

Executive summary

Tourism continues to demonstrate its key role in generating economic activity, employment and export revenues in the OECD area, where it directly contributes, on average, 4.1% of GDP, 5.9% of employment and 21.3% of service exports. Tourism offers strong potential to support job-rich growth and at around 80%, tourism exports also generate higher than average domestic value added. International tourist arrivals surpassed 1.1 billion in 2014 (World Tourism Organization), following a resurgence in arrivals to OECD countries (6.4%), which increased at a faster rate than the global average (4.2%). Notwithstanding this, arrivals to emerging economies are projected to grow at double the rate of that in advanced tourism economies up to 2030.

Rapid growth in international tourism flows, new consumer trends, digitalisation of the economy, security issues, and adaptation to climate change are among the major challenges facing the tourism sector. These will require active, innovative and integrated policy responses to ensure that tourism remains a competitive sector and continues to deliver economically and sustainably in the years to come.

The need for greater policy coherence, development of long-term strategic approaches, and engagement with a wide range of public and private actors are leading countries to search for new and effective governance frameworks and policy approaches to overcome sectoral fragmentation and support tourism development, for instance through closer integration of tourism in national economic and growth plans, renewed policy agendas reflecting marketplace changes, and the emerging role of tourism as a tool for economic diplomacy.

Current strategies to enhance destination attractiveness focus on diversification, product development (rural tourism, food tourism, major events, human-powered mobility options) and competitiveness (creating both high-value products and alternative low price offers). Countries also recognise the importance of striking a balance between promoting ease of travel, a positive welcome, and a safe environment for legitimate travellers, with the need for security and border protection (new visa application and entry requirements, automated clearance systems).

The transport system is an integral element of the tourism experience, and synergies need to be managed effectively to ensure visitor mobility across a range of transport options, including human-powered mobility such as walking and cycling. The importance of institutional co-ordination and a horizontal approach cannot be stressed enough when it comes to the development of multimodal transport systems. Good governance at all levels of government and co-operation with the private sector are needed to improve decision-making and create incentives to invest in connectivity.

Network design needs to be carefully considered in efforts to provide a seamless transport experience, including convenient multimodal transport options to access destinations, and

efficient connections between inter-regional and local modes. Integrated ticketing, multilingual user information and signage, baggage transfer and storage options, and ease of access for travellers with limited mobility are also critical for visitors. New integrated tools such as destination smart cards and mobile phone apps can simplify and enrich the visitor experience. Well integrated multimodal hubs (airports, cruise terminals and train stations) can help manage growing visitor flows and facilitate a shift to more eco-friendly transport options.

The sharing economy has grown exponentially in recent years and is predicted by PricewaterhouseCoopers to be worth USD 335 billion by 2025. The fast paced growth of peer-to-peer and shared usage platforms is changing the tourism marketplace and giving people new options for where to stay, what to do and how to get around. Sharing economy platforms have adopted different business models, some of which closely mimic traditional commercial activities, while others appeal to users' sense of community.

Governments must find a way to harness the opportunity to stimulate innovation and support the expansion and development of tourism as a whole, while addressing the challenges raised. The rapid growth of the sharing economy is placing pressure on existing policy frameworks. Prevailing consumer protection, safety and quality assurance frameworks can be difficult to translate to the sharing economy model. Governments are being called on to begin re-thinking current legislation to include sharing activities that do not neatly fit into existing regulatory frameworks, and to examine implications for taxation. Platforms may play a more active role in the future in providing clarity around tax obligations and supporting compliance, or even directly by collecting accommodation tax on behalf of hosts.

Key policy recommendations

Promoting seamless transport:

- Ensure that the medium- to long-term needs of the tourism industry are considered as part of the transport access and infrastructure planning process. Encourage tourism and transport policy-makers to work more closely together to design transport services and infrastructure that respond to the needs of all travellers.
- Encourage critical evaluation of the total transport experience, including the quality of connections between travel modes, the convenience, comfort and attractiveness of transport hubs, and solicit feedback from tourists to better understand the problems they encounter and potential ways to enhance their experience. Identify factors that affect travel demand, including daily, weekly and annual cycles, as well as the effects of holidays, weather, economic conditions and special events. Work with transport actors to improve forecasting and develop strategies that take such factors into account.
- Encourage integrated ticketing/pricing and destination smart cards to provide a convenient and comfortable travel experience. Ensure that destination marketing and government agencies work together to create the right collaborative conditions and physical infrastructure so that greater coherence of the destination experience can be achieved.
- Promote the benefits of timely and accurate information and way-finding (e.g. signs, maps, websites, apps, available in multiple languages) to accommodate people with limited communications abilities and to help tourists confidently navigate a city or region.

Adapting to the sharing economy:

- Strengthen the strategic operating framework, considering the impacts of the sharing economy on broader policy and social objectives and on tourism, and the role of government in the marketplace.
- Re-think policy incentives, better understand the policy environment and test new approaches, including a greater use of policy or innovation labs that bring together diverse stakeholder interests to brainstorm, and adopt an end-user mind-set.
- Modernise policy and regulatory approaches, adopting a whole-of-government perspective. Develop performance-based and self-regulatory approaches, and utilise the data and reputational information gathered by sharing economy platforms.
- Strengthen data collection and research on the impacts of the sharing economy on tourism and local communities. Support the sharing of best practices and experiences amongst all levels of government (national, sub-national, local) and industry, particularly with regard to regulatory responses.



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