OECD Studies on Tourism

ITALY

REVIEW OF ISSUES AND POLICIES



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OECD Studies on Tourism: Italy

REVIEW OF ISSUES AND POLICIES



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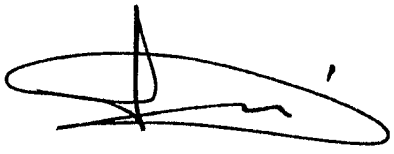
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Foreword

Tourism is one of Italy's most significant economic sectors and its long-term development potential is important. This OECD review of tourism issues and policies in Italy was undertaken as part of the programme of work of the Tourism Committee, at the request of the Italian Department for the Development and Competitiveness of Tourism. The report intends to support policy and programme development in Italy in order to develop and further strengthen the tourism sector.

The report examines the profile, the performance and the competitiveness of tourism in Italy, and in particular some of the major challenges and opportunities currently facing Italian tourism and its further development in the regions. It has a strong focus on organisation and governance issues, outlining the different responsibilities of the state and regions, and the ability of tourism to reduce regional income and employment disparities between the north and south. It looks at statistical information and identifies gaps and ways to improve this information for better business and policy decision-making. Then, the report examines the attractiveness and promotion of Italy, highlighting the need for greater collaboration between the state and regions, and the need for a more performance oriented approach. The final chapter outlines the main challenges facing tourism education and training in Italy. It focuses on higher education in tourism and reviews the secondary school and vocational training offers in tourism.

I would like to congratulate the OECD Tourism Committee on an excellent review, with particular thanks to Isabel Hill, Committee Chair, for her skillful guidance of the Committee's work. Furthermore, I would like to congratulate the Italian authorities for taking the decision to invite OECD scrutiny of tourism policy in Italy, in an effort to develop and further strengthen the sector in the future. I am confident that this review will provide inspiration to policy makers in other countries facing similar challenges and serve as a useful model for further reviews in other OECD countries.



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In the preparation of this report, the drafting team met with a wide range of officials and experts representing the Department for the Development and Competitiveness of Tourism, Ministry of Foreign Affairs, ISTAT, Bank of Italy, National Observatory of Tourism, National Tourism Agency (ENIT), the regions, the communes, Chamber of Commerce, industry associations and academic/research institutions. We would like to extend our thanks to them all for their active participation in the review.

Specific contributors to the report include Fabrizio Antolini (University of Teramo, Italy), Jaime Del Castillo (Infyde, Spain), Alain Dupeyras (CFE), Peter Haxton (CFE), Peter Keller (University of Lausanne, Switzerland) and Alessandra Proto (CFE). The report has benefited from the support of the Italian authorities, notably Armando Peres (Advisor to the Minister of Tourism, Italy), Roberto Rocca (General Director, Department for the Development and Competitiveness of Tourism, Italy), Flavia Coccia (ONT-Isnart), Marina Cencioni (ENIT), and Alessandra Tancredi (Ministero Sviluppo Economico). Other experts have provided feedback and comments on the report: Mara Manente (CISET, Venice), Massimiliano Vavassori (Italian Touring Club, Milan) and Manuela De Carlo (IULM University, Milan). In addition, the report has benefited from the support of an informal steering group led by Luis Patrao (President, Turismo de Portugal) and composed of delegates from Austria, France, Italy, Japan and the United States.

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Basic statistics of Italy, 2010

LAND			
Area (thousand sq. km)	301.3	Population of major cities (thousands, 1 January 2010):	
Agricultural area, 1995 (thousand sq. km)	165.2	Rome	4 155
		Milan	3 123
		Naples	3 080
		Turin	2 298
POPULATION AND EMPLOYMENT			
Population, 2010 (thousands)	60 051	Labour force in 2010 (thousands)	24 975
Number of inhabitants per sq.km	199	Employment in 2010 (thousands)	22 872
Population growth rate in 2010 (annual %)	0.5	Agriculture	981
Fertility rate in 2008	1.4	Industry	6 511
Life expectancy in 2007	81.5	Services	15 471
PRODUCTION			
Gross domestic product in 2010, EUR billions	1 549	Origin of gross domestic product in 2010 at market prices, % of total	
GDP per head (2010, USD)	34 161	Agriculture	1.7
Gross fixed capital formation (% of GDP in 2010)	19.5	Industry	17.3
		Construction	5.3
		Other	75.68
PUBLIC SECTOR			
Current expenditure in 2010 (% of GDP)	49.1	Gross financial liabilities in 2010 (% GDP)	127.7
Current revenue in 2010 (% of GDP)	45.6	General government investment in 2003 (% of total investment)	14.9
FOREIGN TRADE			
Exports of goods and services, 2010 (% of GDP)	26.8	Imports of goods and services, 2010 (% of GDP)	28.5
Main export categories in 2010, as a % of total exports:		Main import categories in 2010, as a % of total imports:	
Manufactured goods	39.8	Foodstuffs	6.0
Fabric and textile goods	11.0	Manufactured goods	24.4
Chemical products	6.7	Metal, ores and scraps	9.9
Transport equipment	10.2	Chemical products	8.7
Mineral fuels	4.3		
CURRENCY			
Monetary unit: Euro (€)		Currency units per USD ($), average of daily figures:	
		2010	0.7550
		2011 (March)	0.7136

Sources: OECD (2011), *OECD Economic Surveys: Italy*, OECD Publishing.

Executive Summary

Tourism is one of Italy's most significant economic sectors and its long-term development potential is important, especially for the southern regions. Tourism is a significant exports driver representing around 40% of the exports of services. The Italian tourism economy is highly internationalised. However, the domestic market is predominant (57% of all nights), especially in the south (75%). While direct tourism spending amounted to 5% of GDP, the direct and indirect impacts were around 10% of GDP in 2009. Employment is also significant; Italy has one of the highest shares of people employed in tourism in Europe. In 2009, international tourism revenues represented EUR 31 billion, and domestic revenues (holidays only) EUR 33 billion. Weaknesses in tourism statistics lead to an underestimation of the tourism economy and make the evaluation of the Italian tourism economy and comparisons with other countries difficult. After an exceptionally challenging year in 2009, international tourism in Italy is strongly recovering in 2010 (+6% for January - July 2010).

As with many other OECD countries, the Italian economy has been impacted by the global financial and economic crisis. According to the 2009 OECD economic survey of Italy, the crisis hit an economy weakened by a decade of slow productivity growth and a gradually deteriorating competitiveness. Italy's macroeconomic imbalances and weaknesses represent impediments for a better competitive position of tourism.

Italy's competitiveness in tourism presents a mixed picture. While the dynamics and the economic results of tourism in Italy have been less favourable in the last decade, inbound tourism has performed well over the last 20 years, in line with the OECD average. This has allowed Italy to maintain its market share within the OECD area. In terms of price, in the last five years, the evolution for some main tourism products was favourable vis-à-vis Italy's main competitors; visitors' perception remains negative, however, and Italy needs to better address the perception of high costs by visitors. There is evidence that productivity in tourism is decreasing (-13% between 2000 and 2006).

In a changing global market Italy needs to adjust tourism supply and promote a tourism-friendly environment

Changes in demand (*e.g.* lifestyles, growth in disposable income, demographics), emerging markets (*e.g.* China, India and the Russian Federation), new niche markets (*e.g.* health tourism, religious itineraries) and more global challenges (*e.g.* climate change, safety and security, e-commerce, low-cost business models, volatile energy prices) suggest that the overall environment for tourism development has changed radically in recent years.

The proportion of inbound visitors to Italy from emerging countries is still relatively small, but is growing strongly. The management of quality deserves particular attention due to the structure of the Italian supply. Italy is lagging behind in terms of Internet use by enterprises and the use of e-commerce. The Italian tourism supply is dominated by

companies which are family owned. The rapid development of accommodation facilities other than hotels also presents challenges in terms of product development, quality and classifications. The progressive shift of tourism demand from beach tourism to art cities poses crucial visitor-management problems and supports a rethinking of traditional tourism business models.

To further exploit tourism growth potential, Italy needs to rethink its structure, organisation and programmes in order to develop new visitor services, reinvent and rejuvenate tourism products and foster innovation. The focus of these efforts should be on areas where Italy has unique selling propositions. For example, Italy has an internationally recognised cultural heritage and could gain a competitive advantage by further improving the cultural offer and the management of visitors through better packaging, easier accessibility and joint marketing support, *e.g.* city breaks or event breaks. For example, the value of museums could be enhanced by offering a better combination of services, such as ticket passes, boutiques, restaurants and e-visits.

Italy has a significant transport infrastructure which places the country among the most developed countries. However, compared to some of its main competitors in Europe, Italy is lagging behind in terms of recent infrastructure development. The density and the quality of infrastructure are not the same throughout the country. Infrastructure in the south remains less developed and of poorer quality than in the north, and certain destinations remain difficult to access compared to the rest of the country. The quality of services (*e.g.* motorway rest areas) and the convenience of transport systems should be improved. The intermodality of the various transport infrastructures remains weak. A good mix of transportation means with a high level of intermodality would improve accessibility and contribute to the long-term sustainability of the destination by reducing congestion problems.

Maintaining Italy's competitiveness advantages requires a long-term tourism strategy and governance reforms

Italy has an abundance of high-quality natural and cultural heritage, which constitute unique resources for tourism development. Historically, this potential has been more widely exploited in the northern and central regions of the country than in the south. Italy has a rich diversity of multi-optional tourism products. With over 5 000 museums and similar institutions, and more UNESCO World Heritage sites than any country in the world, over 46% of international visitors come to Italy to experience cities of historical and artistic interest. In addition, the typical Italian tourism business structure is small and the lifestyle entrepreneurs who often own and run these businesses are more likely to provide unique tourism experiences. Maintaining these competitive advantages requires a long-term investment in innovation and quality.

Italy has a very strong international identity, consistently ranking as one of the top country brands, renowned particularly for its culture and art, gastronomy and wine, and sightseeing and nature. It is considered by many visitors as “a dream destination”. Italy’s international profile is well established and the reputation of Italian tourism remains highly positive. The brand *Italia* could be used more effectively by tourism organisations at all territorial levels to promote their regions.

The Italian national tourism administration has taken steps to improve the institutional framework for tourism policy. In 2010, progress was made in developing new policy measures supporting small tourism companies to improve their competitiveness. These

measures are important but remain fragmented. Moreover, evidence suggests that the lack of understanding of the socio-economic dimensions of tourism limits the effective intervention of the government. Italy needs a long-term tourism strategy that places economic, competitiveness and sustainability issues at the heart of its development. This policy should, notably: *i*) take an integrated governmental approach with particular attention placed on projects related to economic, transport, cultural or environmental development; *ii*) spell-out clearly the strategic priorities and themes for Italy's engagement in tourism; and *iii*) clarify Italy's plans to support tourism development in the south and to strengthen its engagement with the regions. Having such a strategy would help optimise the use of resources, such as European funds.

The 2009 financial and economic crisis and its negative impact on the tourism economy has focused attention on the need for further governance reforms, despite the Italian government having already undertaken various reforms in recent years. The newly created position of Minister of Tourism, with the support of the Department for Development and Competitiveness of Tourism, could play a leading and instrumental role in developing a policy that is well integrated into the overall development strategy of Italy and in providing a consistent vision for tourism development at sub-national levels. The ongoing reform of the National Tourism Agency (ENIT) should be finalised as soon as possible, as this reform is critical to developing a new promotion strategy for Italy. The newly established Permanent Tourism Co-ordination Committee under the Conference of the Regions should foster and improve co-ordination between the state and the Italian regions in the field of tourism. To ensure the success of all these governance reforms, the establishment of an integrated tourism development strategy with a well-articulated action plan for implementation, and an appropriate allocation of resources to support it, will be crucial.

Developing consistent national and regional tourism policies would strengthen economic potential

Italian regions are responsible for tourism product development and promotion in their territories. Many regions have identified tourism as a major industry for their economic development. However, not all of them have sufficient capacity to maximise the development opportunities offered by tourism. The Italian government could play a more active role in helping regions create more efficient tourism structures and policies. This could be achieved notably through the use of new instruments such as the Permanent Tourism Co-ordination Committee of the Conference of the Regions.

The economic disparities between the north and the south of Italy have a direct impact on the ability to exploit existing tourism growth potential. The lower level of development in the south represents both a weakness (*e.g.* in terms of transport infrastructure) and an opportunity (*e.g.* unspoilt and unique natural and cultural resources) for tourism. The Mezzogiorno is progressively catching up in the field of tourism and some regions are actively developing tourism strategies. The development of a supportive framework for the tourism industry in southern Italy should be of high priority for public authorities in the overall strategic framework. Positive initiatives like the MOTUS Initiative, focusing on training skilled professionals, should be encouraged and amplified to form part of an explicit strategy for southern Italy.

Italy should increase the attention given to the tourism sector. Plans for tourism development may be difficult to pursue without greater funding consistency and certainty. There is currently a high variability of public spending on tourism at each government

level and financial resources are not managed according to a multi-year planning model. The particularly dynamic spending that has been recorded in public enterprises shows that the system is extremely fragmented. There is a need for more certainty in public funding levels to enable more coherent and co-ordinated planning that combines a good knowledge of the territory (regions) with a national strategic vision.

Effective evaluation and consolidated data sets are needed to improve performance and planning

Just as the need for a national strategic policy is key to the development of tourism in Italy, so too is the ability to measure the impact of current and future tourism policy programmes, including promotion. Evaluation thus has a critical role to play in measuring the effectiveness and efficiency of policy and public spending. There is evidence that efforts should be undertaken in Italy to promote a culture of evaluation in tourism, develop appropriate techniques and then implement them. The national tourism administration should explore how to most effectively disseminate to the wider public information on strategies, programmes and measures, including the results of its own activities, and those of the agencies it supports.

Current official statistics in Italy, as in many other OECD countries, have significant resource constraints. Major gaps identified by users of tourism statistics include an absence or lack of: *i)* a Tourism Satellite Account (TSA); *ii*) more detailed information on domestic tourism consumption; *iii*) more detailed information on indirect and induced tourism impacts; *iv*) more comprehensive and robust local statistics; *v*) knowledge about private accommodation and use of secondary homes for tourism purposes; and *vi*) timeliness of the data. The current data set on tourism does not properly reflect the overall performance of the sector and makes any evaluation of tourism difficult and incomplete. On the positive side, ongoing efforts to provide information on line, and to strengthen partnerships for tourism statistics, with the creation of the National Observatory on Tourism, were noted. In parallel, additional resources and efforts need to be committed to address important issues related to the production of tourism statistics. Work could be undertaken to better integrate statistical sources from various government levels and improve the co-ordination of statistical data producers.

Italy still lacks an official Tourism Satellite Account (TSA). The TSA is an important tool within the system of tourism statistics. This instrument is considered fundamental to acknowledge the economic weight of tourism within an economy and to compare tourism to other industries. Following the feasibility study undertaken in 2002, Italy is planning to compile a full TSA. Italy should accelerate efforts in this area and renew its inter-institutional platform for co-operation among key stakeholders active in tourism statistics. Adequate funding with a medium-term commitment is also a prerequisite for the success of the project.

In terms of organisational responsibility for tourism statistics, several producers of statistics – official and unofficial – provide and disseminate key information on tourism. However, no one organisation exercises overall responsibility for tourism statistics in Italy. This leads to a lack of strategic approach concerning the development of tourism statistics, a fragmentation of the resources, and a lack of co-ordination and consistency across different sources. The fragmented decisions about tourism statistics may be influenced by the specific views of each organisation. A more strategic approach would also be necessary to ensure that tourism information and statistics better serve analytical purposes of policy and business decision makers.

An important effort to support better dissemination and analysis of tourism data has been made with the creation of the National Tourism Observatory (ONT). The ONT could be considered a one-stop shop for analysing economic and statistical data provided by different stakeholders. The organisation for tourism statistics could be further strengthened by developing a tourism intelligence centre for increased statistical co-operation with the regions and the private sector in the field of tourism. Such a centre would help to develop and maintain tourism statistics of appropriate quality and as such it could play an important role in the move towards better tourism statistics. Such a role would imply increased support, a stronger management and an increased statistical capacity to stimulate co-operation with the regions. A prerequisite is a close working relationship among official statistical providers and users, such as ISTAT, the Bank of Italy and the ONT. The ONT could be one option for the tourism intelligence centre.

Tourism marketing and promotion, and education and training, are crucial

Italy has a very strong international brand, consistently ranking near the top of country brand indexes. ENIT should lead the positioning and the branding of the country's destinations and work closely with the regions to promote its tourism supply on the global market place and optimise the use of the brand *Italia* for long-haul markets.

The promotion of Italian tourism destinations remains fragmented. Evidence indicates that there is a lack of clarity and co-ordination on promotion activities between the government (*e.g.* ENIT and other agencies), regions, provinces and municipalities. The regions could more effectively utilise the strong Italian umbrella brand to facilitate access to more distant markets. Regional structures for developing and promoting tourism products are often too dispersed and they sometimes lack the capacity to operate effectively on foreign markets. Italy should seek to accelerate the ENIT governance reform and implement a more integrated and strategic marketing and promotion approach, incorporating all stakeholders.

Adequate and stable resources are essential to enable ENIT to plan strategically and maintain a continuous and effective presence in priority markets. ENIT has broadened its financial base in recent years and has strengthened its co-operation with the regions, local governments and the private sector. This co-marketing effort should be further pursued as it represents good practice and an opportunity to increase the funding base, making tourism promotion more efficient.

To maximise the potential of tourism over the long term, it is critical for Italy to develop and improve its education and training offer in the field of tourism in a way that will explicitly meet the needs of the Italian tourism industry stakeholders. Qualifications earned through learning-by-doing are no longer enough in tourism enterprises.

There are both a quality and a quantity gap in the tourism education and training offers in Italy. Tourism university courses have increased; however, the number of students is declining, the demand for higher education skills from the sector is very weak, and tourism businesses are not playing an active role in the definition of course content or the development of a dual education and training system. Italy has initiated a reform of secondary and technical education, which should contribute to better matching educational and tourism industry needs, with a strong focus on the quality of services and initiatives supporting professional development.

The significant research undertaken by the Committee for the Enhancement of Education and Training in Tourism in 2009-2010 should be used to support the

development of an integrated governmental approach in this field, working closely with the regions, the private sector and education and training organisations. This approach should support skills diversity and attractive careers in tourism. Italy should also engage in prospective work, based on a map of tourist professions, to identify the future needs and skills gaps in tourism education and training. The gender inequality dimension also needs to be addressed with major tourism industry operators.

Chapter 1

Profile and performance of tourism in Italy

Tourism is one of Italy's most significant economic sectors, a major driver of exports for the Italian economy, an important contributor of jobs, and has long-term development potential. However, in the last decade the dynamics and the economic results of tourism in Italy have been less favourable than in the 1990s. Some of the key features identifying Italian tourism include the increase in the number of short trips, the rapid development of tourism in art cities, the strong growth of accommodation facilities other than hotels, and the very high proportion of micro-businesses. While Italy has a highly developed transport infrastructure, placing the country among the most developed, it is lagging behind in terms of recent transport infrastructure and inter-modality. While domestic tourism represents the major share of Italian tourism, the Italian tourism economy is highly internationalised, and inbound tourism to Italy has performed well over the last 20 years, in line with OECD average. However, productivity in tourism is decreasing, and will be an important issue to be addressed in the near future.

Introduction

Tourism is one of Italy's most significant economic sectors and its long-term development potential is important. Like many other OECD countries, Italy and its regions face a range of challenges and opportunities to maintain or transform their natural, historical, and cultural assets into thriving, sustainable tourism destinations, which could help support local economic growth. Italy's competitiveness at the international level is essential for an industry that increasingly operates in the global market place.

This chapter examines some of the major challenges and opportunities currently facing Italian tourism and its potential further development in the regions. The analysis is based on an initial consideration of tourism in the economy, the trend of domestic and inbound arrivals and overnight stays at both national and regional levels, accommodation supply and transport infrastructure. The chapter then examines a range of domestic and international issues that contribute to an analysis of Italy's performance and competitiveness relative to major competitors.

Overall assessment

Domestic tourism represents the major share of Italian tourism; however the Italian tourism economy is highly internationalised (43% of total nights). International visitors play a more important role in the north than in the south of Italy (28% of total nights). Large emerging countries are still at a low level but they are growing strongly. The increase of short trips, the rapid development of tourism in art cities, the strong growth of accommodation facilities other than hotels, and the very high proportion of micro-businesses are some of the key features identifying Italian tourism. Italy has a significant transport infrastructure which places the country among the most developed countries, but is lagging behind in terms of recent transport infrastructure and intermodality.

Italy's competitiveness in tourism presents a mixed picture. Inbound tourism to Italy has performed well over the last 20 years, in line with OECD average. In terms of price, there is a mix of positive and negative indications (*e.g.* from visitor perception). Qualitative visitors' surveys also reinforce the fact that cultural attractiveness is a significant strength for Italy while highlighting that quality of services is a potential weakness. Productivity in tourism has decreased quite substantially over recent years.

Italian tourism in a changed world

The environment for Italian tourism has changed significantly over the last two years. Like many other OECD countries, the Italian economy has been impacted by the 2008 global financial and economic crisis. The crisis hit an economy weakened by a decade of slow productivity growth and a gradually deteriorating competitiveness (OECD, 2009a). Global tourism was not immune to the impacts of the economic crisis, with tourism flows beginning to decline in the second half of 2008, deepening in 2009 and starting to recover in 2010.

In general, international tourism has been affected more by the crisis than domestic tourism (with consumers tending to travel closer to home during 2009), business tourism

more than leisure tourism, hotels more than other types of accommodation and air transport more than other types of transport (except for low-cost flights). In 2009, Italy experienced a decrease in domestic (-3.7%), and inbound nights (-4.7%). At the global level, international arrivals decreased by 4.3% in 2009 (World Tourism Organization [UNWTO]).

The reduction in household disposable income, especially in Europe, the erosion of consumer confidence, the impact of fluctuating energy costs and currencies on the cost of travel, and the viability of tourism operators are issues in most markets, affecting the vast majority of destinations. Other developments, such as health, safety and security concerns, have added to a sense of vulnerability and uncertainty that the global tourism industry has not experienced since at least the early years of this decade. This has happened in the context of longer-term trends unique to tourism, some long standing and some emerging.

Globalisation and changing markets

Globalisation relates both to the process by which economic markets, technologies and communications become progressively more international over time, and also to a variety of social and other issues. Tourism is, of course, both a significant player in the globalisation process (through the rapid expansion of new destinations, new demand, and new markets) and is strongly influenced by globalisation. The explosive growth in outbound tourism from new markets, such as China, India and the Russian Federation, is changing patterns of travel flows and demand, and creating new opportunities for traditional destinations such as Italy. These require new marketing and servicing skills and appropriate product development.

The proportion of inbound visitors to Italy from emerging countries is still relatively small, but is growing strongly (Table 1.1). As an example of their potential impact, arrivals from the Russian Federation currently account for about 2.3% of inbound nights in Italy, rising from 1 635 639 in 2004 to 3 730 458 in 2008 (+128%). Of the other major emerging markets, Brazil accounts for about 0.8% and China 0.8% of the inbound market, while India, considered by many Italian marketing experts as the most interesting emerging market, grows strongly but its share of the total is still low (0.24% of total inbound). In these markets, Italy is perceived as a single destination. This suggests the urgency to develop effective communication mechanisms at national level which integrate local (*e.g.* regions, cities) efforts in order to better penetrate these potential markets.

At the same time, changes in the values, lifestyles and demographics in developed countries are increasingly reflected in tourism demand. The effects can be seen in the growing fragmentation of tourism markets and in the emergence of new niche markets, *e.g.* retired travellers in developed countries, health tourism in developing countries. These niche markets can no longer be interpreted through traditional instruments of analysis; they express a new demand for "tourism experiences" more than specific tourism destinations and confirm a trend towards active and creative patterns of tourism consumption. These changes significantly affect the Italian tourism market and may require rethinking current business models.

Table 1.1. Inbound visitor nights for selected emerging markets, 2004-2008

	2004	2005	2006	2007	2008	Share of total inbound nights 2008 (%)	Growth rate 2008/2004 (%)
Argentina	427 093	426 457	419 175	528 951	501 713	0.31	+17.5
Brazil	633 098	776 372	867 651	1 125 925	1 226 481	0.76	+93.7
Croatia	572 391	576 430	590 363	677 213	657 415	0.41	+14.8
China	1 290 942	1 219 151	1 325 467	1 314 727	1 221 174	0.75	–5.4
India	..	238 070	303 731	352 697	389 659	0.24	+63.7*
Russian Federation	1 635 639	1 943 064	2 555 305	3 405 731	3 730 458	2.31	+128.1
Total inbound nights	141 164 788	148 501 052	156 861 341	163 465 680	161 797 434	100.00	

..: Data not available.

*India growth rate: 2008/2005.

Source: ISTAT.

Shorter, more frequent trips

The general trend of consumers choosing to travel closer to home in response to the economic crisis reinforces a longer-term trend in demand towards more frequent trips during the year, coupled with shorter individual stays. Between 1998 and 2008, EU residents increased the number of all holiday trips taken by 47%, with short trips increasing by 75% and long trips by 25% (Table 1.2). As a share of total trips, short trips increased in both absolute (8%) and relative terms (19%); however, long trips decreased in both absolute (-8%) and relative terms (-15%). For short trips, there were increases for both domestic and outbound holiday trips, while the market share for both long domestic and long outbound trips decreased during this period.

In 2008, short domestic trips in Italy represented 46% of total holiday trips (Table 1.3). It is likely that the trend of taking a greater number of short vacations, associated with an overall increase in travelling over the past ten years, has promoted the use of other services related to tourism, creating additional revenue and jobs.

Table 1.2. Holiday trends of EU residents* by duration, 1998-2008

	Increase in the number of trips 1998-2008 (%)	Percentage share of total trips			Change in market share (1998-2008)	
		1998	2005	2008	Absolute change (% points)	Relative change (%)
All holiday trips	47	100	100	100	..	..
Short holiday trips (one to three nights)	75	44	50	53	8	19
Short domestic holiday trips	75	40	45	48	8	19
Short outbound holiday trips	71	4	4	5	1	16
Long holiday trips (four nights or more)	25	56	50	47	–8	–15
Long domestic holiday trips	26	34	30	29	–5	–14
Long outbound holiday trips	23	22	20	18	–4	–16

..: Data not available.

*EU residents aged 15 and over.

Source: Eurostat (2010), *Tourism Statistics in the European Statistical System*, *2008 data*, Methodologies and Working Papers, Eurostat, Luxembourg.

Table 1.3. Holiday trips of EU residents[1] by duration and destination, 2008

	Number of holiday trips[2] (in thousands)			Share by duration and destination[3] (percentage)					
	All holiday trips	Short holiday trips (1 to 3 nights)	Long holiday trips (4 or more nights)	Short domestic trips	Short trips to other EU member states	Short trips outside the EU	Long domestic trips	Long trips to other EU member states	Long trips outside the EU
Italy[4]	80 183	39 846	40 336	46	3	1	37	9	4
France	212 562	110 240	102 322	50	2	<1	41	4	3
Germany	214 482	110 659	103 832	45	6	<1	21	19	8
Spain	119 969	80 687	39 282	65	1	<1	28	3	2
UK[4]	119 176	47 089	72 087	32	7	<1	24	25	12
EU27	1 038 892	549 707	489 185	47	5	<1	29	13	6

1. EU residents aged 15 and over.

2. EU27 excluding domestic trips for Malta.

3. EU27 excluding Bulgaria, Malta, Portugal, Romania and Sweden (incomplete or unreliable data).

4. 2007.

Source: Eurostat (2010), *Tourism Statistics in the European Statistical System*, *2008 data*, Methodologies and Working Papers, Eurostat, Luxembourg.

Increased demand for quality

The need for quality services and experiences is not limited to the luxury market. Visitors expect quality service or experience, regardless of the type or level of product. The management of tourism quality is an area requiring particular attention due to the structure of Italian supply. Small firms generally do not standardise their services, and cannot use industrial methods of quality management. Hotel classification is a classical substitute for branding, which gives the potential consumer information about the comfort and quality of the service to be expected. However, the range of quality within segments is often too broad, while rating systems can vary from region to region.

For example, three-star hotels in one region can be, in terms of quality and price, very different from three-star accommodation in another region. Positive developments include the adoption by the government of new standards for the classification of accommodation in 2009. Furthermore, the Italian Union Chamber of Commerce has recommended a national hotel quality programme (*Ospitalità Italiana*[1]), which could address this issue. Switzerland's Tourism Quality Programme is an example of successful co-operation between an industry association and government to address the issue of quality. This programme was initiated and implemented by the Swiss Tourism Industries Association and supported with subsidies from the federal government's Innovation and Co-operation Programme (Swiss Tourism Federation, 2010). Increasing quality is a strategy to obtain higher prices on the visitor market. Investing to improve quality can bridge the productivity gap that exists between accommodation and catering, and the economy as a whole in developed countries.

Innovation and technology

The Internet has fundamentally changed the international tourism industry and its interactions with consumers. The consumer now has a direct access to the supply side and "governs" the tourism value chain. In Italy, there has been a rapid growth of Internet tourism bookings in recent years (Box 1.1).

Box 1.1. Increase in Internet tourism bookings

According to the *Osservatorio integrato dei viaggi Amadeus* and Google Italy, for Italian vacationers, price is an important factor when choosing a vacation. One strategy to obtain savings is by sourcing low-cost offers with online booking; on average, purchases on the Internet provide savings of 30% compared with traditional channels.

The market trend (business) of online tourism in 2009 saw an increase of 110% compared to 2006. More specifically, the purchase of tickets increased by 98%, hotel booking by 112% and vacation packages by 220%. The fast growth in these last years is due to the ability of tour operators to use Internet opportunities, which has determined a significant change in the whole supply chain. For example, lodging assigned on arrival ("roulette formula") is a vacation product that is purchased on the Internet and includes standard accommodation and a charter flight, in many cases last minute. The price for booking on the Internet is on average 30% lower than brochure prices and 15% lower than travel agency prices.

Flight booking and low-cost booking in 2009 was 70% of all reservations, slightly lower than the 2008 data because of the new marketing system used by traditional agencies (Assolowcost, 2010).

However, data, which do not include micro-businesses, show that in general, the use of the Internet by businesses in Italy for the purposes of selling (3.2%) and purchasing (11.8%) is far behind other competitors, and well below the respective EU averages of 15.9% and 27.9% (Table 1.4). While the situation might be much more positive for tourism, especially for the transportation sector, tourism businesses in Italy have to increase their use of new technologies to access markets, improve the product offer and capture a tourism demand which is becoming increasingly volatile. Technology can provide important competitive advantages, especially for micro-businesses, as the use of technology for sourcing information and purchasing on the Internet increases. This is particularly important considering the trend towards shorter and more frequent trips, often booked at late notice.

Table 1.4. Internet selling and purchasing for total industry, 2008

Percentage of businesses with ten or more employees

Country	Selling	Purchasing
Italy	3.2	11.8
Spain	10.2	19.0
France	13.0	18.3
Germany (2007)	24.4	52.0
United Kingdom	32.2	47.3
EU27	15.9	27.9

Sources: OECD Information and Communication Technology (ICT) database, internal database, and Eurostat (2009), *Community Survey on ICT Usage in Enterprises*, May 2009, Eurostat, Luxembourg.

Turnover from e-commerce in Italy represented only 2.1% of the total enterprise turnover in 2008; well below the EU average of 12.2%, and well below France (12%), Germany (11.2%) and Spain (8.4%) (Table 1.5). Italy is, however, showing a high rate of growth. Moreover, online tourism is one of the most important sectors of e-commerce in Italy and a driving force for growth. The development of capacity in the management of the Internet is thus becoming a determining factor in creating tourism business. This capacity is underdeveloped in small and very small businesses which constitute a large share of the Italian tourism industry.

Table 1.5. Share of e-commerce in total enterprise turnover, 2008

Percentage

Country	Share of e-commerce in total enterprise turnover
Italy (2007)	2.1
France	12.0
Germany (2007)	11.2
Spain	8.4
United Kingdom	20.5
EU27	12.2

Sources: OECD Information and Communication Technology (ICT) database, internal database; and Eurostat (2009), *Community Survey on ICT Usage in Enterprises*, May 2009, Eurostat, Luxembourg.

The Department for the Development and Competitiveness of Tourism and the National Tourism Agency (ENIT, *Ente Nazionale Italiano per il Turismo*) have an important role to play in bringing together businesses and consumers. The government is currently undertaking a major review of the Italy web portal. The new portal will include applications that facilitate interactive information sharing with visitors; the project is planned to be completed in 2011. On the demand side, the challenge is to ensure that the quality of the information provided to the consumer is fully competitive with the consumer's next best option.

Size and structure of the tourism sector

Tourism is one of Italy's most significant economic sectors, a major driver of exports for the Italian economy, an important contributor of jobs and its long-term development potential is important, especially for the southern regions. However, in the last decade the dynamics and the economic results of tourism in Italy have been less favourable than in the 1990s. Evidence shows that Italy has a very high proportion of tourism micro-businesses, which influences its tourism development and creates challenges in terms of governmental support. Italy has a highly developed transport infrastructure; however the south of the country, as well as to a lesser extent the Alpine regions, remains poorer in terms of infrastructure that affects the accessibility of the destination.

Tourism in the economy

This analysis is based primarily on official statistics provided by ISTAT. In 2007, direct tourism spending contributed 4.8% of Italian GDP[2], and domestic tourism accounted for 7% of final consumption in the country, with this figure remaining static since 2004. Italians employed in the tourism industry rose steadily from 4.6% in 2004 to 5.1% in 2009, representing a 10% increase for the period (Table 1.6). However, since tourism touches all sectors of the economy, its real impact is even greater. While the official statistics do not provide this figure, other sources estimate that Italy travel and tourism accounts for about 10% of total GDP and 10.9% in terms of employment in 2010 (these estimates include the direct, indirect and induced impacts) (WTTC, 2010).

Table 1.6. Selected economic indicators, 2004-2009

Percentage

	2004	2005	2006	2007	2008	2009
Tourism share of GDP (direct impact)	5.1	4.9	..	4.8	..	..
Domestic tourism share of final consumption	7.0	7.0	7.0	7.0	..	..
Tourism share of employment	4.6	4.7	4.8	5.0	5.0	5.1*

..: Data not available.

Sources: *Centro internazionale di Studi e ricerche sull'Economia Turistica,* (CISET, International Centre of Studies on the Tourist Economy), ISTAT and OECD calculations.

Tourism is a significant export driver in the Italian economy. When considered as a proportion of total exports in services, the contribution and importance of travel (including tourists, same-day travellers and excursionists) to the economy of Italy is substantial, at just over one-third of the total in 2007 (38.1%). This figure is higher than

the EU27 average (22.6%), France (37.2%), Germany and the United Kingdom, and lower only than Spain with 44.8%. The share of travel in export of services in Italy has reduced marginally since 2004, thus following the trend across the EU (Table 1.7).

Table 1.7. Share of travel in exports of services, 2004-2007

Percentage

	2004	2005	2006	2007
Italy	39.6	39.5	38.5	38.1
France	39.4	36.0	36.8	37.2
Germany	18.9	17.9	17.5	16.7
Spain	52.4	50.6	48.1	44.8
United Kingdom	14.3	14.7	14.4	13.5
EU27	25.9	24.6	23.8	22.6

Source: OECD International Trade in Services database, internal database.

Tourism employment

This analysis of employment is based primarily on the European Labour Force Survey (LFS). A major shortcoming of this source is that the discussion is confined to the tourist accommodation sector. The information provided by the LFS for the hotels, restaurants, catering (HORECA) sector could be used as a proxy to provide a wider perspective for the tourism sector, however, a very large share of the activities (and of employment) of restaurants and catering is not linked to tourism. The availability of a Tourism Satellite Account (TSA) in Italy would allow a significant improvement of the statistical coverage. For the HORECA sector, the use of a tourism ratio would be necessary to extract, for example, employment in restaurants, which is directly linked to tourism demand.

