overnights in all types of accommodation

Policy Context

Measuring visitor numbers is a direct and objective means of assessing success in tourism, with the difference between one year's figure and the next being a transparent and easily conveyed way of showing growth or decline. However, overnights better reflect the impact of tourism on the economy than other indicators such as visitors' arrivals.

More distant destinations from major markets often benefit most from longer length of stays and overnight expenditure levels but face challenges in attractiveness and accessibility and repeat trips may be less frequent. Much of the focus of tourism initiatives, policy and investment is on attracting longer-stay visitors, including business and leisure. Maintaining a competitive tourism offering that attracts longer overnight stays continues to be an important policy consideration and indicator of international market competitiveness.

Challenges

Measuring overnights provides only the number of visitors that have stayed in registered accommodation. Data on overnights are collected through surveys in selected types of registered accommodation. Unregistered commercial accommodation and private accommodation are usually not covered. Only a limited number of countries actually produce these figures on a regular basis. The informal accommodation sector plays an important role in many countries and there are many positive but hidden and underestimated contributions as well as challenges from this, including setting consistent standards. Occupancy levels and the quality of accommodation assets often represent two of the most pressing tourism opportunities and challenges facing a country.

Measure

Percentage growth or decline year-on-year in overnights in all types of accommodation or, if not available, in hotels and similar establishments. The focus of this indicator is on the internal (inbound and domestic) tourism economy.

Interpretation

The interpretation of the number of overnights in all types of accommodation utilised in assessing the economic returns for the country is more challenging than comparison of the numbers. The scale of the country is a factor in the interpretation however it is the change in the figure, if consistently measured, over the years that is of most interest. The comparison of the growth or decline percentage with main competitors would be interesting and prompt further consideration of whether this represented relative success and progress in terms of competitiveness and many countries have measures relating to this indicator.

Sources and Methods

- National statistical institutes and National Tourism Administrations (accommodation surveys)
- International organisations including UNWTO (on-going data collection), OECD (Tourism Trends and Policies), Eurostat (on-going data collection)
- National and subnational studies on the measurement of overnights

Next Steps

- Pilot testing (examples of calculation, reporting format and analysis and findings) of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis
- Consider how the survey data collected can be enriched with additional information to provide greater granularity on visitor spend, e.g. business or pleasure split, destination etc
- Research on accommodation classification by type and grading systems would be required and consistency of categorisation agreed for standard approaches in each country to enable meaningful measurement
- Agreement on how to assess quality of accommodation and its influence on competitiveness

4. Exports of tourism services

Policy Context

Tourism services are a major source of export revenues. They are an important driver in the shift towards a service economy. It is important for policy makers to track the growth of tourism exports and to be informed about the relative performance compared with other export sectors. The positioning of tourism as an export and the ability to bring in payments to a country can change quickly. This pace of change has been accelerated by rapid market globalisation, intensified competition and new technology applications. Policy makers recognise that the long-term growth of tourism services depends not only on being able to satisfy customers' needs and desires, but to develop a global competitiveness position that is supported by evidence in the balance of payments. Strategic vision, support for quality resources and promotion of services become vital for the growth in tourism services.

The potential within tourism also requires more detailed review within sub segments and how to develop growth strategies further through different strategies including branding and marketing to attract more revenue. Successful positioning can bring considerable rewards and sustain competitive advantage around tourism services with strong future growth prospects and greater sustainability. Cross sector linkages can strengthen skills and education, information technology, transport and other policy areas essential for accessing global growth prospects.

Challenges

Identifying and measuring the growth in exports is a challenge especially as many tourism services are interconnected with other sectors. Attributing the growth in tourism exports to particular investments and interventions can be difficult and investment in branding or service quality campaigns is no guarantee of success. Gathering detailed data can be costly and complex in assessing the critical factors behind growth and performance relative to other export industries.

Measure

Growth or decline year-on-year in value of tourism exports, in national currency converted to a percentage growth/decline figure. Most countries use the credit side of the travel item of the balance of payments as a proxy and to compare different export sectors performance.

Interpretation

As a year-on-year indicator, growth in export of tourism services will show change in performance reflecting competition in terms of brand, value awareness and international appeal. International comparisons of this indicator will inform policy makers of the performance relative to the level of investment taking place which, if evaluated in the context of other performance indicators (e.g. TGDP growth), can inform the debate on what works for who in increasing tourism competitiveness.

Sources and Methods

- Fifth and Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual, (www.imf.org)
- Manual on Statistics of International Trade in Services, 2010
- OECD statistics on international trade in services

Next Steps

- Pilot testing (examples of calculation, reporting format and analysis and findings) of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis
- Profile examples of use and practical value as an international comparator indicator of tourism competitiveness
- Agree on measurement of value and collection of data to compare with other sectors in country
- Research on evaluation of how segments of growth within the sector can increase competitiveness of tourism overall

5. Labour productivity in tourism services

Policy Context

Improving productivity is one of the main drivers for a country's policies for tourism and improving competitiveness. It is advantageous to a nation's economy to have a high ratio of GDP output to employees, i.e. that each worker produces more GDP compared to other countries. Improving productivity enables enterprises to compete for more global tourism business more efficiently and effectively. Tourism productivity can be compared to national productivity to determine whether the tourism sector is outperforming or under-performing in the context of other industries and the national average productivity.

Challenges

An indicator will require a consistent international definition of tourism employment and revenues, treatment of taxation, measurement of purchasing power parities (PPP). Definitions vary over time and between countries in terms of which employees and revenues are counted – components including part time workers and various domestic tourism trips are often interpreted differently. Full time equivalent data will be required. Data availability, time lags and spill over into other sectors, such as retail and transport, present particular challenges to investors and policy decision makers.

Underpinning policies in skills and education are vital to support competitiveness and increasing productivity. They also support the spread of high labour productivity from tourism, with a marginal impact on the national economy, to other sectors. Tourism offers many different routes into employment and patterns vary between countries. In some countries, high productivity workers can be in low value segments and vice versa which creates difficulties in identifying these elements, especially in mature economies.

Many countries recognise that it is difficult to obtain such data and in mature economies, some of the tourism services that have low productivity rates tend to be luxury service providers. Thus the size of business and the specificity of the tourism sector in different economies creates real challenges for measurement. Further discussion of the challenges relating to skills development in tourism can be found in chapter 3 of Tourism Trends and Policies (OECD, 2012).

