

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 inhabitants ¹	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 facilities¹. 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 Attività 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.

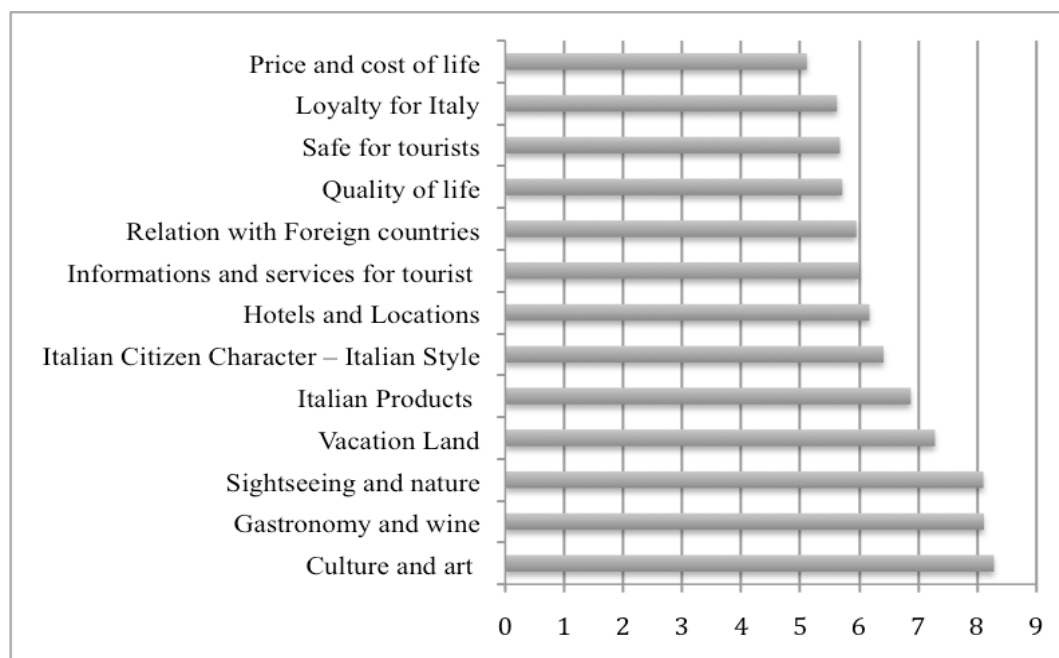
Italy has a strong international brand

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	Andalucía (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.

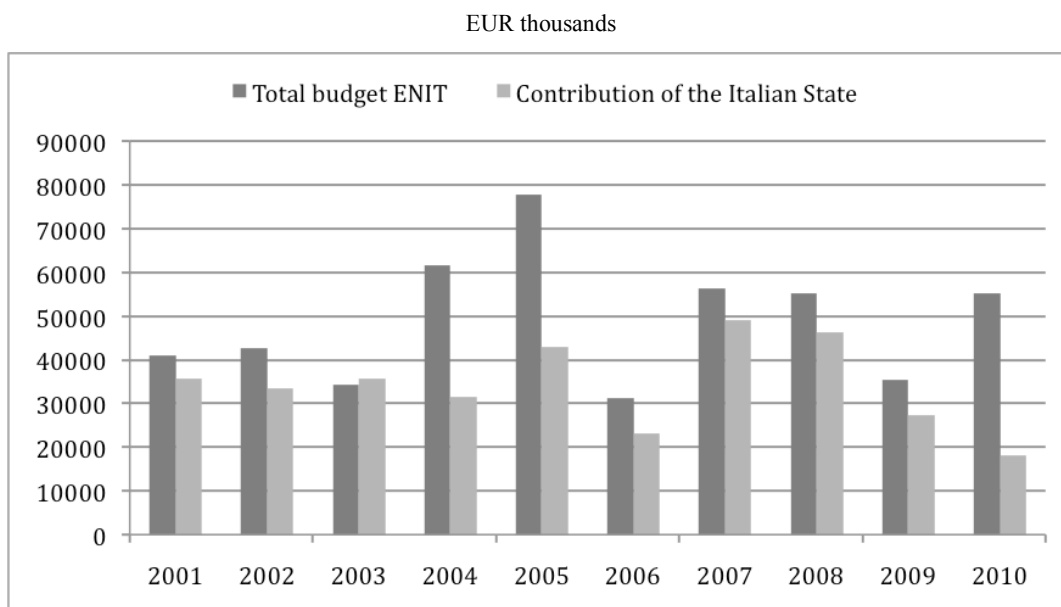
ENIT's programmes are based on market intelligence, working closely with the National Observatory of Tourism. Activities support the Italian tourism brand through

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



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.

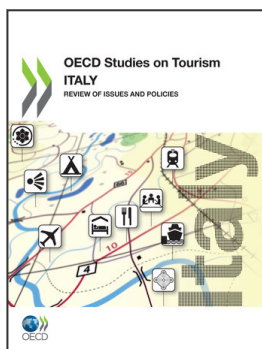
There is considerable debate about how best to assess the impact of promotional campaigns. National Tourism Organisations are faced with an ongoing challenge of showing how to directly attribute their efforts to the impacts on the tourism economy. A recent survey of OECD member countries highlighted 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.



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