In 2008, employment in the HORECA sector accounted for almost 1.2 million jobs, representing 5.1% of total employment in Italy. Italy had the highest share (5.1%) of people employed in the HORECA sector after Spain (7.7%). One out of every five persons employed in the HORECA sector worked in an establishment providing tourism accommodation. The accommodation sector represented 238 000 jobs in Italy (Table 1.8). The regions with a higher share of employment in the tourism sector are the autonomous province of Bolzano and Aosta Valley (10.8% and 8.7%, respectively), followed by Liguria and Tuscany (both 6.8%) and Sardinia (6.4%). The lowest share of employment in the field is observed in Basilicata and in Lombardia (both at 3.9%) (ISTAT, 2010a).

Domestic and inbound tourism demand

In 2009, domestic and inbound tourists spent about 358 million nights in collective accommodation, a decline of 4.1% over 2008. Despite a regular decrease in their share of total accommodation, hotels remain the most attractive accommodation option for tourists visiting Italy, with more than 66% of national and foreign tourists staying in hotels. Tourists spent about 120 million nights in accommodation other than hotels (only 61 million in 1990) (Table 1.9). Possible reasons explaining the rise of other collective

accommodation include cheaper prices, unique character and location, or simply the desire of tourists to experience a new type of vacation.

Table 1.8. Employment in tourism in Italy and selected countries, 2008

	Total employment (All NACE)	HORECA sector (NACE divisions 55+56)		Accommodation sector (NACE division 55)	
	Persons employed (thousands)	Persons employed (thousands)	Percentage share of total employment	Persons employed (thousands)	Percentage share of total employment
Italy	23 202	1 185	5.1	238	1.0
France	25 880	907	3.5	219	0.8
Germany	38 646	1 534	4.0	449	1.2
Spain	18 945	1 452	7.7	322	1.7
United Kingdom	28 777	1 342	4.7	308	1.1
EU27	218 277	9 490	4.3	2 315	1.1

Source: Eurostat (2008), Labour Force Survey, Eurostat, Luxembourg.

Table 1.9. Domestic and inbound visitor nights by type of accommodation, 1998-2009

Thousands

Year	Domestic			Inbound			Domestic and inbound				
	Hotels	Others	Total	Hotels	Others	Total	Hotels	% of hotels in total	Others	% of others in total	Total
1998	126 178	52 088	178 266	87 192	34 050	121 242	213 370	71.2	86 138	28.8	299 508
1999	128 238	53 409	181 647	90 236	36 433	126 668	218 473	70.9	89 842	29.1	308 315
2000	136 392	62 136	198 528	97 221	43 136	140 357	233 613	68.9	105 272	31.1	338 885
2001	138 559	65 091	203 651	100 322	46 350	146 672	238 882	68.2	111 441	31.8	350 323
2002	133 295	66 392	199 687	97 837	47 723	145 560	231 132	66.9	114 115	33.1	345 247
2003	135 217	69 543	204 760	93 935	45 719	139 653	229 151	66.5	115 262	33.5	344 413
2004	136 845	67 602	204 447	97 175	43 994	141 169	234 020	67.7	111 596	32.3	345 616
2005	138 222	68 504	206 727	102 098	46 193	148 290	240 320	67.7	114 697	32.3	355 017
2006	140 397	69 507	209 903	107 859	49 003	156 861	248 255	67.7	118 509	32.3	366 765
2007	141 311	71 865	213 176	113 017	50 448	163 466	254 329	67.5	122 313	32.5	376 642
2008	141 187	70 683	211 869	110 492	51 306	161 797	251 678	67.4	121 988	32.6	373 667
2009	136 039	68 017	204 056	102 109	52 142	154 251	238 148	66.5	120 159	33.5	358 307

Notes:

1. 2009 data are provisional.

2. Hotels and similar establishments include hotels, apartment hotels, motels, roadside inns, beach hotels, residential clubs, rooming and boarding houses, tourist residences and similar accommodation.

3. Other collective accommodation establishments include holiday dwellings, tourist campsites, youth hostels, tourist dormitories, group accommodation, school dormitories and other similar accommodation.

Sources: ISTAT, Eurostat.

In 2009, residents made 94.4 million domestic overnight trips. This figure was down 8.5% from over 103.1 million overnight trips in 2008, but up from the 2006 figure of 89.7 million trips. Trips for holidays remained relatively stable, accounting for between 86% and 88% of total trips each year. Between 2006 and 2008, short trips (one to three nights), increased from 51.1% to 57.8% of all holidays, while long trips (at least four nights), on the other hand, decreased from 48.9% to 42.2%. Business trips also remained relatively static, accounting for between 12.3% (2008) and 13.4% (2007) of total trips. Domestic receipts for holidays decreased slightly in 2009 by 1.3% to EUR 33 billion (Table 1.10).

Table 1.10. Domestic trips and number of nights, 2006-2009

	Units	2006	2007	2008	2009
Number of trips	Thousands	89 759	93 453	103 149	94 053
Holidays*	Thousands	78 606	80 972	90 463	82 266
one to three nights	Percentage	51.1	54.7	57.8	..
four or more nights	Percentage	48.9	45.3	42.2	..
Domestic expenditure (holidays only)	EUR millions	24 955	39 926	32 975	32 554
Business	Thousands	11 153	12 481	12 686	12 087

..: Data not available.

*Holidays include all types of personal trips.

Sources: ISTAT and ONT UnionCamere.

International arrivals have increased year on year from 2004 (59.48 million) to 2009 (72.54 million), representing a 22% increase over the period. The increases in 2008 and 2009 are particularly impressive given the global trend of reduced international arrivals as a result of the global economic crisis. This is, however, not reflected in the evolution of nights which is a more meaningful indicator to analyse the overall economic impacts of tourism. The increase would appear to be due to an increase in business arrivals relative to holiday arrivals, which, although accounting for 80% of arrivals in 2009, remained flat over this period (Table 1.11). The top five markets for Italy have remained virtually unchanged since 2004. Germany was the number one international market for Italy up until 2007, after which Switzerland took the number one position, and in 2009 it accounts for just over 17% of total international arrivals. France and Austria have remained the third and fourth largest markets during the period, increasing by 23% and 32% respectively, although in real terms their growth has been minimal. The other major change is the inclusion of Slovenia from 2009, taking over the position from the United Kingdom, whose numbers have declined by nearly 25% since 2007. International receipts have not increased in line with arrivals during the financial crisis. Receipts remained relatively flat in 2008, however, in 2009 they decreased by nearly 7% to just under EUR 29 billion. This negative trend should be analysed in connection with the decrease of 4.7% of inbound nights.

Looking at the regional distribution of nights, the northeast was the most popular macro-region for both domestic (37.2%) and inbound visitors (44.2%) in 2008, accounting for 40.3% of total visitor nights (Table 1.12). Some of the most important art cities in Italy are located in the north of the country. Central Italy was next with just under a quarter (24.2%) of total nights, followed by the northwest (15.2%), the south (13.2%) and the islands (7.0%). It is interesting to note that while the south accounted for nearly one in five domestic nights (17.7%), it represented less than one in ten (7.4%) of total inbound nights, highlighting the discrepancy in attractiveness between the north and

south for inbound visitors. Potential explanations for this situation could be that reaching locations in the south and islands and making journeys between local destinations is more difficult due to underdeveloped transport infrastructure and that the attractions in the south are less known and exploited.

At the regional level, the three most popular destinations in Italy for inbound visitors are Veneto in the north with over 20% of international arrivals, and Lazio and Toscana in central Italy (with 13% and 12.2% respectively). However, Campania receives the highest number of international arrivals in the south with 4.7% of the total and representing the seventh highest number for all regions. For domestic arrivals, Emilia-Romagna in the northeast received the highest proportion of visitors (13.8%), followed by Veneto and Toscana. Campania, in fifth position (5.2%), was again the most popular destination in the south of Italy.

Table 1.11. Inbound tourism: International arrivals and receipts, 2004-2009

	Units	2004	2005	2006	2007	2008	2009
International arrivals[1]	Thousands	59 483	60 220	67 456	71 200	71 701	72 540
Holidays[2]	Thousands	..	..	55 519	58 279	58 327	58 247
Business	Thousands	..	..	11 937	12 922	13 374	14 293
Top five markets							
Germany	Thousands	11 997	11 059	10 835	11 521	11 596	11 484
Switzerland	Thousands	9 490	8 703	10 293	11 157	12 195	12 385
France	Thousands	8 262	8 434	10 328	9 913	10 139	10 199
Austria	Thousands	5 576	5 939	6 367	6 818	6 611	7 373
United Kingdom	Thousands	3 822	4 226	4 514	4 808	4 129	3 628
Slovenia[3]	Thousands	..	..	3 109	2 891	4 090	4 428
International receipts	EUR millions	28 665	28 453	30 368	31 121	31 090	28 856

..: Data not available.

1. Includes seasonal and cross-border workers.

2. Holidays include all types of personal trips.

3. Top five markets in 2009.

Source: Bank of Italy (2010), *www.bancaditalia.it/statistiche/rapp_estero/altre_stat/turismo-int*.

Tourism businesses by size

The Italian tourism supply is dominated by companies which are family-owned. Italy's company structure in this industry has one of the highest proportion of micro (one to nine employees) and small companies (<50 employees) in the EU. In terms of micro-businesses, Italy has in comparison to France, Germany, Spain and the United Kingdom, the highest number of establishments for travel agencies (93.8% of the total) and restaurants (96.1% of the total) and the second highest for hotels (85.1% of the total) (Tables 1.13 to 1.15).

Table 1.12. Domestic and inbound visitor nights by region, 2008

Region	Domestic nights	% of total domestic nights	Inbound nights	% of total inbound nights	Total	% of total nights
Northeast	78 843 056	37.2	71 576 800	44.2	150 420 356	40.3
Veneto	24 930 656		35 676 417		60 607 173	
Emilia-Romagna	29 322 847		9 038 550		38 361 497	
Prov. Aut. Di Bolzano	10 140 657		17 558 790		27 699 547	
Prov. Aut. Di Trento	9 342 630		5 530 382		14 873 112	
Friuli-Venezia Giulia	5 106 266		3 772 661		8 879 027	
Northwest	32 973 938	15.6	24 131 751	14.9	57 105 989	15.2
Lombardy	13 474 140		14 829 365		28 303 605	
Liguria	9 984 799		4 145 715		14 130 614	
Piedmont	7 471 502		4 086 828		11 558 430	
Aosta Valley	2 043 497		1 069 843		3 113 340	
Centre	45 819 738	21.6	44 608 033	27.6	90 428 171	24.2
Toscana	21 528 480		19 733 476		41 262 056	
Lazio	10 557 835		21 118 292		31 676 227	
Marche	9 806 766		1 671 596		11 478 462	
Umbria	3 926 657		2 084 669		6 011 426	
South	37 439 073	17.7	12 042 082	7.4	49 481 755	13.2
Campania	11 114 279		7 608 107		18 722 486	
Puglia	10 469 631		1 713 745		12 183 476	
Calabria	7 024 711		1 468 628		8 493 439	
Abruzzo	6 539 833		1 020 643		7 560 576	
Basilicata	1 681 069		181 304		1 862 473	
Molise	609 550		49 655		659 305	
Islands	16 793 473	7.9	9 438 768	5.8	26 232 441	7.0
Sicilia	8 381 095		5 557 224		13 938 419	
Sardegna	8 412 378		3 881 544		12 294 022	
Italy	211 869 278	100.0	161 797 434	100.0	373 668 712	100.0

Source: ONT elaboration of ISTAT data, *www.ontit.it*.

Table 1.13. Hotels: Enterprises by size-class

Percentage

	Size-class	Italy	France	Germany	Spain	United Kingdom
Employment	0-9	41.2	38.1	27.3	16.0	10.1
	10-19	21.1	16.7	21.4	8.7	10.3
	20-49	15.7	14.7	23.4	18.1	14.1
	50-249	13.4	11.8	16.8	31.0	25.6
	250 or more	8.7	18.8	11.1	26.1	39.9
Turnover	0-9	33.7	35.6	22.0	11.3	10.7
	10-19	21.2	14.4	17.4	7.7	9.2
	20-49	16.0	14.4	20.4	18.8	12.0
	50-249	16.0	11.8	20.5	33.1	22.9
	250 or more	13.0	23.9	19.7	29.1	45.1
Gross investment	0-9	20.2	45.7	..	17.1	16.6
	10-19	38.9	10.4	..	5.1	8.1
	20-49	6.6	11.4	..	17.3	8.9
	50-249	21.6	8.0	..	35.9	20.4
	250 or more	12.7	24.5	..	24.6	45.9
Number of enterprises	0-9	85.1	90.0	75.1	79.7	62.3
	10-19	10.3	6.7	15.2	8.2	18.8
	20-49	3.5	2.6	7.7	7.5	11.2
	50-249	0.9	0.6	1.8	4.0	6.9
	250 or more	0.1	0.1	0.2	0.5	0.8

..: Data not available.

Source: OECD (2010), *OECD Tourism Trends and Policies 2010*, OECD Publishing.

Table 1.14. Restaurants: Enterprises by size-class

Percentage

	Size-class	Italy	France	Germany	Spain	United Kingdom
Employment	0-9	69.3	53.6	43.2	62.9	27.0
	10-19	10.8	11.4	18.5	12.3	19.7
	20-49	4.5	11.7	15.9	8.9	8.3
	50-249	3.1	4.6	11.6	6.2	7.4
	250 or more	12.2	18.6	10.8	9.7	37.6
Turnover	0-9	63.2	50.0	43.6	62.0	26.0
	10-19	12.2	11.2	15.2	13.2	15.2
	20-49	5.1	13.4	13.7	10.2	8.0
	50-249	3.9	5.0	12.2	6.0	8.7
	250 or more	15.6	20.5	15.2	8.5	42.1
Gross investment	0-9	76.2	75.1	..	55.2	29.6
	10-19	7.9	7.2	..	15.7	14.4
	20-49	4.8	5.9	..	12.3	6.3
	50-249	1.6	3.8	..	8.0	9.4
	250 or more	9.4	7.9	..	8.8	40.4
Number of enterprises	0-9	96.1	95.1	86.0	95.1	75.4
	10-19	3.2	3.2	9.4	3.5	19.8
	20-49	0.6	1.4	3.7	1.1	3.6
	50-249	0.1	0.2	0.9	0.3	1.0
	250 or more	0.0	0.0	0.1	0.0	0.2

..: Data not available.

Source: OECD (2010), *OECD Tourism Trends and Policies 2010*, OECD Publishing.

Table 1.15. Travel agencies: Enterprises by size-class

Percentage

	Size-class	Italy	France	Germany	Spain	United Kingdom
Employment	0-9	57.4	25.7	41.9	33.1	16.4
	10-19	14.0	12.1	11.7	9.4	6.8
	20-49	10.1	17.0	13.4	9.5	8.3
	50-249	11.2	17.7	16.0	13.4	15.7
	250 or more	7.3	27.6	17.0	34.6	52.8
Turnover	0-9	33.2	29.0	14.4	13.0	15.3
	10-19	13.5	11.6	5.0	5.5	7.2
	20-49	17.9	16.2	9.4	14.9	9.6
	50-249	21.8	19.6	24.3	18.6	16.9
	250 or more	13.6	23.7	46.9	48.0	51.0
Gross investment	0-9	21.2	30.2	..	34.5	28.5
	10-19	9.8	10.4	..	10.9	11.1
	20-49	3.3	14.6	..	12.6	6.9
	50-249	63.6	20.8	..	7.6	16.2
	250 or more	2.2	24.0	..	34.5	37.2
Number of enterprises	0-9	93.8	86.2	89.5	92.7	83.7
	10-19	4.3	7.6	6.2	4.2	8.3
	20-49	1.4	4.4	2.9	2.0	4.5
	50-249	0.5	1.4	1.2	0.9	2.7
	250 or more	0.1	0.3	0.2	0.2	0.8

..: Data not available.

Source: OECD (2010), *OECD Tourism Trends and Policies 2010*, OECD Publishing.

There are both advantages and weaknesses to such an industry structure. The small businesses are flexible and can adapt to the changing needs of visitors. They can offer niche products, and focus on providing tailor-made and personalised solutions to visitor requirements. SMEs can often provide higher-quality services than larger businesses with standardised work practices. On the negative side, family-owned and managed hotels do not often translate their visions into explicit business models designed to innovate and optimise financial results. This may be due, for example, to a lack of necessary business or management skills, or contentment with current lifestyle. For a significant share of small businesses, tourism may represent only a second activity and not the primary source of income. In this context, it might be difficult to implement policies that aim to increase quality of services, improve productivity and processes or to increase managerial skills.

However, at the same time, obvious advantages for larger companies are that they can reduce costs by achieving economies of scale and scope, and offer a wider range of services to customers (EU, 2009). This is not usually the case for micro and small companies, which have very few opportunities to rationalise business practises and, while offering a very personal and customised service, are usually only able to offer a set of core products and services.

Tourism accommodation

It should be noted that accommodation in this report only includes accommodation registered by official statistics. Therefore it does not include unregistered private accommodation such as second homes or special cases such as accommodation in Rome belonging to the Vatican City State.

In 2009, the accommodation supply in Italy was made up of 23.4% hotels (down from 28.5% in 2000) and 76.6% of other accommodation facilities. However, other accommodation facilities accounted for just over half (51.6%) of total beds, suggesting that they are generally much smaller in size than traditional hotels.

Tourists spent over 2.3 billion nights at collective accommodation establishments in the EU during the year 2008, with nearly one-third of these nights spent in Italy (376 million nights) and Spain (375 million nights). Completing the top five are Germany (324 million), France (301 million) and the United Kingdom (252 million). These five countries accounted for more than 70% of the total guest nights spent at collective accommodation establishments in the EU (EU, 2010).

Accommodation supply has changed significantly over the past ten years, with accommodation facilities other than hotels, increasing sharply in number from 83 858 in 2000, to 111 391 in 2009, while the number of beds increased by 15% (from 2 055 897 to 2 370 850). Over the same period, the number of hotel establishments remained fairly stable, only increasing from 33 361 to 33 967, while the number of hotel beds increased by 20%. These figures indicate that the average number of beds per hotel has increased by ten since 2000 (from 55 to 65). An analysis of complementary accommodation shows that from 2005, the number of camping and holiday village establishments increased by 6.7% (while beds decreased by 1.5% over this period); farm stay establishments increased by 29.4% (beds by 38.6%); B&Bs increased by 98.8% (beds by 95.9%); and house rental and other accommodation increased by 1.7% (while beds decreased by 4.6%) (Table 1.16).

The number and increasing development of accommodation facilities other than hotels may be a potential strong point in Italy, in comparison to other important competitors, to face new trends in tourism demand. Nevertheless, the achievement of this potential is limited by *i)* the lack of clear classification and regulation of these accommodation structures; *ii)* the weakness or, more often, the absence of network agreements between single accommodation structures that allow the optimisation of purchasing processes, of delivering services and of distribution; and *iii)* the lack of inbound strategies that are able to actively promote this type of offer and generate new opportunities.

Table 1.16. Accommodation by type and capacity (establishments and beds), 2000-2009

Year	Hotel		Other accommodation										Total	
			Camping/ holiday village		Farms		Bed and breakfast		House rental and other		Total other accommodation			
	No.	Beds	No.	Beds	No.	Beds	No.	Beds	No.	Beds	No.	Beds	No.	Beds
2000	33 361	1 854 101	2 376	1 314 010	6 816	77 171	..	..	74 666	664 716	83 858	2 055 897	117 219	3 909 998
2001	33 421	1 891 281	2 370	1 327 103	7 744	88 993	..	..	84 746	716 953	94 860	2 133 049	140 263	4 024 330
2002	33 411	1 929 544	2 374	1 360 935	8 682	191 099	4 338	19 398	64 910	718 388	80 304	2 289 820	113 715	4 649 050
2003	33 480	1 969 495	2 530	1 343 134	9 474	111 066	5 774	27 543	62 086	707 383	79 864	2 189 126	113 344	4 158 621
2004	33 518	2 201 838	2 529	1 327 588	15 465	123 392	7 796	93 544	60 383	801 634	86 173	2 346 158	114 527	4 205 577
2005	33 527	2 028 452	2 411	1 344 242	11 758	139 954	10 278	52 948	71 962	784 937	96 409	2 322 081	129 936	4 350 533
2006	33 768	2 087 010	2 506	1 357 208	12 874	155 107	12 565	64 212	72 994	835 373	100 939	2 411 900	134 707	4 498 910
2007	34 058	2 142 786	2 587	1 331 879	13 941	168 595	15 094	76 701	65 369	765 620	96 991	2 342 795	131 049	4 485 581
2008	34 155	2 201 838	2 595	1 360 935	15 465	191 099	18 189	93 544	69 859	801 634	106 108	2 447 212	140 263	4 649 050
2009	33 967	2 227 832	2 573	1 324 383	15 217	193 936	20 437	103 730	73 164	748 801	111 391	2 370 850	145 358	4 598 682

..: Data not available.

Sources: Federalberghi (2010), "Sesto Rapporto sul Sistema Alberghiero in Italia 2010", Federalberghi, Rome, p. 44; and ISTAT (2006-2009 data).

In 2009, an examination of hotel accommodation in Italy shows that three-star establishments accounted for nearly half of all hotels (44.7%) and a similar proportion of beds (43.8%). Between 2008 and 2009, there was an increase in three, four and five-star hotels, and holiday residence, but a decrease in one and two-star hotels. The largest increase in number of beds was in four (5.6%), and five-star hotels (8.5%), while the one-star and two-star hotel beds reduced 6.3% and 3.8% respectively (Table 1.17).

Table 1.17. Hotel typology, 2008 and 2009

Accommodation category	Establishments		Beds		Rooms	
	2008	2009	2008	2009	2008	2009
Five-star hotels	315	344	56 208	60 991	26 568	28 833
Four-star hotels	4 623	4 892	635 901	671 807	307 510	324 056
Three-star hotels	15 160	15 171	974 995	975 864	489 074	487 791
Two-star hotels	7 196	6 907	234 330	225 443	124 145	119 015
One-star hotels	4 299	4 017	101 152	94 788	54 759	51 054
Holiday residences	2 562	2 636	199 252	198 939	77 409	77 339
Total	34 155	33 967	2 201 838	2 227 832	1 079 465	1 088 088

Source: ISTAT.

The level of classification of hotel supply in the southern regions is on average higher than in the rest of the country. In the south, approximately 20% of hotels are four to five-star facilities, while 12% of hotels are four to five-star facilities in the rest of Italy. On the other hand, all other complementary facilities, which have greatly increased, aside for the case of Sicily, have had a slower growth in the south (Ministry of Economic Development, 2007).

When examining the distribution of accommodation at the macro-regional level there is evidence that the northeast is the predominant area for hotels and other types of accommodation. Between 2005 and 2008, more than 40% of all hotels, and over 60% of all other accommodation in Italy, were located in the northeast. The northwest and central regions accounted for a fairly similar proportion of hotels, however, the central region had twice the proportion of other accommodation compared to the northwest. Approximately 21% of total accommodation facilities are distributed in the south of Italy; they represent about 33% of the total in terms of beds. Overall, the accommodation facilities have increased more in the south of Italy rather than in the rest of the country (Table 1.18).

Table 1.18. Accommodation type and capacity by macro-region, 2005-2008

Percentage of establishments and beds

Accommodation type	2005		2006		2007		2008	
	No.	Beds	No.	Beds	No.	Beds	No.	Beds
Hotels								
Northwest	19.5	16.5	19.4	16.6	19.3	16.7	19.4	17.0
Northeast	43.3	37.4	43.0	37.0	42.8	36.7	42.4	36.4
Centre	18.8	20.4	18.8	20.2	18.6	19.8	18.8	20.1
Mezzogiorno	12.7	16.0	13.0	16.3	13.0	16.6	13.2	16.6
Islands	5.5	9.3	5.8	9.6	6.0	9.8	6.1	9.8
Other*								
Northwest	6.4	13.4	7.1	14.0	8.3	14.8	8.3	14.3
Northeast	70.0	37.3	67.5	37.1	62.8	34.3	60.6	35.1
Centre	15.5	26.1	16.0	26.0	17.7	27.2	18.3	27.4
Mezzogiorno	4.8	16.7	5.5	16.2	6.4	16.7	7.6	16.1
Islands	3.1	6.2	3.7	6.4	4.5	6.7	5.2	7.0

*Other accommodation includes camping and holiday villages, farms, B&Bs and house rentals.

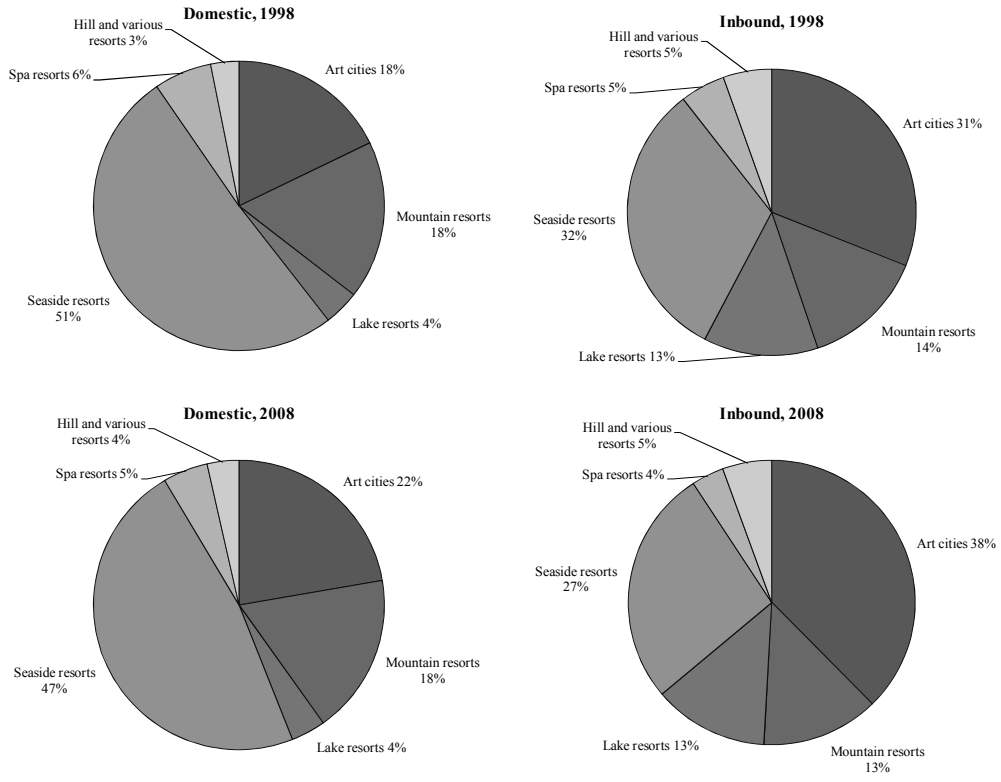
Source: ISTAT.

Main tourism products

While seaside resorts continue to represent the main tourism attraction in Italy for the domestic market (Figure 1.1), art cities have been growing very rapidly over the last ten years. They now represent about 22% of the domestic market and are the main attraction for the international market (38% of inbound visitors). This is not without posing crucial governance and visitor management problems, for example in the historic and fragile centers of many art cities (Box 1.2). The shares of the other main tourism products remain rather stable with the exception of seaside resorts which lost four points of market share on the domestic market and five points on the international market over the last ten years. Italy, while probably less affected than several other Mediterranean destinations, is confronted by the erosion of the seaside mass tourism development model and the necessity to implement rejuvenation policies with new strategic infrastructure developments and a greater diversification of the tourist offer (*e.g.* Rimini model). While it does not appear in the figure below, it is important to mention that a wide number of other products are well established and gaining importance on the tourism market. These

products may combine different types of destinations such as cruise tourism, agritourism or food tourism.

Figure 1.1. Overnight stays by origin and type of destination, 1998 and 2008



Source: ISTAT.

Transport infrastructure

Good accessibility is instrumental for the overall competitiveness of the destination. The provision of suitable infrastructure and adequate means of transportation are fundamental requirements to facilitate the mobility of tourists. A good mix of transportation means, with a high level of intermodality, can improve accessibility and also largely contribute to the long-term sustainability of the destination by reducing congestion problems. The choice of a destination primarily depends on its attractiveness (*e.g.* natural, cultural, and local resources), but is also highly dependent on the costs and time necessary to reach the destination.

Box 1.2. Venice: The stress of nearly 40 million tourist visits a year

Tourism has grown at a meteoric pace in the Venice city-region. Tourists account for approximately 30% of the daily city users. Every day, nearly 50 000 tourists can be found in historic Venice or the island, whose total real population amounts to approximately 143 000 city users daily. The tourists' expenditure is much higher than that of the residents. It is estimated, for instance, that out of the total expenditure in public establishments, over 76% is attributable to tourists, while tourists account for over 55% of daily expenditure in the commercial sector. It is clear that, in Venice's historic centre, business and public establishments depend heavily on tourism.

Daily population equivalent in the Venice municipality, 2007

Population group	Historic city and islands		Venice municipality	
	Absolute value	Population equivalent	Absolute value	Population equivalent
Residents	70 594	67 693	268 934	257 882
Second home owners	13 284	4 731	22 894	8 154
Undergraduate students	5 937	3 416	7 254	4 174
Tourists (overnight visitors)	5 387 695	14 761	8 245 154	22 589
Tourists (day-trippers)	11 751 000	32 195	11 751 000	32 195
Commuters (study)	11 053	6 359	13 602	7 826
Commuters (work)	20 068	14 295	30 437	21 681
Other*	-	-	11 224	11 224
Total population equivalent		143 450		365 724

*Refers to such categories as soldiers based in military installations and hospitalised and incarcerated populations.

Source: Various sources synthesised in Di Monte, G. and G. Santoro (2008), "Venezia: quartiere metropolitano", COSES document 1032.0, Venice.

- Historic Venice has witnessed the conversion of the built environment to accommodate tourists. A hotel can be a very profitable enterprise in Venice. Venice has the highest average hotel room rate in the euro area (Table 1.32).
- Tourist businesses, such as souvenir shops, grew by 265% from 1976 to 2007.
- Large increases have been recorded for non-hotel-type establishments, including rented rooms, holiday houses, bed and breakfast establishments, youth hostels, religious institutions offering hospitality and residential study centres. The number of non-hotel-type establishments grew from 142 to 1 408 from 2000 to 2007, more than a tenfold increase.
- The value of residential property in Venice has more than doubled since 2000, largely as a result of the tourist economy (Da Mosto *et al.*, 2009).
- Critics argue that such a transformation has changed the rich functional texture of the Venice city-region's historical cities, which have partially lost their long-standing function as all-purpose urban centres.

Source: OECD (2010), *OECD Territorial Reviews: Venice, Italy*, OECD Publishing, page 75.

Italy has a significant transport infrastructure which places the country among the most developed countries. However, Italy, compared to some of its main competitors in Europe is lagging behind in terms of recent transport infrastructure development. Moreover, the quantity and quality of infrastructure is not the same throughout the country. The north and the centre of the country are well covered by an intricate network of roads and rails, whereas infrastructure in the south remains poorer than in the north. The difference in density and quality of infrastructure reflects – and at a certain point influences – the different economic development of the country. Certain local destinations in the Mezzogiorno remain difficult to access compared to the rest of the country.

In 2008, according to Eurostat figures, motorised vehicles (private or rented) were the main means of transport used by tourists, representing 56% (EU average) of long holiday trips. For Italy, this figure was even higher (61%). The share of air transport represented 26% for the EU27 but only 20% for Italy. The transport by sea in Italy (6%) was double the EU average (3%), due presumably to the many popular islands destinations (Table 1.19).

Table 1.19. Main means of transport: Holiday trips of four nights or more[1], 2008

Percentage

Country	Air	Sea	Land	of which			
				Railway	Bus, coach	Private and hired vehicles	Other
Italy[2]	20	6	74	7	5	61	<1
France	11	<1	88	13	2	73	<1
Germany	27	2	72	10	7	55	<1
Spain	18	2	80	7	15	58	<1
United Kingdom[2]	54	7	39	5	3	30	<1
EU27[3]	26	3	71	9	6	56	<1

1. EU residents aged 15 and over.

2. 2007 data.

3. EU27 excluding Cyprus[4 5], Malta and Sweden (incomplete or unreliable data).

4. Note by Turkey: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus" issue.

5. Note by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: Eurostat (2010), *Tourism Statistics in the European Statistical System*, 2008 data, Eurostat, Luxembourg.

Italy has one of the largest road systems in Europe. This should be seen primarily as an asset considering that the car remains by far the preferred means of transport of visitors. There is evidence, however, that the road infrastructure system in Italy presents significant regional disparities between the north and the south and among regions. In particular, the density of motorways is lower in the centre and in the Mezzogiorno than in the north, which might have in turn an impact on the accessibility of remote destination areas (Table 1.20).

More specifically, the Intesa Sanpaolo study indicates that from the 1970s the building of motorways has been slower in Italy than in France, Spain and Germany. If in 1970 Italy was second only to Germany for its motorways network, the low rate of investment in recent years has shifted Italy, in 2005, towards last position, and only ahead of the United Kingdom. According to Eurostat figures, in the EU27 countries, the average percentage of toll motorway kilometres per 1 000 kilometres of surface area in 2007 was 8.6% while in Italy it was 21.9%, in Spain 22.6%, in Germany 35.3%, in France 19.7%, and in the United Kingdom 15.1%.

Table 1.20. Extent of road networks in Italy*

Kilometres

Macro-region	Provincial and regional roads per 100 km² of territorial surface		National roads per 100 km² of territorial surface		Highways per 1 000 km² of territorial surface		Three-lane highways per 100 km of highway	
	2000	2005	2000	2005	1996	2006	1996	2006
Northwest	37.8	57.5	13.2	3.4	32.0	32.5	35.9	35.9
Northeast	30.8	45.2	13.2	5.2	23.2	23.4	29.0	29.5
Centre	37.8	53.6	15.5	4.2	19.2	19.2	16.2	24.7
South	42.3	50.6	20.0	9.5	20.0	20.0	11.0	11.9
Islands	35.5	35.7	14.1	14.0	11.7	12.7	..	..
Italy	37.06	48.9	15.45	7.14	21.46	21.75	22.05	23.72

..: Data not available.

*The sharp reduction in national roads and the corresponding increase in provincial and regional roads between 2000 and 2005 is the result of the legislative decree 112/1998 "Devolution of administrative functions from the central state to regions and local authorities". This decree has transferred the property of several roads from the central state to regions or, through regional laws, to local authorities.

Source: Intesa Sanpaolo (2009), *Infrastrutture di sistema e offerta turistica*, October 2009, Intesa Sanpaolo, Milan, *www.biis.it/portalOpiv0/biis/files/2009.10_flmottobre2009_finale.pdf*, p. 59.

Italy benefits from a rather large network of international, national and regional airports. Italian airports are well spread all over the territory, including in the south and in the main islands. There are 49 airports, 31 of which have a passenger traffic above 15 000 passengers per year and 22 are defined as medium-sized airports, with a flow of passengers between 50 000 and 10 million a year (Table 1.21). Only the two main hubs exceed 10 million passengers a year (Table 1.22). Comparing the situation of Italy to other countries, the number of medium-sized airports in Italy is higher than in Germany but lower than in France, Spain and the United Kingdom.

Table 1.21. Number of airports and passenger flows by macro-region

Macro-region	Number of airports 2005	Passenger arrivals/departures (thousands)	
		1996	2006
Northwest	10	19 205	41 099
Northeast	11	6 995	16 311
Centre	10	25 747	39 713
South	9	4 895	10 187
Islands	9	8 019	15 577
Italy	49	64 861	122 889

Source: Intesa Sanpaolo (2009), *Infrastrutture di sistema e offerta turistica*, October 2009, Intesa Sanpaolo, Milan, *www.biis.it/portalOpiv0/biis/files/2009.10_flmottobre2009_finale.pdf*, p. 60.

Table 1.22. Italian airports by number of travellers, 2008

	Airport	Travellers
1	Rome-Fiumicino	34 814 788
2	Milan-Malpensa	19 004 177
3	Milan-Linate	9 262 885
4	Venice	6 818 589
5	Bergamo	6 406 365
6	Catania	6 017 767
7	Naples	5 629 383
8	Rome-Ciampino	4 742 289
9	Palermo	4 422 060
10	Bologna	4 342 251

Sources: ISTAT (2010), *Trips and Holidays in Italy and Abroad, 2009*, 17 February 2010, ISTAT, Rome.