Measure

Percentage growth or decline year-on-year in labour productivity in tourism services, or if not available, in services in general. A table of productivity measures and growth rates by country will be compiled.

In the service sector, the traditional definition of productivity (output: input ratio) must be expanded to include the quality aspect. This presents particular difficulties in measuring productivity in tourism, especially measuring service quality, customer utility and human capital inputs. However productivity is a measure regularly used by public authorities and can be tracked consistently over years. It can be internationally comparable given agreement on consistent measurement.

There are examples of use in countries which would be profiled through a survey of member and partner countries. Many countries use a version of this indicator including, Canada, New Zealand, United Kingdom and United States.

Interpretation

This indicator measures the productivity of those employed in tourism. High productivity correlates to high standards of living and mature competitive economies with high value adding activities, a developed skills base, management/leadership cultures and a co-ordinated set of economic policies. Low productivity correlates with unfavourable economic conditions, poor purchasing power, poor living conditions, lack of flexibility and development for individuals in job progression, low levels of education and higher order skills conducive to raising productivity. That being said, interpretation will needed to take into account the specificity of the tourism sector (see challenges).

Proper interpretation assumes that decision makers can define tourism and related services to enable policy development and implementation, monitoring and evaluation over time. This will require clarification.

Sources and Methods

- Measuring Productivity, OECD Manual, 2001
- OECD Productivity statistics
- National Statistical Offices
- International organisations including OECD, ILO and Eurostat
- Measuring Productivity in the Service Sector, Canadian Tourism Human Resource Council and University of Guelph, 2009

Next Steps

- Pilot testing (examples of measures) of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis: compile first draft of Labour Productivity table for discussion
- Research on the definition of measurement to ensure comparability

6. Purchasing Power Parities (PPPs) and tourism prices

Policy Context

Policy makers are interested in PPPs as they can be used to compare GDP in different countries taking away interference from price levels in each country. Analysing tourism sector costs using the PPPs enables comparisons to be made between different countries. Changing costs are among the most important factors influencing the choice of a destination with prices being an essential component in the overall tourism competitiveness of a destination. PPPs enable the analysis of price levels across countries expressing the price level of a given country relative to others. They assist policy makers by giving real price information to assess the effectiveness of policies.

Challenges

This will be a significant task for tourism as production of PPPs requires price data on a large number of goods and services. The practical use of tourism PPP will require more detailed sector specific item groups and prices of individual items included in the calculation. Trade-offs exist between spatial and temporal comparability for PPPs: there is a common focus on geographies for comparing areas and across countries rather than comparing the relative position over time.

Details in the production of tourism PPPs include the lack of consistent regional level data, taking account of seasonality in tourism and the weighting and reliability of items included in the basket of prices used for PPPs. This will require tourism specific PPPs that focus on tourism specific patterns of expenditure based on household consumption patterns as a proxy measure.

Measure

PPP indicators of price level differences across countries expressed as indices with a basis (real or artificial) chosen by country or country group.

Many countries produce this measure. Also, there is a multinational effort to produce PPPs which is governed by a PPP Regulation. Examples of its use and relevance to tourism competitiveness will be profiled in a series of in country discussions and surveys.

Interpretation

PPPs are indicators of price level differences across countries. They reveal how many units of a common currency a given quantity of a given basket of goods and services costs in different countries. PPPs convert economic indicators expressed in national currencies to the common currency measure at a given point in time.

Sources and Methods

- EUROSTAT-OECD Methodological manual on purchasing power parities (PPPs)
- National Statistical Offices, World Bank, Eurostat
- OECD Purchasing Power Parities data
- Tourism Specific Purchasing Power Parities, Statistics Austria

- PPPs and the Price Competitiveness of International Tourism Destinations, joint World Bank-OECD seminar on purchasing power parities, Larry Dwier, Peter Forsyth and Prasada Rao

Next Steps

Work with OECD Statistics Directorate and review national approaches to devise a tourism competitiveness specific PPP methodology

7. Country entry visa requirements

Policy Context

Traveller mobility is critical to trade in tourism services and therefore plays an important role in defining the competitiveness of a destination. Travel facilitation initiatives which enable legitimate travellers to move more freely and efficiently will have a positive impact on the competitiveness and attractiveness of destinations and the ability of destinations to compete in an increasingly global tourism market place, and realise the tourism and economic benefits.

A visa is a document which permits the holder to enter, leave or stay in a country for a specific period of time. The requirement for, and granting of, a visa may vary according to a number of factors, including the length of stay, purpose of visit, country of origin and reciprocal visa policy. The additional time, effort and cost associated with visa formalities can influence destination choice, travel behaviour and global patterns of travel flows. By reducing or removing such impediments, destinations can position themselves as more tourist friendly and welcoming relative to competitor countries.

Policy makers are seeking to make progress on facilitating travel for these visitors to realise the potential economic benefits. Tourism policy increasingly outlines the approach and initiatives designed to facilitate travel, including visa requirements, reduction in barriers and costs to encourage and facilitate more international tourism.

Challenges

Visa policies vary considerably across countries, from highly controlled regimes to more liberal policies where minimal restrictions exist. Visa policies are tailor-made to the unique circumstances and priorities of each country, as policymakers seek to balance a complex set of economic, political and social considerations related to cross-border travel flows. They are also based on a country-by-country assessment of the potential opportunities and consequences of freer travel flows from each origin country.

Visa policies may act as an impediment to tourism, not solely due to the requirement for a visa or other form of travel authorisation but also due to the manner in which this requirement is administered. Furthermore, perception and reputation may be as important as reality when it comes to destination choice, while measures to provide for a smoother travel experience for travellers in general are likely to have a qualitative impact on the overall tourism experience and the perception of a country as welcoming and tourist friendly.

Governments have implemented a variety of approaches to making travel easier and more efficient: i) within the context of existing visa policy: from simplifying and streamlining delivery systems and processes to outsourcing administrative functions and harnessing technology and partnership approaches; and ii) through policy development: including changes to visa requirements and the introduction of other forms of travel authorisation.

The challenge for policymakers is to identify win-win solutions which enable legitimate travellers to move freely and efficiently while maintaining border integrity and ensuring national security and other national priorities, including immigration, health and the labour market. These solutions need to be flexible, scalable and sustainable in the long term, capable of dealing with future travel volume growth, changing travel flows and broader economic and socio-political developments.

