

## Executive Summary

Tourism is one of Italy's most significant economic sectors and its long-term development potential is important, especially for the southern regions. Tourism is a significant exports driver representing around 40% of the exports of services. The Italian tourism economy is highly internationalised. However, the domestic market is predominant (57% of all nights), especially in the south (75%). While direct tourism spending amounted to 5% of GDP, the direct and indirect impacts were around 10% of GDP in 2009. Employment is also significant; Italy has one of the highest shares of people employed in tourism in Europe. In 2009, international tourism revenues represented EUR 31 billion, and domestic revenues (holidays only) EUR 33 billion. Weaknesses in tourism statistics lead to an underestimation of the tourism economy and make the evaluation of the Italian tourism economy and comparisons with other countries difficult. After an exceptionally challenging year in 2009, international tourism in Italy is strongly recovering in 2010 (+6% for January - July 2010).

As with many other OECD countries, the Italian economy has been impacted by the global financial and economic crisis. According to the 2009 OECD economic survey of Italy, the crisis hit an economy weakened by a decade of slow productivity growth and a gradually deteriorating competitiveness. Italy's macroeconomic imbalances and weaknesses represent impediments for a better competitive position of tourism.

Italy's competitiveness in tourism presents a mixed picture. While the dynamics and the economic results of tourism in Italy have been less favourable in the last decade, inbound tourism has performed well over the last 20 years, in line with the OECD average. This has allowed Italy to maintain its market share within the OECD area. In terms of price, in the last five years, the evolution for some main tourism products was favourable vis-à-vis Italy's main competitors; visitors' perception remains negative, however, and Italy needs to better address the perception of high costs by visitors. There is evidence that productivity in tourism is decreasing (-13% between 2000 and 2006).

### ***In a changing global market Italy needs to adjust tourism supply and promote a tourism-friendly environment***

Changes in demand (e.g. lifestyles, growth in disposable income, demographics), emerging markets (e.g. China, India and the Russian Federation), new niche markets (e.g. health tourism, religious itineraries) and more global challenges (e.g. climate change, safety and security, e-commerce, low-cost business models, volatile energy prices) suggest that the overall environment for tourism development has changed radically in recent years.

The proportion of inbound visitors to Italy from emerging countries is still relatively small, but is growing strongly. The management of quality deserves particular attention due to the structure of the Italian supply. Italy is lagging behind in terms of Internet use by enterprises and the use of e-commerce. The Italian tourism supply is dominated by

companies which are family owned. The rapid development of accommodation facilities other than hotels also presents challenges in terms of product development, quality and classifications. The progressive shift of tourism demand from beach tourism to art cities poses crucial visitor-management problems and supports a rethinking of traditional tourism business models.

To further exploit tourism growth potential, Italy needs to rethink its structure, organisation and programmes in order to develop new visitor services, reinvent and rejuvenate tourism products and foster innovation. The focus of these efforts should be on areas where Italy has unique selling propositions. For example, Italy has an internationally recognised cultural heritage and could gain a competitive advantage by further improving the cultural offer and the management of visitors through better packaging, easier accessibility and joint marketing support, *e.g.* city breaks or event breaks. For example, the value of museums could be enhanced by offering a better combination of services, such as ticket passes, boutiques, restaurants and e-visits.

Italy has a significant transport infrastructure which places the country among the most developed countries. However, compared to some of its main competitors in Europe, Italy is lagging behind in terms of recent infrastructure development. The density and the quality of infrastructure are not the same throughout the country. Infrastructure in the south remains less developed and of poorer quality than in the north, and certain destinations remain difficult to access compared to the rest of the country. The quality of services (*e.g.* motorway rest areas) and the convenience of transport systems should be improved. The intermodality of the various transport infrastructures remains weak. A good mix of transportation means with a high level of intermodality would improve accessibility and contribute to the long-term sustainability of the destination by reducing congestion problems.

### ***Maintaining Italy's competitiveness advantages requires a long-term tourism strategy and governance reforms***

Italy has an abundance of high-quality natural and cultural heritage, which constitute unique resources for tourism development. Historically, this potential has been more widely exploited in the northern and central regions of the country than in the south. Italy has a rich diversity of multi-optional tourism products. With over 5 000 museums and similar institutions, and more UNESCO World Heritage sites than any country in the world, over 46% of international visitors come to Italy to experience cities of historical and artistic interest. In addition, the typical Italian tourism business structure is small and the lifestyle entrepreneurs who often own and run these businesses are more likely to provide unique tourism experiences. Maintaining these competitive advantages requires a long-term investment in innovation and quality.