The forecasts for demand indicate that a strong increase is expected up to the year 2030 in terms of passenger air transportation (the number of passengers could move from 130 million up to 243-295 million). Recent studies suggest that Italy should undertake in the next 20 years a major restructuring of its air transport system (closure, rejuvenation or resizing of airports) in order to make it more efficient (*e.g.* in terms of public funding), to avoid major congestion problems and to capture new demand and associated economic benefits. For example, airports considered to have high potential could be rejuvenated while other, less strategic, airports might be closed.

The Intesa Sanpaolo study also analyses that the high number of regional airports has favoured the emergence of low cost operators in Italy. The dynamic of the demand for low-cost flights (of which a very high proportion is linked to tourism) has significantly increased the traffic in smaller airports (*e.g.* Bari, Bergamo, Ciampino, Cuneo, Forli, Lecce, Trapani, Treviso). The introduction of low-cost flights to the airports of some cities in the south has increased accessibility for both domestic and inbound visitors. The low cost trend has played a positive role by reducing in particular the concentration of the traffic of passengers on very large airports and by redistributing passengers towards smaller airports. Moreover, the study indicates that Italian airports demonstrate particularly low quality in terms of intermodality, especially connections with rail and roads, as well as a high cost for connections between airports and city centres.

In terms of railways, Italy has a lower number of kilometres of railways per inhabitant in comparison to other major European countries (285 kilometres per million inhabitants against more than 400 kilometres in France and Germany and 350 kilometres in Spain). At the European level, the figures show that between 2000 and 2007 the railway system has contracted by 2.3% while there was an increase of 6.6% in terms of passengers. In Italy, the situation was the contrary, with an expansion during the same period of the railway network by 3% while passenger traffic grew by only 0.4%.

However, looking at the development of the high-speed rail network in recent years, a different evaluation can be made. Table 1.23 shows that Italy is behind its main European competitors, with only 744 new kilometres built between 1981 and 2009, a third of that developed by Spain (1 599 kilometres) and almost a quarter of that constructed in France (1 872 kilometres). Southern Italy remains disadvantaged by a railway network that does not provide sufficient access to locations. In terms of prospect, Spain is currently committed to build 2 219 kilometres of high-speed lines in addition to the existing 1 599 kilometres and another 1 702 kilometres are planned for the future, which will make the country the most developed in this area. Planned projects in Europe could more than triple the existing infrastructure by 2020; but it should be taken into consideration that most of these projects were announced before the recent economic crisis and some might be delayed or cancelled as a result of it.

Table 1.23. Existing or planned high-speed rail lines by country, 1981-2009

Kilometres of track

Country	In operation	Under construction	Planned	Total
Italy	744	132	395	1 271
France	1 872	299	2 616	4 787
Germany	1 285	378	670	2 333
Spain	1 599	2 219	1 702	5 520
United Kingdom	113	0	0	113
Total Europe	5 613	3 148	7 851	16 612

Source: International Energy Agency (2009), *Transport Energy and CO2: Moving Towards Sustainability*, OECD Publishing, based on International Union of Railways (UIC) data.

A recent comparative study on infrastructure and mobility led by the *Istituto Nazionale Ricerche Turistiche* (ISNART) analyses the competitiveness of the Italian railways compared to France, Spain and the United Kingdom. Italy is doing well both in terms of price (ranking second behind France) and time taken per 100 kilometres travelled (ranking second behind Spain) (Table 1.24.).

Table 1.24. Average high-speed rail cost and time per 100 kilometres

Country	Average price in EUR per 100 km	Average number of minutes per 100 km
Italy (high-speed)	23.62	32.53
France (high-speed)	20.53	39.47
Spain (high-speed)	26.77	32.04
United Kingdom	25.63	51.69

Source: ISNART (2010), "Infrastrutture e mobilità", April 2010 based on Trenitalia, National Rail, Renfe, SNCF data.

For Italy, in addition to effective air, rail and road networks, the availability of an efficient infrastructure of tourist ports and associated services is an important element to realise the growth potential of tourism (yachting, cruise tourism, etc.) (Table 1.25). The relevance of port infrastructure goes beyond its docking functions and related services. It should be considered as strategic for territorial development, providing access to the hinterland and building important synergies with the local economy.

Table 1.25. Number of mooring places by country, 2008*

Country	Number of yachts and recreational boats	Marinas and small ports	Moorings	Number of yachts and recreational boats per mooring	Number of inhabitants per mooring place	Mooring places per km of coast	Number of inhabitants per boat (thousands)
Italy	615 585	105	128 042	4.8	453.0	14. 9	11
France	725 935	376	224 000	3.2	267.9	40.7	12
Spain	241 000	..	103 000	2.3	398.1	13.6	6
Croatia	105 000	123	13 878	7.6	324.3	2.4	23
United Kingdom	463 019	500	225 000	2.1	271.1	18.0	8
Sweden	753 000	1 000	200 000	3.8	45.0	62.5	84

..: Data not available.

*Data are the latest available for a homogenous international comparison, but are different from those of following tables as they refer to previous years.

Source: Intesa Sanpaolo (2009), *Infrastrutture di sistema e offerta turistica*, October 2009, Intesa Sanpaolo, Milan, *www.biis.it/portalOpiv0/biis/files/2009.10_flmottobre2009_finale.pdf*, page 70.

The Intesa Sanpaolo study reports that in the last ten years, the demand and supply of marine tourism has significantly increased, both for yachting and cruise tourism. Moreover, the concept of touristic ports has changed in recent years, developing from docking places to residential villages. The new trend is to offer combined packages of lodging and mooring places; therefore, around the new ports and marinas, a complex system of apartments, stores, services and commercial centres is developing.

In Italy, the majority of mooring places (80%) are available in touristic and multifunctional ports and almost half of them are concentrated in four regions: Liguria,

Sardinia, Tuscany and Friuli-Venezia Giulia. The number of mooring places increased by more than 50% between 1997 (98 000) and 2006 (130 000).

As for other infrastructure, ports and marinas in Italy also demonstrate a non-homogeneous situation. The Italian average number of infrastructure is 6.7 every 100 kilometres of coast. The density of infrastructure and mooring places is much lower in southern regions such as Calabria, Basilicata and Molise (1.9, 1.5 and 2.8 infrastructures every 100 kilometres of coast, respectively). On the other hand, regions such as Friuli, Veneto, Emilia Romagna and Liguria in the north count a much higher density (Table 1.26).

Table 1.26. Density of infrastructure and mooring places by region

Region	Km of coast	Number of mooring places	Density of mooring places	Number of infrastructures	Density of infrastructure per 100 km
Friuli V.G.	111	15 368	138.45	43	38.73
Veneto	140	11 583	82.74	43	30.71
Emilia Romagna	130	5 120	39.38	22	16.92
Liguria	350	19 385	55.39	49	14.00
Lazio	290	8 534	29.43	28	9.66
Campania	480	10 675	22.24	46	9.58
Tuscany	442	15 509	35.09	41	9.28
Marche	172	5 639	32.78	11	6.40
Apulia	865	9 464	10.94	44	5.09
Sicily	1 623	13 875	8.55	79	4.87
Abruzzi	125	2 611	20.89	6	4.80
Sardinia	1 897	18 433	9.72	74	3.90
Molise	36	40	1.11	1	2.78
Calabria	736	3 854	5.24	14	1.90
Basilicata	68	600	8.82	1	1.47
Total Italy	7 465	140 690	18.85	502	6.72

Sources: Intesa Sanpaolo (2009), *Infrastrutture di sistema e offerta turistica*, October 2009, Intesa Sanpaolo, Milan, *www.biis.it/portalOpiv0/biis/files/2009.10_flmottobre2009_finale.pdf*, page 74, and OECD calculations.

Quality and prices are also relevant factors for the development of tourism. Based on an Ami-Cenis yachting survey, published in 2008, 83% of Italian boat owners consider foreign marine infrastructure better than that in Italy, not only for quality and quantity of services provided, but also for prices.

The table below shows that Italy is more expensive than other major destinations in the Mediterranean. In Italy, the prices range from a min of EUR 100 to a max of EUR 250 per day for a 15 metre boat, while, elsewhere, prices for similar services range from EUR 70 to EUR 110 in France, from EUR 70 to EUR 120 in Croatia, and from EUR 20 to EUR 80 in Greece (Table 1.27).

As far as cruising ports are concerned, Italy is very well-positioned internationally. Out of 60 ports in the Mediterranean region, Italy counts nine ports among the 20 best ports in terms of cruise passenger traffic. Cruise passenger traffic has increased by 28.6% from 2000 to 2007.

Table 1.27. Price of mooring place per day in the Mediterranean, 2008 (15 metre boats)

Country/Region	Min EUR	Max EUR
Northern Italy	130	250
Central Italy	130	250
Southern Italy	100	250
Baleares	70	130
Croatia	70	120
Southern France	70	110
Corsica	70	110
Turkey	50	100
Ionian Greece	30	80
Cycladic Greece	20	50

Source: Intesa Sanpaolo (2009), *Infrastrutture di sistema e offerta turistica*, October 2009, Intesa Sanpaolo, Milan, *www.biis.it/portalOpiv0/biis/files/2009.10_flmottobre2009_finale.pdf*, page 78.

Tourism performance and competitiveness

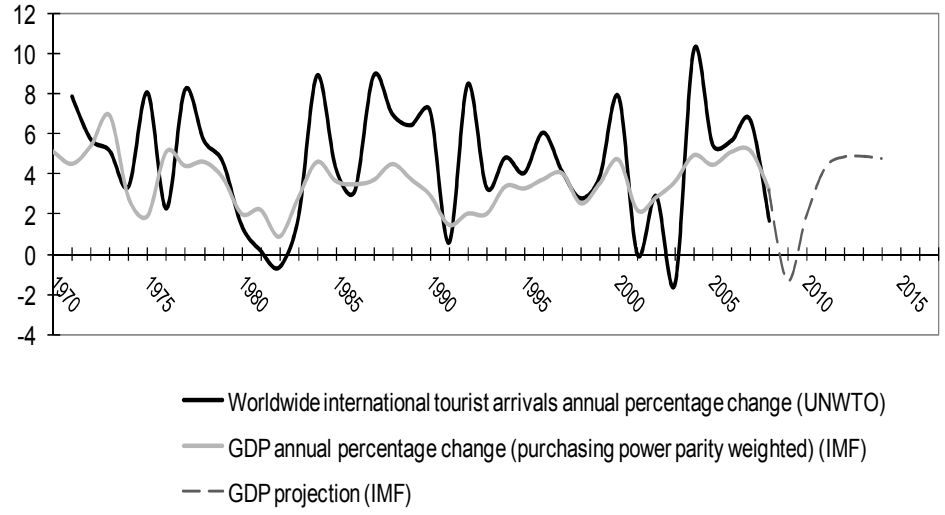
Italy's competitiveness in tourism presents a mixed picture. Inbound tourism to Italy has performed well over the last 20 years, in line with OECD average. This has allowed Italy to maintain its position in terms of market shares within the OECD area. In terms of price competitiveness, the situation is mixed with, on the one hand, evidence that the evolution of prices in recent years for selected Italian tourism products was favourable vis-à-vis its main competitors; on the other hand, negative indications coming from the WEF Travel & Tourism Competitiveness Index (TTCI) and from visitor perception. Results from qualitative visitor surveys also reinforce the fact that cultural attractiveness is a significant strength for Italy while highlighting that quality of services is a potential weakness. Productivity growth is slow in Italy since 2000 but productivity in tourism is decreasing (-13% between 2000 and 2006). Productivity in tourism will be an important issue to be addressed in the near future.

Tourism and the macroeconomic conditions

Tourism has the ability to contribute to the good macroeconomic performance of a country. Evidence shows that tourism demand follows the growth path of the economy as a whole, and reacts more significantly to economic booms and recessions (Keller, 2009) (Figure 1.2). Furthermore, in countries with a high degree of internationalisation it is not only the domestic GDP growth which is important but also the GDP growth of the countries of origin of the visitors. In this regard, Italy is a highly internationalised tourism destination (43% of total nights spent in Italy) and its major origin markets are among OECD countries.

Figure 1.2. International tourism demand follows the growth path of the world economy

Percentage

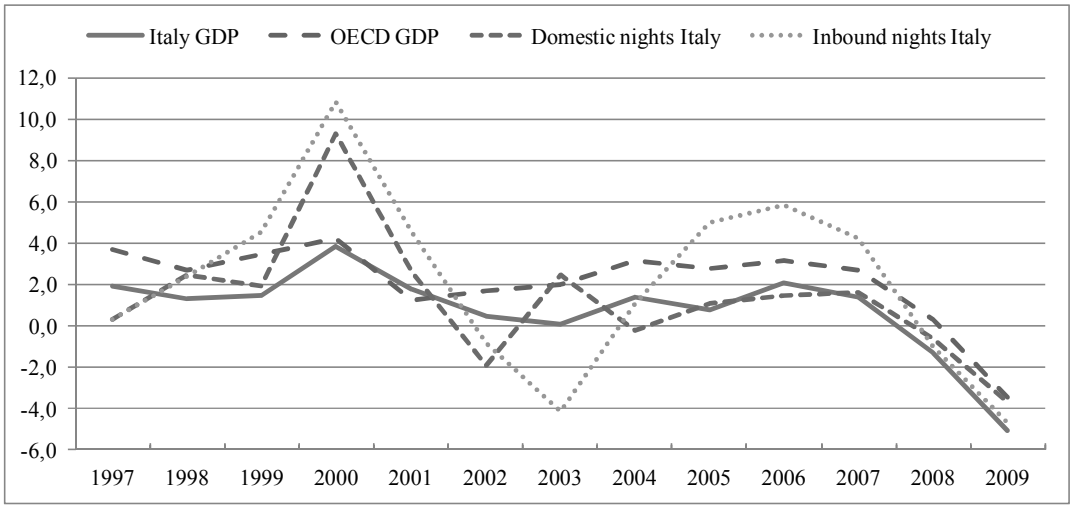


Source: Keller, P. (2009), *Global Financial and Economic Crisis: What are the Implications for World Tourism?,* UNWTO, Madrid.

Internal (domestic and inbound) tourism in Italy is evolving along the same patterns as for GDP growth trends. The below-average growth of Italy's GDP over the last ten years (average of 0.5% from 2000 to 2009) compared with the GDP of the world (average 3.4% over the same period) and with that of OECD countries (1.8%) has been influencing the growth of tourism. The performance of domestic tourism (average of 0.3% from 2000 to 2009) has been below that of inbound tourism (average 1.1% over the same period). Figure 1.3 brings evidence on the relationship between Italy's domestic and international demand (inbound tourism nights) and Italy and OECD GDP trends.

These trends may have limited the ability of regions with tourism potential, but a high dependency on domestic tourism, to improve their performance relative to more developed tourism regions with a higher proportion of international tourism. The fact that Italy's domestic tourism is important is a strength of the Italian economy. It creates added value in remote and less-developed areas and stimulates demand in times of slow economic growth. In this context, it should be noted that, in 2009, the Italian government took various initiatives to stimulate domestic tourism and used this sector as one of the stabilisers in an uncertain economy. For example, the government took measures to stimulate social tourism during the low season and made a strong call to encourage Italian citizens to take their holidays in Italy.

Figure 1.3. GDP and internal tourism nights, growth rates



1. GDP at constant prices, year-on-year growth rates.

2. Estimates for 2009.

Sources: OECD internal database and ISTAT.

International demand

The international demand for Italy as a destination grew significantly in the last two decades, up to 43.4 million tourist arrivals in 2009. Italy is ranked fifth in world tourism arrivals, after France, the United States, Spain and China (UNWTO, 2010). Between 1990 and 2007, the country's international arrivals have generally performed in line with OECD tourism, averaging 2.9% average annual growth over the period (Table 1.28). The performance of Italy in terms of arrivals has been slightly above that of France (2.7%) and Germany (2.1%), but below Spain (3.3%) and the world average (4.4%). This performance can be considered as good considering that Italy is an advanced tourism destination that no longer has first-mover advantage and has already developed the great majority of its unique tourism resources.

In monetary terms, the increase of international tourism receipts in Italy has been slower in recent years while the consumption by Italian residents abroad was stronger. The country retains an important surplus (Figure 1.4) in its tourism balance, which contributes to improve its service balance, however, this surplus has reduced by over 27% between 2004 and 2009 (Bank of Italy, 2010).

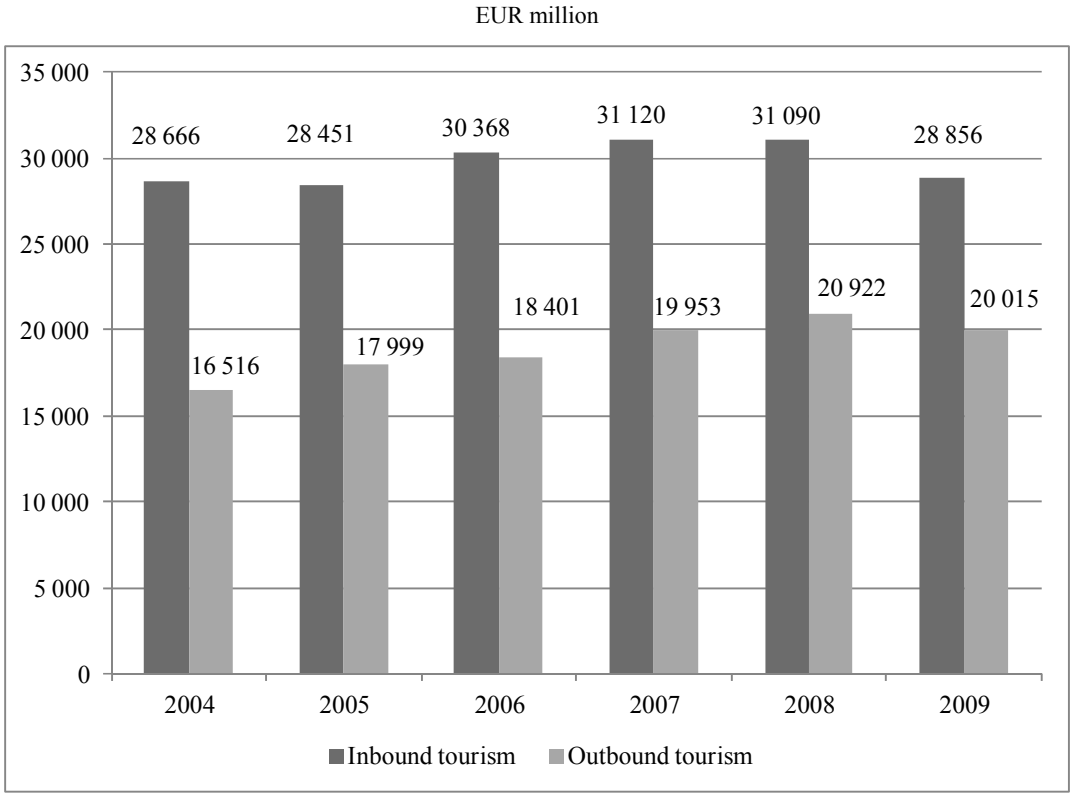
Table 1.28. International tourist arrivals in selected countries, 1990-2008

	Type of indicator*	Average annual growth %					2008 (millions)
		1995/1990	2000/1995	2003/2000	2007/2003	2007/1990	
Italy	TF	3.1	5.8	–1.3	2.5	2.9	42.7
France	TF	2.7	5.2	–0.9	2.2	2.7	79.3
Germany	TCE	–2.7	5.1	–1.1	7.3	2.1	24.9
Spain	TF	0.5	6.5	2.0	3.9	3.3	57.3
United Kingdom	TF	5.0	1.3	2.1	5.7	3.6	30.2
Total Europe		1.9	4.5	0.1	5.5	3.4	403.0
Total OECD		2.1	4.1	–1.0	4.8	2.8	524.1
Total World		4.2	4.9	0.5	6.9	4.4	922.0

*TCE: International tourist arrivals at collective tourism establishments; TF: International tourist arrivals at frontiers (data exclude same-day visitors).

Source: OECD (2010), *OECD Tourism Trends and Policies 2010*, OECD Publishing, based on UNWTO data.

Figure 1.4. The surplus of the Italian tourism balance, 2004-2009



Source: Bank of Italy, *www.bancaditalia.it/statistiche/rapp_estero/altre_stat/turismo-int*.

Within the EU, Italy's balance was the second highest in 2008, behind Spain with EUR 28.1 billion, and ahead of Greece (EUR 9 billion) and Austria (EUR 7 billion). When looking at the flows in absolute terms, the highest international tourism receipts were recorded in Spain (EUR 42 billion), followed by France (EUR 38 billion), Italy (EUR 31 billion), Germany (EUR 27 billion) and the United Kingdom (EUR 25 billion). On the debit side, the biggest spender in terms of international travel was Germany, which spent close to EUR 62 billion during 2008. Some distance behind German travellers are those from the United Kingdom (EUR 47 billion), France (EUR 29 billion) and Italy (EUR 21 billion) (Eurostat, 2010).

Market share

The usefulness of the market share concept for analysing the competitiveness of destinations should not be overestimated by making it an overriding objective of tourism policy. This caution holds whether market share is measured by visitor arrivals or by tourism receipts, or indeed by other indicators. It is backed by at least two arguments. First, in the last few decades, competition on world tourism markets has become more fierce, with the rising influence of new destinations. Countries that have a long-standing tradition of receiving foreign tourists are unlikely to see their tourism industry grow as fast as those in countries that are just opening up to tourism. Second, a tourism destination is not a product in the common sense. A measure of competitiveness must take into account many other dimensions beyond the economy, such as natural and cultural heritage, environment, infrastructure, rules and regulations, and security.

Over the last 20 years, OECD countries as a whole have seen a decline in their share of international tourism and of the world economy. Growth in arrivals averaged only 2.8% versus 4.4% worldwide, and GDP growth was 2.4% versus 3.4% worldwide (Table 1.28). OECD countries still held a majority share of international tourism with about 57% of arrivals and 67% of receipts. Since 2000, the loss has been ten percentage points for arrivals but only five percentage points for receipts. During the decade 1990-2000, the loss was around five percentage points both for arrivals and for receipts.

Despite relatively modest tourism development in western European countries over the last two decades, Europe continues to receive the greatest numbers of tourists. The development has been especially dynamic in the central and eastern European countries, and has remained fairly strong in southern Europe, around the Mediterranean, and in the countries of northern Europe. In this context, there is evidence that Italy has maintained its position within the OECD area with a growth rate of 2.9% a year, slightly above the OECD average.

Travel and tourism competitiveness index

A recent innovation has been the application of global competitive measures to tourism. Since 2007, the World Economic Forum (WEF) has analysed the tourism competitiveness of over 130 countries using the Travel & Tourism Competitiveness Index (TTCI). The index aims to measure the factors and policies that make it attractive to develop the travel and tourism sector in different countries. It is based on three variables that facilitate or drive competitiveness in relation to travel and tourism: regulatory framework, business environment and infrastructure, and human, cultural and natural resources (Table 1.29). WEF results, however, do not necessarily acknowledge the complexities of place or destination and how competitiveness works in time and space;

some key measures of competitiveness such as innovation are not included and some indicators are more relevant to less-developed countries. The WEF Index is designed to apply globally and ranks individual countries rather than tourism destinations as such. The WEF data have been collected using different methodologies and the reference periods differ from one country to another. Therefore, the results should be considered with caution and a prudent approach in analysing the indicators is necessary.

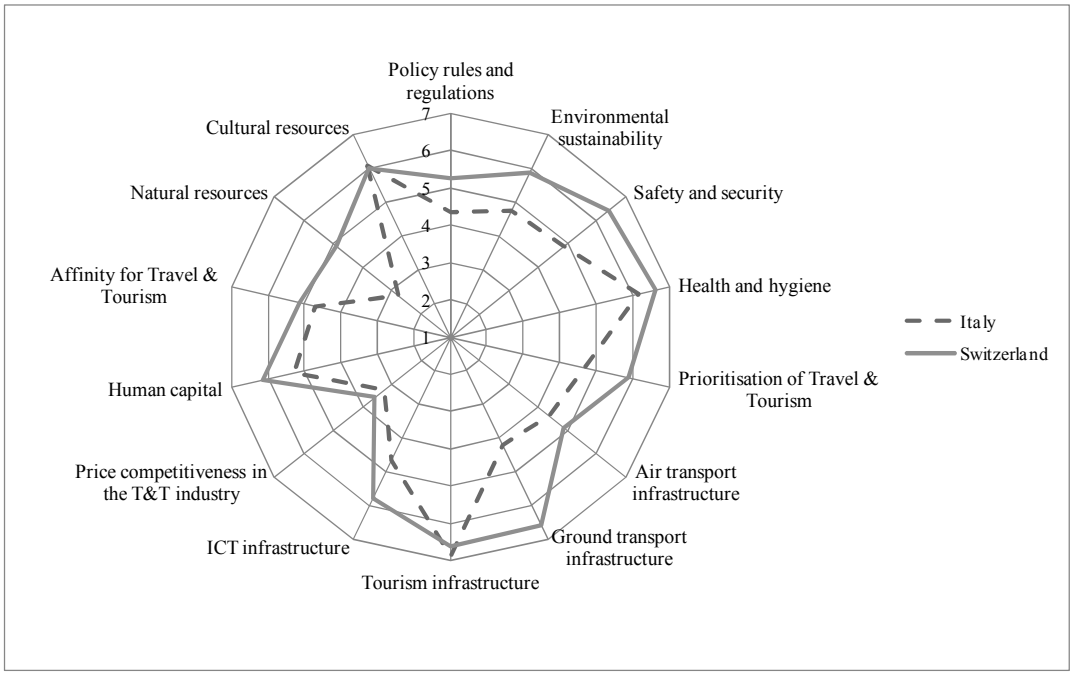
In the latest analysis, Italy ranks 28th, the same as the previous year (WEF, 2009). While the overall ranking is boosted by the performance of Italy for tourism infrastructure or cultural resources, it is dragged down by Italy's significant gap in the organisational system (policy rules and regulations) and by a mixed performance in areas such as safety and security, natural areas and price competitiveness. The spider diagram (Figure 1.5) illustrates Italy's performance under the WEF scoring system against that of Switzerland, ranked by the WEF as the most competitive tourism economy in the world.

Table 1.29. Italy's score on the WEF Index compared with selected competitors (by pillar and selected indicators under selected pillars)

	Italy	France	Spain	UK
	Rank			
Overall Travel & Tourism Competitiveness Index 2009	28	4	6	11
Travel & Tourism regulatory framework	46	8	29	28
Travel & Tourism business environment and infrastructure	26	7	8	11
Travel & Tourism human, cultural, and natural resources	22	11	5	6
Policy rules and regulations	71	25	74	14
Time required to start a business (hard data)	25	15	109	33
Environmental sustainability	51	4	31	10
Safety and security	82	55	66	78
Health and hygiene	27	9	35	46
Prioritisation of Travel & Tourism	51	21	4	31
Air transport infrastructure	27	5	10	6
Tourism infrastructure	3	14	1	12
Price competitiveness in the Travel & Tourism industry	130	132	96	133
Human capital	41	23	31	12
Natural resources	90	39	30	26
Number of World Heritage natural sites (hard data)	40	16	7	7
Cultural resources	5	7	1	3
Number of World Heritage cultural sites (hard data)	1	4	2	8
Creative industries exports (hard data)	2	7	11	6

Source: WEF (2009), *The Travel and Tourism Competitiveness Report 2009*, March 2009, WEF, Geneva.

Figure 1.5. Italy's ranking on tourism competitiveness compared with Switzerland, 2009



Source: WEF (2009), *The Travel and Tourism Competitiveness Report 2009*, March 2009, WEF, Geneva.

For example, concerning the time and cost to open a business, the number of days and procedures does not seem to be higher in Italy than in selected European competitors (Table 1.30). Between 2004 and 2008, the average number of procedures required for a business start-up in Italy, remained unchanged at nine. However, the total number of days required reduced from 23 to 13 days, which is the second lowest figure, behind France and Portugal (seven days), and less than both Germany (18 days), and Greece (38 days). Nevertheless, the cost of starting a business (as a percentage of per capita income) is substantially higher in Italy (18.7%) than in Germany (5.7%), in Portugal (3.4%) or in France (1.1%), which could act as a disincentive for potential business start-ups (World Bank, 2007).

Table 1.30. Time and cost for a business start-up, 2004 and 2008

Country	Number of procedures		Days		Cost (% of per capita income)	
	2004	2008	2004	2008	2004	2008
Italy	9	9	23	13	16.8	18.7
France	8	5	41	7	1.3	1.1
Germany	9	9	45	18	5.9	5.7

Source: World Bank (2007), *Doing Business 2008*, World Bank, Washington D.C., page 89.

Price competitiveness

The tourism industries of OECD economies face strong price competition, notably from developing country competitors. This reflects notably the relatively high labour

intensity of a service-oriented activity, together with higher wage structures in OECD economies in comparison with those of their new competitors. While economic growth continues to stimulate tourism demand, it also leads to tourism goods becoming relatively more expensive than products from other sectors such as electronics and communications which have been more successful in extracting productivity gains. Tourism is thus particularly exposed to price issues.

In recent years, the evolution of prices indicates that the inflation in Italy was very close to euro area average and not dissimilar to other countries (Table 1.31).

Table 1.31. Annual average price index for selected tourism products, 2000-2009

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Harmonised Index of Consumer Prices* (HICP)										
Italy	88.6	90.7	93.1	95.7	97.8	100.0	102.2	104.3	108.0	108.8
France	90.5	92.1	93.9	95.9	98.1	100.0	101.9	103.6	106.8	106.9
Germany	92.4	94.1	95.4	96.4	98.1	100.0	101.8	104.1	107.0	107.2
Spain	85.5	87.9	91.0	93.9	96.7	100.0	103.6	106.5	110.9	110.6
Euro area (16 countries)	89.6	91.7	93.8	95.8	97.9	100.0	102.2	104.4	107.8	108.1
Transport services										
Italy	79.6	81.7	85.2	87.8	93.2	100.0	102.6	103.8	112.4	109.0
France	89.5	92.2	94.5	97.7	98.8	100.0	101.8	103.4	106.5	109.6
Germany	86.7	88.9	91.5	93.6	96.0	100.0	103.4	107.0	111.8	115.6
Spain	77.0	80.9	86.0	89.2	94.2	100.0	105.7	109.7	117.2	123.1
Euro area (16 countries)	85.0	87.9	90.7	93.5	96.3	100.0	103.0	105.3	110.5	112.8
Tourism packages										
Italy	78.5	80.7	84.2	85.4	94.0	100.0	103.8	106.1	105.2	104.6
France	86.8	92.1	94.9	95.2	96.9	100.0	104.5	104.8	112.4	115.8
Germany	94.0	97.3	100.2	100.4	98.5	100.0	100.8	102.3	111.5	116.1
Spain	80.4	86.1	93.6	96.5	97.8	100.0	103.0	103.6	108.2	108.4
Euro area (16 countries)	88.1	93.6	97.4	98.7	98.4	100.0	101.3	103.1	108.7	111.9
Restaurants and hotels										
Italy	83.8	87.2	91.1	94.7	94.7	100.0	102.3	105.0	107.6	108.8
France	86.9	89.1	92.6	95.0	95.0	100.0	102.3	105.1	108.3	110.0
Germany	92.3	94.0	97.5	98.2	98.2	100.0	101.3	103.9	105.7	108.0
Spain	80.2	83.8	88.4	92.2	92.2	100.0	104.5	109.5	114.7	116.9
Euro area (16 countries)	84.8	87.8	91.9	94.8	94.8	100.0	102.6	105.8	109.4	111.6

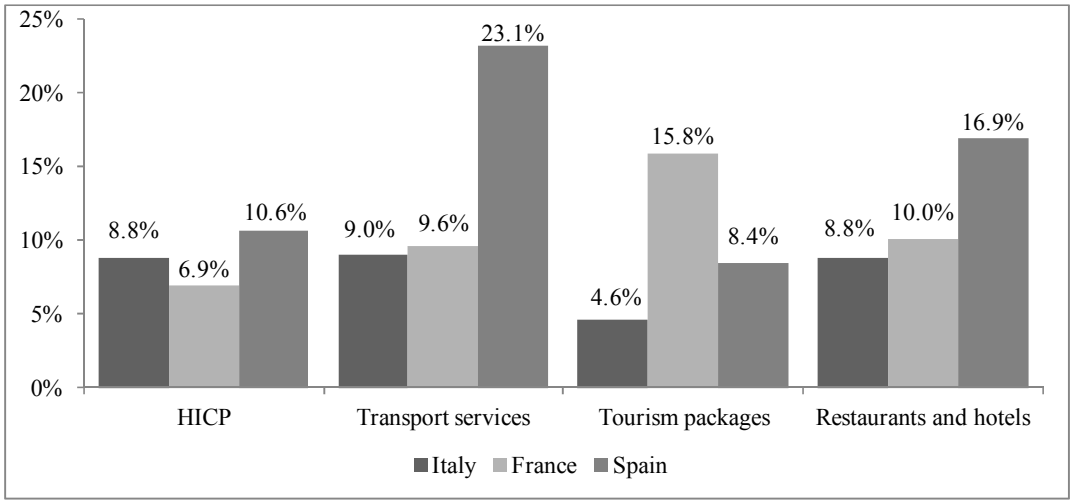
*HICP reference year 2005.

Source: OECD calculations based on Eurostat data.

Based on these data, price competiveness was analysed over a five-year period. Figure 1.6 shows the percentage variation of the Harmonised Index of Consumer Prices (HICP) between 2005 and 2009. During this period, the Italian economy as a whole experienced an 8.8% increase in prices and was therefore less affected by increases than

Spain (10.6%), but slightly more affected than France (6.9%). For tourism-related products, the evolution of the price level between the three competitors has been favourable for Italy (from 2005 to 2009, +9% for transport services, +4.6% for package holidays and +8.8% for restaurants and hotels).

Figure 1.6. Evolution of prices: Italy, France and Spain, 2005-2009



Source: OECD calculations based on Eurostat data.

The CISET institute also examined the tourism price index in Italy and in particular the weighted mean of its competitors in each considered demand market. The weight measure being the ratio between the nights spent in a country and the total nights spent abroad. The results highlighted that from 1985, Italy's price competitiveness has decreased in markets such as Austria and France, while remaining stable in Switzerland, Germany, the United States and the United Kingdom. Furthermore, the uniqueness of Italian tourism resources makes it possible to practice value based pricing for the market segments with higher purchasing power. Italian providers of tourism-related services in the most popular destinations use the techniques of price discrimination to increase their yield.

Alternatively, in the absence of a tourism cost-of-living index it is reasonable to look at price using other instruments. For example, the average hotel room rate for a few selected city destinations (Table 1.32) provides indications on the performance of Italy in relation to other major European competitors. In 2009, the decline in tourism arrivals led to a drop in hotel performance. Average room rates in Italy were fourth place in the euro area behind Monaco, France and Greece. Florence, Milan, Rome and Venice all suffered a decline in average room rate (-8.9% for the euro area). Venice has the highest average room rate in the euro area (Deloitte, 2009).

Table 1.32. Average hotel room rate, 2009

City	Average room rate in euro	% change from 2008
Venice	261	–12.0
Paris	167	–8.6
Florence	148	–9.4
Milan	142	–11.8
Rome	138	–10.4
Amsterdam	121	–14.3
Barcelona	113	–15.7

Source: Deloitte (2009), *Hospitality Vision: European Performance Review*, November 2009, Deloitte, London.

Another indicator is the international average petrol price per litre which indicates that the price of retail petrol in Italy is among the highest for both unleaded and diesel (Table 1.33). This is a particularly important indicator considering that over 60% of tourists use road transport to move around the country.

Table 1.33. International average retail petrol price per litre in euro, February 2010

Country	Unleaded	Diesel
Germany	1.32	1.10
Greece	1.24	1.10
Italy	1.32	1.22
Spain	1.10	0.99
France	1.32	1.18
Portugal	1.32	1.06

Source: AA Ireland Ltd. (2010), *www.aaireland.ie*, accessed February 2010.