Measure

- Requirement for a visa – number of countries on visa-required list – and method of visa issuance, including paper visa, eVisa, Visa on Arrival
- Number of visas issued per year and share of inbound tourism arrivals

Interpretation

Visas requirements are part of a country's tourism competitiveness environment. Achieving a balance between other policy considerations and the opportunity to attract more high spending visitors from main sources of inbound tourism can be assisted by an indicator that assesses a country's visa requirements, the costs and potential effects on tourism competitiveness.

Sources and Methods

- Foreign Affairs and Interior/security ministries
- National Tourism Administrations
- UNWTO data collection on visas requirements
- OECD work on travel facilitation and visa issues
- WEF work on travel and tourism competitiveness
- European Commission work on economic impact of short stay visa facilitation and evaluation of the EU Visa Code

Next Steps

- Pilot testing (reporting format and analysis and findings) of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis
- Profile examples of use and practical value as an international comparator indicator of tourism competitiveness
- Extending international work on the economic impacts of visa facilitation

8. Natural resources and biodiversity

Policy Context

Natural resources are important elements of the tourism product and key drivers of attractiveness for a destination. They are both a private property and a global common. Destinations that are able to offer travellers access to unique experiences including natural resources have a competitive advantage and those with recognised world heritage status or recognition have added power and publicity to attract. Areas of special interest are important parts of country heritage and environment and policy makers want to ensure that the assets and attractions of comparative advantage deliver maximum competitive advantages that support long-term sustainable tourism growth. This requires a delicate balance and recognition of the mix of heritage, natural resources and features that form part of international competitiveness.

Challenges

Many countries possess a range of recognised formal and informal natural resources. Building a sustainable competitive tourism strategy that capitalises on these is a challenge. It requires careful integration of tourism development and sustainable competitiveness strategies. Some resources are more fragile than others and demand management or protection becomes important in preserving biodiversity. This can also create competitive advantages by attracting particular segments of tourism, often high value.

Increasing access to natural resources also involves costs and requires commitment to balanced development alongside complementary policies on biodiversity, infrastructure, transport, skills, cultural education, service quality and sustainable development. There is a need for a consolidated measure on country natural heritage attractiveness derived from evidence on the number of World Heritage Sites, climate, natural beauty and biodiversity status and preserved areas.

Measure

Number of recognised natural heritage sites and preserved areas.

Interpretation

Countries with a large number of natural heritage sites, a high degree of biodiversity and a network of natural assets, formal and informal, can promote these attractions as part of a tourism competitiveness strategy.

Formal designation can be an important ingredient in effective place making to develop strong marketing messages and attract visitors. However informal sites and natural attractions can also attain a status, including through social media networks, and confer attractiveness advantages for improved international competitiveness.

These indicators should be read in connection with information on biodiversity and ecosystems. The interpretation should take into account the levels of economic development and the structure of countries' tourism economies patterns. Geographic location and population density also play a role.

Sources and Methods

- Government agencies, and international organisations, e.g. UNESCO
- The International Union for Conservation of Nature (IUCN) biodiversity indicators

Next Steps

- Development of a measure to capture the range of natural resources, and consultation with countries and international agencies on information available
- Pilot testing of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis

9. Cultural and creative resources

Policy Context

Cultural and creative resources are important elements of the tourism product and key drivers of attractiveness for a destination. Destinations that are able to offer travellers access to unique experience through local culture and the creative economy have a competitive advantage and a basis for generating publicity to attract more awareness, interest, visitors or expenditure. Culture and creativity in various forms can create significant competitive advantages that support long-term sustainable tourism growth and spin-off benefits to other policy areas such as skills and talent attraction.

Challenges

Many countries possess a range of cultural and creative resources and attractions. Building a sustainable competitive tourism strategy that capitalises on these can create competitive advantages by attracting particular segments of tourism, often high value but can also have negative effects such as pressure on community resources and social integration issues.

Cultural attractions can be concentrated in particular cities or locations raising challenges around the spread of benefits and diversion for wider development gains and complementary policy investments in areas such as education, skills, health and sustainable development. Gathering evidence to compile an index will also require further research and testing.

Measure

Composite measure of the number of recognised cultural and creative attractions in different forms.

Interpretation

Countries with a vibrant and/or distinct cultural identity and range of creative activities and events can attract more attention and economic benefits. A country listing measure can show the importance of cultural assets in promoting a country as part of a tourism competitiveness strategy and how development of these assets can improve competitiveness.

The listing of informal cultural attractions will be developed with an agreed set of assessment criteria for consistent eligibility and classification for competitiveness. Informal cultural development can also attain a status and confer attractiveness advantages for improved international competitiveness.

Sources and Methods

- Government agencies and organisations
- International organisations and cultural agencies
- UNESCO cultural databases
- OECD work on the creative economy and tourism
- Independent authorised Cultural Assessments and country evaluation reports
- Qualitative evidence from visitor interview surveys

- Web analytics on social media popularity, trending and innovative metrics

Next Steps

- Development and test of the measure to capture the range of cultural resources, and consultation with countries and international agencies on information available
- Consultation with international sources and organisations for development of innovative metrics
- Pilot testing of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis

10. Visitor Satisfaction

Policy Context

Visitor satisfaction is an important qualitative indicator from the demand side. Customer demand is determined by a range of factors including the experience and recommendation of others. Social media, blogs and other review sources play an important role in the decision making of many travellers. Obtaining visitor feedback through official surveys is equally important to gain insight on customer satisfaction and the competitiveness of the tourist offering. This can inform future decision making by National Tourism Administrations to improve competitiveness and design promotions that play on strengths and address weaknesses. The stated preferences of visitors are also important in determining the likelihood of repeat visits and thus future competitiveness to generate economic benefits.

Challenges

This is recognised as a fundamental indicator from the demand side and vitally important in terms of understanding consumer preferences, the value of their experiences and future intentions. Such intelligence alongside market trends and forecasts can assist to shape competitive offerings in order to retain and attract visitors in the future. It can also assist in targeting specific markets and customer profiles according to preferences and other considerations such as expenditure profiles to convert more interest to visits and repeat visits. However, gathering visitor satisfaction evidence is challenging.

