

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.

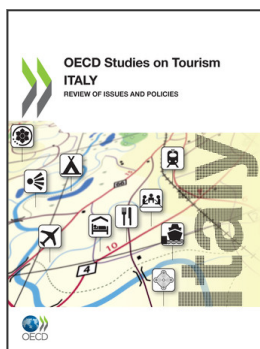
Finally, the combination of online effect measurement, offline campaign measurement (primarily through external agencies), and the use of a knowledge database with benchmark results, could be a way forward. However, this approach calls for a better and larger knowledge database.

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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.



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