

Rethinking the attractiveness of tourism regions

COGITO Talks



DRAFT ISSUES NOTE

3rd Webinar in the Rethinking Regional Attractiveness Series:

8 November 2022, 16:00-17:30 (CET)

[Simultaneous English | French | Italian | Portuguese | Spanish interpretation]

Register: https://meetoecd1.zoom.us/webinar/register/WN_9KXZKJ3jTVC8-LhMJIOgSw

The event is organised by the **OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE)**, with the support of the **European Commission (DG REGIO)**, and in collaboration with the **OECD Development Centre (DEV)**. It will provide an opportunity for participants to hear from a panel of international experts and practitioners as they share experiences and good practices to address some of the major challenges and opportunities currently facing tourism regions. The webinar will inform the OECD's work on *Rethinking territorial development policies in the new global environment*, and the wider CFE activity on [Regions in Globalisation](#).

Tourism as an economic force

Prior to 2020, global tourism had experienced steady growth for over six decades, culminating in an estimated 1.5 billion international arrivals in 2019, an increase of 4% year on year. Demonstrating a similar pattern, global expenditures on travel more than tripled between 2000 and 2018, rising from USD 495 billion to USD 1.5 trillion and accounting for 7% of global exports in goods and services (UNWTO, 2019). In OECD countries, tourism directly accounted for, on average, 4.9% of GDP, 6.9% of employment and 21.6% of service exports.

As one of the largest, fastest, and most consistent growth sectors in the world economy, tourism's potential as a source of job creation, export revenue, and domestic value added, is well recognised. In this context, mature tourism regions view tourism as a key pillar of their economic development strategies, while other regions seek to leverage the visitor economy to support economic growth.

However, **the impacts of tourism vary not only between countries, but also within and between regions**, depending on the provision, coordination and delivery of tourism products and experiences that meet the needs of current and anticipate those of potential visitors. To maximise the potential positive impacts of tourism, regions can develop tourism strategies and products to enhance their attractiveness to visitors.

Taking steps to improve the attractiveness of regions to international visitors can have the spillover effect of improving the attractiveness of destinations as places to live, work and invest. This in turn can help attract the educated young professionals upon which high value-added sectors increasingly depend. As such, tourism has the ability to make a considerable contribution to regional development and support inclusive economic growth by providing i) diverse employment opportunities, ii) benefits for urban and rural economies, iii) opportunities for innovative small-scale business operations, iv)

support for the promotion of cultural authenticity and natural assets, and v) support for infrastructure-related development and maintenance (e.g. transport and ICT).

The impact of COVID on the tourism economy

The impact of COVID-19 on global tourism in the first quarter of 2020, however, was both overwhelming and immediate, with asymmetric and highly localised consequences experienced between and within countries and regions. The recovery to date has been equally unbalanced, with some destinations experiencing stronger than expected growth in visitor numbers, while others struggle to fill vacancies following significant job losses during the pandemic.

Despite this, the pandemic has served to reinforce the importance of tourism as an economic force and a provider of livelihoods, raising public awareness at both the destination level, as well as at the highest levels of government. However, it has also **highlighted the fragility of the sector**, which is highly fragmented and interdependent, with a heavy reliance on micro and small enterprises. Furthermore, it has shown that tourism development can be imbalanced, leading to an overdependence on the sector in some economies. Within this context, many countries and regions are now exploring how to fast track the move to more sustainable, diverse, and resilient tourism development.

Due to the inter-linked nature of the sector, **effective multi-level governance** – between and across different levels of government, industry, and civil society – with the necessary institutional capacity, will be critical. In addition, destination management, including marketing and product development, can be facilitated by the presence of regional and local bodies that are able to plan and take action within destinations. Again, there is a strong need for a partnership approach at this level, bringing together local government and private sector businesses and enabling representation by local communities and other interests.

The impact of the COVID-19 crisis, compounded by the consequences of large-scale aggression by Russia against Ukraine and existing megatrends (e.g. climate change, digitalisation and demographic change), has given policy-makers the **opportunity to rethink the attractiveness of tourism regions**. National and sub-national governments will need to consider the longer-term implications of the crisis, while capitalising on the acceleration of digitalisation, supporting the low carbon transition, and promoting the structural transformation needed to build a stronger, more sustainable and resilient tourism economy.