Many countries conduct surveys to obtain feedback but this can be ad hoc and vary over time, making comparisons difficult. Different approaches between countries also raise problems of comparability and assessing relative competitiveness. The timing of surveys and methods of obtaining customer feedback are important as well as the way questions are framed. Many practical matters should be considered alongside the details of statistical methods (sampling, baselines and longitudinal data, accounting for psychological and non-price/expenditure influences on decision making as well as use of econometric models to show correlation and identify causation).

Measure

A comparable measure of visitor satisfaction rating and intention for repeat visits.

The measure will gather evidence on a standard basis to produce satisfaction scores against defined criteria and a rating to show potential for repeat visits. This could be segmented by tourist type and market to link with other measures in the competitiveness framework.

Interpretation

A consistently high customer satisfaction rating across a range of criteria and high stated intention to repeat visit would indicate a competitive destination, now and in the foreseeable future. Evidence of ability to convert interest and satisfaction into additional visits, economic benefits and social influencing will be associated with a high level of competitiveness. Countries that do not gather evidence of visitor satisfaction or score low in terms of the agreed criteria will be associated with low levels of competitiveness. This is also likely to be reinforced by the results for other core indicators.

Sources and Methods

- National Tourism Administrations and National Tourism Organisations (visitor satisfaction surveys)

- European Travel Commission

Next Steps

- Consultation with countries on information available and gather evidence of applicable sources
- Development of the measure and review evidence
- Pilot testing of the indicator in partnership with source countries and organisations
- Disseminating the information in a suitable format for policy analysis

11. National Tourism Action Plan

Policy Context

A national strategy and action plan enables policy makers to assess the areas of greatest competitive potential and direct efforts more effectively to capture the economic and wider social benefits from tourism. The process of preparing such a strategy is an important knowledge generation and evidence gathering stage that can draw partners closer to derive greater impacts from their investments. It can also produce a targeted action plan that addresses short and long term opportunities and challenges. In many ways this is a fundamental requirement or every country rather than an optional indicator.

Challenges

The national perspective is a test of Government pro-activity, interest and commitment to the value of the tourism sector. The creation of a National Tourism Action Plan is an important positive step but it is just one step and an input to the system, not an output. The real challenge is to make the process a collaborative effort that involves partners and stakeholders as well as gaining agreement on the priorities for actions that can be followed up. Many strategies are prepared but fail to deliver key actions and many Action Plans are agreed but implementation is not completed.

In terms of improving competitiveness of tourism it is vital to have a National Tourism Action Plan and to implement it as part of a long term strategy. Annual reviews allow for adjustments and should be linked to investment plans of government and private sector actors to maintain relevance and ensure that the actions remain focused on the top priorities for improving national competitiveness. In countries where regions and/or cities have a strong identity and tourism attractiveness, these advantages should be recognised and integrated as drivers of growth. Integration of actions across policy areas is also an important challenge to ensure that issues around infrastructure investment, transport, skills and education etc. are aligned with a National Tourism Action Plan.

Measure

Yes/No with a scoring based on criteria including quality, development processes, evidence base, delivery through coordinated action planning with partners over time and integration with a national strategy and government appropriations for tourism. This will recognise the existence and quality of implementation, effectiveness and evaluation of a National Tourism Action Plan.

Interpretation

The existence of a Tourism Action Plan does not indicate effectiveness in assisting to improve the competitiveness of tourism in a country. Assessment of this indicator will require a careful and deeper consideration of the context and components for the Plan and what it seeks to deliver in terms of improving competitiveness. Some plans may be general when more detailed segment specific actions could be required to improve competitiveness. This is especially important given the pace of external factors such as crisis which can have key impacts on competitiveness. This can require evidence (evaluation) based action plan adjustments at short notice and the planning process, actors and collaboration must be strong enough to allow such adjustments.

Sources and Methods

- National Tourism Administrations and National Tourism Organisations
- OECD survey of national tourism action plans in member and partner countries

Next Steps

- Discuss and develop scoring criteria and method with selected member and partner countries.

SUPPLEMENTARY INDICATORS

Market diversification and growth markets

Policy Context

Global market trends should be considered when measuring competitiveness in tourism. Market trends have an obvious impact on the countries´ competitiveness in tourism as shown by the low rates of growth in mature markets compared to the high rates of growth in major emerging markets. As well as being a source of competitive pressure, such countries are also major markets for tourism exports. It is important that countries monitor trends and show broad appeal to a range of markets and thereby have more sustainable competitive positions that are less dependent on any single or small group of export sources.

Challenges

Maintaining a detailed knowledge of trends and how they affect individual country international competitiveness requires dedicated resources and knowledge informed policy decision making. In times of economic growth, the focus can rest too long on existing rather than emerging markets and dependencies can develop. Finding a way to gather intelligence on market shares and apply it in a timely manner is key. Part of this requires a fine grain analysis of individual tourism export markets and recognition of how to position competitively for a share of future growth markets. There is a need to find a comparable formal way to track the level of country representation in growth markets.

Measure

A matrix to show export market coverage and changes in tourism revenues from growth markets. This would consider the number of major markets covered and growth in tourism revenues from these markets.

Interpretation

The breadth of source market coverage and the rate of growth in major priority markets indicates relative competitiveness and sustainability of competitive position. Diversification into growth markets reduces dependency risks and can encourage innovation and quality improvements along the supply chain to raise standards in recognition of competitive pressures. Countries which diversify into growth source markets and show increasing market shares will score better.

Sources and Methods

- National tourism Administrations and National Tourism Organisations
- National Statistical Offices
- Intergovernmental organisations such as UNWTO, OECD, European Commission
- International organisations, such as European Travel Commission, Pacific Asia Travel Association, World Travel and Tourism Council

Next Steps

- Proceed to conduct further methodological research

- Access data and develop measures and convert to an index for major priority growth markets
- Collaborate with selected countries and partners agencies

Employment in tourism by age, education levels and type of contracts

Policy Context

Education is the foundation of all advancement and economic development. As a service industry, tourism relies on quality and high standards as part of an overall visitor experience and it is vital that education standards, transferability and transparency of qualifications are continuously improved. This means working closely with education and skills policy makers and providers to improve partnership working and raise employment and education levels of individuals attracted to the tourism sector.

