



OECD Tourism Trends and Policies 2016

Highlights



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OECD Tourism Trends and Policies 2016 highlights the need for active, innovative and integrated policy responses to ensure that tourism remains a competitive and sustainable sector. It underscores transport's role as a key enabler of tourism and the importance of synchronising transport and tourism development strategies to meet potential demand and enhance the visitor experience. Similarly, the rapid growth of the tourism “sharing economy” requires policy makers to quickly grasp the key issues and work together to position their countries for success.

Tourism trends and policy priorities

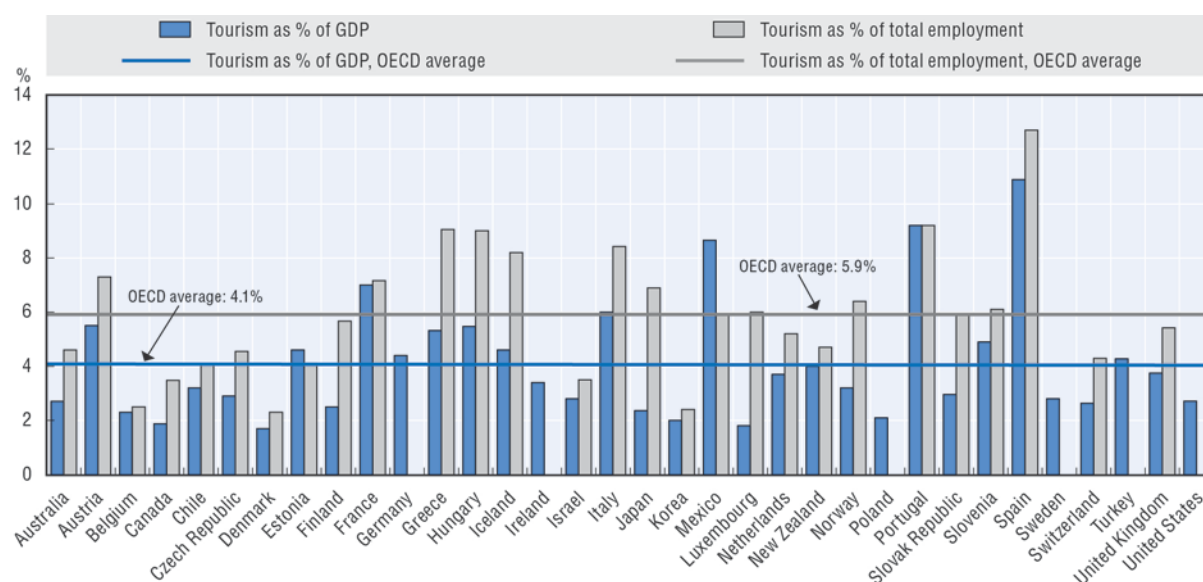
Tourism continues to demonstrate impressive growth and makes a significant contribution to many national economies. At a time of restricted budgets and a challenging global environment, governments must find the right structures and policies to support the sector and build on the opportunities it presents.

The growth and contribution of tourism

Tourism is a major contributor to national economies, accounting on average for 4.1% of GDP, 5.9% of employment and 21.3% of service exports in the OECD area. Moreover, the conversion of 80% of tourism exports to domestic value added is higher than for most other sectors. Tourism is also able to deliver job-rich growth, providing employment opportunities at all age and skill levels.

Figure 1. The direct contribution of tourism to OECD countries

As percentage of GDP and employment, 2014 or latest year available



Notes: Data for Spain include indirect impacts.

GDP data for France refer to internal tourism consumption.

Employment data for Luxembourg include indirect impacts.

Source: OECD Tourism Statistics (Database).