Italy has a very strong international identity, consistently ranking as one of the top country brands, renowned particularly for its culture and art, gastronomy and wine, and sightseeing and nature. It is considered by many visitors as “a dream destination”. Italy’s international profile is well established and the reputation of Italian tourism remains highly positive. The brand *Italia* could be used more effectively by tourism organisations at all territorial levels to promote their regions.

The Italian national tourism administration has taken steps to improve the institutional framework for tourism policy. In 2010, progress was made in developing new policy measures supporting small tourism companies to improve their competitiveness. These

measures are important but remain fragmented. Moreover, evidence suggests that the lack of understanding of the socio-economic dimensions of tourism limits the effective intervention of the government. Italy needs a long-term tourism strategy that places economic, competitiveness and sustainability issues at the heart of its development. This policy should, notably: *i*) take an integrated governmental approach with particular attention placed on projects related to economic, transport, cultural or environmental development; *ii*) spell-out clearly the strategic priorities and themes for Italy's engagement in tourism; and *iii*) clarify Italy's plans to support tourism development in the south and to strengthen its engagement with the regions. Having such a strategy would help optimise the use of resources, such as European funds.

The 2009 financial and economic crisis and its negative impact on the tourism economy has focused attention on the need for further governance reforms, despite the Italian government having already undertaken various reforms in recent years. The newly created position of Minister of Tourism, with the support of the Department for Development and Competitiveness of Tourism, could play a leading and instrumental role in developing a policy that is well integrated into the overall development strategy of Italy and in providing a consistent vision for tourism development at sub-national levels. The ongoing reform of the National Tourism Agency (ENIT) should be finalised as soon as possible, as this reform is critical to developing a new promotion strategy for Italy. The newly established Permanent Tourism Co-ordination Committee under the Conference of the Regions should foster and improve co-ordination between the state and the Italian regions in the field of tourism. To ensure the success of all these governance reforms, the establishment of an integrated tourism development strategy with a well-articulated action plan for implementation, and an appropriate allocation of resources to support it, will be crucial.

### ***Developing consistent national and regional tourism policies would strengthen economic potential***

Italian regions are responsible for tourism product development and promotion in their territories. Many regions have identified tourism as a major industry for their economic development. However, not all of them have sufficient capacity to maximise the development opportunities offered by tourism. The Italian government could play a more active role in helping regions create more efficient tourism structures and policies. This could be achieved notably through the use of new instruments such as the Permanent Tourism Co-ordination Committee of the Conference of the Regions.

The economic disparities between the north and the south of Italy have a direct impact on the ability to exploit existing tourism growth potential. The lower level of development in the south represents both a weakness (*e.g.* in terms of transport infrastructure) and an opportunity (*e.g.* unspoilt and unique natural and cultural resources) for tourism. The Mezzogiorno is progressively catching up in the field of tourism and some regions are actively developing tourism strategies. The development of a supportive framework for the tourism industry in southern Italy should be of high priority for public authorities in the overall strategic framework. Positive initiatives like the MOTUS Initiative, focusing on training skilled professionals, should be encouraged and amplified to form part of an explicit strategy for southern Italy.

Italy should increase the attention given to the tourism sector. Plans for tourism development may be difficult to pursue without greater funding consistency and certainty. There is currently a high variability of public spending on tourism at each government

level and financial resources are not managed according to a multi-year planning model. The particularly dynamic spending that has been recorded in public enterprises shows that the system is extremely fragmented. There is a need for more certainty in public funding levels to enable more coherent and co-ordinated planning that combines a good knowledge of the territory (regions) with a national strategic vision.

***Effective evaluation and consolidated data sets are needed to improve performance and planning***

Just as the need for a national strategic policy is key to the development of tourism in Italy, so too is the ability to measure the impact of current and future tourism policy programmes, including promotion. Evaluation thus has a critical role to play in measuring the effectiveness and efficiency of policy and public spending. There is evidence that efforts should be undertaken in Italy to promote a culture of evaluation in tourism, develop appropriate techniques and then implement them. The national tourism administration should explore how to most effectively disseminate to the wider public information on strategies, programmes and measures, including the results of its own activities, and those of the agencies it supports.

Current official statistics in Italy, as in many other OECD countries, have significant resource constraints. Major gaps identified by users of tourism statistics include an absence or lack of: *i*) a Tourism Satellite Account (TSA); *ii*) more detailed information on domestic tourism consumption; *iii*) more detailed information on indirect and induced tourism impacts; *iv*) more comprehensive and robust local statistics; *v*) knowledge about private accommodation and use of secondary homes for tourism purposes; and *vi*) timeliness of the data. The current data set on tourism does not properly reflect the overall performance of the sector and makes any evaluation of tourism difficult and incomplete. On the positive side, ongoing efforts to provide information on line, and to strengthen partnerships for tourism statistics, with the creation of the National Observatory on Tourism, were noted. In parallel, additional resources and efforts need to be committed to address important issues related to the production of tourism statistics. Work could be undertaken to better integrate statistical sources from various government levels and improve the co-ordination of statistical data producers.