The industry has an important role to play in improving the quality and accessibility of education and training. Provision of courses and training that enables personal progression within the industry and development of the sector can also encourage more entrants and higher levels of education amongst employees. To improve the quality of service and achieve higher levels of value add and job satisfaction the industry needs to continually improve its attractiveness and to offer terms and conditions that develop talent. This will directly influence productivity and competitiveness.

Tourism offers excellent access to employment opportunities for individuals at all levels of experience, qualifications and training and status. Retention and development of employees is also important as an essential part of improving performance and capacity of the sector. In reality, awareness of learning opportunities is low in many levels of tourism services, e.g. part-time and seasonal workers. Increased commitment to training and career development routes could benefit the sector by attracting more capable and motivated people, relieve labour shortages and improve customer service functions contributing to overall competitiveness.

Challenges

Improving competitiveness should be reflected in improved education levels, and a better security of contract for those employed in the sector. This requires policies to promote accessible education and training routes (including open and distance learning), encourage investment and development of sector specific specialist, segmented tailored courses for new entrants and those pursuing continuous professional development. This will improve prospects for all ages of employees in the industry which often faces challenges in attracting and developing talent to improve competitiveness.

Linking policy interventions and demonstrating contribution to competitiveness from initiatives to improve education levels in the sector remains a constant challenge. Commitment to long term investment through economic cycles, retention and development of employees must be driven by evidence of contribution to competitiveness, the importance to the sector and its overall contribution to national economic and social development. Finding new innovative and more efficient delivery methods to attract higher educated individuals is vital for the future growth of the sector and maintaining performance momentum by developing experienced employees with greater security of employment.

Measure

Number of jobs in tourism industries defined by age [youth (15-24); prime-age (25-54), older workers (55-64)], by education levels (low skilled, medium skilled, and high skilled), and by type of contract (permanent workers, temporary workers).

The measure is in use in several countries.

Interpretation

This indicator measures the level of education, age and contract tenure of those employed in tourism. Hotels, restaurants and catering employ large numbers of people, often on a casual basis and comprising a sizable proportion of young, female and individuals with lower education levels compared to the averages for an economy. Country regions with high tourist activity tend to have lower unemployment rates but less job stability and high seasonality. This indicator would help policy makers as they seek to improve performance, employment and output in the sector; the evidence of the sector education base and changes to attract more highly educated people would indicate a more competitive sector which correlates with rising value add.

Sources and Methods

- National Statistical offices (labour force surveys), National Tourism Administrations
- International agencies including OECD, UNWTO, ILO, Eurostat
- OECD statistics on employment and education
- OECD Tourism employment module, 2001

Next Steps

- Gather country examples and check data sources and working definitions
- Establish a taxonomy for education levels e.g. primary, secondary, tertiary (degree level), vocational qualification

Consumer price index for tourism

Policy Context

All countries have some form of inflation assessment and real price indices to assess national competitiveness and tourism forms a significant part of this. In order to develop more effective tourism development policies, it will be important to have a consumer price index (CPI) that recognises the travel and tourism contributions and assess the relative attractiveness of the country to consumers. CPI is an important determinant factor for tourism.

Challenges

A consumer price index is usually calculated as a weighted average of the price changes of the goods and services covered by the index. The challenge is to identify a consistent appropriate list of items for the index. It is also challenging to have an agreed comparable index with other countries/regions as the classification of items, their inclusion or exclusion and application of weightings to avoid variation between countries.

Agreement is required on items for inclusion and exclusion for the index, methodologies and samples sizes. Seasonal differences and year variations will require multi period assessment and regular checking to ensure that the basket of prices (and the weightings) is up to date and representative of current consumption patterns.

Measure

A price index showing a normalised weighted average of prices for a given class of goods or services in a given country/region during a given interval of time. This could use monthly indices, potentially by segments of travel and tourism, showing percentage change on the same period of the previous year and percentage change on the previous period.

A number of countries have developed a specific travel and tourism CPI based on identified industrial classification codes to capture defined categories of expenditures. The prices of the chosen travel and tourism components are normally weighted and aggregated according to their proportions in the total tourism expenditures in the country/region.

Interpretation

The CPI will provide an indicator that measures the inflation rate of the cost of purchasing travel-tourism related goods and services in a country or territory (e.g. accommodation, transportation, food/beverage, recreation, entertainment, retail, etc.).

Sources and Methods

- National statistical offices - including household expenditure surveys and national accounts estimates for households' final consumption expenditures on travel and tourism items
- OECD statistics on consumer prices

Next Steps

- Engage with individual countries to assess practical approaches to calculating the weighted averages of the tourism basket of prices, including hotel prices

- Develop a shared research agenda with other organisations and countries

- Agree when to revise and update the basket and weights; for international comparison, the classification scheme of goods and services should be practical and in line with the United Nations Classification of Individual Consumption according to Purpose (COICOP)

Air connectivity and inter-modality

Policy Context

Connectivity is a fundamental of international tourism competitiveness. At the most basic level, the unconnected destination will be inaccessible to tourists. The availability of air routes, operators and frequency of flights plus travel time from main markets all affects tourism competitiveness, visitor numbers and economic benefits. Investment in international infrastructure including air transport links, is also important in building and developing competitiveness.

International transportation connectivity also benefits all business sectors and enables the flow of goods and people to generate additional economic wealth, social and personal development. This role for tourism is recognised as an important consideration with policy overlaps and areas where investment can be at least partly justified from tourism competitiveness gains and promotion of internationalisation.

Challenges

The indicator will require consideration of people movements, numbers of transport facilities such as international airports and the number of operators to major growing markets, including tourism carriers. The main challenge of this indicator therefore is its measurement, capturing the essence of ease of access from other places and particularly from the major markets. This can become a complex matrix calculation for a single country and is complicated further when making international comparisons, when the various forms of travel and the origination points must be factored into the assessment.

Measure

A measure of international air connectivity based on set criteria noted above including hub links and inter-modal connections to form an index.

A variety of sub-indices are in use in different countries/regions: e.g. air-carriers recorded in more than 150 countries.

Interpretation

A high score would indicate strong connections that create one of the favourable conditions for improving tourism competitiveness. Connectivity from a tourism perspective relates to proximity to the source tourist markets internationally, meaning principally flight journey times, as well as internal connectivity to cities, inter-modal points and the key tourism destinations.