StatLinks  <http://dx.doi.org/10.1787/888933319595>

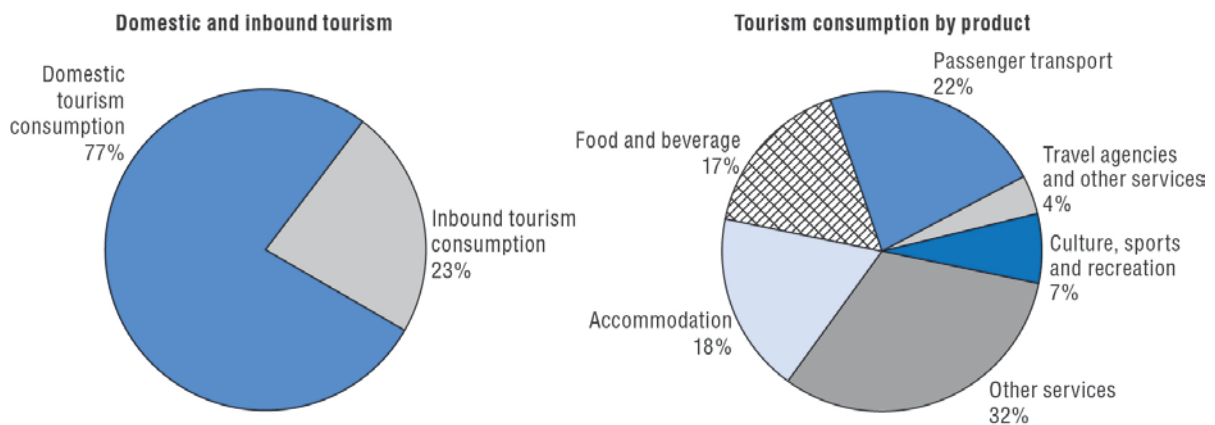
International arrivals show continued growth reaching over 1.1 billion in 2014 and are predicted to reach 1.8 billion by 2030. Growth in arrivals to OECD countries was in line with the global average over the last four years (4.6% per annum), with a particularly strong performance in 2014 (6.4%). However, growth in arrivals to emerging destinations is likely to be double that seen by advanced economies in the period to 2030.

A positive tourism trade balance was achieved by two thirds of OECD countries in 2014. OECD countries accounted for 60.2% of global travel receipts (up on 2012) and 52.3% of expenditures (down on 2012).

Domestic tourism is highly important in the OECD area, accounting for over 80% of tourism consumption in some countries.

Figure 2. Internal tourism consumption by type of tourism and products

Selected OECD countries, 2014 or latest available year



Source: OECD Tourism Statistics (Database).

StatLinks  <http://dx.doi.org/10.1787/888933319610>

Governance, funding and policy development

In order to maintain growth and benefits from tourism, governments must ensure that the right policies and delivery structures are in place. This requires particular attention to the following priorities.

Considering the position of tourism within government – In some countries tourism is handled by a dedicated ministry or is linked to transport, culture or foreign affairs. Increasingly, the tourism portfolio resides within economics ministries, reflecting its role as a driver of growth.

Involving the whole-of-government and other interests – In view of the complexity of tourism it is increasingly recognised that the formulation and implementation of tourism policy should involve all relevant parts of government and, in turn, tourism issues should be reflected in other policy areas. This can be helped by establishing appropriate structures for cross-government liaison and for engaging with the private and civil sectors. Actions to demonstrate the economic importance of tourism and its interlinkages can assist in stimulating more widespread commitment.

Improving co-ordination with local destinations – In order to achieve effective and efficient management and marketing, national and local level policies and actions need to reinforce and support each other. Establishing optimal structures for destination management at a local level has become a key issue.

Developing long term tourism strategies – Many countries have adopted tourism strategies to 2025 or 2030, focusing on the wider development and infrastructure needs of the sector rather than just

short term marketing. This has proved very helpful in bringing together and co-ordinating different stakeholder interests.

Adjusting to challenging budgetary conditions – Central government budgets have remained a primary source of support for tourism, directed at promotion, product development and infrastructure. However there has been widespread recognition of the need to tighten the focus of this support to maximise its effectiveness and efficiency. Further attention is being paid to partnerships with private sector and alternative sources of funding, including from tourism taxes and charges.

Examples of structures and processes for co-ordination

In the **United Kingdom**, an inter-ministerial group was formed in 2015 with a focus on spreading tourism benefits beyond the London.

In **France**, 20 “destination contracts” were established in 2014-15 in selected iconic destinations, to provide a basis for public-private partnerships aligned with the government’s tourism strategy.

In **Finland**, relevant ministries have committed themselves to the Roadmap for Growth and Renewal in Tourism 2015-2025.

Making destinations distinctive

Many countries have been seeking to capitalise on market trends towards more personalised experiences by making their destinations more distinctive and thereby also meeting strategic objectives of spreading tourism benefits more widely and extending the season. Action has occurred in three main areas:

Thematic product development and promotion – This includes the development of itineraries and creative promotions that link local areas, sometimes transnationally. There has been an increasing focus on cultural tourism and the promotion of distinctive local products and experiences, including food and events. Various countries have been promoting more rural tourism and activities such as trail walking and cycling. Others have diversified into higher value niche markets, such as health and wellness tourism.

