



## Measuring Competitiveness in Tourism: the OECD perspective

*Mature tourism economies need to regain competitiveness as a new source of growth. Active policies require a good understanding of the determinants of competitiveness. This measurement framework includes a short list of core and additional indicators to guide governments in their analysis of tourism competitiveness and to inform tourism policy development. This framework is to be considered by countries as a toolkit and a guide. Pilot testing of the indicators will drive the work forward. For more information, see OECD Tourism Papers 2013/02 "Indicators for measuring competitiveness in tourism: a guidance document".*

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In the global tourism market, major emerging tourism economies are experiencing rapid tourism growth, outperforming OECD and global averages. OECD countries<sup>1</sup> continue to play a leading role in global tourism, accounting for around 57% of international tourist arrivals, but are losing market shares and revenues. Advanced tourism economies need to regain competitiveness as a new source of growth.

OECD countries are looking for ways to remain competitive and maximise the economic and other benefits of tourism growth. Understanding country competitiveness in tourism is therefore a major consideration for policy makers and a major challenge for professionals in providing evidence to inform decision making. There remains a lack of an overall measurement framework for competitiveness in tourism for the use of governments.

This framework seeks to address this gap and make a positive contribution to the practical measurement of competitiveness. The outputs should provide policy makers with the information they need on competitiveness in tourism to enable the formulation of better policy responses that contribute to strengthening the competitive position of their economies in the global tourism market.

This document builds on the work undertaken by the OECD Tourism Committee “Indicators for measuring competitiveness in tourism: a guidance document”, focusing on the core indicators.

## Indicators to measure competitiveness in tourism

### The OECD approach

For OECD members, this measurement framework should: i) improve the understanding of the competitiveness challenge; ii) give governments and policy makers a more comprehensive overview of the performance of the tourism sector; iii) monitor tourism progress over time and against longer term strategic objectives; iv) provide evidence of the return on investment in tourism and cost effectiveness across a portfolio of policies and programmes; and v) track relative performance against key competitors over time.

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

The framework identifies a limited set of meaningful and robust indicators useful for governments to evaluate and measure tourism competitiveness in their country over time and to guide them in their policy choices. The focus of the framework is on the national level. The aim of the framework is not to produce an index or a ranking of the most competitive countries, but to provide a tool guide for countries to analyse tourism competitiveness and inform policy.

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<sup>1</sup> OECD countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Commission takes part in the work of the OECD.

## Core and supplementary indicators

The framework includes a set of core indicators and supplementary indicators, including a number that require further research and development (Table 1). The list of indicators covers supply and demand side considerations with a focus on the economic outcomes and relative changes. There are 11 core indicators and a further 9 additional indicators. The number of indicators is limited in order to be practical and to focus on agreed priority areas. The development of the additional “tool box” of indicators could enable individual countries to use a wider set of indicators as part of on-going work. This document only describes the core indicators (policy context, challenges linked to implementation, and measure and interpretation).

The indicators are organised around four categories:

- **Measuring the tourism performance and impacts:** Increasing the economic value of tourism is an important concern for advanced tourism economies to remain competitive in the global tourism market and vis-à-vis other industries. The objective to augment the value of tourism requires an increased collaboration across the tourism value chain which could help the tourism sector at large to overcome its high fragmentation, to deliver a total tourism experience and to support a better use of existing infrastructure, staff and resources.
- **Monitoring the ability of a destination to deliver quality and competitive tourism services:** A natural starting point for measuring the tourism competitiveness of a destination is the production side and the business environment. A direct source of competitiveness for a destination is a dynamic and fair business environment. This group of indicators therefore relates to the supply side of the tourism economy.
- **Monitoring the attractiveness of a destination:** The attractiveness of a destination is a broad concept that is closely interconnected with the notion of competitiveness and with the quality of the tourism experience. To be competitive in the global tourism market place, a destination has to maintain and develop its attractiveness and distinctiveness. The tourism experience is about connecting people and visitors to what represents the identity of a destination, notably its natural and cultural resources and its way of life.
- **Describing policy responses and economic opportunities:** Incentives to become more competitive and more attractive are provided by a dynamic institutional framework able to foster well-designed support policies in areas that impinge on competitive and sustainable tourism environment. Many policies play an instrumental role in tourism development. In advanced economies, new forces are needed to support growth and create new value by designing innovative tourism services.