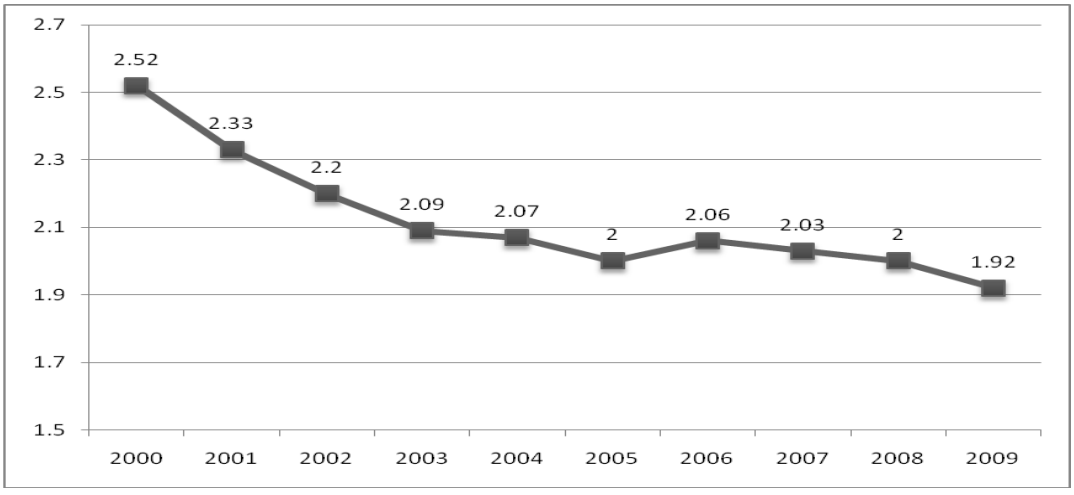
Productivity

Productivity is one of the cornerstones of a competitive industry, irrespective of sector. Productivity gains in developed countries have been achieved by an efficient use of input and by an increase of quality of services which allowed asking higher prices from consumers. For many small businesses, however, this is problematic due to the inability to achieve economies of scale in production as opposed to transnational operators. Arguably the most important increases in productivity in developed countries with mature tourism products can be achieved through innovation, particularly in relation to the tourist experience where there is scope to add value to the different elements of the experience.

As far as Italy is concerned, the proportion of international receipts and the value added of tourism, relative to the GDP of Italy has reduced every year between 2000 and 2009, except for a very slight rise in 2006 (Figure 1.7). This indicates that Italian tourism has a productivity problem. Productivity being the efficiency with which inputs (human capital and natural resources) are used for developing tourism goods and services, and the

prices these goods and services can command in an open economy (due to their uniqueness and quality). Growth of tourism in Italy seems to be led by increasing volumes rather than higher values (Keller, 2007).

Figure 1.7. Consumption of non-residents (current prices) as a percentage of GDP (market prices)



Source: Manente, Mara (2009), "Il Turismo nell'Economia Italiana", in E. Becheri (ed.), *Rapporto sul Turismo Italiano*, XVI edizione, 2008-09, Mercury, Florence, page 10.

One major impediment to achieving productivity improvements in tourism relates to the high labour component in producing and servicing visitor needs: people are the essence of what makes tourism special and unique. This dependence on human resources cannot be easily substituted by technology or other means of production (or lower costs by relocating production). Inadequacies in the labour force and educational system can lead to general inefficiencies which can, in turn, be reflected in labour productivity figures. Indeed, Italian labour productivity growth is quite low (0.5% in 2007), compared with other countries, and the tourism sector is likely to be aligned with this tendency. However, the table below shows that the labour productivity in tourism is decreasing (-11.2% between 2000 and 2007). In 2007, labour productivity in tourism in the south of Italy (EUR 26 000) was lower than in the north (EUR 29 000), and in Italy in general (EUR 28 600). The south demonstrates the lowest decrease in labour productivity (-8.1%) over the period from 2000 to 2007, followed by central Italy (-9.3%), and the north (-12.7%) (Table 1.34).

Table 1.34. Labour productivity in tourism, 2000-2007

EUR thousands

Regions	2000	2001	2002	2003	2004	2005	2006	2007
North	33.2	32.5	29.6	28.1	28.1	28.0	28.7	29.0
Northwest	31.7	31.4	29.5	27.5	27.5	27.4	28.0	28.6
Northeast	34.6	33.6	29.7	28.6	28.7	28.5	29.3	29.5
Centre	33.2	32.6	30.1	27.3	27.2	28.3	29.5	30.1
Centre north	33.2	32.6	29.7	27.9	27.9	28.1	28.9	29.4
Mezzogiorno	29.0	27.6	26.5	26.2	24.7	25.0	25.5	26.0
South	28.3	27.5	26.4	26.3	24.7	25.2	25.5	26.0
Islands	30.3	27.8	26.6	26.0	24.8	24.6	25.6	25.9
Italy	32.2	31.4	29.0	27.5	27.1	27.3	28.1	28.6

Notes:

1. Value added of the tourism sector by unit of labour (reference year 2000).

2. Data relates to hotels and restaurants only.

Source: ISTAT.

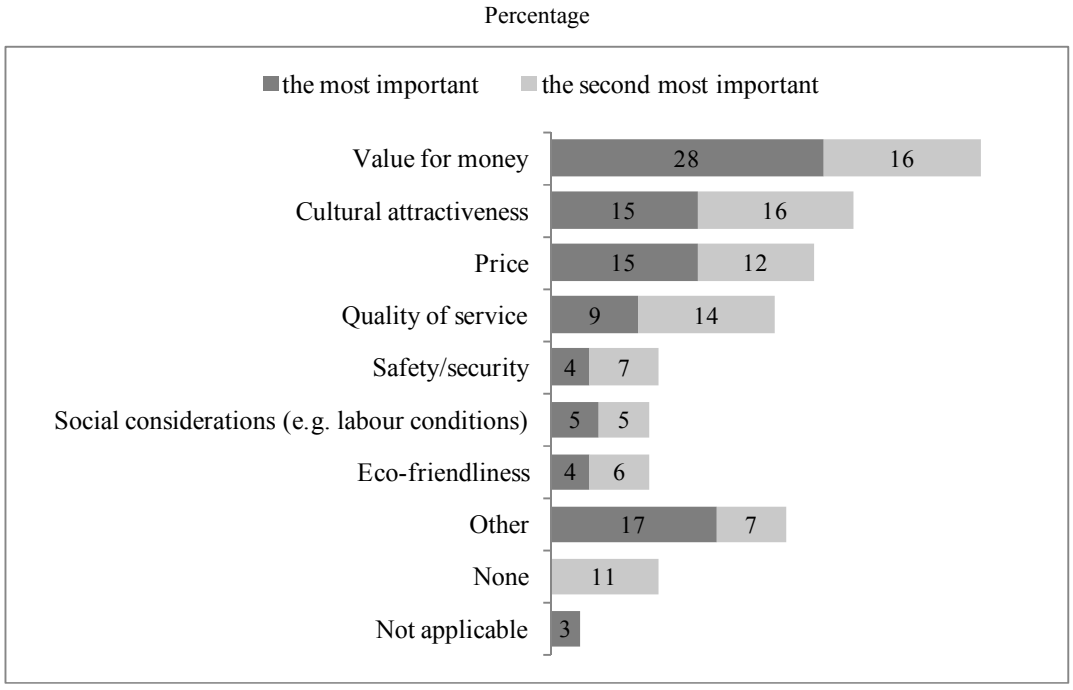
While the underlying cause of Italy's decrease in tourism labour productivity during this period is unclear, factors may include the:

- nature of the Italian tourism companies which are family-owned and the very high proportion of micro and small companies;
- role of education and the rather low qualification level in several branches of the tourism industry (as it is the case in many OECD countries);
- lack of innovation by small tourism firms; and
- importance of the informal economy.

Visitor perceptions

A recent study of the factors influencing the travel decisions of EU residents highlighted the importance of value for money, cultural attractiveness, price, and quality of service. More specifically, the study indicates that value for money is considered, by a considerable margin, the most important factor in deciding upon a holiday destination (28%). Along with cultural attractiveness, it was also considered the second most important factor by 16% (Figure 1.8).

Figure 1.8. Factors influencing travel decisions of EU residents, 2009



Note: Covers EU residents who went on holiday or took a short trip in 2009, and/or still plan to go on a holiday or take a short trip in 2009.

Source: European Commission (2009), "Europeans and Tourism – Autumn 2009, Analytical Report", Flash Eurobarometer, No. 281, October 2009, *http://ec.europa.eu/public_opinion/flash/fl_281_en.pdf*.

When examining these factors in relation to Italy, research indicates that inbound visitor perceptions were very positive for cities and art masterpieces (8.7 on a scale of one to ten); landscape and natural environment (8.5); food and Italian cuisine (8.5); kindness and hospitality of the locals, tourist safety (8.2); and hotels and other accommodation (8.1). In other words, all these elements are contributing to the cultural attractiveness of Italy as a tourism destination. Perceptions, however, were less positive in relation to cost of living, information and tourism services. These results reinforce the fact that cultural attractiveness is a significant strength for Italy (Istituto DOXA, 2009). There is a gap between visitor perception in terms of price and the fact that Italy appears to be comparable to its main competitors in price competitiveness.

While it is important to identify strengths and weaknesses for Italian tourism, it is equally important to recognise that not all of them can easily be addressed through public and/or private-sector intervention in the short term. It is more likely that aspects such as quality of service can be positively influenced through, for example, the provision of targeted training by the public or private sector.

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Notes

1. The Ospitalità Italiana Seal is a certification promoted by the chambers of commerce to evaluate the quality of the receptive and restorative facilities in Italy (*www.10q.it*).
2. Data gaps in basic statistics probably lead to an underestimation of the economic importance of tourism in Italy.

Chapter 2

Tourism policy, organisation and governance in Italy

While increased attention has been given to tourism, lack of integration of tourism policy into an overall development strategy remains problematic. As tourism is not exclusively within the remit of the state, Italy's regions are empowered to play an essential role in a variety of key tourism activities, including product development and marketing. The multiplicity of stakeholders active in tourism development and promotion represents a significant challenge in terms of organisation and governance, and for the implementation of a coherent and efficient national tourism strategy. The development of a long-term integrated national tourism strategy, in partnership with all stakeholders from the private and public sectors, is required. Such a strategy would help optimise the use of resources, such as European funds, public and foreign investment, and would enable the coherent and co-ordinated development of tourism in Italy and its regions.

Introduction

Italy has outstanding resources and a high degree of specialisation in the field of tourism. Many territories, cities and rural areas, depend on tourism for revenue generation and job creation. As such it is clear that steps should be taken to help ensure that Italy's competitive advantages are maintained. In the short term, there are few economic alternatives able to create an equivalent level of value added.

The focus of government interventions should be on those areas where market forces fail to deliver the necessary services or outcomes, and policies should be market and target-oriented. The government should ensure that tourism-friendly conditions are in place. This type of support can only have an impact if the interventions in tourism are efficient. For example, there should be a clear division of responsibilities between levels of government to avoid duplication of efforts and maximise synergies.

This chapter examines the organisation and governance of tourism in Italy relative to the principles outlined above, it outlines the different responsibilities of the state and regions, and the benefits and opportunities associated with a decentralised approach to tourism development, including the ability to reduce regional income and employment disparities between the north and south. Finally, it analyses public sector tourism expenditure by administration level, and highlights the need for a strategic long-term tourism policy, which takes an integrated governmental approach to facilitate the coherent and co-ordinated development of tourism in Italy and its regions, and particularly the south.

Overall assessment

Recent policy developments in Italy reflect both an increased attention given to tourism as well as a lack of integration of tourism policy into an overall development strategy. While the level of funding for the National Tourism Administration has remained relatively stable over years, its share in overall public tourism expenditure has been decreasing.

The multiplicity of stakeholders active in tourism development and promotion in Italy represents a significant challenge in terms of organisation and governance and for the implementation of a coherent and efficient national tourism strategy. There is a need to better connect national tourism policy development with regional tourism policy development and to bring the different players around a shared vision.

The legal framework in place provides a coherent organisation and system of governance for tourism. The governance structure allows for a horizontal/vertical integrated governmental approach (the Department for the Development and Competitiveness of Tourism is located within the Presidency of the Council of Ministers) and for a better use and dissemination of tourism statistics and information via the National Tourism Observatory. Functional linkages exist also with ENIT and with the new structure co-ordinating work with the regions.

There is a gap, however, in terms of national tourism policy development, and recent tourism policy measures remain fragmented. The development of a long-term integrated national tourism strategy, in partnership with all stakeholders from the private and public

sectors, would be key for a coherent and co-ordinated development of tourism in Italy and its regions. Such a document, to be agreed preferably at cabinet level, would give Italy a policy road map and an action plan with clear targets and objectives placing competitiveness and sustainability issues at the heart of Italian tourism policy. It would also support the development of tourism in the Mezzogiorno.

Constitutional and legal foundation

Tourism is not mentioned in the Italian constitution. While not considered part of the core activities of the Italian state, there is no doubt that tourism has an impact on other activities where the state does have constitutional responsibilities. The state has, therefore, an implicit responsibility in the field of tourism. As such, it has the authority to implement its own administrative structures, such as a National Tourism Administration, and to create public agencies such as ENIT.

More specifically, the rationale for the implicit constitutional responsibility of the Italian State, lies in the benefits that tourism can contribute in achieving core constitutional objectives in the field of development and welfare. The constitutional motivation for interventions in tourism is therefore embedded in economic and regional development policies. From the point of view of tourism policy, these can be seen as accompanying or complimentary policies.

Division of responsibilities for tourism development

The constitution enumerates, in its 5th title (articles 114 to 133), the division of responsibilities between the state and its territories (regions, autonomous territories, provinces and municipalities). Territories have the authority to regulate all matters which are not exclusively within the remit of the state.

As this is the case for tourism, Italy's regions are empowered to play an essential role in a variety of key tourism activities, including:

- programming and developing tourism activities at regional and local levels
- promoting strategic marketing activities
- managing European Structural Funds
- performing tasks related to the regional tourism structures
- performing tasks related to enterprises and tourism professions

As a result, there are limits to the state's ability to intervene on matters which are under the responsibility of regional authorities. Therefore state intervention generally focuses on those issues that affect tourism at the national level. A recent example being the government's response to difficulties experienced by SMEs in accessing finance to rejuvenate facilities (Box 2.1).

Box 2.1. Central government initiative to facilitate access to finance for SMEs

Tourism equipment and facilities must be adapted to the changing needs of customers. According to a recent research, approximately 50% of the Italian accommodation sector would need a significant rejuvenation of rooms and other facilities (The European House-Ambrosetti, 2007). Without steady investment to rejuvenate supply, visitor comfort declines, often leading to a reduction in revenues and profits (as a result of lower prices and visitor numbers), and the capacity of firms to self-finance. This cycle is particularly evident in traditional tourism countries such as Italy and Switzerland where two-thirds of hotels were constructed in the late 19th and early 20th centuries.

In general, the risks associated with operating SMEs are high and the profits low. As such, the relative capital costs for rejuvenating equipment and facilities are also high. The government has recognised the importance of modernising tourism accommodation and other facilities, and the inherent difficulties faced by SMEs to undertake this process. In response, it has introduced an innovative initiative targeting SMEs in the tourism sector, whereby eight major Italian banks have agreed terms for easier access to loans (up to a combined total of EUR 3 billion), at competitive interest rates (Ministero del Turismo, 2010). This measure, which is part of the *Patto per il Turismo* (Pact for Tourism), is a positive example of public-private partnership.

The constitution requires compulsory co-ordination of activities (between levels of government) only for core responsibilities of the state, such as public order and security, or immigration. There is no requirement for co-ordination between the state and regions in relation to tourism. Despite this, tourism policies at the state and regional level are generally complementary, with co-ordination based on mutual agreement. In this case, responsibilities are often shared by agreement, on a project-by-project basis. Co-ordination between the state and the regions is particularly important for the promotion of Italy abroad; the regions need to maximise opportunities to capitalise on the recognition of Italy's brand internationally. The decentralisation of the state gives the regions the opportunity to compete or co-operate with one another. This competition between regions can contribute to more efficient regional structures and stimulate the development of innovative products and structures.

The process of devolution of power means that the primary responsibility for tourism development and promotion lies with the regions. The regions are able to choose their own strategies and implement their own measures relating to tourism. They decide if they want to develop and promote tourism and the level of priority given to tourism policy. Decentralisation gives regions the ability to build flexible capacities and structures. It allows bottom up forms of networks and cooperation with the government. This is particularly necessary in the field of tourism where production is local and promotion global (Box 2.2). A Permanent Tourism Co-ordination Committee, with representatives from the state and regions, has recently been established in 2010 to improve communication and co-ordination between the state and the regions, and will meet under the Conference of Regions umbrella.

Box 2.2. Rationale for subsidiary tourism policy at the national level

Italy is a highly developed mature tourism destination. It faces, despite the uniqueness of its attractions, increasing global competition on the demand side, which makes attracting visitors a more difficult task. At the same time, tourism-related goods and services at the local level require constant rejuvenation to ensure that levels of comfort, quality and convenience, are internationally competitive.

It is primarily the responsibility of the tourism-related industries and destinations (with the help of the lower territorial entities at the regional, provincial and community level), to ensure that supply-side problems are addressed. However, global competition necessitates not only efficient promotion of Italy as a destination, but also supply structures that are adapted to the needs of the international market.

As such, Italy requires a subsidiary national tourism policy, and an administrative body, which co-ordinates the promotion of the Italian image abroad, and standardises the level of comfort and service to meet international expectations. It also provides various incentives and guidance to support tourism development. This complex task can only be achieved with the different levels of government and private sector working together.

The priority accorded to tourism differs from region to region and often depends on regional tourism potential (Box 2.3). The 20 regions employ approximately 12 000 staff in tourism-related positions, including Regional Tourism Administrations (RTAs), often linked with the associations' sector, and particularly the regional chambers of commerce.

Box 2.3. Tourism budget of the Autonomous Province of Bolzano

The Alpine Province of Bolzano (Southern Tyrol), is part of the Region Trentino-Alto-Adige, and a good example of how sub-national territories support tourism growth in tourism. The provincial government promotes its territory by supporting a private shareholder marketing company (SMG) which promotes the brand of Southern Tyrol in Italy and abroad. It provides subsidies to local tourism promotion organisations and associations, which develop and promote tourism products. The provincial government also supports initiatives for improving the comfort and the quality of tourism product in Alpine attractions and accommodation.

In 2010, the province has committed EUR 24.8 million in its destination promotion and marketing, which represents about 64% of total subsidies for tourism from the state and the EU. In the same year, EUR 14 million (36% of the public money), have been allocated for modernising Southern Tyrolian tourism supply and increasing the attractiveness of mountain sports. The example of this Autonomous Province, which is one of the most important tourism destinations in the Alpine area, demonstrates the importance of tourism promotion by the territories in Italy.

Source: *Provincia Autonoma di Bolzano*, Tourism Department (2010).

The devolution of power is an important step for Italy with its strong regional identities and traditions. These identities and traditions, combined with natural and cultural attractions, allow the regions to compete as both domestic and international

destinations. However, the state has an important role to play in improving the international competitiveness of Italian tourism by working with the regions to combine their efforts, in order to achieve economies of scale and develop a more co-ordinated and targeted approach, notably on promotion.

There is an increasing number of inter-regional projects financed by the central state and EU funds, many of which are in the fields of product development and quality assurance, and require co-operation between the state and regions. While it remains the primary function of the regions to develop the tourism product, and to promote it in the domestic and international markets, it should be considered an important role of central government to enhance these efforts by stimulating innovation and co-operation, for example, by supporting regional and local initiatives such as the development of tourism clusters. There may also be an opportunity for the State to play a more strategic role in the allocation of EU Structural Funds for infrastructure development and by doing so, help address current disparities between the north and south of the country.

Tourism can help to overcome regional income and employment disparities. Tourism in Italy could be one of the important instruments of redistribution of wealth between richer and poorer regions; however, it is the market forces and not the state that drive redistribution. Italian regions do not have the same tourism potential and their implication in tourism development differs a lot. Some regions succeed in attracting tourism expenditure commensurate with their attractiveness as potential destination, while some others fail. Greater exploitation of tourism resources could represent an important opportunity for development, in particular for those regions suffering from high unemployment, as is the case for several in the south of Italy (UIC, 2004).

The legal framework for state intervention in tourism

The state established, with the law 135/2001, a legal framework for the development and promotion of tourism in Italy. The preamble of the law details tourism's expected contributions to the achievement of superior goals, relating to economic and cultural development.

The law recognises the positive impact of tourism on economic development and employment at the national level, and the ability of tourism to meet the socio-cultural needs of Italy's citizens. In addition, the development of tourism goods and services is acknowledged as an effective instrument for overcoming existing economic disparities between regions, thus providing an important policy instrument to help address development gaps between northern and southern regions; a crucial issue for the further development of the country.

Furthermore, the preamble of the law declares the valorisation of cultural resources through tourism as an important principle of the state's policy. Italy has some of the most important cultural resources of the world, which should be protected and valorised through tourism-related investments. Consumer protection and the provision of facilities to meet the needs of the population (regardless of social-economic background) are other goals to which tourism could contribute.

The law also details the responsibilities of the central state in relation to tourism. These include: planning tourism development in accordance with national economic programmes and the principles of the European Union (EU) funds; the promotion of Italian tourism abroad; and developing and financing local tourism systems or clusters. It gives the state the authority to harmonise a range of industry practices including: tourism

terminology; minimal standards in communication; classification of tourism-related professions; and improvement of comfort and quality standards. This legal authority enables the Italian state to participate in EU harmonisation projects.

The law 135/2001 is based on decentralisation and its rules were accepted by both the central state and the regions, making them binding for the territory of the Italian Republic. It is worth noting that some rules concern only the central state, however, the majority of rules can only be implemented together with the regions. This necessity makes the implementation of the law a difficult process requiring a permanent co-operation among all parties and the willingness to achieve a common objective.

The law gives the central state the authority to supervise tourism policy and promotion. It also proposes to the regions, procedures for co-operation and allows the Italian government to react flexibly to new opportunities if the regions are willing to participate.

The law 80/2005 established ENIT and enabled the creation of the National Tourism Observatory (ONT). The same law allows the establishment of companies within the agency, with one such example being Promote Italy (PromuovItalia). Promuovi Italia S.p.A. is a technical assistance agency that reports directly to the Department for Development and Competitiveness of Tourism of the Presidency of the Council of Ministers. It provides support to public administrations in interventions linked to economic activities and employment. ENIT controls 100% of its shares and the Department for the Development and Competitiveness of Tourism acts as shareholder.

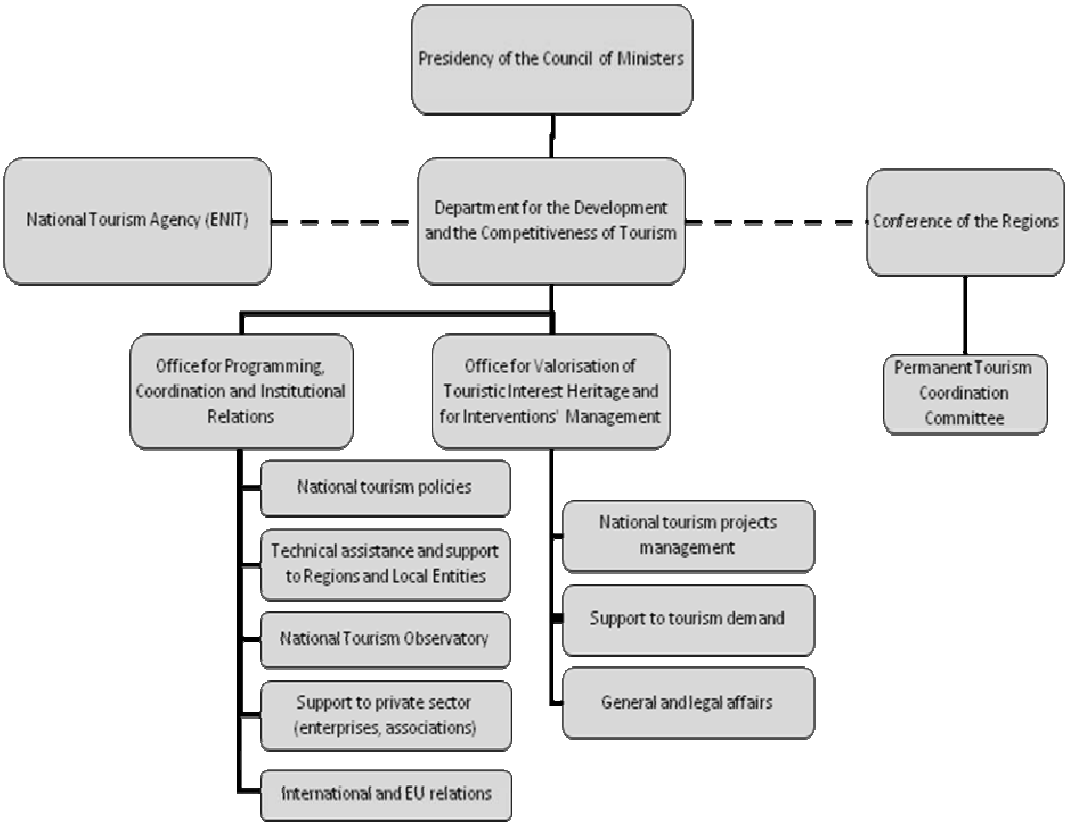
Organisation and governance of tourism in Italy

In 2006, the overall responsibility for tourism was conferred to the Presidency of the Council of Ministers, which created the Department for the Development and Competitiveness of Tourism (*Dipartimento per lo Sviluppo e la Competitività del Turismo*), the National Tourism Administration of Italy. This department develops and implements central government tourism policy and promotion initiatives (Figure 2.1). The horizontal nature of tourism justifies the location of tourism under the Presidency of the Council of Ministers.

In 2009, the Council of Ministers strengthened the co-ordination role of the National Tourism Administration by nominating a Minister of Tourism without portfolio, who participates at the Council of Ministers' meetings, providing more weight to tourism policy concerns. This is an efficient and non-bureaucratic way to enhance co-ordination on tourism at the level of the government.

The Department for the Development and Competitiveness of Tourism is composed of two high-level offices (*uffici dirigenziali di livello generale*). These are the Office for Programming, Co-ordination and Institutional Relations and the Office for Valorisation of Touristic Interest Heritage and for Interventions' Management.

Figure 2.1. National tourism administration organisational structure



Source: OECD (2010), *OECD Tourism Trends and Policies 2010*, OECD Publishing, page 189.

The Office for Programming, Co-ordination and Institutional Relations is the think-tank of the department. It is responsible for programming and implementing national and European tourism strategies and initiatives, and provides a co-ordination function between the main stakeholders. The office is also responsible for supervising ENIT activities, maintaining and developing relations with the EU and intergovernmental organisations; and the promotion of tourism market intelligence. Among other responsibilities, this office is in charge of developing and maintaining relationships through technical assistance and support to regions and local entities. Similar responsibilities are also provided in support of the private sector (enterprises, associations, etc.). An integral part of this office is the National Tourism Observatory, through which the government gathers and distributes knowledge of the leading tourism analysts and experts in the country. Through the Observatory, the state filled an existing information gap, which previously meant that tourism businesses often had little or no research support (often being too small to undertake their own research) for developing, marketing and rejuvenating products.

The Office for Valorisation of Touristic Interest Heritage and for Interventions' Management executes and implements government initiatives relating to tourism. It provides aids and incentives to develop tourism demand, such as the current help to families on lower income to travel in Italy during the off-peak season – a government measure in response to the recession, and to stabilise tourism demand. The division also

promotes investment both in Italy and abroad, and participates in projects co-financed by the EU.

The role of the ENIT is to promote Italy as a destination to international markets. ENIT develops international marketing strategies, in co-ordination with local authorities and other stakeholders, to promote Italian tourism abroad. It offers market studies, advice, public relations services, and sales promotion opportunities to tourism-related industries and organisations. In terms of governance, ENIT activities are supervised by the Department for Development and Competitiveness of the Presidency of the Council of Ministers. At the time of drafting this report, ENIT is led by a commissioner due to delays in the establishment of its board of directors, which has one president and nine members. The allocation of the nine seats of the agency's board of directors between the administrations and the category associations should be defined by decree of the Minister of Tourism. The new board will play a strategic role in the reorganisation of the agency and therefore it is of primary importance that Italy speeds up its reform of ENIT.

The Permanent Tourism Co-ordination Committee was established in July 2010, in order to foster and improve co-ordination between the state and the regions. The new committee is chaired by the Minister of Tourism and is composed of the presidents of the regions and of the autonomous provinces of Trento and Bolzano. The committee can include representatives from the Ministries of Foreign Affairs, Economy and Finance, Economic Development, Innovation in Public Administration, Environment, Transport, and Regional Affairs. The newly established committee met for the first time in September 2010.

The National Tourism Administration has close links with the private sector, which participates through the representatives of its industrial and professional associations in all important bodies where industry expertise and advice is required, including the Conference of the Regions, where industry can propose strategies and initiatives in the field of tourism policy. A specific division within the Office for Programming, Co-ordination and Institutional Relations is responsible for technical assistance, programming and institutional relations with enterprises and their main associations (Federturismo, Confturismo and Assoturismo). Meetings are held on a regular basis and mainly organised as informal working meetings.

The north-south divide

The economic disparities between the north and the south of Italy impact on the growth of tourism. The lower level of development in the south represents both a weakness (*e.g.* transport infrastructure) and an opportunity for developing tourism. For example, the unspoilt and unique natural and cultural resources represent important assets to strengthen tourism development in many regions of the Mezzogiorno.

Tourism has a very high potential for local economic development as it includes a wide range of linkages with many other industries such as agriculture, handicraft, construction or telecommunications. The challenge is to strengthen these linkages and improve the tourism value chain, including the connection with the internal demand. This requires addressing the bottlenecks, building service capacity and strong public management and support with coherent national/regional/local policies. Recent data indicate that the Mezzogiornio is progressively catching up in the field of tourism. For example, from 1990 to 2004, the average expenditure per night per person for inbound

tourism has increased faster in regions such as Basilicata, Calabria, Molise, Sardinia and Puglia than in all the other Italian Regions (Cortés-Jiménez, 2005).

Some regions such as Apulia have well understood the potential of tourism for growth and they are actively developing strategies in the field of tourism (Box 2.4). Other regions are yet to fully exploit their tourism potential. They lack basic tourism infrastructure and facilities and as a result are not yet able to develop their tourism resources.

Box 2.4. The example of Apulia

The OECD has undertaken a policy review on "Sustainable tourism and local development in the Apulia region". The review aims to assist the regional government in reviewing policies and assets of the region in order to implement more effective development strategies based on tourism. The review outlined the following findings:

Apulia is recognised as one of southern Italy's most dynamic regions. In recent years, the Apulia government started to design and implement a precise tourism strategy. As a consequence, tourism in Apulia has seen significant development rates in the last ten years, with an average annual rise of 5.4% compared with 2.0% at the national level. In 2008 in particular, Apulia registered a significant 6.1% increase in tourist numbers.

Despite these good numbers, the analysis pointed to a number of challenges that still need to be addressed and that lead to the identification of the following areas of improvement in terms of priority interventions:

1. A full integration of tourism in the overall and sectoral regional development strategy(ies).
2. A clearer definition and promotion of Apulia competitive assets.
3. An improved internal and external accessibility and improved tourism infrastructure.
4. A better segmentation of tourist targets and a more targeted branding of Italy/Apulia.
5. A more focused training and education framework on the tourism sector.
6. A better developed evaluation framework on tourism and local development policy.

Source: OECD (2011), "Sustainable Tourism and Local Development in Apulia Region", OECD Local Economic and Employment Development (LEED) Working Papers, No. 2011/02.

The development of tourism-friendly framework conditions in the southern part of Italy should continue to be a high priority for the central state. The MOTUS Initiative, where about 1 000 young people from Mezzogiorno received training and found employment, is a good example for targeted projects in this field. Furthermore, it highlights the horizontal nature of tourism and the need for a whole-of-government approach to the development of policy and initiatives. The MOTUS Initiative was launched jointly by the Ministry for Economic Development and Department of Development and Competitiveness for Tourism with the aim to provide services of excellence for the tourism industry by training skilled professionals to manage those services. The initiative was limited to the six regions of southern Italy. It enabled the participants to remain in the regions and contributed to the increased quality and therefore competitiveness of 159 companies bound to their territories. Similar initiatives, including those which should be implemented together with the regional authorities, could be bundled as part of an explicit strategy for southern Italy (Box 2.5).

Box 2.5. The MOTUS Initiative

The MOTUS Initiative was launched jointly by the Ministry for Economic Development and the Department of Tourism of the Presidency of the Council of Ministers, with the specific aims of providing services of excellence for the tourism industry and training highly skilled professionals able to manage those services. The initiative reached – through universities, high-schools and job centres – 968 unemployed or disadvantaged young people from six regions of southern Italy: Basilicata, Calabria, Campania, Puglia, Sardinia and Sicily.

It ensured companies received academic, advisory and organisational support throughout the training period, in particular for the analysis of needs, identification of skill gaps, transfer of expertise and information networking. It also provided students with up-to-date skills which resulted for the majority of them in the opportunity to get a qualified job in the sector. Students were also ensured scholarships and other forms of reimbursement for accommodation, transport and insurance costs. The whole initiative produced a considerable increase in the quality and competitiveness of 259 companies, 159 of which are operating in southern Italy, while contributing to reduce unemployment rates in those regions.

Source: OECD (2010), *OECD Tourism Trends and Policies 2010*, OECD Publishing, page 191.

Public-sector tourism expenditure

The overall picture of public spending on tourism in Italy is complex. It includes public spending by the central administration as well as by sub-level territories and by local public enterprises. Given the devolution process, the regions are fully responsible for the financial resources they allocate to the tourism sector. The data on public expenditure should be taken with caution; they are presented to provide a magnitude of public spending and indications of the trends.

In 2009, the budget for the National Tourism Administration was EUR 76.5 million, of which EUR 33.5 million were earmarked for the operations of ENIT. Total tourism-related expenditure for the Italian regions is approximately nine to ten times higher than that of the National Tourism Administration. This reflects the decentralisation of the state's tourism policy, and limits central government's involvement to subsidiary and complementary activities.

In recent years, the level of public expenditure on tourism has varied considerably between years and between the various levels of administration (Table 2.1). While total public spending on tourism increased by 17.2% (to EUR 1.7 billion) between 2000 and 2007, spending by the central administration decreased marginally from EUR 43.4 million to EUR 41.6 million; it should be noted that this figure does not include the annual budget of ENIT. As a proportion of the total Enlarged Public Sector (EPS, the units of the public sector together with the national public enterprises and local public enterprises, controlled by different government levels) expenditure, central administration spending represented only a small proportion, and remained relatively static during this period (decreasing from 3% to 2.4%).

Table 2.1. Tourism public expenditure by administrative level, 2000-2007

EUR millions

	Central administration	Regional administration	Local administration	Local public enterprises	Enlarged public sector total
2000	43.4	698.2	621.0	102.5	1 465.1
2001	38.2	695.3	583.3	68.3	1 385.1
2002	36.5	718.6	550.2	84.1	1 389.4
2003	34.4	791.5	611.6	127.1	1 564.6
2004	103.4	703.5	722.9	218.0	1 747.8
2005	33.9	735.7	743.1	173.6	1 686.3
2006	45.8	780.0	750.3	183.9	1 760.0
2007	41.6	741.9	753.4	181.2	1 718.1

Source: *Dipartimento per lo Sviluppo e la Coesione Economica* (Department for Development and Economic Cohesion) (2010), *Local public accounts 2009*, *Ministero dello Sviluppo Economico* (Ministry of Economic Development), Rome.

Regional administrations registered an increase in public spending for tourism, rising from EUR 698.2 million to EUR 741.9 million; however, as a proportion of total expenditure, this represents a decrease from 47.7% to 43.2%. Local administration and local public enterprise spending on tourism were the only areas to increase in both absolute (21% and 77% respectively) and relative terms (1.5% and 3.5% respectively).

Expenditure levels fluctuated quite significantly during this period, with particularly large increases in spending in 2004 (apart from regional administrations). For example, central administration spending increased from EUR 34.4 million in 2003 to EUR 103.4 million in 2004 (an increase of over 200%), which was followed immediately by a reduction of 67% the following year to EUR 33.9 million. This sharp increase was the result of capital transfers to the Piedmont region, in the amount of EUR 67.2 million.

The fluctuations in spending at the various administrative and aggregate levels tend to indicate the planning difficulties related to public funding for tourism development. This in turn has an impact on the implementation of tourism policies with a long-term vision.