Targeted and co-ordinated marketing – Many governments have sought to work more closely with the travel trade through joint marketing campaigns, focusing on carefully selected source markets and niches which show the greatest potential to deliver value added.

Harnessing the digitalisation of tourism – Action has included infrastructure improvements and business support, covering issues such as access to fast broadband and Wi-Fi for visitors, reducing roaming charges, and training on the use of social media.

Examples of action to strengthen promotion of distinctive tourism offers

By 2015 **Mexico** had registered 111 ‘Magical Towns’ that offer distinctive cultural heritage experiences.

Germany has produced a practical guide for destinations on how to strengthen rural tourism, disseminated through a nationwide roadshow.

Achieving competitiveness and sustainability

Tourism policies broadly seek to improve the competitiveness of destinations as places to visit and to do business, while also addressing issues of sustainability and responsibility towards the

impacts of tourism. While priorities for action vary, particular attention has been given to the following seven topics:

- **Simplifying visa and entry processes** – reducing requirements and processing times, introducing electronic systems and establishing bilateral agreements.
- **Supporting tourism SMEs** – improving access to knowledge (including links to universities), creating clusters and strengthening links to market.
- **Improving service quality** – providing skills training and promoting standards and quality certification in particular sectors.
- **Simplifying regulations** – reducing burdens on business, removing overlaps, improving clarity and harmonising approaches.
- **Promoting long term investment** – identifying sites, supporting feasibility studies, facilitating development procedures and providing financial incentives.
- **Stimulating domestic tourism** – targeting promotion and product development towards domestic markets and improving accessibility for all, helping to reduce seasonality and spread tourism revenues.
- **Strengthening long-term sustainability** – recognising sustainability issues in tourism policies and promoting the use of standards, certification, indicators and monitoring.

Examples of actions to improve competitiveness

As of 2016 **Canada** has introduced a new Electronic Travel Authorization procedure which screens travellers before they arrive.

In 2015 **Switzerland** reduced regulations on accommodation and increased the limit on loans to the sector.

Australia has a Tourism Major Project Facilitation service, with a case manager assigned to guide potential investors.

Promoting sustainable tourism – In the follow-up to Rio+20 and the COP21, the need for tourism to embrace sustainability principles is a common thread running through many tourism policies as countries look to enhance social, environmental and economic outcomes. This is reflected in most national tourism strategies, many of which address issues of resource efficiency, social impact and the conservation of natural and cultural heritage. A range of specific actions to promote sustainable tourism have been taken by governments, including promoting sustainability criteria for tourism businesses and destinations, training and the identification of good practice. However, implementation of sustainable tourism policies remains insufficient.

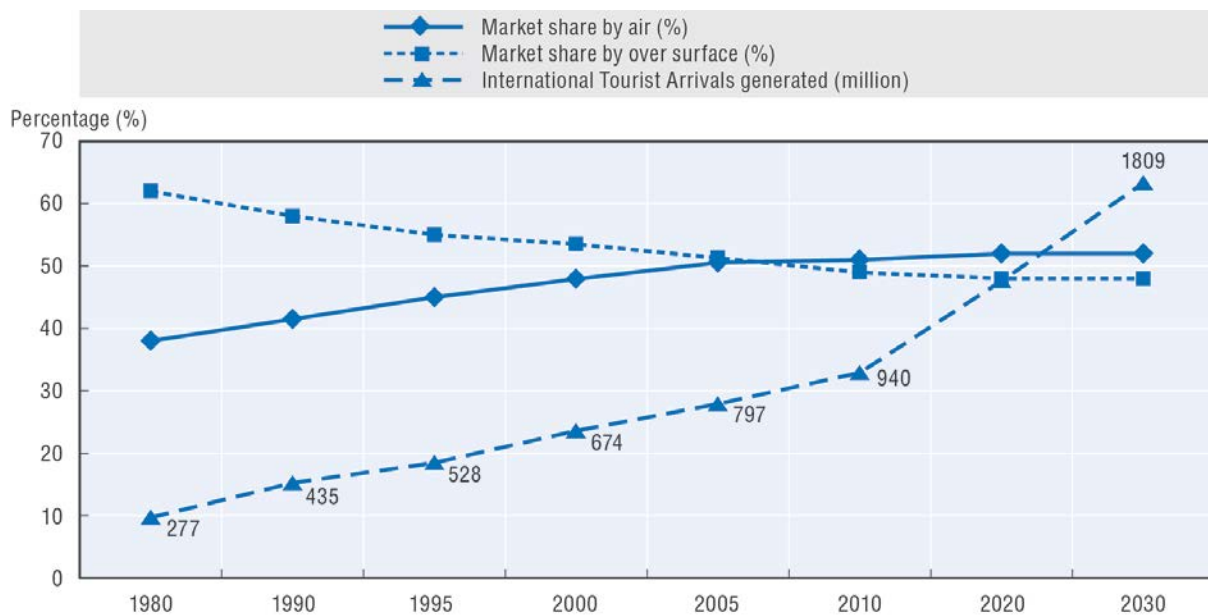
Delivering a seamless transport experience