## Pilot testing

The selection of indicators for measuring competitiveness in tourism has been made on the basis of existing work and practices in member and partner countries. This set of indicators will serve as a start for pilot testing and further discussion and will provide a useful tool for current OECD tourism policy analysis. The pilot testing will be used to work on format for reporting, refining the analysis and interpretation of the indicators, testing of the policy relevance and overall practicality. It could then lead to adjustments and changes in the framework and indicators based on implementation, testing and policy relevance. The pilot testing will take place over the period 2014-2016.

The pilot testing required for the development of the indicators will involve direct contributions from interested lead countries. The OECD will assist countries with the coordination of this research and development alongside the piloting of the Core Indicators. The results of this work can provide a practical evidence set and make a genuine contribution to understanding country tourism competitiveness.

**Table 1. List of Core, Supplementary and Future Development Indicators**

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

# Tourism Direct Gross Domestic Product

## Policy Context

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

For many economists and policy-makers, growth in GDP has been seen as the ultimate objective of economic development and of all constituent strategies and policies. For most practitioners in economics, seeing a country's GDP grow faster than its neighbours or competitors is seen as the benchmark of success and a readily communicated statistic that is of great influence in international standing, a statistic parleyed at the very highest levels of international economics and politics.

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

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

## Challenges

With over two thirds of a century of international usage, GDP has been thoroughly explored and applied globally. However GDP does not fully recognise many considerations such as environmental effects, human well-being or the utility of the projects that a nation invests in.

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

## Measure

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

## Interpretation

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

# **Inbound tourism revenues per visitor by source market**

## **Policy Context**

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

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

## **Challenges**

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

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

## **Measure**

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

## **Interpretation**

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

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

# Overnights in all types of accommodation

## Policy Context

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

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

## Challenges

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

## Measure

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

## Interpretation

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

# Exports of tourism services

## Policy Context

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

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

## Challenges

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

## Measure

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

## Interpretation

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



# Labour productivity in tourism services

## Policy Context

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

## Challenges

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

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

Many countries recognise that it is difficult to obtain such data and in mature economies, some of the tourism services that have low productivity rates tend to be luxury service providers. Thus the size of business and the specificity of the tourism sector in different economies creates real challenges for measurement.

## Measure

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

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

## Interpretation

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

# Purchasing Power Parities (PPPs) and tourism prices

## Policy Context

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

## Challenges

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

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

## Measure

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

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

## Interpretation

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

# Country entry visa requirements

## Policy Context

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

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

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

## Challenges

Visa policies vary considerably across countries, from highly controlled regimes to more liberal policies where minimal restrictions exist. Visa policies are tailor-made to the unique circumstances and priorities of each country, as policymakers seek to balance a complex set of economic, political and social considerations related to cross-border travel flows. They are also based on a country-by-country assessment of the potential opportunities and consequences of freer travel flows from each origin country. Visa policies may act as an impediment to tourism, not solely due to the requirement for a visa or other form of travel authorisation but also due to the manner in which this requirement is administered.

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

The challenge for policymakers is to identify win-win solutions which enable legitimate travellers to move freely and efficiently while maintaining border integrity and ensuring national security and other national priorities, including immigration, health and the labour market.

## Measure

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

## Interpretation

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

# Natural resources and biodiversity

## Policy Context

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

## Challenges

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

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

## Measure

Number of recognised natural heritage sites and preserved areas.

## Interpretation

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

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

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

# Cultural and creative resources

## Policy Context

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

## Challenges

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

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

## Measure

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

## Interpretation

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

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

# Visitor Satisfaction

## Policy Context

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

## Challenges

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

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

## Measure

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

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

## Interpretation

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

# National Tourism Action Plan

## Policy Context

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

## Challenges

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

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

## Measure

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

## Interpretation

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

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