Regional expenditure on tourism development

Given the key role of the regions in tourism development and the role of tourism in local economic development, it is important to examine the public spending for tourism development[1] at the regional level (*Dipartimento per lo Sviluppo e la Coesione Economica*, 2009:121). It should be noted that there are discrepancies between the expenditure figures for tourism sector development in Table 2.2, and tourism public expenditure by regional administrations in Table 2.1. However, as a tool to compare relative spending between regions it is useful. Between 2000 and 2007, the Piedmont region had the highest total expenditure on tourism sector development with EUR 736 million, however, this was due primarily to the higher transfers received by Piedmont region from 2004 in relation to the preparation of the winter Olympic games in Turin in 2006. The regions with the next highest expenditure, were Sicily with EUR 616 million and Sardinia with EUR 563 million, indicating that significant work has been undertaken to increase visitation in these less developed tourist destinations. Veneto, with the highest number of visitor nights, spent EUR 241 million over the period, ranking seventh of all regions.

Table 2.2. Regional expenditure for tourism sector development, 2000-2007

EUR millions

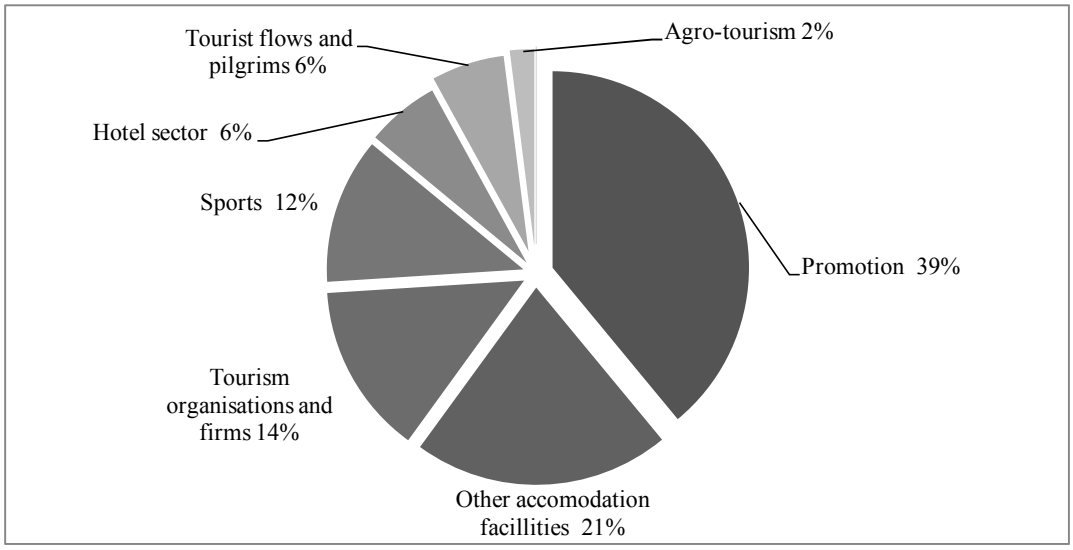
	2000	2001	2002	2003	2004	2005	2006	2007
Piedmont	41.4	57.3	60.4	69.1	231.4	105.5	80.4	91.0
Aosta Valley	23.5	14.5	12.2	10.8	9.3	14.1	9.3	18.6
Lombardy	30.7	21.6	45.9	33.2	40.9	53.6	37.1	34.2
Autonomous Province of Bolzano	37.5	29.4	34.9	33.3	25.6	44.9	29.4	29.4
Autonomous Province of Trento	40.0	33.4	30.2	47.0	65.0	86.9	87.3	45.7
Veneto	13.0	14.3	25.4	27.9	42.9	52.7	35.1	30.0
Friuli-Venezia Giulia	13.3	14.2	8.3	7.5	19.9	16.8	19.3	17.6
Liguria	20.0	36.9	21.2	15.2	18.9	19.3	17.4	19.7
Emilia-Romagna	32.8	11.2	8.7	24.2	20.5	22.6	22.9	16.6
Tuscany	27.1	9.5	27.7	52.9	30.4	43.8	11.9	17.8
Umbria	5.7	5.5	5.3	7.2	5.8	5.8	6.9	7.9
Marche	12.9	15.9	10.1	3.0	12.8	6.4	6.2	6.3
Lazio	14.5	7.0	5.4	8.8	8.9	12.7	23.6	16.8
Abruzzo	17.4	12.6	11.5	31.9	28.7	22.1	15.6	14.3
Molise	16.1	18.3	3.8	3.5	6.1	8.0	8.9	6.5
Campania	15.4	12.6	4.2	11.7	18.5	31.5	18.3	16.1
Puglia	20.6	12.6	2.9	6.6	3.6	8.5	10.7	13.9
Basilicata	16.7	15.5	10.4	20.5	16.0	13.2	12.4	15.0
Calabria	8.4	33.9	25.4	27.3	12.0	10.9	19.7	44.6
Sicily	69.7	100.1	39.0	65.9	55.8	65.7	88.2	132.2
Sardinia	76.3	36.7	108.1	115.7	60.0	52.4	58.6	55.3
Italy	553.0	513.2	501.0	623.2	733.0	697.4	619.3	649.4

Source: Dipartimento per lo Sviluppo e la Coesione Economica (Department for Development and Economic Cohesion) (2010), *Local public accounts 2009*, *Ministero dello Sviluppo Economico* (Ministry of Economic Development), Rome.

Piedmont, Aosta Valley, Lombardy, the Autonomous Provinces of Bolzano and Trento, Emilia Romagna, Tuscany, Apulia, Sicily and Sardinia have higher aggregate values than the median value of EUR 20.3 million in 2000, which decreased in 2007 to EUR 18.3 million. Calabria has registered the highest increase in spending, up from EUR 8.4 million in 2000 to EUR 44.6 million in 2007.

An analysis of spending shows that 47% of regional public tourism expenditure was used for the development of products, 39% was spent on promotion, and 14% for tourism organisations and companies (Figure 2.2).

Figure 2.2. The distribution of regional tourism expenditure, 2007



Source: Confturismo (2007), "La spesa delle regioni per il turismo", November 2007, Confturismo, Rome, *www.confturismo.it/studi-e-ricerche?start=10a*.

National Tourism Administration initiatives are often shared and co-financed by the regions (joint ventures). The regional support is, in the long run, only possible if the central state invests enough money to stimulate its tourism policy goals. In this regard, the central state's budget for tourism acts as seed money to attract investment from the regions and to facilitate the implementation of the national tourism policy.

The budgets allocated to the delivery of accompanying policies are relevant to the development of tourism, but cannot be considered as expenditure for tourism policy measures themselves. In general, the accompanying policies provide public goods, such as natural and cultural attractions, and infrastructure relevant to tourism development. However, these goods are primarily produced for the general population and not specifically for visitors. Therefore, they cannot be considered as direct tourism expenditure by the state, despite visitors contributing to a better use of these goods, and to higher state revenues.

National tourism policy development

Since 2008, the Italian government has undertaken several policy initiatives aimed at supporting competitive and sustainable tourism development. The cornerstones of these actions were the development and co-ordination of policies among the different institutional levels, the expanding and enhancing of the Italian tourism brand, the reorganising of promotional activities abroad, and the creation of appropriate framework conditions to be more competitive. In 2010, the government adopted the Pact for Tourism (*Patto per il Turismo*) which outlines a series of step-by-step measures on the demand and the supply sides, focusing on competitiveness and promotion issues, including:

- the promotion campaign in major mass media and the development of *www.italia.it*
- credit facilities for small tourism companies

- facilitation of market access for tourism companies
- the creation of an advisory board representing tourism-related industries
- initiatives for a more flexible tourism labour market with simplification of procedures
- initiatives for a better staggering of holidays, including actions for social tourism
- the reorganisation of the national tourism observatory

Recent policy developments in Italy reflect both an increased attention given to tourism as well as a lack of integration of tourism policy into an integrated overall development strategy. Recent policy measures which have been taken for tourism development remain fragmented and should be considered as a step towards the development of a long-term tourism strategy that places economic, competitiveness and sustainability issues at the heart of Italian tourism policy. There is no clear single document of reference for Italy's tourism development, which would be key for the coherent and co-ordinated development of tourism in Italy and its regions.

An important feature of tourism is the multiplicity of stakeholders. At the level of governments, stakeholders include almost all areas of government, horizontally across agencies responsible for transport, infrastructure, regional development, immigration and customs, education and training and so on but also vertically from the national level through to the regional and local levels of government. In Italy, given the devolution process the connections between the different government structures are key considerations for the development of a national tourism policy. At industry level, tourism in Italy is heavily weighted towards micro-businesses. These firms typically have little capacity for longer-term planning, research or strategic development. They generally produce and sell one component of the product rather than the whole product demanded by the consumer – which is more likely to be a destination-wide "experience". The connection between all these stakeholders remains weak.

A successful tourism policy development requires a complex set of mutually supporting infrastructure, policy and planning decisions if the broad ranging natures of tourism's benefits are to be realised and potential costs managed. This is why the government has a substantial role to play in tourism development. This reflects not only the market failure which emerges from tourism's fragmented SME based structure, but also, and importantly, the wider economic and social benefits that it can bring to destinations and especially to sustaining local and regional based communities. In Italy, there should be an increased dialogue, co-operation and partnerships among the multiplicity of stakeholders.

While the increase of the competitiveness of tourism is a priority in Italy, there is little tangible articulation of how this can be applied in practice through individual policy interventions to improve performance and productivity. Efforts to deal with the issues of loss of competitiveness are proving more difficult to deal with and issues of raising productivity is for the most part only beginning to be addressed in tourism strategies. In Italy, given the observed decrease in productivity in tourism in recent years, such an inclusion is a necessity.

The newly created position of Minister of Tourism, with the support of the Department for Development and Competitiveness of Tourism, could play a leading and instrumental role in developing a long-term policy, well integrated into the overall development strategy of Italy, and in providing a consistent vision for tourism

development at sub-national levels. Coherence and consistency between levels of government are necessary to ensure that tourism policies and implementation are mutually supportive and reinforcing. This is a major consultation and co-ordination challenge for Italy. Another major challenge for tourism planning and policy makers relates to cross government policy co-ordination in an environment where the tourism portfolio may be relatively less influential than some others.

This long-term policy should, notably *i*) take an integrated governmental approach and engage all players active in tourism development (*e.g.* tourism industry, ministries such as transport, regional and local actors); *ii*) spell out clearly the strategic priorities and themes for Italy's engagement in tourism; and *iii*) clarify Italy's plans to support tourism development in the south and to strengthen its engagement with the regions. Having such a strategy would help optimise the use of resources, such European funds (*e.g.* FEDER, LEADER, social funds), public investment and foreign investment, and support the development of tourism coherent with the policy (*e.g.* long-term sustainability).

Evaluation of tourism policies and programmes

The importance of evaluation

Just as the need for a national strategic policy is key to the development of tourism in Italy, so is the need to measure the impact of current and future tourism policy. In this respect, evaluation has a critical role to play in measuring the effectiveness and efficiency of policy and public spending (Box 2.6). There is evidence that efforts should be undertaken in Italy to promote a culture of evaluation in tourism, develop appropriate techniques and implement them.

Tourism must prove its value as an economic driver if it is to continue to attract government investment, and evaluation is the most appropriate means of demonstrating value. As such, evaluation should be considered as equally important to the tourism strategy itself.

Well-prepared and executed monitoring and evaluation can provide the evidence to make informed choices and select priorities for investment as part of the policy decision-making process. Good evaluation can attribute future outcomes and impacts to policy initiatives and help determine the extent to which policies and programmes have tackled market failures and contributed to real growth. It can also be used to explore how government expenditure can be made more efficient and/or effective.

Box 2.6. Key reasons to evaluate tourism policies and programmes

The OECD has identified five key reasons:

1. Help policy makers better assess the impacts of their tourism policies and programmes against their objectives, to learn from past successes and failures and to inform decision makers.
2. Allow a better cross-government understanding of the efficiency of the "whole-of-government" approach in tourism at national, regional and local levels.
3. Provide evidence of return on investment in tourism, cost effectiveness across a portfolio of policies and programmes.
4. Stimulate debate amongst tourism stakeholders (entrepreneurs, residents, tourists, investors, local authorities, etc.)
5. Improve the design and implementation of programmes, how they should adapt to changing conditions and what could be done better in the future.

Each level of government (national, regional and local) and each actor in the sector (public, private and community) has an important role to play in this effort, be it collecting, analysing or exchanging information in order to improve management, policy and budget decisions. However, the benefits are likely to be strongest when this occurs within a clear and coherent national framework that is shared by all the main actors and can also be used to benchmark against other regions and OECD countries. A coherent monitoring and evaluation framework provides evidence on the extent to which tourism development policies and programmes contribute to achieving national and regional objectives for growth and reduction of disparities and how this contribution might be increased. Information is key to efforts to address the north and south divide in Italy.

Evaluation success factors

The choice of evaluation methodology is highly significant in the success of any evaluation and should be developed to accommodate the needs of key stakeholders (Box 2.7). Often this requires a combination of quantitative and qualitative approaches and a framework for analysis to help embed peer practices and communicate progress.

Box 2.7. Key factors for a successful evaluation

1. Performance indicators: Robust performance indicators which are easy to measure, benchmark regionally, nationally and internationally and which can be interpreted by policy makers.
2. Stakeholder participation: Policy formulation and evaluation should include stakeholder consultations. Stakeholders should also be involved in the evaluation process.
3. Leadership: A strong commitment to a programme of evaluation that spans all technical approaches as well as clear communications of findings is essential. Structures should be in place to ensure timely and regular reporting and discussion.
4. Ownership: Policy makers, government and the private sector must take ownership of the performance indicators and understand the value of the methodologies used. Major evaluations should be conducted as independent and objective assignments.
5. Governance: Arrangements (such as Memoranda of Understanding and Agreements) need to be in place to ensure that evaluations are co-ordinated between authorities.
6. Time commitment: The appropriate time has to be allocated for evaluation. There also needs to be a timetable for the evaluation process to take place with quarterly and annual reporting.
7. Resource allocation: Good and well-executed evaluation studies, often involving extensive beneficiary surveys, cost money and the appropriate funds must be allocated to ensure that a programme of evaluation can be executed and sustained to generate real learning.

Source: OECD (2010), "A Framework for the Evaluation of Tourism Policies and Programmes", internal working document (document for official use), Centre for Entrepreneurship, SMEs and Local Development, OECD, Paris.

Annex 2.A1. International learning models: Policy, organisation and governance

The purpose of presenting international learning models in the review of tourism issues and policies in Italy is to provide inspiration for the Italian stakeholders in implementing reforms in tourism.

The Australian example illustrates a well-articulated approach in developing a long-term tourism strategy with a strong focus on competitiveness issues and implemented through an active participation process of a wide range of stakeholders.

Australia: National long-term tourism strategy

Description of the approach

The National Long-Term Tourism Strategy was launched by the Australian Government Minister for Tourism in December 2009. The strategy is an overarching framework for the long-term development of the tourism industry in Australia.

The strategy is a long-term microeconomic reform agenda to address the industry's structural weaknesses. This will increase productivity and the industry's long-term resilience. Many of the sources of industry under performance (costly and inefficient regulation, lack of new investment and infrastructure, low product quality, skills shortages and low utilisation of digital technology) are affected by policies administered by other federal government agencies and state and territory governments.

Unlike previous tourism policy initiatives, the strategy will be implemented in collaboration with other federal government agencies and state and territory governments.

The strategy's key focus is to ensure that the supply of tourism products in Australia is sufficient to support the growth of Australia's tourism industry in an increasingly competitive global market. The strategy sets out a plan to reform the industry in Australia in the key areas of demand stimulation, leadership, research and development, investment and regulatory reform, labour and skills, adaptability and resilience, quality, product development, and performance measurement.

The Australian Government developed the strategy in collaboration with industry, and State and Territory Governments. Development of the strategy was informed by a comprehensive report of the state of the tourism industry in Australia. The report, known as "The Jackson Report", was commissioned by the Australian Government Minister for Tourism. In July 2008, the minister established a steering committee to deliver a long-term vision for the tourism industry to maximise the benefits of tourism to the Australian economy. The minister directed that the focus be on the supply side, reflecting challenges the industry faces in ensuring it has the productive capacity to meet the future

demands of tourism consumers. The nine-member steering committee was drawn from industry and government. The steering committee conducted wide-ranging consultations with industry and government participants around Australia. It also considered established sources of data and commissioned original research.

Rationale for approach adopted

The tourism industry makes a significant contribution to the Australian economy; accounting for 2.6% of GDP, 4.5% of employment and 8.3% of exports. The tourism industry operates across a broad range of sectors from hospitality and transportation to training and accommodation.

However, the competitiveness of the Australian tourism industry has declined over the last 15 years: Australia's share of the global tourism market declined by 14% from 1995 to 2008; the number of Australians holidaying domestically has gone backwards over the last 11 years; and Australians are travelling overseas at a rate faster than tourists are visiting Australia. Australia has gone from a tourism trade surplus of AUD 4 billion in 2001-02 to a tourism trade deficit of AUD 4 billion in 2008-09.

In the context of both the importance of the sector and its declining performance, the Australian Government recognised the need to drive a reform agenda to better equip the industry with the tools to more effectively handle increased global competition. The Australian Government recognised that to be successful it must work across a range of portfolios; and in co-operation with industry, and State and Territory Governments. The strategy provides the vehicle for this collaborative work and for cohesive action to ensure Australia's tourism industry grows in volume, quality and strength.

Results of the approach

The infancy of the strategy means it is not yet possible to determine outcomes. Early outputs from the strategy include:

- High-level oversight of the strategy implementation through regular meetings of the Tourism Ministers' Council (TMC) which brings together all ministers responsible for tourism in Australia.
- The TMC has agreed to now meet twice a year instead of once a year to provide the strategy with the high-level oversight to lead the inter-jurisdictional reforms required to implement the strategy.
- The formation of nine working groups to take forward reform in the areas of tourism access; investment and regulatory reform; labour and skills; destination management planning; Indigenous tourism; tourism quality; industry resilience; research and development; and digital distribution.
- Active engagement on the part of industry, state and territory governments, and broader portfolios of the Australian Government through participation in the working groups.
- Commissioning of carefully targeted research and analysis to inform the reform programmes of the working groups in the areas of labour and skills, and investment and regulatory reform.

- A comprehensive review of the operation of planning systems in each state and territory as they relate to tourism development and the preparation of a National Planning Guide.
- A Tourism Directions Conference has been planned and is scheduled for November 2010. The conference will take a strategic forward looking approach to reposition the tourism industry, highlighting the economic significance of tourism as a key contributor and driver of growth for the Australian economy.

Reasons for success

Given the strategy is less than 12 months old, it is too soon for it to be formally evaluated. However, the success of the strategy is evidenced by:

- TMC's satisfaction with the progress of work undertaken by the working groups;
- high-level participation in the working groups tasked with implementing the components of the strategy;
- continued engagement of industry, state and territory governments and other Australian government agencies in the strategy's implementation.

The reasons for this success include the:

- willingness to drive the strategy at a senior level within the Australian Government and the commitment to the strategy from all levels of government and across industry;
- timeliness for such a strategy; the tourism industry in Australia is at a point where the need for action is widely accepted.

Obstacles faced and response taken

Historically, Australian tourism policy had focused on demand stimulation and marketing and paid little attention to supply-side issues. Attempts to focus on issues like tourism investment, labour and skills, the costs of regulation and product quality were viewed as being outside the core business of developing new marketing initiatives. This meant that tourism was not seen as being part of broader economic policy debate. Consequently, the government agencies responsible for economic development strategies did not adequately consider the tourism specific issues related to investment, productivity, addressing labour and skills shortages and removing regulation that causes unnecessary costs or burdens to industry.

The development and implementation of the strategy required industry and tourism departments to recognise the importance of better balancing supply and demand side policies to more effectively leverage the half a billion dollars that the federal, state and territory governments invest in marketing Australian tourism. It also required other government agencies to recognise the broader social and economic benefits that can accrue through addressing tourism supply-side issues.

These obstacles have been overcome through the TMC's political leadership in driving cultural change through government departments and the industry. Consequently, tourism portfolios, both at the national and state/territory level, have commenced an ongoing process of communication and education with other portfolios. This has

included ensuring other portfolios are aware of the contribution of tourism to the economy; providing evidence to other portfolios of the significance and impact of their roles and responsibilities to the development of the tourism industry (*e.g.* through the National Planning Guide mentioned above); and co-opting representatives of other portfolios through working group membership.

Relevance to other countries

The strategy is the first time Australia has taken a collaborative and holistic approach to supply-side microeconomic reform in the tourism industry. It provides a learning model for other countries because it demonstrates how action can be taken across levels of government and in a manner that encourages and values industry participation. It also underlines the importance of taking action to address supply-side issues rather than simply focussing resources on demand stimulation.

The strategy is also unique because it takes a long-term view. It acknowledges that Australia's tourism industry must act now to secure its future, but it does not deal in quick fixes. The strategy's focus is the hard and persistent work that must continue over the long term to achieve lasting structural reform.

Considerations for adoption in Italy

While the systems of government in Australia and Italy are quite different in many respects, the structure is broadly comparable. Where Australia has a national government, state/territory governments and local governments, Italy has a national government, regional governments and provincial governments.

Adapting the Australian model in Italy would require participation of key stakeholders at the national, regional and provincial level; from industry (all areas of the tourism supply chain); and from other government agencies with responsibilities that impact on tourism development (*e.g.* planning). A nationwide consultative process to engage the community in the discussion; promote the importance of tourism, and generate support for such a model could be an effective mechanism to move the agenda forward.

Denmark: Evaluation of VisitDenmark projects and programmes

Description of the approach

In VisitDenmark, all projects and programmes (marketing and development) follow a project model which dictates the use of performance indicators. The performance indicators are:

- result goals: defining the specific deliverables
- effect goals: defining the specific criteria for success

All marketing activities are evaluated based on how well result and effect goals are met.

The total budget for marketing evaluation in 2009 was DKK 600 000 (EUR 80 000), including DKK 50 000 (EUR 6 600) from external partners. The budget is allocated to the purchase of studies of marketing campaigns, online marketing activities and knowledge development within the area of marketing effect measurement.

Rationale for approach adopted

The main purpose of the evaluation is to ensure that the effects of significant and major marketing projects are documented and evaluated, and that the effects of minor projects are estimated.

All of VisitDenmark's marketing activities are subject to co-financing requirements, meaning that all activities must be done in co-operation between external partners (*e.g.* the travel trade) and VisitDenmark. To provide documentation of the marketing effect to both partners and internally to VisitDenmark, the marketing effect measurement programme is conducted.

Results of the approach

Project managers within the organisation must now, as a minimum, set targets according to the performance indicators (result and effect goals). Therefore setting goals is an integral part of all marketing activity. The targets in each project are co-ordinated with and approved by the external partners in the project.

The scope of the measurement is defined by the budget size and the resources allocated to the activity. For example, if the activity has a budget larger than DKK 1 million then, as a general rule, a thorough evaluation must be conducted. If the budget is smaller than DKK 1 million, internal online tracking and estimates are used to evaluate how well the activity meets the targets.

Due to the diversity between markets, target audiences and the fact that it is impossible to have comparable results on all marketing activities, the results are currently used only to inform and qualify strategic decisions. They are not as such used in priority setting, as market diversities make it difficult to compare market by market. However, evaluations have in several instances provided input to a more optimal marketing mix.

Reasons for success

At the head office, 1 400 hours per year are allocated to all measurement of marketing activities. This includes, setting realistic goals in all marketing projects, facilitating the evaluation process, conducting and financing campaign studies of marketing activities, online tracking, optimisation of activities, training/education of colleagues and reporting.

Measurement and evaluation is an integrated part of the marketing project. Hence project managers allocate time for evaluation. Approximately ten hours are allocated to evaluation but this can vary from project to project.

Each project plan must define how and when the marketing activity is measured and evaluated. All projects should, as a minimum, be measured and evaluated according to a defined set of performance indicators and there should be guidelines on how evaluations should be undertaken. These requirements are approved and dictated by management and the board of directors.

Key factors taken into consideration in the planning process are:

- ensuring that the targets are set and measured according to the defined evaluation structure
- ensuring that all stakeholders in the project take ownership of the targets (*i.e.* they accept a set of targets that will indicate whether a project is a success or not)
- defining the scope of the evaluation (*i.e.* to decide the level of resources that is allocated to evaluation of the project)

In order to be able to compare the results measured to other tourism marketing activities, VisitDenmark uses benchmark conversion rates from the international media agency International Universal Media. In combination with previous internal evaluations, it gives an indication of how well the marketing activity performed. Furthermore, benchmarks are used in campaign studies when the research agencies performing the studies have applicable benchmarks. These benchmarks are generally very generic and there is a clear need for improvement in this area.

The process is:

- defining the activities in the project
- setting the goals for each activity
- deciding the scope of measurement
- actual measurement (online, tracking study or estimation of results)
- continuous monitoring of the activity in the period of execution
- final evaluation
- conclusion of the activity, including scrutiny of the results

Obstacles faced and response taken

A high degree of geographical and cultural diversity combined with very different market positions for Danish tourism are the major obstacles for implementation of a uniform evaluation process and methodology.

The activities on each market are based on Denmark's current market position. This means that the nature of the activities is very different. Also, cultural diversity between the markets gives different ways of conducting good marketing activities. Therefore an implementation of a uniform way of conducting marketing activities is a complex process.

Experience shows that it is important to keep the process as simple and easily applicable as possible. This obviously conflicts with the need for solid documentation, comparable results and input to priority setting.

The diversities between the markets have created some resistance toward the implementation of an evaluation regime. In practice, this means that the process and methodologies must be flexible and applicable to many markets that act very differently. This obviously conflicts with an overall evaluation structure.

Relevance to other countries

The users of the evaluation are project managers, market directors and the management group who receive results according to their level of responsibility. Overall, there are three levels:

- Project level: Results of the actual marketing activity are reported to project managers and tourism trade partners in the project.
- Market level: Actual results and total market estimates are reported to market directors and top management.
- VisitDenmark level: Estimates of the total effect of marketing activities are reported to the management group and the board of directors.

The factors necessary for a good and valuable marketing evaluation at these three levels, which are applicable to all countries, are:

- Ownership: In general, project managers, market directors and top management have to take ownership to the performance indicators and acknowledge the methodologies used. All project managers must apply the evaluation framework in their projects, and management must accept the result as indicator of (or lack of) success.
- Time: The appropriate time has to be allocated for evaluation. Especially project managers should allocate time for the full evaluation process.
- Money: Good and well-executed campaign studies cost money and the appropriate funds must be allocated to those.
- Market diversity: Denmark's market position as a tourist destination differs and the people and cultures that are the receivers of communication are also different. Therefore the evaluation regime has to be flexible and able to be adapted to very different marketing activities and ways of communicating. This means that it is not possible to measure and evaluate according to a strict and uniform model throughout the organisation. Instead, measurement of the defined performance indicators must be done in accordance with the market specific activities.

Campaign studies have provided much valuable insight into the quality of the marketing activities. These insights have provided a good base for project managers and marketing agencies to develop marketing concepts further on.

Combined with general conversion rates, the full effect of VisitDenmark's marketing effects can be estimated. While estimates are not the optimal methodology, this has proven to be the best approach, in an environment where financial resources are increasingly scarce, that provides an idea of both the effects of the individual activities, the effects at the market level and the total effects of VisitDenmark's marketing activities.

Finally, the combination of online effect measurement, offline campaign measurement (primarily through external agencies), and the use of a knowledge database with benchmark results, could be a way forward. However, this approach calls for a better and larger knowledge database.

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Notes

1. Includes fixed assets and works; non-fixed assets, machinery and equipment, etc.; capital transfer to family members and social institutions; capital transfer to private businesses, unassigned capital amounts, and as far as it concerns current payments, expenses for education.

Chapter 3

Tourism intelligence and statistics in Italy

Up-to-date economic information and tourism intelligence are considered very important public goods for the private sector. A modern system of tourism statistics has to provide timely and reliable information on tourism production and consumption aspects. Tourism statistics in Italy remain very fragmented, at the national, regional and local levels, and the review highlighted that users were often unsatisfied with the quantity and quality of tourism-related data available. Policy makers and business decision makers need access to precise and rigorous information about the economic significance of tourism and its various roles in the Italian economy, in order to monitor the development of tourism and to develop effective policies. A stronger co-operation between producers and end-users is necessary in order to improve the quality and timeliness of data in Italy. Such an approach would help to avoid duplication, support greater coherency of data, and produce appropriate information that meets the requirements of consumers.

Introduction

The diffusion of knowledge is an important mechanism for the production of innovation in the field of tourism. Up-to-date economic information and market intelligence are considered very important public goods for the private sector. Tourism is horizontal by nature (tourism industry branches are spread throughout the economy) and requires, as such, a cross-sectoral analysis providing statistical information on a wide range of issues, covering the economic, environmental and social aspects of tourism at various territorial levels (national, regional and local). A modern system of tourism statistics has to provide up-to-date and reliable information on tourism production and consumption aspects. Its primary focus will be on quantitative data but a good knowledge of tourism demand also requires qualitative information, for example on visitors' expectations.

The system of statistics for tourism is relatively young, in comparison to many other economic areas. In order to better measure the tourism economy, this system has rapidly expanded over the last 15 years. Notable developments include the UN-UNWTO-OECD-Eurostat *Tourism Satellite Account Methodology (TSA)* (2001 and 2008), the UN-UNWTO revision of the *International Recommendations on Tourism Statistics* (2008), and the EU Directive on Tourism Statistics (1995). In addition, important side methodological developments have taken place regarding sustainable tourism indicators (*e.g.* within UNWTO, OECD or Eurostat), employment (*e.g.* within the International Labour Organization [ILO], UNWTO or OECD) or competitiveness indicators (*e.g.* within EU or OECD).

These evolutions are making the system of tourism statistics more and more complex, demanding and costly to implement by public authorities. Therefore a strategic view with clear priorities and strong partnerships, *e.g.* with regions and the private sector, needs to be established to implement the national/regional statistical system. This applies to all countries, including Italy. Partnerships are instrumental to develop tools such as the Tourism Satellite Account (TSA).

Overall assessment

The purpose of the review was not to do an in-depth quality review of tourism statistics in Italy. So there is no proposal in this report regarding the improvement of the individual surveys (methodology, etc.). The purpose was rather to look at tourism statistics from a user's perspective, in particular, to identify gaps in information and ways to improve statistical information on tourism for better business and policy decision-making.

The review highlighted that users of statistics were often unsatisfied with the quantity and quality of tourism-related data available to them. Current official statistics in Italy, as in many other OECD countries, have important resource constraints. Major gaps identified by users include: *i)* the absence of a tourism satellite account; *ii)* more detailed information on domestic tourism consumption; *iii)* more detailed information on indirect and induced tourism impacts; *iv)* more comprehensive and robust local statistics; *v)* more detailed information on private accommodation and use of secondary homes for tourism purposes; and *vi)* lack of timeliness in the data. However, ongoing efforts to provide

information on line, including official and unofficial statistics, both specific to tourism and more general, have been noted.

While there is no clear picture on the overall level of investment in tourism statistics by the Italian authorities, there is evidence that there has been in recent years an increased awareness of the importance of having a good statistical system for tourism in Italy and a parallel recognition of the important gaps in the current system. Initial steps have been taken to strengthen partnerships for tourism statistics and dissemination with the creation of the National Observatory on Tourism or with the establishment of an inter-institutional platform for TSA development. In other more substantial areas like the TSA, progress has not been satisfactory.

In terms of organisational responsibility for tourism statistics, several producers of statistics – official and others – are playing an important role in providing and disseminating key information on tourism. However, no one organisation exercises overall responsibility for tourism statistics in Italy. This leads to a lack of strategic approach for the development of tourism statistics; a fragmentation of the resources allocated to tourism statistics; a lack of co-ordination and consistency across different sources; fragmented decisions about tourism statistics influenced by the particular objectives of each organisation; and presumably, less analytical work based on those statistics.

Statistical information on tourism

Overview of Italian tourism statistics

ISTAT provides basic tourism statistics by following international definitions and methodologies, in particular the EU directive on tourism statistics. In terms of supply, the main surveys include:

- *Capacità degli esercizi ricettivi*, a census survey on the capacity of facilities. It is conducted on a yearly basis and enables the quantification of available accommodation facilities (camping, resorts, mixed camping and resorts, vacation houses rented for business, farmhouses, youth hostels, vacation homes, mountain hostels, B&Bs, etc.)[1].
- *Movimento dei clienti negli esercici ricettivi*, a monthly census survey on the number of customers present in accommodation facilities. It measures the flow (arrivals and departures) and the presence of both Italians and foreigners in the national territory. This survey is based on the daily forms that the facility administrations are obliged to submit to the competent authority.[2]
- Sample information, collected on accommodation facility activity during the Easter, *Ferragosto* (mid-summer holiday) and Christmas periods from *Attività Alberghiera, Pasqua, Natale* and *Epifania*. This information is available approximately 40 days after the specific period.

On the demand side, the flow of domestic tourists is monitored through a sample survey (*Viaggi Vacanze e Vita Quotidiana*), which is conducted on a quarterly basis and collects information on travel, holidays and daily life. It also collects information on travel type and behaviour, socio-demographic characteristics, and the organisation of the trip itself.

The Central Bank of Italy (*Banca d'Italia*) conducts surveys on international tourism flows and provides information on both inbound and outbound travel. Furthermore, it provides information on the monetary flows created by tourism with the rest of the world.

Other public institutions conducting surveys on tourism include the National Observatory on Tourism (ONT, *Osservatorio Nazionale sul Turismo*), and the regional observatories[3].

Additional private institutions include notably the Centre for Studies of Florence, the International Centre of Studies on the Tourist Economy in Venice (CISET), the Mercury of Florence, the Italian Touring Club and a range of other centres linked to universities.

The ONT disseminates data from ISTAT, the Bank of Italy, as well as surveys conducted by National Institute for Research on Tourism (*UnionCamere-Isnart*)[4] via its portal (*www.ontit.it*), created in May 2009. Information provided on the portal includes data on accommodation facilities[5] and other general tourism indicators[6]. At local level, each regional observatory also publishes official data and conducts studies tailored to regional requirements[7].

ENIT, along with the Ministry of Foreign Affairs (MAE, *Ministero degli Affari Esteri*), publish reports analysing the tourism market in foreign countries, as well as outbound tourism and demand for Italy.

Data on public sector tourism expenditure, including terms of investment for tourism development, is made available by the Department for Development and Economic Cohesion Policies (*Dipartimento per le Politiche per lo Sviluppo e la Coesione Economica*), which is part of the Ministry of Economic Development (*Ministero delle Sviluppo Economico*).

Tourism Satellite Accounting

The review underlined that policy makers and business decision makers need to have more precise and rigorous information about the economic significance of tourism and its various roles in the Italian economy, in order to monitor the development of tourism and to develop effective policies. In this regard, the TSA is considered worldwide as fundamental to acknowledging the economic weight of tourism within an economy and to comparing tourism to other industries. It is thus important to consider the TSA as only one tool in the system of tourism statistics. Other important dimensions to be covered include sustainability, employment or competitiveness indicators, to name a few.

Italy still lacks an official TSA which could allow a more consistent and comprehensive evaluation of tourism. A feasibility study was undertaken in 2001-2002 with support from the European Commission. The feasibility study produced partial TSA figures for the year 2002 and underlined the severe data gaps that remain in basic surveys. This lack of appropriate data prevented the complete TSA from being developed. Areas of concern include the lack of detailed information on tourism domestic consumption that leads to an underestimation of the aggregates. The inexistence of a supply-use matrix from national accounts makes the reconciliation between tourism production and consumption impossible and makes the calculation of tourism ratios difficult. The feasibility study recognised the leadership of ISTAT and the national tourism administration in compiling the TSA for Italy as well as the importance of co-operation with other partners and in particular with the Bank of Italy and CISET.

An important milestone in the process of encouraging the implementation of TSAs in Europe, was the adoption of the EU directive on the collection of statistical information in the field of tourism (Directive 95/57/EC), designed to harmonise a wide range of tourism statistics. This directive establishes a system to provide reliable and comparable statistics for each member state and hence for the EU as a whole. The directive sets up a system of reliable and harmonised statistics on tourism, focusing on the capacity of collective tourism accommodation (hotels, camping sites, etc.); on guest flows in these collective accommodation establishments, showing arrivals and nights spent; and on tourism demand among residents for the two most important tourism markets, *i.e.* holidays and business travel.