Transport is a key enabler of tourism, bringing tourists to their chosen destination and, within it, to the individual places that they wish to visit. The location, capacity, efficiency and connectivity of transport play an important role in how a destination develops. The ambition to provide seamless transport is about giving visitors a highly convenient and enjoyable travel experience, enabling them to switch easily between different modes of transport and to move around safely and efficiently. Delivering seamless transport helps destinations to grow their tourism economy.

Trends in tourism transport

The level of use of tourism transport has, naturally, matched the pattern of change in tourism arrivals, with significant growth occurring in recent years and also predicted for the future.

Figure 3. Forecast inbound arrivals by mode of transport to 2030



Source: OECD, adapted from World Tourism Organization.

Air travel and road transport dominate the scene, with the former accounting for 54% of international arrivals in 2014 and the latter for 39%. In the past three decades air travel has steadily increased in market share. This has been due in part to market liberalisation of air transport and improved aerospace technologies, which have resulted in lower costs. Rail and sea transport, while very small in relative terms, remain strategically important, with cruise tourism increasing by 68% in the past decade.

Seamless multimodal transport has a positive impact on the visitor experience. Multimodal transport systems consist of a network of airports, seaports, roads, railways, public transport systems, and human-powered mobility options that are integrated and co-ordinated to move residents and tourists from one point to another. The more effectively these modes support and interconnect with one another, and the more seamless the movement of passengers between modes, the less congestion and stress there will be on individual components and the more positive the visitor experience. A key consideration for transport planners is whether the benefits of investing in additional forms of connectivity (air-rail, cycle-rail etc.) outweigh the often high financial cost involved. However, infrastructure expansion is not the only option to improve mobility and connectivity.

Key elements of the seamless transport approach

Gaining benefit from major transport hubs – Large airports, cruise terminals and international train stations play a major role in facilitating intermodal or multi modal connectivity. They are increasingly offering a wide range of services and attractions for tourists, with a significant proportion of total airport revenues worldwide now being generated by non-aeronautical activities. Many are catalysts of local employment and prosperity. However, smaller airports used by some low-cost carriers are not as well connected as major hubs and can present challenges for seamless transport.

Influencing destination development – There are various ways in which the transport experience can be designed to stimulate development and spread tourism income within a destination, provided that it is made attractive to visitors. An example is the development of thematic tourist routes linking points of interest, where the travel and transport element is part of the appeal. They can be used to channel tourist spending into less developed destinations.

Influencing more sustainable transport choices – While the environmental impact of long distance travel remains a significant challenge, much can be done to encourage tourists to choose resource-friendly transport modes at destinations, including the use of public transport, walking and cycling. For this to be successful it must be presented and delivered as an easy and convenient option. This approach requires collaboration between providers, co-ordination of route planning and services and catering for the needs of users, such as storage space for bikes on trains.

Achieving the right supportive environment

Addressing governance issues is an essential requirement for improving transport for tourism. Above all, there should be integration of tourism and transport policies and planning to maximise the obvious synergies. Such an approach should ensure that the medium to long term needs of the tourism industry are considered as part of the transport access and infrastructure planning process. This would be helped by more effectively communicating the economic importance of tourism to transport actors. Improving co-ordination between transport and tourism policy can improve visitor mobility to and within destinations, enhance visitor satisfaction, and help to secure the economic viability of local transport systems by servicing both residents and tourists.