Sources and Methods

- IATA databases
- National Statistical offices, and other public agencies (transport or civil aviation statistics)

Next Steps

- Further review and consultation is required to gather more evidence of approaches and profile of learning from individual countries on the importance of international air links to tourism and inter-modality
- Consultation on availability of data and access to sources

- Development of an index score that meets the definition and uses accessible data
- Testing in a practical country context

OECD Better Life Index

Policy Context

The well-being of a nation is an important factor of attractiveness for a destination. There is evidence that the level of justice, governance, security, environment quality and health services, for instance, play a crucial role in terms of attractiveness for a destination. Research indicates that the most competitive destinations are ones which most effectively create sustainable well-being for its residents.

Competitiveness is influenced by many factors and increasingly by qualitative considerations including the quality of life within a country rather than a GDP measure of wealth. Finding a balance across policy priorities that also utilises the power of tourism as a sector that creates wealth and well-being is an important issue for policy makers.

Challenges

GDP is a recognised measure with a history of use and detailed data to enable application and comparison between countries in assessing competitiveness. Finding acceptance of another measure, the Better Life Index (BLI) alongside GDP that captures better lives is a challenge. It requires acceptance and commitment to use it in a standard way as proposed by the OECD.

The OECD BLI is developed for use by the public. This is in the early stage of development and will require further use and build-up of evidence to demonstrate how it helps to understand and inform actions to improve competitiveness in tourism and related sectors in the economy and society.

The indicators in the Better Lives Index reflect current material living conditions and quality of life. They will require to be complemented by indicators describing sustainability of well-being over time. This involves further work by the OECD.

Measure

The OECD better life index adjusted for tourism.

A tourism specific index can be developed with OECD colleagues specifically to allow citizens to compare life across 34 countries, based on a tourism focused sub set of the 11 dimensions (housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety, work-life balance). Respondents can then give their own weight to each of the dimensions.

The BLI was launched in 2011 and has a database of usage by country and the OECD continues to develop work. This resource and experience can be accessed for development of this indicator on the measurement of competitiveness in tourism.

Interpretation

The BLI is a tool that produces a measure for a country covering a range of considerations relating to individual wellbeing and sustainability of wellbeing over time. The scores and ranking can produce a picture of where individuals view each country. These scores can assist to inform policy making and provide insight to deeper competitiveness issues but care is required in drawing tourism specific conclusions.

However the scoring and ranking does provide some alignment with tourism competitiveness which can help to identify areas where countries are strong or where improvement would be valued by citizens. The indicator should be seen in context with others and a supplementary source of evidence.

Sources and Methods

- OECD Better Life Index database
- Other international agencies including United Nations

Next Steps

- Engage with OECD colleagues on development of the indicator
- Test with a selection of member and partner countries

FUTURE DEVELOPMENT INDICATORS

Government budget appropriations for tourism

Policy Context

Governments recognise the power of tourism to generate significant economic growth. They also identify market failures that induce intervention, directly or indirectly, and public expenditure annually in efforts to improve the economic contribution from the tourism sector. Tourism agencies receive annual appropriations of funding. The funding is increasingly allocated to agencies for delivery of outcomes such as improved economic prosperity, providing advice and programmes to achieve improved productivity, competitiveness, security and sustainability.

The funding is a sign of commitment to the tourism sector and to working in partnership by investing for improvements in performance ability and competitiveness. The funding is often linked to a national strategy to be delivered with industry partners as part of a policy that aims to do things such as improve the quality of products and services within the tourism industry, facilitate tourism investment opportunities, and to support the establishment of additional sustainable air services, promote the country as a tourist destination in key markets and conduct research that will inform future government interventions.

Policy makers must justify the levels of appropriation by gathering evidence of contribution and impact. An indicator in this topic will facilitate government assessment of appropriations for tourism across countries and to target priority growth markets.

Challenges

Tourism is a service sector, one that has many spill-over effects on other sectors. This makes attribution of expenditure impacts difficult. Also government funding appropriation does not per se ensure that tourism competitiveness will be improved. Where the appropriation is linked to a long term strategy with clear targets and defined outcomes and impacts, then it can improve competitiveness, all other things being equal. Annual reviews and refresh of the tourism sector intervention investments and other action plan activities will be essential to check that the appropriation is focused correctly.

The measurement of this indicator faces a number of challenges in identifying and attributing economic effects directly to the tourism promotion expenditures. Levels of expenditure should also be linked to targeting and tested over time with changes in policy and expenditure emphasis to compare the net effects. Gathering objective evidence of implementation is challenging. Programmes within an appropriation require clear performance indicators and a dedicated monitoring and evaluation framework. This also requires the development of an evaluation culture to support on-going assessment and tracking beyond reporting of outputs and immediate expenditure effects to assess deeper legacy effects and the long term return on coordinated policy investments.

Measure

The measure should capture Government budget appropriation for tourism per capita visitor.

All countries with a tourism strategy have a form of annual appropriation, often set with a long term strategic commitment to development and growth of the tourism sector and competitiveness. A number of countries will be profiled in the next stage of research including Australia, Brazil, Canada, New Zealand and United Kingdom.

Interpretation

High levels of government financial commitment to the tourism sector should, if properly targeted, contribute to improving the competitiveness of the sector. Low or volatile levels of financial commitment from government over time will result in a sub optimal performance where market failures exist and result in a long term loss of global competitiveness. With increased competition for tourism visitors and expenditure, partnership working and leverage through government appropriations show the level of commitments to stimulate increased growth in the industry to facilitate the generation of more jobs, prosperity and competitiveness. The leverage of additional investment from the private sector market generated by the Government expenditure must be assessed rather than the levels of expenditure in isolation.

Sources and methods

- National Tourism Administrations and National Tourism Organisations
- Government appropriation statements and annual allocation accounts
- OECD Tourism Trends and Policies
- ETC-UNWTO regular studies on budgets of National Tourism Organisations

Next Steps

- Proceed to develop structures and evidence with partner member and partner countries
- Contact and research refinement linked to country examples of per visitor measurement

Company mortality rate

Policy Context

Tourism has become one of the fastest growing economic sectors in the world in terms of jobs, GDP and new firm creation. A dynamic business sector will stimulate more business births than deaths with competitive businesses growing and replacing inefficient ones.