The continuing evolution of Italy's national accounts, coupled with the development of basic tourism data should contribute significantly to the creation of adequate information in the field of tourism and support TSA developments. When developing the Italian TSA, all efforts should be done to support also the creation of the TSA at regional level as the local dimension is fundamental for the analysis of tourism and the design of national and regional policies. Employment would also be an area of particular importance in the case of Italy. TSA extensions on employment offer opportunities for insights into the relationship between labour markets and other economic processes and produce data on elements such as productivity and indirect employment effects. The TSA would also provide a base to calculate indirect and induced impacts of tourism in order to understand the global reach of tourism in Italy. Some countries have developed economic models using input-output multipliers (Box 3.1).

Box 3.1. Direct and indirect economic impacts (Australia)

The estimates of tourism gross value added, tourism GDP and tourism employment in the TSA relate to the direct impact of tourism only. A direct impact occurs where there is a direct relationship (physical and economic) between the visitor and producer of a good or service.

Indirect tourism demand is a broader notion that includes the downstream effects of tourism demand. For example, when a visitor buys a meal, indirect tourism demand is generated for the food manufacturer, the transporter, the electricity company, etc. providing the necessary inputs required to make the meal. To fully measure the indirect effects, changes in incomes which may create further changes in tourism demand should also be taken into account. A full analysis of indirect effects is best done using economic modelling. Tourism Research Australia (formerly Bureau of Tourism Research) has undertaken this work and the latest results are reported in the Tourism Research Report (Volume 5, No. 2, 2004), Indirect Economic Contribution of Tourism to Australia, 2001-02.

Source: Commonwealth of Australia (2007), Tourism Satellite Account, 2005-06.

While there are plans to compile a full-fledged TSA, there has not been any systematic production of accounts to date. The governance of this project associates ISTAT, the Department of Tourism, and other stakeholders such as the National Tourism Observatory, the *Ufficio Italiano Cambi* (UIC) and CISET. Close co-operation between all stakeholders active in tourism statistics and national accounts is a prerequisite for the success of such a complex project. Italy should speed up the development of its TSA and, in this regard, additional efforts should be made to ensure that the inter-institutional platform functions effectively.

Private accommodation data

Private accommodation plays a significant role in the Italian tourism economy. In 2009, about 430 million nights were registered in private accommodation, compared with 358 million nights in hotels and other collective accommodation facilities. Associated expenditure represented EUR 27.4 billion out of the EUR 75.9 billion of total tourist expenditures in Italy for 2009 (UnionCamere, 2010). However, a large share of private accommodation remains unregistered and therefore is not included in official statistics. Nomisma (Italian economic research institute) and the Italian Federation of Professional Real Estate Agents (FIAP, *Federazione Italiana Agenti Immobiliari Professionali*) have estimated that very few private holiday rentals are declared in Italy. A main reason to explain the situation would be tax evasion. This situation could change with the introduction in January 2011 of the single tax on all rental accommodation which aims to encourage the formalisation of rental income.

From a tourism policy perspective, there is high interest for having a better knowledge of private accommodation in the Italian economy as there is evidence that private accommodation is playing a very significant role in some destination areas and complements other forms of accommodation. Furthermore, a better knowledge about the use of private accommodation by visitors would support tourism policy development. Therefore, Italy is encouraged to find innovative ways to better measure private accommodation and its use for tourism purposes. There is a need for an improved list of registered private accommodation.

Other weaknesses in existing statistical information

Tourism statistics in Italy remain very fragmented, at national, regional and local levels. A stronger co-operation between producers and end-users would be necessary in order to improve the quality and timeliness of data. This would also help to avoid duplication, support a better coherency of data and produce appropriate information, which meet the requirements of consumers (ISTAT, 2009).

There is currently a lack of information that represents social and economic dynamics connected with the development of tourism as a phenomenon, particularly in relation to employment and environmental sustainability. More could be done to analyse tourism in relation to quality of life and well being; this would contribute to ongoing international efforts to improve the measurement of well-being and the progress of societies. Official statistics remain rather poor in terms of qualitative data, with little focus notably on quality aspects. The integration of qualitative information with quantitative data should, therefore, be one of the objectives of tourism statistics.

Economic information on tourism, both at the national and local level, is currently lacking, and could be strengthened using for example the survey on hotel, restaurant, and other activities supporting tourism activity and transportation turnover, or the Statistical Archive of Active Companies (ASIA, *Archivio Statistico delle Imprese Attive*), a business register and archive that may allow a detailed analysis of the tourism sector at a local level[8]. The weaknesses identified include the regional economic dimension of tourism or the total (direct plus indirect) impact of tourism in the national economy. Several stakeholders underlined that the current data set on tourism does not properly reflect the overall performance of the sector and makes any evaluation of tourism difficult and incomplete. For example, despite its importance, domestic tourism remains neglected

and under-researched in Italy. There is a need to expand work and analysis on domestic tourism consumption.

The availability of good tourism statistics at local level is essential to support local tourism, social and economic policies. Currently, the tourism indicators available do not appear to satisfy such needs. Better co-ordination between local authorities and ISTAT is also necessary, especially concerning methodological developments. For example, the number of overnight stays should not only include stays at hotels, but also at second homes and at homes of friends or relatives. A recent study in the Piedmont region demonstrated that the application of different methodologies to estimate overnight stays, can result in significantly different estimates[9] (Sviluppo Piemonte Turismo - ISNART, 2009).

The quality of the information (*e.g.* transparency and accountability) on the public accounting system at local level is important for tourism. For instance, in some local administrations, the funds allocated for the development of farmhouse enterprises are allocated to the agricultural sector and by others to the tourism sector. The Information System of Public Institutions Database (SIOPO, *Sistema Informativo delle Operazioni degli Enti Pubblici*) contains standardised codified data for central administration levels. This database should be applied to all levels of government, in order to improve standards of harmonisation in the classifications adopted by the public administrations at all levels of government[10]. The adoption of common balance patterns would provide more coherent accounting information, upon which to base trends and forecasts for the tourism sector.

Moving the system of information towards a tourism intelligence structure

In Italy, there is a need to strengthen the organisation for tourism statistics in order to develop and maintain tourism statistics of appropriate quality. An important effort to support a better dissemination and analysis of tourism data was made with the creation of the National Tourism Observatory (ONT). The ONT could be considered as a one-stop shop for analysing economic and statistical data provided by different stakeholders. The organisation for tourism statistics could be further strengthened by developing a tourism intelligence centre for increased statistical co-operation with the regions and the private sector in the field of tourism. Such a centre would help to develop and maintain tourism statistics of appropriate quality and could play an important role in the move towards better tourism statistics. Such a role would imply increased support, strong management and increased statistical capacity to stimulate the co-operation with the regional observatories. A prerequisite is a close working relationship among official statistical providers and users, such as ISTAT, the Bank of Italy, regional observatories or the ONT. The ONT could be one option for the tourism intelligence centre. However, efforts should go beyond dissemination and the new organisation for tourism statistics in Italy should also address issues related to the production of tourism statistics (coverage, quality, timeliness).

The role of new information technologies

In this context, new information technologies could also be used more actively as tools to improve information asymmetries. Today, information is a tool to improve the competitiveness of territories in the promotion and pursuit of local economic development. The web portals of the Minister of Tourism (*www.italia.it*) and ENIT

(*www.enit.it*) provide visitors with important information on Italian tourism products. Unfortunately, these websites are still poorly utilised. The same is true with web portals for tourism professionals such as *www.ontit.it*. Recent research undertaken by Confturismo, with the support of the IULM university, identifies areas for progress for *www.italia.it,* including the need to: *i)* focus information on specific targets instead of on places/destinations; *ii)* further articulate segmentation with information aimed at new niche tourism markets; *iii)* develop a section dedicated to large tour operators and MICE; *iv)* make the information hierarchy less rigid in order to facilitate navigability; *v)* tailor the content to the specifics of different cultures; and *vi)* shift the emphasis from information to promotion.

The Minister's web portal, for example, could be a particularly useful tool to identify potential destinations according to the type of vacation that a traveller wishes to make. The ENIT portal, on the other hand, is more oriented towards providing information on transportation and accommodation options at a destination. Both portals represent an important step in the provision of information and a positive website user experience. However, improvements could be made in both cases, for example, through the innovative application of Internet mapping technology and web 2.0 applications (Box 3.2).

Box 3.2. Application of Internet mapping technology

By incorporating, for example, a system similar to Google Maps with Street View[11], users are able to view at street level, including on compatible mobile phones, potential attractions and destinations and to find ancillary services available in the area (restaurants, means of transportation, etc.).

The current agreement between UNESCO and Google provides an example that local agencies could use as a template. The collaboration provides users with information that is far more detailed than currently available on the national portals. For example, when viewing the UNESCO site, Pompeii, with Google Street View, the user can view the archaeological site, the route, and finally all other services available in the area (Google maps – UNESCO, Pompeii).

The information provided by this type of system could include as inputs, the location of the tourist, the length of time that the tourist can spend in the location, and the location type (*e.g.* cultural, leisure, sports, entertainment).

Recently, the Department of Tourism introduced this type of information system in a limited capacity, although this too could benefit from providing a more interactive experience for the user. Similarly, regional web portals have only very recently aligned their layout to complement that of the national portal, so that queries can be entered in the same way, with the consistent layout making it easier for Internet users to navigate the various portals.

In addition, the Ministry of Cultural Heritage and Activities has recently introduced I-Mibac – Top 40, a free application for mobile phones, with multiple uses, that currently provides information on museums and monuments and will soon be extended to movie theatres and libraries. In addition to providing information on the location of these attractions, it also provides information on guided tours and ticket prices that can be purchased on the Internet.

Annex 3.A1. International learning models: Tourism intelligence and statistics

The purpose of presenting international learning models in the review of tourism issues and policies in Italy is to provide inspiration for the Italian stakeholders in implementing reforms in tourism.

The United Kingdom example provides information on the development of a Tourism Intelligence Unit (TIU) which can be applied in other countries. The TIU success is based on a close involvement between the tourism industry and the regions.

United Kingdom: The Tourism Intelligence Unit of the Office for National Statistics (ONS)

Description of the approach

With funding from the nine Regional Development Agencies in England, VisitEngland (the national tourist board) and ONS, a new Tourism Intelligence Unit (TIU) was set up in ONS on 1 August 2008. The aim of the unit is to make improvements to tourism statistics, especially those that relate to the tourism industry, the visitor economy and the economic impact of tourism. The work programme for the unit has been developed in consultation with the funders, ONS, the Department for Culture, Media and Sport (which has the policy lead on tourism), and others, primarily through the English Tourism Intelligence Partnership (ETIP), which was formed by Visit Britain and the Regional Development Agencies to lead action and investment to improve tourism intelligence.

A National Statistics Quality Review of tourism carried out in 2004 in the United Kingdom identified a number of areas needing action to improve tourism statistics. Many of these have been taken forward by DCMS and others, and the creation of the TIU, itself building on one of the recommendations, provides a mechanism for making further improvements to tourism statistics and how they are used. The TIU operates as a research unit leading development work in tourism intelligence that will ultimately lead to the production of regular series of key tourism statistics.

The work programme has progressed to cover the development of outputs across a number of key areas:

- Improving supply-side data on tourism, to build a statistical picture of the industries related to tourism, drawing on existing ONS data. This has utilised business survey data within the ONS to produce regular statistics on the tourism industries (gross value-added, turnover) and employment in tourism.
- Developing a new day visit or excursionist survey for Great Britain.

- Developing a series of guidance for measuring tourism activity at the local authority or destination level (NUTS 3) in the United Kingdom (termed Measuring Tourism Locally Guidance Notes).
- Developing a new Tourism Satellite Account for the United Kingdom.
- Developing regional Tourism Direct GVA figures for English regions and Scotland, Wales and Northern Ireland.
- Developing methodologies for an effective measurement of sustainable tourism.
- Developing techniques for monitoring the evaluation of the economic impact of various scales of tourism event (*e.g.* the Olympics).

Rationale for approach adopted

Tourism research in the United Kingdom had been somewhat fragmented with responsibilities divided between the national tourism boards of England, Scotland, Wales and Northern Ireland, and the policy lead for tourism, the Department of Culture, Media and Sport. The national statistical institute ONS had not previously had a major role to play in developing tourism statistics, beyond contributing data and analysis through the ONS survey, the International Passenger Survey. A key aim of the setting up of the TIU was, therefore, to embed tourism statistics development within the ONS and to try and ensure that this becomes a core activity of the statistics institute. The initial funding of the TIU externally was for three years and this currently supports three members of staff within the unit. With funding coming to an end in 2011 the challenge now is to determine a future model for the TIU based around ongoing development work and regular production of statistical outputs.

Results of the approach

The main deliverables so far in terms of the input of the TIU into the ETIP programme are as follows:

- Supply-side data on tourism industry employment and economic activity has been prepared and due to be published by TIU, and will be regularly reported in the future.
- An Experimental Tourism Satellite Account for the United Kingdom (reference year 2006) has been prepared and is awaiting publication. This will be updated using 2008 as a reference year in due course.
- New guidance on "Measuring Tourism Locally" has been road-tested with a number of Destination Management Organisations (DMOs) and local authorities during 2010, and was published in the autumn of 2010. Standard methods, definitions and templates are set out to help achieve consistency across the country, and to support benchmarking, trend analysis and data sharing for local authorities and DMOs. Topics covered include tourism definitions; local economic modelling/impact analysis, undertaking visitor surveys, tourism performance indicators, and finding and using supply-side data.
- A special exercise was carried out in early 2010 by TIU, building on a wide set of data sources, to determine the economic value of tourism at regional value in England. A report giving the Tourism Direct Gross Value Added (TDGVA) at

regional level was published in May 2010 in the Economic and Labour Market Review (ELMR) journal of ONS (*www.statistics.gov.uk/elmr/05_10/*).

- The impact of the recession on tourism has been analysed and developed into a paper published in ELMR in August 2010 (*www.statistics.gov.uk/elmr/08_10/*).

Major development work still underway in the TIU which is scheduled to be published during 2011 includes:

- A completely new Day Visits Survey has been designed and is in procurement, with a view to data collection starting in January 2011. Day visits represent half the United Kingdom's total tourism spend, and the development of a new survey is seen as of high importance within the sector. This has been developed in conjunction with the national tourist boards in the United Kingdom.
- A robust methodology for evaluating the tourism economic value of events (sporting events, festivals, major conferences) is being developed, with a view to setting a standard method and guidance in the Measuring Tourism Locally series. This will be available towards the end of 2010.
- A framework for Sustainable Tourism Indicators is being developed which will enable the interface between tourism activity and environmental, social and economic impacts to be tracked and measured, using a database management technology based on GIS. This can provide a linkage between Tourism Satellite Accounts and environmental accounts at a macro level, but also provides a tool for monitoring sustainability impacts at a more local level.
- In connection with the roll-out of the Measuring Tourism Locally series of guidance, examination is being made of the potential for a nationwide online data warehousing system to provide a framework both for uploading local data and for accessing and interrogating a wide range of local and national data, providing trending and benchmarking analysis.

Reasons for success

The main reason for the success of the TIU initiative is the close involvement and leadership of those within the industry itself. The TIU reports to its funding organisation (ETIP) which as well as regional development agency and national tourist board representation also has representatives from tourism business groups, academia, local government organisations, DCMS, destination partnership organisations and individual destinations. The business plan and work programme are agreed and set through this ETIP steering group. This ensures that the work undertaken matches the needs of the various interests in the tourism sector itself. As well as the ETIP committee, the TIU also reports to a Regional Technical Committee, made up of tourism experts from the nine regional development agencies in England, and to a local stakeholder group, consisting of representatives from local authorities and destinations. In addition, regular meetings have been initiated between the TIU, DCMS and the national tourist board (VisitEngland) to ensure that issues around national level tourism statistics development are considered in a "joined up" fashion, for example, meeting Eurostat requirements for tourism data. This last development is particularly important and a necessity for effective and consistent tourism statistics development at the national level which then permeates to the regional and sub-regional level.

The TIU is accountable then to wide range of actors in the sector. This level of involvement in the work programme fosters a sense of "ownership" of the work within the sector and, in turn legitimises the work undertaken.

Obstacles faced and response taken

Obstacles to the work have been twofold: institutional issues and data issues. Institutional issues revolved around fostering better communication between the principle actors in the tourism sector: DCMS, national tourist boards, and ONS (with ONS or the TIU as a new partner in many ways). Establishing regular meetings was the primary mechanism used to improve this situation and this is helped when there are outputs such as a TSA or regional data to form the basis of discussion and agreement. Institutional problems also relate to embedding the work of the TIU within ONS where tourism had not been a priority area previously. Internal presentations of the work programme and high visibility of outputs help to raise the profile and acceptance of the work internally.

Data issues can be obstacles, particularly where data has not been collected previously in a form that helps to develop outputs such as a TSA. In some ways the work of the TIU is all about rectifying that situation but changing data collection processes or proposing new ones (such as day visits surveys) involves a long "lead in" time and so initial work and development of outputs such as the TSA have had to rely on existing sources and make allowances for quality issues.

Relevance to other countries

This type of research or intelligence unit is a model that can be applied across other OECD countries and the success of the approach is down to the following reasons:

- A tourism statistics unit of this nature should be based in the national statistical institute. The importance of access to relevant datasets such as business surveys (in microdata form) and the ability to call on the expertise of those involved in national accounts and survey design and data collection cannot be overstated.
- Industry "buy-in" is fundamental. The mechanisms for reporting to and liaising with key actors in the sector as mentioned above are crucial in securing support for the work programme.
- The policy lead for tourism (DCMS in the United Kingdom), national tourism board and the NSI need to work together to ensure an effective strategy for tourism statistics development (the relationship between these three key actors is critical to success).
- International linkages are also important. Adhering, where necessary, to international guidelines on tourism statistics from UNWTO, Eurostat and OECD lends credibility and consistency to the system of tourism statistics which can be lost if there is a reliance instead on *ad hoc* commissioned studies (assuming the absence of such a research unit).

Canada: Provincial and Territorial Tourism Satellite Accounts (PTSA)

Description of the approach

An extension of the Canadian Tourism Satellite Account (CTSA) was developed for the ten provinces and the territories of Canada. The Provincial and Territorial Tourism Satellite Accounts (PTSA) provide a consistent and comparable statistical portrait of tourism across the country in terms of its economic impact, despite the fact that the provinces/territories range in population from 33 000 (Nunavut territory) to over 13 million (province of Ontario), exhibit a wide range of industrial structures and diverse set of tourism destinations and experiences, and varying degrees of development in terms of tourism infrastructure.

The work to develop the PTSA was carried out by Statistics Canada (the National Statistical Office), following an in-depth feasibility study during the mid-1990s. Financial support came principally from the Canadian Tourism Commission (the National Tourism Authority responsible for marketing Canada as a tourism destination), with additional contributions from certain regional tourism authorities.

The PTSA for Canada built on the success of the national TSA, by leveraging the regional data available in the Canadian System of National Accounts, detailed trip information by origin and destination from Statistics Canada's domestic and international travel surveys, and geographic breakdowns of various tourism industry surveys.

Rationale for approach adopted

Regional tourism authorities in Canada operate at significantly different levels of funding, and are at different stages of development in terms of their tourism statistical information systems, leading to gaps, asymmetries and non-comparability in terms of tourism estimates across the country. Consequently, the popularity of the national TSA, first published in 1994, generated a growing interest in developing similar provincial/territorial data as a way of dealing with these information deficiencies.

The CTSA brought a clear definition (where there was none) of what constituted the tourism industries and the tourism commodities, as well as an integration (where there was none) of the supply-side and demand-side data on tourism. Moreover, by permitting direct comparisons with other indicators from the Canadian System of National Accounts, the CTSA raised the credibility of the macroeconomic information on tourism at the national level. It was believed that a PTSA would do the same at the provincial/territorial levels.

The PTSA would provide a comprehensive measure of the importance of tourism in each of the provincial and territorial economies; it would allow for comparison of tourism with other industries in each jurisdiction, and provide a foundation for valid comparisons of tourism's economic contribution amongst the provinces and territories, as well as other regional studies of tourism. Moreover, it would serve to eliminate information gaps and duplication and even out asymmetries and incomparability, and generally raise the plausibility and credibility of tourism statistics across the country.

Results of the approach

As a result of the collaborative efforts between Statistics Canada, the Canadian Tourism Commission and the tourism authorities of the provinces of Quebec, Ontario and Alberta, a first PTSA was developed in 2000-2002 for the reference year 1996. Subsequently, another one was compiled for reference year 1998. The PTSA consisted essentially of several small TSAs, one for each of the provinces and territories of Canada, which were consistent with and could be added together to arrive at the national TSA.

At the unpublished level, each provincial/territorial TSA was structured exactly the same as the national TSA, with the same details on commodities and industries. They contained information on supply of tourism products, tourism demand, tourism domestic demand, and tourism exports and imports, both international and interprovincial. They also provided estimates of tourism gross domestic product and jobs.

Owing to Statistics Canada's confidentiality restrictions, not all of the details available at the national level could be published, especially in the case of smaller jurisdictions. The published reports are available at the Statistics Canada website address provided below.

Reasons for success

Key among the reasons for successful launch of the PTSA was the very good and very positive reception of the national TSA. For the first time, it was possible to provide a comprehensive portrait of tourism's role in the economy and to credibly demonstrate tourism's economic importance in terms of GDP and jobs. The fact that the TSA was instrumental in attracting additional funding to tourism added to the appeal of a similar product at the provincial/territorial level.

The PTSA could not have sold itself however without solid support from the Canadian Tourism Commission. The Commission championed the concept, funded the initial work, and orchestrated the initial meetings and ultimately partnership between Statistics Canada, the Commission itself, and the participating regional tourism authorities. The presence of a dedicated national accounts team with significant experience in building the CTSA able to explain the technical side also helped, as did the participation of regional tourism officials able to contribute intimate knowledge and understanding of tourism in their respective jurisdictions.

Last but not least, the fact that Statistics Canada's main data sources for the national TSA also comprise the requisite provincial/territorial data, rendered the PTSA technically feasible. Statistics Canada's System of National Accounts contains much of the information required on the supply side for each province and territory. Similarly, its domestic and international travel surveys capture information on trips by origin and destination, permitting estimation of tourism on the demand-side for each jurisdiction. As well, detailed data from annual surveys of the tourism industries could be obtained at the regional level.

Obstacles faced and response taken

While the PTSA was successfully launched, and estimates were provided for two reference years, further work on this particular tourism statistical product was suspended for several years. It is only in the last couple of years that discussions have opened to

reinstate the PTSA, but this time within the context of an even more ambitious goal than a decade earlier.

Suspension of work stemmed from concerns regarding comparability of the PTSA estimates of tourism's economic contribution and previous provincial estimates, differences between PTSA demand side estimates and those obtained directly from the tourism demand surveys (arising from data adjustments during the TSA demand-to-supply reconciliation process), as well as a few other governance issues. These concerns were deliberated over a three-year period by a task force consisting of representatives from Statistics Canada, the Canadian Tourism Commission and the provinces/territories.

The Task Force concluded that the basic methodology of the PTSA was sound, and made a number of recommendations regarding use of provincial-specific data sources, advance communication of changes to methods and the creation of an *ad hoc* experts group to discuss tourism supply-demand data reconciliation issues. The fact that the task force brought all players to the table, was critical to general endorsement of its final report.

Another obstacle in continuing the PTSA was in bringing all jurisdictions together in the funding consortium, owing in part to disparities in statistics budgets of regional tourism authorities and differences in their needs for tourism macroeconomic statistics. The task force recommended a two-tiered payment structure requiring a minimal payment for basic published PTSA data, and a higher payment for these basic data plus unpublished details. This was intended to make it easier for the smaller jurisdictions to buy in, and to maintain the interest of the bigger and/or better-financed jurisdictions. Contributions from all provinces/territories are expected going forward in this endeavour.

Last, because it relies on comprehensive, detailed data from the Canadian System of National Accounts input-output tables, which themselves are not available until well after the fact, the PTSA, like the CTSA, was published with a lag of five to six years after the reference year. This long lag diminished the relevance of the information for current policy and decision-making purposes and rendered the full participation by all the provinces/territories more challenging. It is for this reason that the current discussion on reinstating the PTSA envisions a much more ambitious goal to develop a set of annual provincial/territorial tourism indicators. These annual indicators will incorporate a PTSA, done every three or four years for benchmarking purposes. They will be timelier than a PTSA, however, with a lag of only one to two years behind the reference year.

Relevance to other countries

When initial feasibility work began, the PTSA for Canada was a completely new innovation; there were few if any countries with anything similar in terms of regional TSAs at that time. The subsequent development and successful implementation of two PTSAs for reference years 1996 and 1998 provided the "proof of concept", demonstrating that such a large exercise was indeed feasible and could generate useful and meaningful TSA results at a sub-national level.

In Canada, the PTSA also helped to promote at the regional level what the TSA itself promotes at the international level, namely, harmonisation of tourism concepts and definitions, a standardisation of classifications and measurements, and consistency and comparability of tourism macroeconomic information across jurisdictions. This harmonisation occurred not only directly in terms of the PTSA tables and statistics, but

worked its way backward to the survey feeder systems, especially the domestic and international travel surveys.

While the work to develop the PTSA was underway, for instance, a considerable redesign of the domestic travel survey was initiated that aimed at a common, agreed-upon definition of tourism amongst the national and regional tourism stakeholders, one that would also bring the definition of tourism in Canada closer to the international standard. This goal was ultimately achieved when the redesigned Travel Survey of Residents of Canada went into the field in 2005.

Considerations for adoption in Italy

In order to move forward on a regional TSA, several factors would be important, based on the experience in Canada:

- a collective desire among the various stakeholders to work towards a common set of concepts, definitions, classifications and measures of tourism, preferably in line or consistent with international standards
- a champion (which could be the national tourism authority responsible for tourism policy or for marketing or even the national statistical agency) to promote the regional TSA idea, to build a funding partnership and even provide financial leverage to the realisation of such a project
- participation and collaboration amongst the national statistical agency, the national tourism authority, either on the marketing or the policy side, and the relevant regional tourism authorities and other stakeholders involved in either travel/tourism data collection or use
- strong communications and information-sharing mechanisms, allowing for input of all stakeholders into the regional TSA feasibility and development exercises and recognising the different financial and technical capacities across the participants
- a demonstration or "proof of concept" exercise based on a limited development for one or more test jurisdictions to promote and build support for a TSA with sub-national dimensions
- the existence of a national TSA, based on national data collections, with the possibility of regional breakdowns of the data on both supply and the demand side of tourism, along with an experienced team of national accounting and subject matter experts in the field of tourism

Further information

- Statistics Canada website module on tourism (*www.statcan.gc.ca/nea-cen/list-liste/tourism-tourisme-eng.htm*)
- Canadian Tourism Commission website module on facts and figures (*http://en-corporate.canada.travel/Corporate/Flyout.page?id=293&fid=6402*)

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Notes

1. Directive (EC) No.95 of 23 November 1995, adopted in Italy with the Decree of 25 September 1998 issued by the *President* of the *Council* of *Ministers*. The methods of data collection are defined in ISTAT Circular No. 7 of 17 March 2009.
2. ISTAT Circular n. 2723 of 23 April 2009. See also short-term statistics in ConIstat.
3. ONT "Pivotal data from the Regional Tourism Observatories", Censis 2009, Rome.
4. The main surveys conducted with Unioncamere-Isnart are the survey on: Italian tourism behavior (every six months); reservations/actual tourists (every three months); organised tourism in Europe and the US (every year); and foreign tourism (yearly).
5. Including, accommodation rate (number of beds/citizens) and the accommodation density (number of beds/square kilometer) by type and category of business, year, tourism location, and town details.
6. Including, tourism rate (tourists/citizens) and tourist density (tourists/km^2) by type and category of business, year, month, and province.
7. The organisation planned for the regional observatories is much different. In some cases, they depend directly on the local authority (the region), while in other cases co-financing and partnerships are available.
8. The Report of the Council's Commission, the European Parliament, the Economic and Social Committee, and Regional Committee on the application of the Directive of the Council 95/57/EC provides information regarding the collection of statistical data in the tourism sector, COM (2000) 826. ASIA can also provide data regarding the turnover of the companies.
9. The difference between the ISTAT statistics (1 million overnight stays between December and April) and F. Marchand's methodology (3.5 million stays) is significant.
10. The *Sistema Informativo delle Operazioni degli Enti Pubblici* (SIOPE, Information system of public institutions) is a system of data transmission used to survey income and payments made by treasurers of all public administrations, which has been created as a result of co-operation between the General Accounting Office, the Central Bank of Italy, and ISTAT, under Art. 28 of Law No. 289/2002. Gradually, the SIOPE will be extended to all public administrations included in the list published on a yearly basis by ISTAT applying what has been provided by in Art. 1, Sect.. 5 of Law No. 311 of 30 December 2004. On this issue, see also the Ministerial Decree of March 2007, with particular attention to Appendix A.
11. *http://maps.google.it/help/maps/streetview/index.html.*

Chapter 4

Attractiveness and promotion of Italy as a tourism destination

The uniqueness and international significance of a country's resources are important factors in determining its tourism potential. Italy's position as one of the top cultural destinations in the world is highlighted by the high number of unique UNESCO World Heritage sites and extensive offer of museums and similar institutions. It is clear that Italy continues to have a very strong international brand. However, the process of globalisation has led to increased competition, and Italy, like many traditional destinations, must maintain an effective presence in international markets to ensure that products are visible on the global stage. Structural certainty, along with adequate and stable resources, are essential to enable the National Tourism Agency (ENIT) to plan strategically and maintain a continuous and effective presence in priority markets. While regions have responsibility for the development and promotion of tourism, they also co-operate with ENIT on specific promotional campaigns. However, there is evidence to suggest they could more effectively utilise the strong Italian umbrella brand to facilitate access to distant markets. The assessment of marketing and promotional campaigns is an important element of tourism evaluation and, on the whole, Italian tourism promotion is not sufficiently performance-oriented at this time.

Introduction

Italy has an abundance of high-quality natural tourism resources that can only be fully exploited if complemented by excellent supply. Over many years the country has developed an extensive range of attractive tourism facilities, providing visitors with multiple options on the supply side. The typical Italian tourism structure is small and operates on a human scale, while lifestyle entrepreneurs who often own and run these businesses, are more likely to provide unique tourism experiences. These competitive advantages can be maintained if the providers of services invest in constant rejuvenation of the product to improve comfort, increase quality and maximise convenience. The state should stimulate the market forces to make Italian supply more competitive on the world markets.

In tourism, the first competition does not take place between companies but between destinations. Destination brands can only be maintained by steady marketing communication efforts, including advertising, public relations and promotion of sales. Since marketing communication of destinations is inextricably linked to the image of territories, central governments and regions often subsidise the efforts of the private sector, or even create their own promotional structures.

Italy has a very strong international identity, consistently ranking as one of the top country brands, and is renowned particularly for its culture and art, gastronomy and wine, and sightseeing and nature. Tourism promotional organisations in Italy are in general, public agencies strongly influenced by the state, and local governments, and they need to determine how to most effectively utilise the asset of the brand *Italia* to promote their regions.

Overall assessment

An examination of the attraction and current approach to the international promotion of Italy, highlights Italy's position as one of the top cultural destinations in the world. With over 5 000 museums and similar institutions, and more UNESCO World Heritage sites than any country in the world, over 38% of international visitors come to Italy to experience cities of historical and artistic interest.

It is clear that Italy continues to have a very strong international brand, consistently ranking near the top of country brand indexes. However, the process of globalisation has led to increased competition, and Italy like many traditional destinations must maintain an effective presence in international markets, to ensure that products are visible on an increasingly crowded global stage.

ENIT, in its current guise, was established in 2005 to lead the promotion of Italian tourism supply. At the time of the drafting this report, ENIT was led by a commissioner due to delays in the establishment of a Board of Directors. ENIT has experienced a fluctuating and decreasing budget for ten years. Structural certainty, along with adequate and stable resources are essential to enable ENIT to plan strategically and maintain a continuous and effective presence in priority markets.

ENIT's primary mission should be to promote the image of the country’s destinations and market its tourism supply. It should be responsible for the positioning and branding

of the country as a whole; selecting international markets and creating new products; bundling the financial resources for a presence in foreign markets; and the transfer of knowledge on consumer trends and foreign markets to the regions and private sector. In addition, there is evidence to suggest that the regions could more effectively utilise the strong Italian umbrella brand to facilitate access to more distant markets.

Finally, the assessment of marketing and promotional campaigns is an important element of tourism policy and programme evaluation, which is not adequately addressed at this time. Italian tourism promotion is, on the whole, not sufficiently performance oriented.

A large diversity of natural and cultural resources

The sheer variety of tourism resources allows Italy to offer four-season tourism. An examination of international arrivals by destination type shows that towns of historical and artistic interest attracted the most visitors (45%), followed by the seaside with 17%, while mountain and lake locations together accounted for nearly 22% (ENIT, 2010).

The uniqueness and international significance of a country's resources are important factors in determining its tourism potential. As such, Italy's tourism potential, in both international and domestic markets, is undoubted and well proven over time. Historically, this potential has been more widely exploited in northern and central parts of the country. Despite having developed an extensive range of attractions of international quality and reputation, it is still possible to rejuvenate the supply, which is not yet fully exploited. Furthermore, traditional destinations can diversify and develop niche products to cater to special interest tourism groups. In southern Italy, in particular, there are many important undeveloped resources to cater to traditional leisure and cultural tourism.

Natural and cultural attractions are the collective heritage at the heart of any tourism offer, and core features of sustainable development for Italy and the regions. They have the ability to enhance cultural and social conditions while, at the same time, provide strategic leverage for the economic development of local communities, through the creation and strengthening of associated supply chains.

Italy, with its 24 national parks, large number of regional parks, marine areas, state reservoirs, and wetlands, has over 10% of its surface protected. In total, Italy currently has 867 protected areas covering nearly 6 million hectares of land and sea. Of this total protected area, 52.6% is land based and 47.4% is marine based. The number of protected areas has increased from 669 in 2000 to 867 in 2010 (up 29.6%), while the total protected surface area has nearly doubled (98.1%) during this period (Table 4.1). The increase in protected areas will help to ensure that a larger proportion of Italy's natural heritage is protected for the enjoyment of Italian residents and inbound visitors in the future. An example of effective action to protect and manage natural areas can be found in France, with the *Conservatoire du Littoral* (Box 4.1).

In 2008, there were 99.1 million visitors to the protected areas' official facilities (an increase of 5.4% compared to 2006), while turnover was up 9.1% from 2006 to EUR 10.7 billion (Ecotur Observatory, 2009).

Table 4.1. Natural protected areas in Italy, 2000-2010

Year	Number of protected areas	Protected land surface (ha)	Protected sea surface (ha)	Total protected surface (ha)	Number of ha per 100 inhabitants1	Percentage of total land area*
2000	669	2 752 951.7	260 992.4	3 013 944.1	4.8	9.1
2002	752	2 788 171.7	266 220.4	3 054 392.1	5.0	9.3
2003	772	2 911 851.9	2 820 673.4	5 732 525.3	5.0	9.7
2010	867	3 140 797.7	2 830 803.9	5 971 601.6	5.2	10.4

*Net of marine surface.

Source: Ministry of Environment and Protection of Land and Sea (*Ministero dell'ambiente e della tutela del territorio e del mare*).

Box 4.1. Conservatoire du Littoral

The *Conservatoire du Littoral* is a French public institution that was created in 1975. It is responsible for land-use policies aimed at the protection of natural areas and landscapes of sea and lake shores. It acquires land which is vulnerable or threatened, by private agreement, by pre-emption or, in exceptional cases, by expropriation. Property may also be donated or bequeathed to the *Conservatoire*.

After completing the necessary restoration work, the *Conservatoire* entrusts the management of the sites to municipalities, to other local authorities, and to associations to ensure that they are managed in accordance with the adopted guidelines. With the help of specialists, the *Conservatoire* determines how the acquired sites should be developed and managed and defines the uses, particularly agricultural and recreational, compatible with those goals.