Close co-operation is needed between the relevant ministries and agencies, addressing infrastructure planning, policy, regulation, financing, procurement and management. At a local level, co-ordination is required between the many local authorities and municipalities that may be responsible for transport provision across a destination. Improved co-operation between the public and private sector is also required.

Steps towards delivering seamless transport

Approaches taken by destinations to facilitate the development of transport systems that enhance the experience of tourists and locals alike include:

- **Understanding tourism demand patterns** – Transport planners should be provided with good information about daily, weekly and annual cycles of visitor activity and factors affecting long term growth of tourism demand.
- **Critical evaluation of the total travel experience** – This should include the quality of connections, convenience and comfort, with regular feedback from tourists.
- **Good network design** – Careful design of transport networks should consider the impact of routes, stops and scheduling of services on all potential travellers, integrating the needs of residents as well as tourists to achieve optimum efficiency and cost-effectiveness.

- **Effective information provision** – Visitors to unfamiliar destinations rely on accurate and timely transport information. This should span a variety of media including websites, apps, guidebooks, maps and signage, paying attention to visibility and language.
- **Use of integrated ticketing/pricing and smart cards** – Integrated electronic payment systems have greatly facilitated the use of multi-modal transport options, reducing waiting times and including a range of visitor services in one transaction.
- **Ensuring universal accessibility** – The design of transport facilities and services that meet the needs of tourists with all levels of mobility should be seen as a natural element of seamless transport.

Examples of integrated transport facilities and services that enhance the visitor experience

Hong Kong International Airport links directly to central downtown in 24 minutes via the Express Line, has franchised bus companies operating 45 routes, and houses over 80 catering outlets, a Discovery Centre and IMAX theatre.

EuroVelo Cycle Routes will cover over 70 000 km by 2020 connecting 46 countries and promoting economically, environmentally and socially sustainable travel for tourists and residents.

The **Swiss Travel System** comprises over 250 transport companies, with the Swiss Travel Pass providing tourists with unlimited travel throughout the entire network.

Legible London provides an integrated set of maps and signs more than 1 300 across London to encourage visitors to explore the city by foot.

Policies for the tourism sharing economy

The rapid growth of the sharing economy provides an opportunity for governments to re-think how tourists experience their country and how citizens can benefit from participating in this new form of economic activity. However, it poses a challenge for established operators and raises broader questions of consumer protection, taxation and regulation. In this fast moving environment careful thought is needed to establish the right policy responses.

The growth and make-up of the sharing economy in tourism

The sharing economy is a term used to describe the new marketplaces that allow services to be provided on a peer-to-peer or shared usage basis, offering alternatives to traditional tourism activities.

The sharing economy is seeing surging growth and is forecast to reach USD 335 billion by 2025, according to projections by PricewaterhouseCoopers. Much of this growth is in the tourism sector. The two main drivers are:

- Technology – leading to the advent of digital distribution platforms and access to them through a range of mobile media.
- Cultural shifts – with consumers increasingly open to the idea of sharing resources, being more experimental, and seeking authentic experiences when travelling.

The sharing economy is mainly apparent in four sub-sectors of tourism:

Accommodation, involving short-term rentals of all or part of private accommodation. In many countries the sharing economy now accounts for a growing, and in some cases significant, share of all visitor accommodation. A small number of platforms dominate the marketplace. Airbnb has close to 2 million properties in more than 190 countries and is the third most valuable venture-capital backed company in the world, with an estimated worth of USD 25.5 billion in June 2015. Small local or niche based platforms operate alongside the global players.

Transportation includes car-sharing, ride-hailing and bike-sharing. Car-sharing platform Uber operates in around 400 cities in 68 countries and was valued at USD 62.5 billion in January 2016. Other major platforms include Blablacar, which is based on a sense of community rather than a commercial transaction.

Dining covers activity such as purchasing home-cooked meals or attending dinners organised by local residents. Platforms include EatWith, BonAppetour and Feastly.

Travel planning includes itinerary planning and tours by locals who offer personal and customised experiences. Platforms include Vayable, ToursByLocals and VoomaGo.

Within these areas, offers and models have been evolving, catering for both the leisure and business markets and including commercial co-operation with traditional tourism service providers, as well as true peer-to-peer exchanges.