Measuring the number of companies in tourism provides a perspective on whether the sector is growing or shrinking. It does not of itself fully inform on the sector's status, but is another indicator that by comparison with others adds context to the understanding of the country's tourism competitiveness.

Creating the conditions to encourage business start-up, survival and growth is a key policy area. The relative level of business failures in the sector year-on-year will provide a way of showing the change in a country's stock of business, wealth, job support and competitiveness in the tourism sector.

Challenges

Company mortality numbers per se do not reveal the size or value of companies or the influence they have on supply chains and the overall competitiveness of the sector. It will not reveal the loss of total employment or total production of the companies concerned. This indicator must be subject to further analysis alongside other related data on the wider significance (structure, output and jobs associated with the death of firms) rather than being taken in isolation.

Interpretation

The interpretation of the company mortality numbers and rates requires statistical data on the value of the jobs and contribution from within the companies. Caution is required as company longevity or churn effects can be positive as well as having a destabilising effect on the sector.

Measure

Per capita/percentage growth or decline year-on-year. Statistics on company mortality figures are typically available from national business registers.

Specific examples will be profiled next to illustrate the indicator and set a standard for all members' responses.

Sources and Methods

- National and international business registers
- Databanks collecting data on insolvencies or bankruptcy

Next Steps

- Provide illustrative examples of statistics from member and partner countries
- Analysis to assess segment patterns within the sector and countries

Use of e-tourism and other innovative services

Policy Context

The use of e-tourism services has emerged as an important component in enabling consumers worldwide to access information about travel and tourism. Various studies in mature economies have estimated that over 60% of travel is researched and booked on-line with over 95% of travellers starting their research on-line. Social networking and social media is extremely powerful globally in shaping perceptions and household tourism decisions.

Policy makers require a deeper understanding of how these services are being used in accessing information making choices and purchases. The role of social media, specific outlets and platforms such as You Tube, Twitter, Google, LinkedIn and Facebook can have significant influence on tourism competitiveness. Country policy makers must ensure that their presence on social media outlets and blogging sites is positive, that it can be used to market destinations and contributes to their overall tourism competitiveness.

Being aware of the influence of e-business is essential for successful competitive positioning by countries in the emerging, globally networked, internet-empowered tourism industry and markets. Expenditure on e-tourism services continues to rise and it is vital for businesses and policy makers to be at the forefront of such developments and innovate to develop a stronger competitive position.

Challenges

It is important to obtain up to date statistical evidence on innovation within the business stock but this presents difficulties in gaining accurate estimates. The influence and precise workings of the e-services market in tourism continues to evolve and the methodologies for assessment are under continuous development. Business and innovation surveys can lag behind actual behaviours and can be subject to low response rates and unwillingness to share practices that confer competitive advantage at the level of the firm.

Measure

Number of businesses demonstrating innovation through innovation survey evidence and delivering e-tourism services. This will measure the proportion of businesses within the tourism sector that show defined characteristics of innovation as revealed in an innovation survey.

Various countries gather statistics from regular business surveys. This is often supplemented by other sources, including private sector research, to identify levels of innovation, leadership and profile case studies of how competitive advantage is enhanced.

Interpretation

Increasing business innovation, focus on e-tourism and related technological tools indicates the competitiveness of the business base and the ability to capture internet and e-services business.

Sources and Methods

- National statistical agencies/government departments and private sector surveys.
- OECD data on innovation and the digital economy

Next Steps

- Research the evidence base to derive the index on industry innovation
- Test methodology and potential to combine with other indicators.

Structure of tourism supply chains

Policy Context

The business structure of the tourism sector is an important factor in the relative market power and competitiveness of a country. In all countries, many businesses are small and have limited growth potential which can inhibit national competitiveness. However the growth of businesses of scale and the presence of international operators, including multinational companies, can be an indicator of opportunities and a means of enhancing country competitiveness. Policy makers require to assess the sector structure and balance to optimise economic benefits to the country and develop the competitive position.

Challenges

Assessing the structure of the sector and measuring the strength of linkages is challenging. Business surveys and national tourism action plan preparation can include engagement and information on industry players of different size and influence. Statistical information gathered by government also provides information on firm size and extent of activities and influence. Interpreting the information and identifying interventions to encourage the development of an optimal competitive balance is difficult. Also, accurate information on the operations of key players, such as multinationals, and how they influence supply chain linkages in the sector can be inaccessible.

Measure

An index of industry supply chain strength, recognising the presence of international firms. Use of tourism cluster mapping to show supply chains, strengths and size of firms by segment.

The development and application of this measure will make a contribution to the use of the TSA and provide deeper insight to performance and the competitiveness of components and players within the industry in each country.

Interpretation

Strong chains with local procurement and collaboration indicates sustainability and potential for critical mass to develop and grow national competitiveness. Weaknesses in chains can be identified and addressed to improve competitiveness.

Sources and Methods

- NTAs and government agencies; industry representative bodies; company surveys.

Next Steps

- Conduct further research on Members views on the practicality of gathering data;
- Prepare an example and case study country.

AREAS FOR DEVELOPMENT

This report has presented a set of 11 core indicators that can be applied by countries, largely from existing data and other accessible sources. Suitable guidance will be required to ensure consistent application of approach and methodology. Supplementary indicators and a further set of suggested indicators for future development have also been presented. These require further work and commitment by countries as a group and individually to lead on some indicator research and development. This can be taken forward in the coming years alongside implementation of the core indicator set.

This work can also assist to clarify the relationships between indicators in the framework and the balance between results versus input oriented indicators. Practical testing and experimentation is likely to lead to some adjustment and replacement of indicators over time where the balance requires adjustment.

There are several areas for further development that were recognised and discussed at the various meetings by members and partners which have not been resolved sufficiently to be taken forward in this report. These important issues (branding; weighting and use of indices; quality considerations; investment; skills; and digital capability) should be addressed as part of future work.

Branding

Country and destination branding is one of the major tools used to differentiate a country's tourism offering, especially in ways to maintain or enhance global competitiveness. Significant sums are spent to promote a country destination and the assets of attractiveness. Much of this expenditure is on advertising, marketing and branding. The evaluation of effectiveness of such expenditure is often driven by the advertising industry rather than tourism metrics and analysing the return on investment from branding can be very complex and costly. It is a feature that influences competitive performance but its role in tourism competitiveness *per se* is difficult to measure. Developing some measure of competitiveness around this is attractive but extremely challenging and will require further discussion and development with members. Some countries have developed individual approaches and there is a starting point to learn from this experience and develop from existing knowledge and practices among members. This would rightly recognise branding as a powerful part of the marketing mix of a country to promote distinctiveness and attract more tourism in line with country objectives of improved competitiveness.