On 1 January 2003, the *Conservatoire* ensured the protection of 125 000 acres on 500 sites, representing 861 kilometres of shoreline over 10% of the coastline. Each year, it acquires 2 000 to 3 000 hectares. The annual budget of the *Conservatoire* is in the order of EUR 30 million, of which EUR 25 million is spent on acquiring and developing sites. The bulk of these resources come from the state, however, local authorities and Europe also provide assistance. Additionally, corporate sponsors and individuals make voluntary contributions. The *Conservatoire* team consists of about a hundred people. Five hundred and eighty coast guards, hired by local authorities and administrative bodies, provide monitoring and maintenance of the *Conservatoire*'s sites all along the coast.

The untapped potential of the south and islands of Italy is highlighted by the fact that they accounted for over one-third (37.1%) of the total protected area in Italy in 2003. This represents the highest proportion of protected area relative to total land area for all regions and, in addition, there are more hectares of protected area per 100 inhabitants (7.3 hectares) in the south and the islands than elsewhere (Table 4.2).

Table 4.2. Natural protected areas by macro-region, 2003

Region	Total protected surface (ha)	Composition (%)	Percentage of total land area	Number of ha per 100 inhabitants*
Italy	5 732 525.3	100.0	9.7	5.0
North	1 438 426.5	25.1	7.4	3.4
Centre	2 170 083.4	37.9	9.0	4.8
Mezzogiorno	2 124 015.4	37.1	12.2	7.3

*Net of marine surface.

Source: Ministry of Environment and Protection of Land and Sea (*Ministero dell'ambiente e della tutela del territorio e del mare*).

Italy's position as one of the top cultural destinations in the world, is highlighted by the fact that it has the highest number of UNESCO World Heritage sites of any country with 45 (42 cultural and 3 natural), followed by Spain (42), China (40), and France (35) (Table 4.3). Italy's sites account for over 10% of the total number in Europe and are distributed as follows: 42% in the north of the country, 27% in the centre, and 31% in the Mezzogiorno.

Table 4.3. Number of World Heritage sites by region, 2009

Region	Cultural	Natural	Mixed	Total
Europe	377	37	9	409
Italy	42	3	0	45
Spain	38	3	1	42
France	30	3	2	35
Asia and the Pacific	138	51	9	198
Latin America and the Caribbean	86	35	3	124
Arab states	61	4	1	66
Africa	42	32	4	78
North America	14	21	1	36

Source: UNESCO.

Italy has over 5 000 museums, monuments, archaeological sites, archives, libraries and theatres, of which 963 are managed by the state and over 4 000 are non-state-managed facilities[1]. Nearly three-quarters (74.3%) of non-state run facilities are located in the centre and north of Italy, whereas this figure reduces to under two-thirds for those managed by the state (63.8%) (Table 4.4).

Table 4.4. Number of museums and similar institutions by macro-region

Region	Museums and similar institutions	
	State	Non-State
Northeast	150	1 022
Northwest	119	1 001
Centre	345	1 201
South	242	644
Islands	107	472
Italy	963	4 340

Sources: *Ministero per i Beni e le Attivita Culturali*, 2009, *www.beniculturali.it*; and ISTAT (2009), *Il patrimonio Museale non Statale*, ISTAT, Rome.

Despite the high number, and historical significance of many Italian museums, they are among the least visited in Europe, with only 34% of the Italian population (aged 15 and over) having visited a museum or art exhibition in the last 12 months. This figure is much lower than the EU27 average (41%), United Kingdom (49%), Germany (48%), France (43%), or Spain (38%) (Table 4.5).

Table 4.5. Museum and exhibit visits

Percentage

Country	Percentage of population
Germany	48
France	43
Spain	38
Italy	34
Greece	25
Portugal	24
EU27	41

Sources: ISTAT, *www.egmus.eu*.

It is likely that the low visitation is due in part to the small capacity of many Italian museums, which were not necessarily designed for their current purpose (for example, converted private houses), and as such to cater for the large number of visitors that many modern purpose built facilities are able to accommodate and effectively manage. Due to the extremely high demand in certain Italian museums, many have had to adopt innovative approaches to visitor management. These include pre-booking for visits at specified times in order to restrict visitor numbers to a daily limit, while ensuring that overcrowding does not detract from the visitor experience (Table 4.6).

Table 4.6. Museum visitors, 2007

Millions

Louvre, Paris	8.3
Centre Pompidou, Paris	5.5
Tate Modern, London	5.2
British Museum, London	4.8
Metropolitan Museum of Art , New York	4.5
National Gallery of Art, Washington	4.5
Vatican Museums	4.3
National Gallery, London	4.2
Musée d'Orsay, Paris	3.3
Museo Nacional del Prado, Madrid	2.7
National Palace Museum, Taipei	2.7
Victoria and Albert Museum, London	2.5
Hermitage, Saint Petersburg	2.5
Kelvingrove Art Gallery, Glasgow	2.2
Museum of Modern Art, New York	2.2
Field Museum, Chicago	2.1
Tokyo National Museum	1.8
CaixaForum, Barcelona	1.7
Kremlin Museums, Moscow	1.7
Museum of Fine Arts, Houston	1.7
Uffizi Gallery, Florence	1.7

Source: Federturismo, *www.turismoefinanza.it*.

Another explanation for the small number of visitors might be the lack of convenience and comfort offered to visitors by many museums. For example, there are little supplementary services (*e.g.* restaurants, boutiques, cultural experiences for children) offered to visitors to enrich their tourism experience. Moreover, the accessibility of museums (*e.g.* ability to purchase tickets on the Internet; incentives for families) and pricing policies could be improved and be more innovative.

Forms of tourism that are dependent upon the natural and cultural environment of Italy include for example, wine and food tourism, and walking tours. In 2008, there were 112 wine routes in Italy (over 10 000 km in length), attracting approximately 4 million visitors, and an estimated turnover of approximately EUR 2 billion. In 2009, the volume of business increased by 20%, while 20 million Italians chose wine and food tours; 144 wine routes have been identified. Walking tours, including religious pilgrimages, are another form of tourism where the aim is to remain close to nature, experience local culture (including food and wine), art and historic monuments.

A weak relationship between tourism and heritage management

Although Italy is known as a cultural tourism destination worldwide, its heritage enhancement potential is still to a large extent untapped. In Italy, the management of heritage is scattered among several actors, namely the national government, local governments (regions and municipalities), non-profit institutions, partnerships between public and private actors and the Catholic Church. The heritage law does not explicitly state how different actors should co-operate to balance preservation and enhancement. As a consequence, the inclusion of Italy's heritage in the cultural tourism offer is relatively small and rarely a true driver for economic growth. This paradox can be seen in destinations like Pisa or Florence, which attract millions of tourists every year, with overcrowding problems, but find it difficult to stimulate tourists to go beyond a passive visit of a limited number of well-known monuments. Moreover, it is equally evident in hundreds of heritage-rich but less known destinations, whose current tourist flows consist mainly of national visitors. The Paradores Initiative in Spain provides an example of how governments can maintain and profit from historic buildings (Box 4.2).

Box 4.2. The Paradores Initiative

Paradores is a 100% state-owned hotel chain operating for more than 80 years. Today the chain has almost 100 hotels throughout Spain, with 11 000 beds and 4 300 employees. The experience offered by the Paradores continues to be a great success, with an annual average occupancy rate of 70% (approaching 100% on weekends and holidays).

The feature that makes this experience unique, apart from its state-owned nature, is the fact that the Paradores are located in buildings with significant historic and cultural value, including palaces, monasteries, castles, etc., or locations with special scenic or landscape interest. These hotels are complemented by a comprehensive supply of complementary tourist activities such as golf courses, spa and wellness facilities, walking, biking or riding routes, and water sports. The Paradores initiative not only has an intrinsic commercial interest, but has also contributed to recover and give value to the cultural heritage represented by those buildings, which otherwise would have been irretrievably lost.

The Paradores are managed according to strict environmental principles in line with the European System EMAS, including criteria such as water and fuel consumption, solid waste generation and handling, exhaust emissions, and sewage waste.

Different countries have been attracted by this experience and have approached the company in order to enter into an agreement to have access to the chain's expertise. Examples include technical consultancy contracts recently signed with the governments of Saudi Arabia, Oman and Morocco.

A significant feature in the Italian context is the lack of co-ordination at local level between actors in charge of heritage management and those of tourism development. This lack of co-operation is due to various reasons, for example, differences in accountability: institutions dealing with heritage conservation and management on one hand and local business communities on the other hand. This situation is further complicated by differences in values and practices.

For those concerned with heritage management, the difficulties of integration are magnified by:

- The prevalence of a preservation logic.
- The importance of guaranteeing the quality of site conservation and to ensure that exploitation does not damage the monument.
- A fundraising process oriented firstly to conservation and fixed costs coverage rather than to development and exploitation projects.
- The tendency to consider the offer to visitors more from the supplier's point of view rather than from the visitor's experience, and therefore to suppose that basic services (cleaning, maintenance, etc.) are less important than knowledge-enhancing activities, such as exhibitions or publications. Thus, the overall perceived quality of the service on the part of the visitor is seldom high.
- From the tourism development point of view, integration is hampered by two elements:
- Private players (hotels, restaurants, private transportation and entertainment companies) are often driven by short-term economic considerations.
- Public institutions involved with tourism development at the local level have residents/voters as the main stakeholders and are often required to manage conflicts between them and tourists in the use of infrastructures and attractions.

Italy has a strong international brand

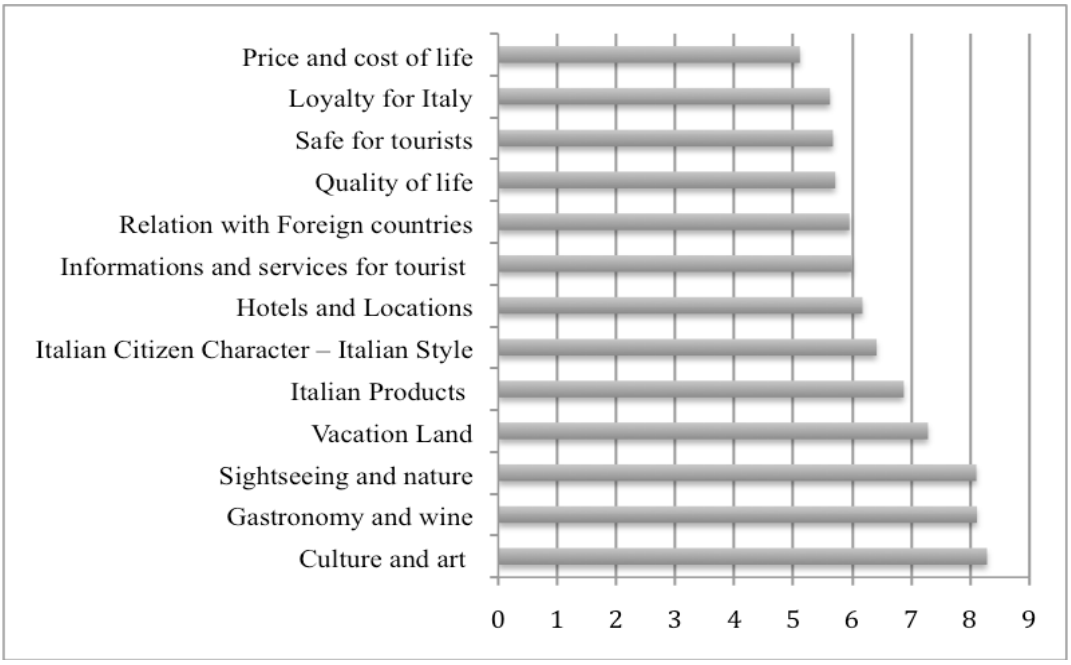
Italy as a country brand was rated number one in the world in 2005, and has rated in the top six for the past five years (Weber Shandwick Country Brand Index, 2009). As such, Italy's international profile is well established and the reputation of Italian tourism remains highly positive.

More specifically, research indicates that culture and art, gastronomy and wine, and sightseeing and nature were the most appreciated elements of the Italian brand present in the mindset of potential visitors to Italy (with each rating just over eight, on a scale of zero to nine, where zero is the lowest score). Of the other brand elements, hotels and locations received a rating of just over six, while price and cost of life received the lowest rating at just over five (Figure 4.1).

Visitor origins reflects strength of international brand

The proportion of inbound visitors to total visitors in Italy remains high, accounting for approximately 45% of the total. This is particularly the case in regions where famous art cities are located, such as Lazio, with Rome (66%), and Veneto, with Venice (59%). However, international visitors also represent a large proportion of total visitors in the mountain region of Trentino Alto Adige (54%), the business centre of Lombardy, with Milan (52%), and Tuscany with 48% (Table 4.7). It is worth noting that international visitors comprise at least 10% of total visitor numbers for all of Italy's regions, highlighting the strength of Italy's international brand, and Italy's competitiveness as an international destination. This is reflected in a surplus tourism balance as part of the service balance-of-payments.

Figure 4.1. Perceptions of the Italian tourism brand: Potential international visitors



Source: ENIT (2008), *Corporate Annual Report 2007*, CSC Grafica, Rome (results of Doxa survey, 2004-2006).

Table 4.7. Top 15 tourism destinations*, nights spent in collective accommodation, 2008

		Total	Residents	Non-residents
1	Canarias (Spain)	85 015 200	15 219 100	69 796 100
2	Île de France (France)	67 528 500	30 232 000	37 296 500
3	Cataluña (Spain)	63 199 900	23 874 100	39 325 900
4	Veneto (Italy)	61 529 600	25 414 700	36 114 900
5	Iles Balears (Spain)	60 637 800	7 736 900	52 900 900
6	Andalucia (Spain)	54 278 000	28 624 300	25 653 600
7	Toscana (Italy)	41 695 800	21 733 000	19 962 800
8	Emilia-Romagna (Italy)	38 174 500	29 180 300	8 994 200
9	Comunidad Valenciana (Spain)	38 105 300	20 755 600	17 349 700
10	Provence-Alpes-Côte d'Azur (France)	35 155 000	21 017 300	14 137 600
11	Tirol (Austria)	34 118 000	3 050 900	31 067 100
12	Lazio (Italy)	32 107 600	10 840 200	21 267 400
13	Lombardia (Italy)	28 648 500	13 868 100	14 780 400
14	Oberbayern (Germany)	28 582 900	21 133 400	7 449 400
15	Provincia Autonoma Bolzano/Bozen (Italy)	27 293 300	10 112 400	17 180 900

*Ranking based on the total number of nights spent (residents plus non-residents); Italian regions: 2007 data.

Source: Eurostat, Tourism Statistics.

ENIT

The process of globalisation has led to a proliferation of new international destinations, to increased competition and, for many countries, the need to increase promotional activities to ensure their products are visible in international markets. Many traditional tourism countries have had to identify new niche products, as the competition

for more traditional products, such as beach tourism, has become particularly strong. The promotion of the brand Italy in new emerging origin markets (*e.g.* Asia), where local destinations do not have any possibility to be recognised, is important. This illustrates the growing importance of ENIT in marketing and promoting Italy.

The ongoing reorganisation of ENIT

The promotion of Italy as a whole at the national level depends on the attractiveness of local destinations, which are the bedrock of tourism of any given country. The National Tourism Board was founded 90 years ago. In 2005, the government implemented a process to modernise the institutional structure and give the organisation the ability to lead promotion of Italian tourism supply, transforming it into the National Tourism Agency, ENIT. The aim was to strengthen the authority of ENIT and the co-operation with the regions and the private sector.

ENIT is a public company under the supervision of the President of the Council of Ministers. ENIT is currently led by a commissioner pending delays in the establishment of its Board of Directors, previously composed of a president and nine members representing the regions and the associations. The Head of the Department for the Development and Competitiveness of Tourism also participates in board meetings, but does not have voting rights. The links with the supervising authorities are very close.

A Technical Advisory Committee was established with 40 members from a range of national, regional and local public and private entities linked with tourism. The wide composition of the committee, which includes representatives from nine ministries, ensures that the horizontal impact of tourism is considered and a general co-ordination among stakeholders, particularly towards foreign markets, is guaranteed. This consultative advisory committee should help ENIT prepare and adopt strategic decisions and promotional plans.

A more strategic approach is needed

The Triennial Promotion Plan of ENIT must be approved by the Department of Tourism after consultation with the regions and representatives of the private sector. ENIT is required to plan, develop and implement its promotional activities together with its partners, promoting strategic thinking and allowing for more targeted promotion initiatives. This process can strengthen the co-ordination and efficiency of activities to promote Italy as a destination, and can improve transparency of ENIT's activities.

For example, ENIT has created Club Italia, an internal business to business network which allows the private sector to participate in promotional activities. This initiative is accessible from the official Italian tourism website (*www.italia.it*), which co-operates internationally with the European Travel Commission (ETC) website (*www.visiteurope.com*).

Other ongoing reforms include a new organisational model to enable ENIT to act as a platform of co-operation with the lower territorial levels and the private sector and to play the role of interface with the regions and enterprises in the internationalisation and modernisation of tourism supply. ENIT can also participate in institutions that promote Italian goods and services.

ENIT's programmes are based on market intelligence, working closely with the National Observatory of Tourism. Activities support the Italian tourism brand through

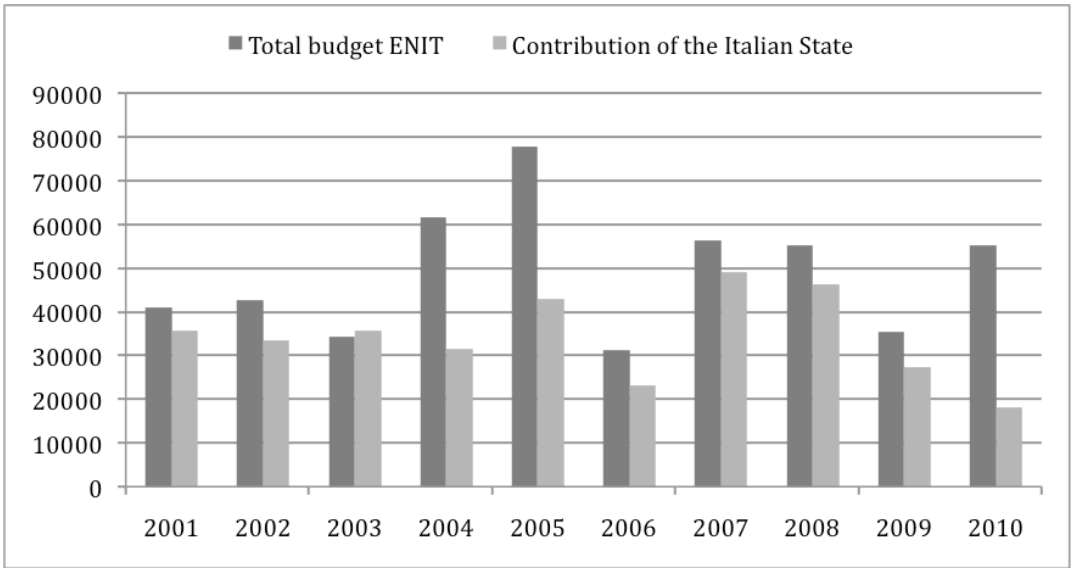
marketing plans, advertising, public relations and the provision of information. Where possible, ENIT takes a co-ordinating role to bundle overseas promotion efforts for all Italian stakeholders. It also gives advice to the lower territorial levels and the private sector to help internationalise their products. These initiatives contribute to the professionalisation of regional and local tourism structures which is crucial for the successful marketing of destinations and products. The new organisation model is innovative but evidence on the implementation of reforms is lacking. There is a need for ENIT to adopt a more strategic approach to marketing issues.

The need for sufficient and stable financial resources

Over the past ten years, ENIT's budget has fluctuated almost annually, making it difficult to plan strategically and maintain a continuous presence in priority markets (Figure 4.2). After significant increases in 2007 and 2008, the central state contributions to ENIT reduced sharply in 2009 but stabilised in 2010. The central government contribution, as a proportion of total ENIT budget, remained relatively consistent between 2006 (71%) and 2009 (79%) (Table 4.8). There is evidence that the budget of ENIT is smaller than that of major competing countries such as France and Spain; each of these three countries has seen a reduction in the total promotion budget.

Figure 4.2. Fluctuating financial support by the central state for ENIT

EUR thousands



Source: National Court of Auditors (*Corte dei Conti*) (2010).

State contributions are particularly beneficial as they enable ENIT to leverage additional investment for marketing and promotional activities. Government subsidies act as seed money or incentives for public and private stakeholders to co-operate in the promotion of Italy as a tourism destination. The state's contribution to ENIT makes co-marketing possible and enhances the impact of its promotion (Box 4.3).

Box 4.3. Budgets for tourism development and promotion for selected countries

France

The central government's ministerial appropriations for tourism totalled EUR 594 million in 2007, or 0.17% of the central government budget (payment appropriations). Of this amount, the budget of the sub-directorate responsible for tourism was EUR 92 million. The national marketing of France, carried out by Atout France has a budget (which is not provided entirely by the central government) of EUR 63 million in 2007. The structural funds mobilised for tourism projects in the various areas of France totalled EUR 257 million in 2007.

Germany

The budgetary funds available to the Federal Ministry of Economics and Technology for tourism are concentrated on two main areas: the institutional support for the German National Tourist Board (2008: EUR 25.5 million) and the promotion of projects to enhance the performance of small and medium-sized enterprises in the tourism sector (2008: EUR 1.5 million).

Portugal

The funding of the National Tourism Administration comes from gambling receipts/taxes, not directly from the state/government budget, and also from EU structural programmes/frameworks. The total budget for marketing and promotion in 2008 was approximately EUR 50 million, of which EUR 14 million go directly to Regional Agencies for Tourism Promotion (ARPTS).

Spain

In 2008, the budget of the National Tourism Administration was EUR 718.1 million for the State Secretary for Tourism (*Secretaría de Estado de Turismo*), and EUR 224.7 million for the National Tourism Organisation (*Instituto de Turismo de España*). There are also some special *ad hoc* tourism funds (for development, innovation). The main sources of funding for tourism development include the general budget, specific taxes: airport, accommodations, casinos and local taxes.

United Kingdom

The Department for Culture, Media and Sport (DCMS) provides support to VisitBritain and VisitEngland, but that is only one aspect of public funding support for UK tourism - the contributions from the Welsh Assembly, Scottish Executive, Regional Development Agencies, London Development Agency and local authorities also need to be taken into account. The overall level of public sector investment in tourism from local, regional and national sources is likely to significantly exceed GBP 2 billion in the current spending review period, 2008-09 to 2010-11. That includes over GBP 130 million which DCMS is committed to providing to VisitBritain and VisitEngland for marketing Britain overseas and England domestically.

Source: OECD (2010), *OECD Tourism Trends and Policies 2010*, OECD Publishing.

ENIT is broadening its financial base

ENIT has succeeded in recent years to strengthen co-operation with the regions, the provinces, the municipalities and the private sector. There are an increasing number of co-funded projects undertaken together with principal stakeholders, creating a larger financial base for ENIT to utilise. While the state has contributed the large majority of ENIT's budget over the past ten years, contributions from the regions, provinces, municipalities and private sector are increasing. Figures show that in addition to the state contribution, ENIT attracted nearly EUR 9 million in additional funds for promotion in 2009 (Table 4.8). The rising contributions from ENIT's main stakeholders indicate that co-operation with partners is increasing in accordance with the objectives of the Italian tourism policy. ENIT should use this opportunity to activate new promotion projects in collaboration with the private sector and, in particular, large tourist operators, both Italian and foreign (Box 4.4). Another example of possible partnership could be with the Expo 2015 with a view to favour tourism development projects that will generate value in the medium and long term. This could also support the repositioning of the brand Italy.

Table 4.8. ENIT's earnings from the state and other stakeholders

Receipts	2007		2008		2009	
	EUR	%	EUR	%	EUR	%
State contribution	48 879 122	87.7	45 936 173	85.49	33 483 760	78.6
Regional transfers	5 328 867	9.6	6 097 809	11.35	7 319 014	17.2
Payments from municipalities and provinces	222 052	0.4	249 042	0.52	177 198	0.4
Sales services	330 643	0.6	324 746	0.46	278 527	0.7
Payments from private sector for promotion	826 267	1.5	878 724	1.64	1 205 723	2.8
Special transfers for image's project	177 538	0.3	246 000	0.46	120 000	0.3
Total	55 764 489	100.0	53 732 494	100.00	42 584 222	100.0

Source: National Court of Auditors (*Corte dei Conti*) (2010).

Box 4.4. Turisme de Barcelona

The Turisme de Barcelona consortium is a public-private consortium established between the Barcelona City Council and the Barcelona Chamber of Commerce, taking advantage of the 1992 Olympic Games to establish the guidelines and operational organisation for Barcelona's growth as a tourist destination. Since then, Turisme de Barcelona has developed and identified a number of programmes and actions to promote the city as a tourist destination, making Barcelona the European city that has experienced the greatest proportional growth in terms of the tourism sector.

Turisme de Barcelona has made great efforts to promote and disseminate the image of the city, attract specific demand segments and make Barcelona's offering cost-effective. All this has been achieved following an ongoing strategy of creating, managing and marketing products which have made the consortium practically self-sufficient in financial terms. In 2008, for example, Turisme de Barcelona was able to generate more than 90% of its total operating budget of EUR 30 million.

Source: Barcelona City Council (2010), *City of Barcelona Strategic Tourism Plan*, October 2010, Barcelona, *www.turisme2015bcn.cat/files*.

The promotional efforts of the regions

The decentralisation of the Italian state has empowered Italy's regions to encourage endogenous economic growth by creating institutional structures for destination promotion. Regions are responsible for both the product development and promotion of tourism, as the example of *Regione Lombardia* shows (Box 4.5). Regions compete against each other in the domestic and short-haul European markets, and undertake promotional and marketing initiatives accordingly. They also co-operate with ENIT, on a project basis, for promotional campaigns in more distant markets.

The regions have received from the central state and the EU, in recent years, a combined EUR 0.8 billion to EUR 1.2 billion per annum for tourism, of which just over a third is used for promotion and marketing (Figure 2.2). There are more than 12 000 organisations promoting destinations in Italy, from regions to local tourism associations, all of which are financed in some form by the different levels of the state (Becheri, 2009). As such, it is important that these organisations maximise synergies and where possible, undertake activities in a concerted way with partners inside or outside their territories.

Box 4.5. Tourism promotion at the regional level: Lombardy

Lombardy reshaped its strategic and legal framework for tourism promotion in 2009. The region organised twelve provincial and one city (Milan) tourism systems with individual tourism development plans. Private and public tourism stakeholders participate in these systems and work to develop common initiative and projects. In the last year, more than EUR 22 million was spent to support the tourism systems and their projects.

Lombardy has increased accessibility by air in the last five years, improving its hub Malpensa and the regional airports of Linate and Orio al Serio. At the National State-Regions Conference, Lombardy gained support for the development of its own hotel classification system. In addition, it is supporting 538 local associations created to maintain local culture and traditions and contributes to the Interreg project with neighbouring Switzerland; in the form of EUR 50 million for product development. The Chamber of Commerce has also spent EUR 15 million for the development of innovation and co-operation in tourism.

From 2001-2006, the region spent EUR 61.4 million for tourism promotion. In addition, it shares a promotional programme with ENIT, covering participation at major international tourism fairs, advertising and promotion in specific markets, and familiarisation trips for media. Lombardy will spend EUR 29 million for the World Exhibition 2015, which is also supported by the central government.

Increasing destination-marketing efficiency

Tourism organisations, and particularly the state and its agencies, have to prove to their stakeholders that they are efficient. There are different measures which should be taken to improve the management and efficiency of tourism organisations at all levels. The most important measure is the bundling of all promotional efforts under the umbrella of strong brands positioned in the right markets. Ensuring that potential visitors identify a proposed destination and associated products as outstanding, is the challenge. ENIT is continuously improving the branding and positioning efforts for Italy as a whole, and the regions should better utilise the strong Italian umbrella brand, which facilitates access to more distant markets (Box 4.6).

Box 4.6. Guidance for improving the management of Italian tourism organisations

There is a need for a vision and a business model. Tourism organisations at the national and local level should elaborate a business model based on a vision which indicates their major strategies, partnerships and financial tools and receipts which are necessary for successful promotion.

State-of-the-art techniques and technologies should be used for destination promotion. Tourism organisations should adapt their instruments to the newest multimedia, telecommunication and information technologies which play an increasingly important role in promotion. The official Italian tourism website (*www.italia.it*), currently allows individuals to research and plan travel, however, for added convenience and in order to maximise conversion rates, it should ideally allow potential visitors to book products.

The activities of tourism organisations should be performance oriented. The authorities who subsidise tourism organisations should fix in binding contracts the performance goals they expect for the subsidies they provide. This should determine the amount of future subsidies and motivate the organisation and its staff.

Co-ordination should take place on a project and not on a political basis. Destination promotion is not a political affair. It is a market near activity that needs expertise in communication and marketing. Authorities should leave the operational business to the delivery partners and limit themselves to the implementation and supervision of performance, linked to agreed goals.

Steady financial support by the state is needed. Promotional activities must be planned, ideally, with several years financial certainty. The state and the regions should therefore support their promotion agencies by guaranteeing financial contributions for a fixed period of at least four years.

There is no doubt that Italian tourism providers perform well in relation to classical marketing communication. However, there is a lack of easily bookable products on the Internet. The Internet guarantees a series of network externalities such as a year-round, 24-hour presence on the market, and the possibility to take bookings and earn money. Tourism providers that do not utilise these tools in the future may find it difficult to survive.

The fact that tourism is primarily the responsibility of the lower territorial units should not be an impediment for the development of a market-oriented definition outlining the responsibilities of the various delivery organisations. The National Tourism Agency should be responsible for the positioning and branding of the country as a whole; selecting international markets and creating new products; bundling the financial resources for a presence in foreign markets; and the transfer of knowledge on consumer trends and in foreign markets (Box 4.7). The lower territorial units should be responsible for planning and developing regional and local tourism; designing products; direct promotion in domestic and nearby markets; and the provision of information, once visitors have arrived at the destination.

Box 4.7. Green Spain: Regions working effectively together

Green Spain is a tourist brand launched in 1989 comprising the four autonomous regions in the Atlantic coast of Spain, from west to east: Galicia, Asturias, Cantabria and the Basque Country. Each region has a strong and different personality, while sharing certain aspects of the supply side, such as nature and landscape, culture, gastronomy, and are untouched by mass tourism.

The creation of the brand took shape in the form of an agreement signed by Turespaña and the four autonomous regions. The agreement must be renewed every year and it comprises a protocol where the promotion activities planned for the year are listed (presence in fairs, end-customer campaigns, presentations to tour operators, familiarisation trips, press trips, online marketing, actions in social networks, etc.). The agreement also includes the financing model for the share of promotion expenses: 50% by Turespaña and 50% by the four regions (*i.e.* 12.5% each). The budget allocated for promotion activities in the agreement for 2010 was EUR 800 000.

The creation of the brand helped these regions create synergies and save money in promotional terms. For instance, when one of the regions takes part in a tourism fair, it is not only in its own name but also representing the remaining three. Advertising costs are also shared according to the 50/50 model.

After the launching of the brand Green Spain, regular promotion activities were undertaken in the main European outbound markets (France, UK, Germany and Italy) with the above mentioned promotion tools. After approximately six to eight years, this promotion activity proved successful, with brand recognition, particularly within the professional sector. As a result, it began to be included in the travel brochures and programmes of major tour operators, such as TUI.

Every year, one of the four regions is responsible for the co-ordination of the promotion activities of the brand. The regions have opened a discussion to consider the merits of external management, now that the brand has started gaining international recognition.

Source: *Instituto de Estudios Turísticos* (Tourism Studies Institute) (2010).

Performance evaluation

The assessment of marketing and promotional campaigns is an important element of tourism evaluation and various approaches can be applied. Governments spend considerable amounts of public money every year on promotional activities with various objectives including attracting additional visitors, retaining existing visitors, improving perceptions and developing the brand and market position of the country, as well as increasing visitor expenditure.

There is considerable debate about how best to assess the impact of promotional campaigns. National Tourism Organisations are faced with an ongoing challenge of showing how to directly attribute their efforts to the impacts on the tourism economy. A recent survey of OECD member countries highlighted that there are a number of measurement approaches, tools and techniques in use. These include:

- return on investment
- conversion models
- non-linear modelling

However, it is likely that a mix of approaches and further development of tools and techniques will be required to achieve a balanced and sustainable evaluation of activities over time (Box 2.7).

The success/failure of communication, promotion and marketing strategies are assessed/monitored by ENIT on the basis of predetermined indicators such as: *i)* cost/contact ratio; and *ii)* travel packages sold/tourist flow ratios. The activities carried out by foreign networks "at zero cost" are also valued in economic terms. These include spontaneous editorial reportage on Italy; assistance in the organisation of educational tours in Italy for journalists; invitations to international tourism exchanges; and relations with the media and other stakeholders.

Italian tourism promotion is, on the whole, not sufficiently performance oriented. However, the Italian government has recognised the importance of measuring the performance of public agencies and ENIT was selected as a pilot project to improve its efficiency (*www.funzionepubblica.it*). The primary objective is to develop under the name ENIT Lab a prototype for managing performance by taking into account the strategic goals, characteristics and mission of the organisation. The ENIT Lab pilot project focuses on the control and the performance of individual actors. The objective is to make the institution more transparent and better performing, while improving its reputation among stakeholders and the general public. The first part of the programme was initiated on 27 October 2009 by Decree No.150 and its results are available on *www.enit.it*. The second part of the ongoing programme, which is entitled "Total Transparency", will start during 2011.

Annex 4.A1. International learning models: Attractiveness and promotion

The purpose of presenting international learning models in the review of tourism issues and policies in Italy is to provide inspiration for the Italian stakeholders in implementing reforms in tourism.

The Spanish model illustrates the co-management of international tourism promotion among the central government and autonomous administrations.

Spain: Management of international tourism promotion among the central government and autonomous administrations

Description of the approach

Spanish regions have the competence to define and develop tourism policies. The central administration is responsible for foreign tourism promotion and for the co-ordination of tourism policy planning. The plans that have been drawn to co-ordinate public tourism policies among different administrations are:

- Framework Plan for Spanish Tourism Competitiveness FUTURES 1992-1995 - recognised the strategic role of tourism in the Spanish economy
- Framework Plan for Spanish Tourism Competitiveness FUTURES 1996-1999 - improved tourism sector competitiveness
- Comprehensive Integral Plan for Spanish Tourism Quality 2000-2006 - focused on quality instead of competitiveness
- Tourism Plan 2020 - is an important effort to help the tourism sector become more sustainable and knowledge based, and to develop a new competitiveness model

In relation to foreign tourism promotion, the central government created the Spanish Tourism Institute (Turespaña). It is responsible for:

- planning and developing Spanish tourism promotion in external markets
- supporting the commercialisation of tourist products abroad
- co-operating with Spanish regional governments, municipalities and private sector in the promotion and commercialisation of their products

At the end of 2004, Turespaña defined its strategic plan called "The Plan of Objectives for Foreign Tourism Promotion", which focused on increasing tourist expenditure in Spanish tourism destinations and products, developing tourism activities in new geographical areas, generating tourism activities outside the traditional summer and

Easter periods, fostering tourist services and infrastructure, and contributing to social and environmental development. It has five action areas:

- market research
  - definition of high research reports and other reports related to season, products and destinations
  - design of a specific website for the dissemination of promotional and commercial activities and different reports and tourism knowledge
  - in collaboration with regional administrations, training of experts in foreign tourism promotion and organisation of courses on tourism markets
- image and communication
  - development of co-operative campaigns to promote the Spanish tourism brand together with other regional brands and products
  - development of inter-regional tourism brands (Saint James Way, Pyrenees, Green Spain and World Heritage Cities)
  - development of image campaigns for products in co-operation with private sector and for destinations in collaboration with other public administrations (regions and municipalities)
- commercialisation and product development
  - creation of product clubs
  - commercialisation support in co-operation with travel agencies and tour operators
  - employment of new techniques to more effectively connect to final consumers
- online marketing
  - collaboration with SEGITTUR (Spanish Society for Tourist Information Management) to develop tools for information and tourism marketing
  - development of the Spain.info website and its adaptation to emerging countries
  - development of online promotion activities
- excellence management
  - preparation of periodic evaluation reports
  - definition of operative plans

Turespaña has 33 offices in different countries based in Spanish embassies that collaborate in the promotion campaigns.