Enhancing the attractiveness of tourism regions

For many destinations, tourism growth in recent years was economically, socially and environmentally unbalanced, often the result of rapid and unplanned growth in visitor numbers, which can negatively affect not only the tourist experience but also the environment and host communities upon which tourism depends.

Delivering positive tourism growth for destinations in this context will require a greater focus on the environmental and socio-cultural pillars of sustainability and as such a **rethinking of tourism success** more broadly. There is a need to move from a growth-paradigm that in the past has often valued increased visitation or expenditure as the primary objective, without considering the ability of destinations and regions to cope with increased visitor numbers, to one where 'success' is judged by the positive impacts that tourism can provide at the destination level and the benefits delivered to local economies, communities (including indigenous peoples), and the environment. For example, promoting a destination's local gastronomy, arts, crafts and entertainment, and natural and cultural heritage encourages the participation of a wide cross-section of stakeholders, small-businesses, community groups and levels of government, creating new business opportunities and jobs (UNEP, 2017).

Spreading the benefits of tourism beyond traditional destinations with high visitor flows and addressing seasonality, is a topic that has been on the agenda of tourism policy-makers for decades

but remains very relevant today and in the future. For communities outside of mature destinations and/or urban centres, often located in non-metropolitan or rural areas, the prospect of tapping into the growing visitor economy, is often a highly attractive proposition. Diversifying the tourism product and spreading demand away from existing tourism hubs, can serve the dual purpose of tackling overcrowding in popular existing destinations/attractions (with the associated impacts on the delivery of services), whilst also playing an important, stimulating role for the economies in non-metropolitan and rural areas within regions. Approaches employed to achieve a more geographically and temporally diverse and inclusive tourism sector, include **thematic tourism** (gastronomy, wine, natural and/or cultural heritage etc.), **community-based and indigenous tourism**, niche and regional **festivals and events**, development of **tourism clusters and regional tourism incubators**, and **tourist routes** (road, bicycle, walking, pilgrimage, etc.).

From the perspective of policy-makers, supporting the development of new and emerging destinations within regions can reduce negative impacts on existing destinations and local communities under pressure, and promote economic development opportunities in non-metropolitan and rural areas, with positive impacts on local supply chains and agriculture and rural sectors more broadly. For industry, reducing pressure at popular destinations and attractions can ensure they do not become less attractive or 'ruined' in the eyes of tourists, due to overcrowding and a perceived loss of authenticity. In addition, it can contribute to diversifying destinations/regional attractiveness, while also potentially, reducing seasonality, which can have positive implications for the management of public services and retaining talent. For affected communities, a reduction in visitor numbers can help reduce overcrowding and the impact of tourism as they undertake their day to day activities, while for new destinations there is the prospect of jobs and revenue from increased visitation.

Despite significant support measures implemented by many national and regional governments immediately following the onset of the pandemic, and in order to protect workers from its full impact, many of the tourism staff that lost jobs have not returned to the sector. As a result, many tourism regions and businesses are facing challenges **attracting and retaining staff**, which is leading to ongoing workforce shortages and impacting the visitor experience in many destinations. Workforce shortages have also been exacerbated by longstanding issues impacting the ability of the sector to attract and retain workers (e.g. unsociable working hours, job insecurity, salary levels, career prospects). Increasing labour market tightness is making it difficult for tourism to compete for the required workforce in a competitive global job market.

The COVID-19 crisis has also highlighted that the economies of many tourism destinations have been overly dependent on the visitor economy. To effectively **leverage tourism as a catalyst for regional development** in a post-COVID environment and to help diversify regional economies, tourism growth should be pursued within the wider context of relevant city, regional, and economic development strategies, with input and support from industry and local communities. Adopting an integrated policy-industry-community approach with effective coordination mechanisms will help to respond to the opportunities and address the multi-faceted challenges faced by the tourism sector. Such an approach will also help to secure the longevity of tourism as an economic and social force by focusing on environmental sustainability, inclusiveness, diversification, innovation and strategic improvements to productivity; rather than simply reacting or seeking to meet short-term objectives to stabilise, adjust or shift towards new market opportunities.

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