Weighting and use of Indices

The use of weightings is a sensitive matter that can form part of the future development agenda. In a weighted data set each unit is assigned a weighting factor where some data are adjusted to contribute more than others. Deriving appropriate weights for variables involves considerable research and evidence and well as making a number of additional assumptions where evidence is not available. These weights can be calibrated with evidence and adjusted with experience. The statistical validation process for this requires considerable effort and data from all countries as well as agreement on the derivation of weighting factors to be applied.

The process of weighting applied to survey data is often controversial. The more simple the process, the less controversial but often the most difficult to agree, especially where sampling and response rates are inconsistent, where probabilities are used, when the approach has to cope with bias and meta-analysis. Weighting can become complicated and amplify the problem of variance and bias. It can also be misused to produce subjectively desired, prejudiced results, especially in areas of political interest such as competitiveness.

Indices can lead to rankings and comparisons which can be misleading and counterproductive as shown by the uses of a number of existing sources. A number of measures could be suitable for the development of indices that would allow valid competitive positioning measures to be presented for indicators that are not otherwise easily quantifiable or comparable. This could include measures on attractiveness (such as cultural and heritage assets) and accessibility factors as well as customer satisfaction. This could be developed in the future to present information in a way that comparisons could be made between countries. However this could be controversial and misleading, unless the data and measurement protocols are strictly applied in a consistent manner.

Quality Considerations

Quality is a key consideration and an inherent factor of competitiveness. Some countries have established quality mark standards for the industry and sub segments such as accommodation and training qualifications. Also there are a number of national tourism quality agencies that promote use of common methodological tools to assess competitiveness of the sector and defined sub sectors. Developing such an approach across all member and partner countries and building it into specific measures is very difficult. Structures and standards vary by country and some systems in place may not be transferable or adaptable to other members.

Individual country approaches to quality classification and competitiveness can work well and play an important role in competitiveness as well as attracting further investment. The explicit quality mark or grading for assets and facilities such as accommodation, attractions, beaches, restaurants and travel can drive up standards and performance as well as attract more tourism. It can also be applied to industry training levels and links to assessing growth in productivity. There is future scope to develop common standards for quality in competitiveness and a classification system that uses marks such as ISO 9001 and ISO14001.

Investment

Investment levels in the tourism industry covers a wide range of market segments including accommodation of all types and sizes, leisure attractions and facilities, skills and training, transport and tour operations. Some important investment is small scale and local while others can be large multi-national investment projects with complex financial structures. Finding indicators that pick up on the investment by the public and private sector and measurement of countries and segments where there are changes in investment trends and patterns are all important in understanding competitiveness and the relative movement in country performance. The drivers and enablers of competitiveness are all affected by investment levels. However considerations including the breadth of investment, variations in scale and ownership patterns within and between countries, makes it difficult to identify a composite measure or indicator. Foreign direct investment (FDI) is often used as an indicator but even here investor patterns and motivations vary for reasons beyond the competitiveness of individual country tourism. There is an important role for considering how levels of tourism investment affect, and reflect, competitiveness and this could form part of the future work agenda.

Skills

Factors within skills, training, employment, managerial development and leadership considerations are vital for tourism competitiveness. It is also very difficult to obtain reliable consistent data across countries. Issues such as the high seasonality of employment, share of casual, short-term and fixed-term employment, wage levels and issues around security of employment all make the development of a single indicator very difficult. Skills are closely linked to productivity which is a Core Indicator however further work will be required to pick up on the deeper influences of skills, education and wages on tourism

competitiveness. Several supplementary indicators relate directly or indirectly to skills considerations, such as employment by age, education levels and contract type. The next steps can take forward this work as part of the wider understanding of how several indicators could contribute jointly to aid the understanding of country tourism competitiveness.

Digital Capability

Tourism information and decision making is increasingly influenced by on-line sources and on-line trading, business to business and business to consumer communications and marketing. Digital connectivity is essential for all countries to reach potential and existing tourists and also affects the ability of businesses in the sector to build and develop their firms to improve competitiveness and generate greater economic and social benefits. Fast and reliable digital connectivity is one tool to enable business expansion, encourage investment and to reach potential markets and opinion formers; countries with comprehensive super-fast broadband connections have a competitive advantage which is becoming more important as social media and internet access takes a prominent role for promoters as well as in generating tourist awareness, branding, influencing decision making and purchases. Finding a single measure to reflect this requires further work and tracking of the influence of digital connectivity from the supply and demand side perspectives.

MOVING FORWARD: THE PILOT TESTING OF THE INDICATORS

The framework includes a set of core indicators and supplementary indicators, including a number that require further research and development. This recognises that there is no simple way to present a short set of measures that are suitable and acceptable for application by all countries. The future development of indicators presents a real opportunity for members and partners to take direct action in moving the measurement agenda forward to the benefit of all countries and to do so in collaboration with existing measurement sources.

Pilot testing will be required for all indicators, including the set of core indicators. This will assist to drive the work further forward in a practical setting with contributions from members and partners. In the fact sheets for each indicator, specific next steps are noted including the need to pilot individual indicators and test the core grouping. The pilot testing will also be used to work on format for reporting, refining the analysis and interpretation of the indicators, testing of the policy relevance and overall practicality. This pilot testing process will be important and could lead to adjustments and changes in the framework and indicators based on implementation, testing and policy relevance. The framework will be reviewed in 2015 based on pilot testing.

The pilot testing required for the development of the indicators will involve direct contributions from interested lead countries (examples and country specific sources). There is scope for an individual country or a group of countries to work together in addressing some of the measurement challenges and resolving some of the outstanding issues. This work will be undertaken in association with data partners, such as the OECD Statistics Directorate, countries, international organisations and the private sector.

The OECD, through the Tourism Committee and the Global Forum on Tourism Statistics, and, where appropriate in consultation with other OECD Committees, will assist countries with the coordination of this research and development alongside the piloting of the Core Indicators. The results of this work can provide a practical evidence set and make a genuine contribution to understanding country tourism competitiveness.

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