Rationale for approach adopted

The tourism industry makes a significant contribution to the Spanish economy on the basis of its contribution to GDP and balance-of-payments, the number of tourism companies and the workforce employed. It is therefore important for the Spanish economy and the tourism sector to have a body which plans, promotes and supports commercialisation, and which co-ordinates different key agents of the Spanish tourism sector. This was the rationale for the creation of Turespaña. It is an instrument of tourism

policy, a support body for tourist destinations and product commercialisation, and an organisation to promote co-operation among different institutional levels and among public and private agents.

A system of co-ordination also exists in the form of the Sectoral Conference that meets at two levels. On one level, the general directors for tourism of the regional governments meet with the general manager of Turespaña; and on another level, the *consejeros* (Regional Ministry) of tourism meet with the Secretary of State[2]. The *Consejo Español de Turismo* (Spanish Council of Tourism) also exists and is composed of the *consejeros* of tourism, the Secretary of State and representatives of the sector. Likewise, there is an Inter-ministerial Commission of Tourism that groups all ministerial departments with influence on the topic.

The central government does not have any scope in national promotion of tourism, which is an exclusive competence of the autonomous communities. The competence for the international promotion of tourism is distributed between the central government, which promotes the national brand of Spain, and the autonomous communities, which is in charge of their own promotion. It is important to note that the autonomous communities have in total more funding than the central government, which has its own budget.

This demonstrates the incentive to co-ordinate both levels in the promotion of one single brand (Spain) designed in several ways (one for each autonomous community). The approach adopted by the central government was to demonstrate to regions the desire to collaborate on a voluntary basis. It is for this reason that Turespaña created the unique logo for international promotion.

This logo is based on the widely recognisable image created by the artist Miró more than 25 years ago, which was evaluated as a highly valuable asset by a consultant specialising in brand value. One part of all publicity material is reserved for this logo, leaving the remaining space for the use of the regions for their own purposes.

Besides facilitating the use of the logo, Turespaña pays half of the costs when the autonomous communities use the logo in their campaigns. The same approach was followed with private companies well known abroad (not only tourism companies). According to the State Secretary for Tourism, 21 agreements were reached in 2010 with regional institutions, and 200 with private companies.

Results of the approach

The following are some of the strategic plan's achievements (2005-2007):

- Global indicators for the period 2004 to 2007
  - Spain received 8.2 million more international visitors, indicating a growth rate of 16%
  - all main origin markets increased during this period
  - international tourist expenditure reached EUR 50 billion, indicating a growth rate of 14.1%
  - tourist average expenditure and daily expenditure increased

- Market research
  - seven reports about tourist policies in competitive countries
  - 16 reports of high research about origin markets
- Image and communication
  - 70-80% of the population objective was reached by means of publicity campaigns
  - 40% of external partners co-financed the promotion of tourism product
  - EUR 250 million of equivalent publicity value in printed press media (the initial objective was EUR 215 million)
  - Development and commercialisation
  - 31 000 agents were trained and 3 264 000 final customers received information about the product in order to improve the market share in the "sun and beach" segment
  - 9.1 million final customers were targeted with direct marketing initiatives in order to attract more international cultural tourists
  - 202 local campaigns promoting "product clubs" reached 3.5 million customers
  - 500 international meetings successfully attracted, improving Spanish congress tourism products and destinations
  - 5.2 million final customers received information on supra-regional products
- Marketing on line
  - 14.4 million visits to the website: *www.spain.info*
  - 18 co-operative agreements with regional administration
  - nine new product channels
- Excellence management
  - Partner satisfaction with Turespaña rated 4.5 out of possible 6
  - Increase of private sector participation with 4 500 participants attending seminars and meetings
  - 9 million visits in website: *www.tourspain.es*

Reasons for success

The programme succeeded due to the capacity of the central government and the regions to find a common interest in sharing one image and costs, while maintaining their own self-identity and autonomy.

Obstacles faced and response taken

The global economic crisis has affected the Spanish economy in general and tourism activity in particular. In 2009, Spain was the third largest tourist destination at international level with 52.2 million international tourists. But the evolution was negative, with 8.7% less international tourists than in 2008. This implies that the promotion actions are now more important than in the past.

During the process of developing the Tourism 2020 Plan, new priorities for foreign tourism promotion were defined in order to face new challenges in the operative plan of Turespaña. These priorities are related to innovation, sustainability, co-operative culture and international projects.

Relevance to other countries

There is a possibility of inter-institutional collaboration where there is a "win-win" game. It is the case of Spanish international promotion, where central and regional governments share the costs of maintaining each other's image.

While maintaining their own identities, the localities, regions and the state could specialise in one type of promotion, *e.g.* long versus short-distance markets, by sector – congress, professional, cultural, beach, golf.

It is also important to have a body (Sectoral Conference) where the different territorial levels meet and more so, if they work simultaneously at technical and political level.

Considerations for adoption in Italy

The co-ordination of international marketing campaigns is easier with one design which allows each region to maintain their specific identity while at the same time enables it to profit from the positive effect of one strong national brand.

This task will also be facilitated if the central government can co-finance the campaigns that use the national brand as image.

Box 4.A1 The tourism cluster in Madrid

At regional level, there is also the need to co-ordinate the different tourism initiatives. Regions, municipalities, associations and other actors develop different initiatives.

One example of collaboration could be found in Madrid, where a tourism cluster was created (*www.madridnetwork.org/red/turismo*). The object of the cluster is to promote co-operation among institutions and companies of different characteristics (hotels, transport, telecommunications, etc.), to facilitate new opportunities for businesses, and to improve competitiveness within the sector. Some of the projects that are being studied are the development of technology to process check-out by SMS, the automatic translation of restaurant menus in different languages, and the possibility of Madrid hosting the Ryder Cup.

At institutional level, the Town Hall of Madrid and the Government of the Community (region) of Madrid have their own tourist boards. While each one has its own budget and even different logos and corporate colours, they collaborate at technical level, although not always at political level. For instance, the long-haul origin market is worked exclusively by the Community while the market of congress tourism is dealt with by the Town Hall of Madrid.

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Notes

1. In 2006, approximately 370 institutions were either closed or not opened to the public (9% of the total).
2. The Secretary of State was changed to the General Secretary for Tourism in the last governmental reorganisation.

Chapter 5

Education and training for tourism in Italy

The tourism experience is provided through personal interaction. The availability of staff with specific skills and competencies for each product and tourism experience is vital. Tourism managers and employees must be able to adapt to technological requirements, have language skills, and the flexibility to respond to quickly changing demands from clients. To maximise the potential of tourism over the long term, it is critical for Italy to develop and improve its education and training offer in the field of tourism in a way that will explicitly meet the needs of the Italian tourism industry stakeholders. At present there is both a quality and a quantity gap in the education and training available in Italy. Despite the fact that the number of tourism university courses has rapidly increased in recent years, the number of students has declined. The demand for higher education skills from the sector is also very weak, with the orientation of the courses not sufficiently market-oriented, and tourism businesses not playing an active role in the definition of content or course development. There is a need to enhance the transfer of knowledge from the education sector to the industry and develop an integrated approach closely associating the regions, the private sector and the education and training organisations.

Introduction

Human resources issues are of fundamental importance for competitive and sustainable tourism development. Tourism is a people industry. For Italy, the expected continuing growth of the tourism economy; the relative weak image of the tourism labour market; demographic changes (*e.g.* contraction of the labour supply in the key younger age groups); new trends in tourism demand; technological innovations; and moves to a green tourism economy are just some of the elements that will lead to an increased demand for skilled labour, growing labour and skills shortages, and increased pressure for access to migrant labour.

Aware of these long-term challenges and of the need to find a better balance between the supply and the demand for training and education in tourism, the Minister of Tourism of Italy set up, in 2009, a Committee for the Enhancement of Education and Training in Tourism (*Comitato per la razionalizzazione della formazione turistica e la promozione della cultura dell'ospitalità*). The committee worked on issues such as secondary school, university and professional education and training offers in tourism in Italy.

This chapter outlines the main challenges facing tourism education and training in Italy. It focuses on higher education in tourism and reviews the secondary school and vocational training offers in tourism. The analysis builds notably on the work carried out by the Committee for the Enhancement of Education and Training in Tourism.

Overall assessment

To maximise the potential of tourism over the long term, it is critical for Italy to develop and improve its education and training offer in the field of tourism in a way that will explicitly meet the needs of the Italian tourism industry stakeholders. What is required, for example, is recognition by businesses that higher education and skill levels will contribute to deliver high-quality services and tourism experiences to customers, improve the management of tourism enterprises and promote a positive image of the tourism labour market. This in turn will impact favourably on the level of productivity in tourism. A better education and training offer in tourism will allow the industry to face new challenges such as technology or green tourism developments. Qualifications earned through learning by doing are no longer enough in tourism enterprises and other higher/new qualifications are often required

There are both a quality and a quantity gap in the education and training offers in Italy. Tourism university courses have rapidly increased in recent years. However, the number of students is declining, the demand for higher education skills from the sector is very weak, the orientation of the courses is not sufficiently market-oriented, and tourism businesses are not playing an active role in the definition of the content of the courses or in the development of a dual education/training system.

While higher education is important, secondary and technical education, which provide the basic skills needed by the tourism industry, will continue to play a critical role. A recent reform has been undertaken which should contribute to better match the educational and tourism industry needs with a strong focus on the quality of services and on initiatives supporting professional development (*e.g.* internships, language skills). The

success of this reform will notably depend upon solid partnerships between the private and the education sectors.

In terms of training, a high number of initiatives exist but there is little information available on the vocational training programmes and the budgets managed by the regions. Interesting initiatives such as the ones conducted by PromuovItalia (discussed later in this chapter), which promote on-the-job training, remain fragmented, concentrated in some regions and are highly dependent upon external funding. They represent very positive developments but do not respond to the larger needs of the tourism sector in training.

Italy should enhance the transfer of knowledge from the education sector to the industry, for example through a tourism intelligence network. The significant research undertaken by the Committee for the Enhancement of Education and Training in Tourism in 2009-2010 should be used to support the development of an integrated governmental approach in this field, closely associating the regions, the private sector and the education and training organisations. This approach should support skills diversity and attractive careers in tourism. Italy should also engage in prospective work, based on a map of tourism professions, to identify the future needs and the skills gaps in tourism education and training. The gender equality dimension also needs to be addressed with tourism industry players.

The main challenges facing tourism education and training in Italy

The tourism experience is provided through personal interaction. Human resources are a strategic issue for tourism. The availability of staff with specific skills and competencies for each product and tourism experience is vital. For example, the move to a green economy will profoundly modify the profile of jobs and the skills needed in many sectors, including in tourism. The emergence of new markets involving changes in the cultural characteristics of existing visitor patterns will also present particular demands for the development of appropriate language and cultural skills. Tourism managers and employees must be able to adapt to technological requirements, as well as having language skills and the flexibility to respond to quickly changing demands from clients. Training now needs to be more multi-disciplinary and transversal in nature, to enable adaptation to changes in the tourism market (Gennari, 2010).

The Italian tourism industry has a very high proportion of small and micro-enterprises which often lack the capacity to do in-house and on-the-job training or to invest in innovation. Management of tourism businesses in Italy tends to be family business-style with little formal specific qualification in the field of tourism. These characteristics of the industry strengthen the learning by doing aspect typical of the sector (Voc Mat, 2008), and hinder the move towards an approach based on qualifications from the educational system. The importance of employee training and qualifications is not always recognised within the industry. This can lead to difficulties in having the tourism industry co-operating with training centres and universities to improve courses and their market orientation. Italy should improve the participation of private actors in the development of education and training activities and enhance the transfer of knowledge from the universities to the sector via, for example, the creation of a tourism intelligence unit. This could include the promotion of an online platform on training and work in tourism to be developed in collaboration between the students, the teachers and the industry federations.

Internet technologies place the consumer at the centre of the tourism value chain (each tourist has a direct access to the tourism product). New technologies and related innovations (*e.g.* online booking, reservation management) have led to radical changes in the way tourist businesses operate. Italy is lagging behind in terms of use of the Internet by enterprise and for e-commerce. The new business environment and the Italian situation present important challenges in terms of skills development. Qualifications earned through learning by doing are no longer enough to manage tourism enterprises, and for some of the jobs in the sector a creativity, a good knowledge of IT and other higher qualifications are required (Boccella and Lamberti, 2010).

In Italy, the labour productivity in tourism has been decreasing over recent years. The competition for labour from other sectors which are showing higher productivity growth and are able to pay more attractive wage rates is strong and increasing. Innovation and quality are important elements to make tourism destinations and enterprises more competitive and more attractive in the global market. In this context, the rather low qualification level represents a major challenge for the Italian tourism industry. While Table 5.1 below indicates a significant increase in the qualifications of people working in the sector (from 2005 to 2009, the hiring of people at university level has doubled), tourism firms still employ a very low number of university graduates (five times lower than in industry and services) and a very large number of people with no specific education required (37%). Italy needs to place increasing pressure on service quality standards as a means to improve productivity in tourism and to maintain its competitiveness as a destination within Europe, and in particular, with competitor countries offering lower wages.

The average age for entering the sector is lower than the average found in other industries, which means permanent training and work-study mechanisms are sorely needed (Gennari, 2010). Recognising this, the Italian government is considering measures to facilitate the use of apprenticeships and the possibility of work-study experiences.

Table 5.1. Non-seasonal new hiring for education level, 2005-2009

Percentage

	Tourism sector				Total industry and services			
	University	Secondary and post-secondary	Technical qualification	No education required	University	Secondary and post-secondary	Technical qualification	No education required
2005	1.1	33.4	26.0	39.5	8.8	33.6	20.1	37.5
2006	0.4	30.5	21.7	47.4	8.5	33.9	19.2	38.4
2007	1.4	32.7	20.7	45.2	9.0	34.9	17.5	38.6
2008	0.8	36.6	18.3	44.3	10.6	40.5	14.5	34.3
2009	2.2	38.3	22.4	37.0	11.9	42.4	15.3	30.4

Source: UnionCamere – Ministero del Lavoro, *Sistema Informativo Excelsior*, 2005-2009.

The working conditions in tourism are difficult (*e.g.* working hours, seasonality). Perceptions of poor conditions, career paths and pay rates, relative to other industries, are likely to continue. This affects the image of the tourism industry on the labour market. Young people do not find the industry attractive (Moretti, 2010), because it does not offer a dynamic or technologically cutting-edge image allied to possibilities for advancement. Nor does it offer remuneration comparable to that available in other sectors, as average wages in the tourism industry in Italy are among the lowest in the economy. This situation would have to change to attract high-quality professionals and thus improve the

quality of management and of tourism services in the future. More could be done in Italy to build on recent research initiatives to develop a human resources strategy for the tourism industry, supporting skills diversity and attractive careers in tourism.

The presence of foreign-born workers in tourism is increasing with a substantially higher proportion working in the accommodation and restaurant sector. This is true in a majority of OECD countries. Many migrant workers suffer from poor working and living conditions and they are often linked to undeclared labour or are in an irregular situation. The International Labour Organisation (ILO) estimates irregular migration in Italy to be about 500 000 people. The high seasonality of tourism and its employment peak combined with increasing labour shortages mean that growing numbers of employees in the tourism industry are migrant workers. This creates important challenges in terms of training (*e.g.* languages) to maintain and improve quality standards in Italy.

The importance of the informal economy in the Italian tourism sector also means that a significant number of businesses are not registered and do not work with industry federations and their training offers. People working in the informal economy thus fall *de facto* out of the tourism training system.

The request for qualified staff in tourism exceeds the number of young people trained with specific qualifications. According to the Committee for the Enhancement of Education and Training in Tourism, the demand from the tourism industry is about 300 000 persons per year, whereas the supply remains around 140 000 technicians. This situation favors the use of alternative training solutions by enterprises at the local level and a growing reliance on migrant labour.

Secondary education in tourism

Secondary education should prepare pupils either for higher education or for entry into the labour market. In Italy, secondary education (from 14-19 years old) offers a choice between the high schools (Licei); the technical institute (Istituti Tecnici), and vocational training (Istituti Professionali). In 2009, secondary education represented by far the main education level for new hiring (61%) in tourism.

In Italy there are about 120 autonomous hospitality schools (Istituti alberghieri) that can provide training courses of three or five years, in addition to an unknown number of courses for hospitality located within various institutes. There are also approximately 60 autonomous technical institutes for tourism (Istituti Tecnici per il Turismo), which offer five-year training courses.

The majority of the required skills in tourism (78% of the total) is concentrated on qualified commercial and service occupations (Table 5.2). This confirms the need for an education strongly orientated towards quality of service. Secondary education specialised in tourism include the upper secondary school diploma in hotel management (Diploma di istruzione secondaria superiore ad indirizzo professionale alberghiero), the upper secondary school diploma in tourism (Diploma di istruzione secondaria superiore ad indirizzo tecnico per il turismo) and the vocational school qualifications in hotel management (Diploma di qualifica di istituto professionale alberghiero).

According to the Committee for the Enhancement of Education and Training in Tourism, secondary education in tourism is rather heterogeneous in terms of content and not solid enough in terms of teaching specific tourism competencies. The skills needed by the enterprises are not well taught, for example the control of foreign languages is weak

or the methodologies taught at school are outdated. There is a need in Italy to better integrate the different levels of the education system (secondary schools, universities and vocational training) and to improve the coherence of the education content in order to respond to the industry needs in term of competencies and technical skills.

Table 5.2. Required skills in tourism

Professional groups	Absolute values	Distribution %
Total tourism (hotels and tourist services, restaurants, bars, canteens and catering services)	80 880	100.0
Managers, highly specialised staff and technicians	3 720	4.6
of which: technical occupations	3 570	4.4
Clerical jobs, trade and service occupations	67 250	83.1
of which: qualified commercial and service occupations (waiters, cooks, etc.)	62 650	77.5
Specialised workers and plant/machinery operators	1 080	1.3
Unqualified occupations	8 840	10.9

Source: Committee for the Enhancement of Education and Training in Tourism, 2010.

The expectations of tourism businesses reveal both a quality and a quantity gap with the secondary school education offers. In response to this challenge, and critical to sustaining the competitiveness of the tourism industry, Italy has undertaken a reform in 2010 to re-organise the secondary education system, including for the tourism and food-and-wine sectors. This reform may allow the better matching of educational needs with the tourism industry needs by *i*) developing initiatives supporting professional development; *ii*) by promoting specialisations (*e.g.* food and wine, hotel); *iii)* by giving vocational schools (*Istituti Professionali*) new responsibilities for the issuing of qualifications; *iv)* by enhancing work-related learning; and *v)* by recognising the exclusive competence of the regions concerning territorial planning of the training offer. It is too early to assess the full impacts for secondary education and training in tourism. However, while the quality gap and the need for a dual education/training system seem to be well addressed, there is no evidence that the reform will contribute to overcome the labour shortage. The creation of partnerships between the private and the education sectors should be encouraged, with particular regard to the creation of internships and training periods aimed at work placement.

Improving the connection between higher education and the tourism industry

Secondary schools respond to the primary needs of the tourism industry for services skills. However, higher education is critical to the bid to improve the competitiveness of the Italian tourism industry which needs better educated people to meet the new challenges of the globalised tourism economy.

A rapid increase in the number of university courses focusing on tourism

Tourism-related university courses have increased in Italy in recent years (+18% over five years). This abundant supply makes more pressing the need to ensure that all courses

meet the needs of tourism businesses and generate the mechanisms that help young graduates enter the job market (Table 5.3).

The Italian system for higher education follows the EU Bologna process, with three-year degrees and two-year postgraduate courses. Graduate and postgraduate courses are often integrated, the postgraduate offer being seen as a natural progression. According to the Committee for the Enhancement of Education and Training in Tourism, the structuring of a high-level Italian system of research and education in tourism and the consolidation of a coherent tertiary education offer have been made difficult due to a shortage of funding and to a continuous changes in state regulations. The weak demand for undergraduate tourism courses (and changes in regulations) creates an unstable environment for postgraduate courses and a high turnover, which makes difficult the establishment of good connections between the industry and the university.

Table 5.3. Number of university tourism courses in Italy

Year	Number of undergraduate degree courses	Number of postgraduate courses	Total courses
2001	60	..	60
2004	57	21	78
2007	53	32	85
2008	47	34	81
2009	41	30	71

..: Data not available.

Source: Committee for the Enhancement of Education and Training in Tourism, 2010.

Given the increase and the diversity of university courses in tourism, Italy should envisage the introduction of evaluation mechanisms based on quality requirements related, for example, to: *i*) the education content and its market orientation; *ii*) the level of involvement by businesses and tourism institutions in the teaching programmes; *iii*) internships; or *iv*) the placement of students in the labour market.

A declining demand by students

Only 16.9% of the graduates working in the Italian tourism sector say they use the competences acquired in training and only 18.3% think their degrees have been useful in the jobs they do (as opposed to 47.5% of degree holders as a whole). It is not surprising therefore, that only a limited number of students (around 1.7% of the total) decide to study tourism. The number of students in tourism has been gradually decreasing since 2004, faster than the general trend, with 24% reduction in the last four years (Table 5.4).

The average prior training and qualifications levels of tourism students is lower than the university average, as 52% come from technical or professional schools (33% for the whole university) and 25% come from secondary schools (52% for the whole university). Students in tourism continue with postgraduate education less frequently (10%) than the university average (28%). Tourism students are, however, stronger than average in languages and computer knowledge.

Table 5.4. Number of university tourism students in Italy

Academic year	Students in tourism undergraduate and postgraduate degrees	% over the previous year	Total university students in Italy	% over the previous year
2004/05	7 615	n.a.	343 424	n.a.
2005/06	6 829	–10%	320 273	–7%
2006/07	6 599	–3%	311 421	–3%
2007/08	6 125	–7%	308 143	–1%
2008/09	5 754	–6%	290 193	–6%
2008/09 over 2004/05	n.a.	–24%	n.a.	–16%

n.a.: not applicable.

Source: Committee for the Enhancement of Education and Training in Tourism, 2010.

Despite the issues outlined above, tourism graduates tend to find a job more easily. Before the financial and economic crisis, 52.5% of tourism graduates were able to enter the labour market (the average for the whole university being 47.9%). However, only 32.5% of tourism graduates work in their area of study (versus 58.6% on average for all graduates). 70% of the tourism students are female. There are substantial differences in wages between male and female, with the average female salary being 19.4% lower than the male average. The gender equality dimension needs to be addressed by tourism industry players.

Lack of alignment between demand and supply

The horizontal and complex nature of tourism is demanding a multidisciplinary orientation from courses and it is quite difficult to establish a list of priority competencies to be included and to find the appropriate match. Most of the tourism degrees are concentrated on economics (46%), humanities (16%) and foreign languages (10%). Higher tourism degrees remain very theoretical and have little market orientation. Graduate tourism degrees are based on traditional subjects (statistics, macroeconomics, culture, geography) and, in the best cases, on generic management and marketing. Moreover, a large majority of postgraduate courses in tourism focus on economy, culture and destination management. There is very little university offer in Italy in tourism business management or in hotel management and marketing. Tourism businesses are not involved in the development or delivery of university courses; evidence suggests that these university courses are not well aligned to the needs of the tourism firms and to changes and developments in the tourism market. Italy should strengthen the multidisciplinary approach of its university courses in tourism and find a better equilibrium linking higher education with practical experience. Innovative programmes associating several universities could allow the provision of a multi-disciplinary higher education offer in tourism.

Many university courses are located in regions that are not leaders in tourism activities. There is a relative divide between the areas where the tourism-training offer is taking place and the areas generating the demand for such training. Five regions account for 50% of the university courses available (Table 5.5). This situation makes more difficult the development of close relationships with tourism entrepreneurs, the adaptation of the education content to the industry needs and a greater professionalisation of university activities (*e.g.* practical experiences and training). The end result is an offer

with overlapping courses guided by a university mindset rather than market demand. Italy should enhance the linkages between the training and education offers and the territory.

Table 5.5. Number of university courses by region

Region	Number of degrees	% of total in Italy
Campania	10	12
Sicilia	9	11
Lombardia	8	10
Lazio	7	9
Toscana	6	7
Other regions	41	51
Italy	81	100

Source: Committee for the Enhancement of Education and Training in Tourism, 2010.

In response to the resulting fall in demand from students with little interest in education not adapted to the labour market, the number of undergraduate degree courses has gradually diminished (from 60 in 2001 to 47 in 2008 and 41 in 2009). While postgraduate courses have increased during the same period, there has been a high degree of course turnover, and a reduction in courses between 2008 and 2009 (from seven in 2002 to 34 in 2008 and 30 in 2009). In addition, the number of enrolments per masters course offered fell from 23 students in the 2001/2002 academic year to 18 in 2006/2007 (CESIT, 2010).

Many university courses have the same name but with a different content. This leads to difficulties for businesses in understanding what they are actually being offered when a prospective employee has a university qualification in tourism. For instance, courses on the economics of tourism could be devoted to ways to valorise the territory or to business and management. With the same qualification, a range of professional profiles are created, which confuses companies and creates difficulties for graduates trying to get into the labour market (Adamo, 2010).

Confusion over course alignment with industry needs and the lack of clarity concerning content contribute to tourism firms recruiting low numbers of graduates. For example in 2008, of the 78 000 new contracts in the industry, only 0.8% required a higher education qualification, and secondary qualifications were required for 36.6% (as opposed to an average 62% in the economy as a whole). The demand for degree holders in the sector is nine times lower than the average in the economy. The Italian tourism industry is not looking for general university degrees which are more academic than practical.

Improving the training offers

A wide range of training courses is necessary to respond to the needs of the tourism industry (*e.g.* for seasonal workers, for foreign-born workers, on-the-job training). Regions manage the major vocational training budgets in tourism; the main decisions on training are taken at regional level, which supports a better adequation with the requirements of the local tourism industry needs. This should allow training courses to be profiled by each region and adapted to local specific requirements (*e.g.* language training

taking into account the main origin markets of the destination). However, in practice the training on offer is often based on the qualifications of potential teachers available, rather than on the demand from tourism businesses (Adamo, 2010).

According to the Committee for the Enhancement of Education and Training in Tourism, the permanent training offer needs a comprehensive reform to improve the training levels, to update the content of the training and to ensure a minimum of coherence at the national level. Such reforms must take into account that the jobs required are mainly positions in direct contact with the client (*e.g.* waiters), which highlights the importance of vocational training oriented towards improving service quality. The improvement of vocational training levels should become one of the priority issues of any future national tourism strategy.

Additional training programmes

Additional programmes include continuous training activities developed by enterprises as well as by employment services for unemployed people. Two examples of training instruments are the *i*) contract of training and work (*Contratto di Formazione e Lavoro*) to facilitate the transition from school into work; and *ii*) apprenticeship schemes (*Apprendistato*) that combine work and training over some years to qualify people for occupations based on learning by doing (*Formazioneturismo*). However, there is no information available on the importance of these instruments for the tourism sector.

In addition, the commitment of national institutions in supporting the development of the tourism industry also includes programmes for the qualification of human resources. Promuovi Italia S.p.A is a technical assistance agency that operates under the Department for the Development and the Competitiveness of Tourism. One of the strategic objectives of the agency is to promote the growth and development of professional skills in the tourism sector, also in terms of innovation. For example, since 2005, the following projects have been implemented:

- The Employment and Development project aims to carry out 6 000 operations of advanced on-the-job training aimed at the unemployed and/or disadvantaged residents in convergence regions (Calabria, Campania, Apulia, Sicily). The target is that at least 65% of participants who complete the course receive a job offer from companies hosting the trainees. The project started in September 2009 and will last three years; its budget is EUR 60 million.
- The Replay-Extension project (March-November 2009) offers concrete opportunities for professional qualifications for unemployed and/or disadvantaged residents in objective 1 regions (Basilicata, Calabria, Campania, Apulia, Sardinia, Sicily). The budget of the project is EUR 6.6 million.
- The Motus project (March-November 2008) has a budget of EUR 7.45 million for activities managed by PromuovItalia (Box 2.5).

These programmes are designed to promote the achievement of higher standards in terms of quality and continuity of employment within the tourism sector in selected regions. The on-the-job training activities consist of training internships and language and professional training skills activities. An evaluation of the results has been made by measuring the level of integration of the participants in the companies after a period of traineeship. Overall, 66.8% of the participants have received a job offer (1 498 job offers out of 2 242 participants). These training offers cover only very marginally the needs of

the whole tourism industry; Italy should engage in more comprehensive and pro-active action in the area of training, bringing the regions and the industry together in order to define a common and integrated strategy.

Annex 5.A1. International learning models: Education and training

The purpose of presenting international learning models in the review of tourism issues and policies in Italy is to provide inspiration for the Italian stakeholders in implementing reforms in tourism.

The Swiss case provides a model largely based on the idea of dual education and training, where tourism education is closely linked with practical experiences and training. The Swiss system also involves very closely the private sector which contributes to support education and training efforts in tourism.

Switzerland: The impact of integrated education, research and innovation system for tourism development

Description of the approach

Switzerland's education and research system has two pillars. The first pillar is academic education and basic research, which is supported by the National Research Fund. The second pillar is the dual vocational education and training system backed by applied universities (UAS) and the Promotion Agency for Innovation.

Every four years the Federal Council, the government of Switzerland's Confederation, put forward a message to the Federal Parliament outlining the objectives and measures for a new four-year programme of work, integrating education, research and promotion of innovation. The Parliament has for many years provided financial resources significantly above the average growth of the federal budget (*www.sbf.admin.ch*).

The Federal Constitution obliges the Confederation and the States to co-ordinate the educational policies for the two Federal polytechnic schools, the ten academic state universities and the universities of applied sciences. The responsibilities in the field of education, research and innovation are divided between the Ministries of the Interior, with its State Secretariat for Education and Research (SER) for academic education and research, and the Ministry of Economics with the Federal Office for Professional Education and Technology.

Switzerland considers itself as a cosmopolitan country. The Swiss authorities want to stimulate citizens to become creative and highly educated people who can develop in an ever more complex knowledge-based society. The education system also aims to contribute to the creation of well paid employment for Swiss residents and to the attraction of highly skilled professionals and investment from overseas.

Tourism education and research system

Switzerland is the country where tourism was established as a scientific discipline. Three out of the ten cantonal universities teach tourism as optional courses of economics and management faculties. There are no tourism faculties at academic universities. The role of education and research at academic universities in the field of tourism has diminished since the Confederation founded the Universities of Applied Sciences (UAS) in the mid-1990s.

Universities are important for research in the field of tourism. The transfer of state-of-the-art management theories, methods and instruments into the delivery of tourism education and development is becoming increasingly important.

Switzerland is the country of dual vocational education and training which combines theoretical courses in schools and practical training on the job. Tourism education is part of this system. Switzerland has the highest density of public and private hotel and tourism schools in the world.

There are three levels of vocational education and training in Switzerland (*www.bbt.ch*):

- The upper secondary-level vocational education and training system which administers the Federal Certificate for Proficiency (VET). Around two-thirds of young people enter the tourism labour market through the VET system. Students get the skills necessary to deliver the high-level quality of service that Switzerland is known for and enable a career in the sector. They continue education and training in the framework of the upper tertiary-level professional education.
- The upper tertiary level professional education and training (PET) which leads to the higher federal professional diploma in the field of hotel, catering and tourism. This course and training are open to people with experience and who are looking for a career in tourism-related industries. They often come from other sectors or from abroad and prepare themselves to become entrepreneurs or managers of SMEs. There is one major PET-instrument that can be considered a Swiss education innovation:
  - Extra occupational courses for obtaining the advanced federal professional diploma such as the Federal Expert for Tourism, which is the highest diploma in the field of vocational training open to practitioners with an academic or professional background.
- The Universities of Applied Sciences (UAS) prepare students to take middle and higher management careers which are based on applied research and internships. A federal professional or academic baccalaureate is necessary to enter UAS, which provides professional bachelor and master diplomas in tourism management in the framework of the European Bologna system.

Rationale for the approach adopted

There are three main structural facts which explain the importance of vocational education and training system in the field of tourism. The core tourism industries that host visitors in destinations have primarily micro and small structures. The companies are led by owners that are in general also managers. They need overall skilled, qualified and experienced employees and not white collar workers with academic background.

As in all highly developed countries, Switzerland has to face scarcity of human resources in its tourism related industries**.** The Agreement on the free movement of persons between Switzerland and the EU has led to an improvement in this field. The scarcity of these resources has to do with below average wages, the often unsociable working hours and the periphery situation of the seasonal holiday regions. These characteristics of the tourism labour market make it somewhat volatile. However, it offers good employment prospects for school leavers and people in transitional periods of their life. For this category of people, the flexible vocational training is an opportunity to prepare for their future.

In Switzerland's tourism destinations, the hotel and restaurant sector employs about 50% of foreign workers of different qualification levels. The flexible vocational system with its seasonal character allows these employees to follow targeted vocational education courses. Switzerland's innovation and co-operation programme in the field of tourism has stimulated apprenticeships for the unqualified labour force in the hotel and restaurant sector by compensating employers for absences of foreign employees to follow apprenticeship courses (*www.inno-tour.ch*).

There is no doubt that there is also a need for management competences in the field of tourism. The upper tertiary-level sector of vocational education covers these needs for the smaller companies. As for larger enterprises, management competences in tourism are substitutable since it can be provided by general business schools. The professionalisation of tourism, particularly with the use of information technology in the production and promotion of tourism services, necessitates more specific education at applied or - for future industry leaders - academic universities.

Results of the approach adopted

The OECD vocational education policy review of Switzerland states that the Swiss VET system is strongly directed towards the needs of the economy and the labour market. It is well co-ordinated between the Confederation, the States and the professional organisations, having a modern infrastructure and is sufficiently financed. It mentions also the vertical mobility inside the whole Swiss system of education. This is particularly important in the field of tourism related education where many people use this sector as a portal of entrance into the labour market but not as a possibility of long term professional career (OECD, 2009).

The fact that most of the Swiss residents entering the tourism related labour market follow the vocational education and training track is the proof of the performance of the Swiss VET system**.** More and more young people combine apprenticeship with a Federal Professional Baccalaureate which allows them to pass to bachelor and master courses of applied universities and later even to advanced education at academic universities. Others use the upper tertiary-level vocational education possibilities.

The tourism-related industries play a major role in VET in Switzerland. They finance apprenticeships and have developed hotel, restaurant and tourism schools all over the country which are subsidised by the confederation and the s tates for their public services. The professional federations like the hotel and the restaurant association have strong vocational departments. They are proud of their achievement in the VET field which is part of their most important services to their members.

Obstacles faced and response taken

The educational system in the field of tourism functions well in Switzerland. It is open to the needs of students and of the economy. In the field of vocational training, there is a fear that the newly created applied universities will compete with the traditional upper tertiary-level of VET, which are tailor-made to the needs of the sector, and lead to a sort of academisation of the vocational tourism education. Such a development would weaken the high capacity of VET to facilitate the entrance into the labour market. Universities, both academic and applied, should concentrate more on applied research, which is the bedrock for state-of-the art tourism courses linking practice and theory. It is the task of the authorities to look for objective but demanding selection criteria for all educational products offered, particularly those at the higher level. The increase of diploma qualified people who do not have the necessary competencies cannot help the sector.

Relevance to other countries

The Swiss education and research system, as it is applied to tourism, has proved to be efficient for the purpose of the country's tourism sector. It is difficult to export because of its originality and complexity. What may be relevant for other countries is the idea of dual education and training. Tourism education of all levels need to be linked with practical experiences and training. Furthermore, the excellent co-operation between public educational institutions and private sector professional associations in Switzerland may be exemplary. It is not possible to do applied research and develop good tourism curricula without close links with the tourism sector. The private sector is interested in well educated and trained human resources. In Switzerland, the private sector rewards these efforts with strong financial support (*www.hotellerie.suisse*, *www.gastrosusse.ch*).

Consideration for adoption in Italy

The large majority of young Italians join high schools which prepare students for studies at academic universities. The vocational education has lost a part of its importance even if Italy was one of the first movers in the field of hotel schools. Italian universities are aware of this problem and have tried in recent years to develop bachelor and master courses for tourism. These courses are only partly an answer to the skills shortage in the Italian tourism sector, which does not always provide a high level of service quality and convenience to visitors. It is important to avoid wasting of resources by assuring applied research, which is the prerequisite of successful higher education; by compulsory internship regulations, by better links with the professional federations in charge of tourism; and above all, by an appropriate student selection process, which takes into account the educational profile needed in the tourism sector.

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