Italy still lacks an official Tourism Satellite Account (TSA). The TSA is an important tool within the system of tourism statistics. This instrument is considered fundamental to acknowledge the economic weight of tourism within an economy and to compare tourism to other industries. Following the feasibility study undertaken in 2002, Italy is planning to compile a full TSA. Italy should accelerate efforts in this area and renew its inter-institutional platform for co-operation among key stakeholders active in tourism statistics. Adequate funding with a medium-term commitment is also a prerequisite for the success of the project.

In terms of organisational responsibility for tourism statistics, several producers of statistics – official and unofficial – provide and disseminate key information on tourism. However, no one organisation exercises overall responsibility for tourism statistics in Italy. This leads to a lack of strategic approach concerning the development of tourism statistics, a fragmentation of the resources, and a lack of co-ordination and consistency across different sources. The fragmented decisions about tourism statistics may be influenced by the specific views of each organisation. A more strategic approach would also be necessary to ensure that tourism information and statistics better serve analytical purposes of policy and business decision makers.

An important effort to support better dissemination and analysis of tourism data has been made with the creation of the National Tourism Observatory (ONT). The ONT could be considered a one-stop shop for analysing economic and statistical data provided by different stakeholders. The organisation for tourism statistics could be further strengthened by developing a tourism intelligence centre for increased statistical co-operation with the regions and the private sector in the field of tourism. Such a centre would help to develop and maintain tourism statistics of appropriate quality and as such it could play an important role in the move towards better tourism statistics. Such a role would imply increased support, a stronger management and an increased statistical capacity to stimulate co-operation with the regions. A prerequisite is a close working relationship among official statistical providers and users, such as ISTAT, the Bank of Italy and the ONT. The ONT could be one option for the tourism intelligence centre.

### ***Tourism marketing and promotion, and education and training, are crucial***

Italy has a very strong international brand, consistently ranking near the top of country brand indexes. ENIT should lead the positioning and the branding of the country's destinations and work closely with the regions to promote its tourism supply on the global market place and optimise the use of the brand *Italia* for long-haul markets.

The promotion of Italian tourism destinations remains fragmented. Evidence indicates that there is a lack of clarity and co-ordination on promotion activities between the government (*e.g.* ENIT and other agencies), regions, provinces and municipalities. The regions could more effectively utilise the strong Italian umbrella brand to facilitate access to more distant markets. Regional structures for developing and promoting tourism products are often too dispersed and they sometimes lack the capacity to operate effectively on foreign markets. Italy should seek to accelerate the ENIT governance reform and implement a more integrated and strategic marketing and promotion approach, incorporating all stakeholders.

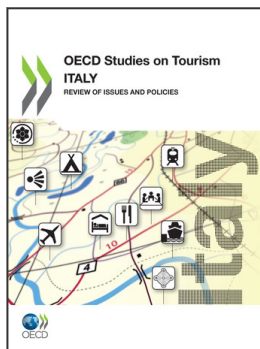
Adequate and stable resources are essential to enable ENIT to plan strategically and maintain a continuous and effective presence in priority markets. ENIT has broadened its financial base in recent years and has strengthened its co-operation with the regions, local governments and the private sector. This co-marketing effort should be further pursued as it represents good practice and an opportunity to increase the funding base, making tourism promotion more efficient.

To maximise the potential of tourism over the long term, it is critical for Italy to develop and improve its education and training offer in the field of tourism in a way that will explicitly meet the needs of the Italian tourism industry stakeholders. Qualifications earned through learning-by-doing are no longer enough in tourism enterprises.

There are both a quality and a quantity gap in the tourism education and training offers in Italy. Tourism university courses have increased; however, the number of students is declining, the demand for higher education skills from the sector is very weak, and tourism businesses are not playing an active role in the definition of course content or the development of a dual education and training system. Italy has initiated a reform of secondary and technical education, which should contribute to better matching educational and tourism industry needs, with a strong focus on the quality of services and initiatives supporting professional development.

The significant research undertaken by the Committee for the Enhancement of Education and Training in Tourism in 2009-2010 should be used to support the

development of an integrated governmental approach in this field, working closely with the regions, the private sector and education and training organisations. This approach should support skills diversity and attractive careers in tourism. Italy should also engage in prospective work, based on a map of tourist professions, to identify the future needs and skills gaps in tourism education and training. The gender inequality dimension also needs to be addressed with major tourism industry operators.



**From:**  
**Italy: Review of Issues and Policies**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264114258-en>

**Please cite this chapter as:**

OECD (2011), "Executive Summary", in *Italy: Review of Issues and Policies*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264114258-3-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).