The opportunities and challenges for tourism

Opportunities arising from the dynamic growth of the sharing economy include:

- Expanding and enhancing consumer options, travel experiences and cultural exchange;
- Growing the market for tourism services, especially amongst younger travellers;
- Employing under-utilised assets and enabling product growth without significant investment;
- Stimulating new entrepreneurs and innovation amongst traditional service providers;
- Spreading tourism to less visited areas where new investment is limited;
- Delivering benefits of tourism to more people, as suppliers and users.

Challenges are also apparent, such as:

- Lack of coverage by existing processes aimed at protecting consumers and promoting safety and quality, including regulations and insurance provision;
- Risk of unfair competition for traditional companies that are regulated;
- Lower tax requirements or non-compliance leading to loss of tax revenue;
- Limited employment and social protection for hosts, drivers etc. and impact on well-being;
- Impact on local communities and disturbance to neighbours in areas of high provision.

Some responses so far

There has been considerable variation in the response of governments to date, with many adopting a ‘wait and see’ approach. Often steps have been taken at a local level as the challenges raised tend to be the responsibility of municipalities, but there have also been some national-level responses.

Licensing and permit systems have been introduced by some destinations, which thereby have started to regulate the sharing economy. Sometimes the platforms themselves have been brought into the process, requiring their involvement in ensuring compliance, including in the collection of taxes. Positive communication and assistance has also occurred, such as development of good practice standards and guidance on requirements.

Direct promotion and engagement has been pursued by a few destinations which have sought to influence the sharing economy by taking a lead themselves, through setting up or positively supporting platforms that align with their interests.

Self-regulation has sometimes occurred, where platforms have introduced their own quality controls, standards and insurance systems, recognising that this is helpful in underpinning the market.

Embracing the sharing economy

Governments face a challenge in striking the right balance, making sure that they capture the very positive benefits of the sharing economy while addressing the challenges it poses for the traditional tourism sector and the impacts on society. This requires a balanced, informed approach, which considers all interests. It should include the following components:

Seeking to meet wide policy objectives. Governments should consider how the sharing economy can help achieve sustainable development, social well-being, affordable and accessible transport and other priorities. The chance to review and modernise existing regulations should be taken, involving all relevant parts of government.

Examples of some of the actions taken to influence the sharing economy

The City of Portland in the **United States** introduced regulations in 2014 requiring sharing accommodation hosts to reside locally, purchase a permit, pass a safety inspection and notify neighbours of their intended activity.

In **France** some forms of for-profit ride sharing that compete with traditional taxi services have been declared banned, while accommodation platforms, such as Airbnb, are required to undertake or facilitate the collection of taxes from service providers.

In **Austria** the government issued guidance in 2015 covering the legal and other requirements that need to be met by suppliers of private rental accommodation.

In **Korea**, the Sharing City Seoul initiative has provided financial assistance to selected shared dining and tour provision enterprises and has introduced its own vehicle sharing.

Adopting an open, creative approach. In an area with many vested interests, policy making should be transparent and inclusive. Solutions should be creative and flexible. Elements of the sharing economy, such as data tracking and consumer rating, should be used to improve management. Consultation should be broad and deep.

Following an evidence-based agenda. More robust evidence is needed about the sharing economy in tourism. In-depth studies are required covering impacts on the economy and on affected stakeholders, including consumers, industry players and local communities. Finally, there is a need for more sharing of knowledge and good practices about this rapidly developing aspect of economic activity and tourism.

OECD Tourism Trends and Policies 2016

Highlights

Tourism Trends and Policies, published biennially, analyses tourism performance and major policy trends, initiatives and reforms across 50 OECD and partner countries, providing up-to-date tourism data and analysis. The report is an international reference and benchmark on how effectively countries are supporting competitiveness, innovation and growth in tourism.


Tourism has successfully weathered the effects of the global economic crisis, and active tourism policies have played an essential role in supporting a competitive and sustainable tourism economy. The 2016 edition captures these ongoing trends - presenting standardised data covering domestic, inbound and outbound tourism, enterprises and employment, and internal tourism consumption - and reports on how seamless transport can enhance the tourism experience, as well as the opportunities, challenges and implications of the sharing economy for tourism.

Access Tourism Statistics online: <http://stats.oecd.org>



Tourism data available under theme Industry and Services

Receipts and Expenditure
Domestic, Inbound and Outbound tourism
Enterprises and Employment in tourism
Internal Tourism Consumption
Tourism share of GDP

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