



International Conference on Measuring Tourism Economic Contribution at Sub-National Levels

“Knowledge as Value Advantage for Tourism Destinations”

29-31 October, Malaga, Spain

**THE MALAGA CONFERENCE:
UNWTO FINDINGS AND EVALUATION**

INTRODUCTION

The Conference, whose four sessions were attended by more than 350 delegates and 26 speakers from all the continents of the world, was focused upon the core issue of measuring the economic contribution of tourism at the sub-national level.

Despite the global economic downturn this is still a period of opportunity for the tourism sector. There are emerging new destinations and markets, for example China, and the sector must take advantage of this. To facilitate this we need the correct design of, and use of, methods that measure tourism at the sub-national level. It will also be important to take advantage of new technologies to allow us to do this. It is important to create a system to analyse the situation in a way that allows local stakeholders to be kept informed and that we measure the impact of tourism in a consistent manner. This might mean, for example, adopting a disaggregated system of information on tourism which also stresses the importance of local sustainability in tourism measures. The host region of the conference, Andalucia in Spain, is currently constructing a tourism laboratory to develop the measurement of tourism this way and, particularly, how this relates to local planning concerns.

In his introduction Francesco Frangialli the UNWTO Secretary General said, “We must ensure that local stakeholders are informed and involved in the process of measuring impact of tourism and that this is done in a consistent manner”.

KEY THEMES OF THE CONFERENCE

With the advent of new International Recommendations on Tourism Statistics in 2008 (IRTS, 2008), a subtle shift in emphasis has started to emerge with a section dedicated to measuring tourism at the sub-national level.

During the Malaga meeting UNWTO has announced the intention to create an ‘International Network of Experts on Regional Economics, Mobility and Tourism (INREMT)’

It will have the remit of providing an international reference resource and web-based portal for the measurement and economic analysis of tourism activity at the sub-national level. Topics of interest to be incorporated in the work of the network include: the measurement of flows of visitors; the use of new technologies to develop better understanding of the links between tourism and territory or ‘place’; assessing the economic contribution of tourism at the sub-national level; and developing systems of indicators to inform destination management. These four topics were the titles of the paper sessions at the Malaga conference and key issues to emerge from each of these are now outlined.

Session 1: MEASURING THE FLOWS OF VISITORS

The movement of visitors through national and sub-national areas is an activity where emerging technologies and data collection techniques are improving the type and level of measurement possible. Traditionally, surveys have been conducted at the regional level in this area of research but these must have sufficient consistency to be informative at the sub-regional level. One issue that needs to be explored is where we can supplement data from surveys with data from other sectors at the regional level. A good example is in Spain where a number plate recognition system is being employed to track flows of visitors into and through the country. The use of spatial databases and Geographic Information Systems (GIS) could also offer benefits in terms of data management, visualisation and spatial analysis techniques. Visualisation techniques, in particular, have an important role to play in identifying tourism trends at the regional and sub-regional level. There is a requirement, therefore to be more open to using new technologies to measure the movement of tourists. A further example is that of the Tourism Flow Model in use in New Zealand which is a web-based tool that can map travel

usage in terms of origin and flows of visitors down to individual road ‘segment’ level. This can allow for detailed analysis at the regional level based on spend, purpose of visit and flows of visitors. In developing a measurement system that draws on new ways of collecting information or innovative ways of storing and analysing data there may be a requirement for a technical support system which should incorporate a system of definitions, information on minimum data requirements, a system of standards and templates for (visitor or occupancy) survey expansion, exploration and specification of models for measuring tourism flows and resultant expenditure, and, finally, constant development of the technology needed to facilitate the process.

It is also clear that in any study of tourism at the sub-national level, we have to be quite clear about how we define a “region”. Sub-national geographies are increasingly important to the users of National Statistical Institutions (NSIs). We need to foster arrangements for joint working at the regional level and NSIs and regions need to work together to develop better regional statistics and data that can be combined, or aggregated with national data. This could present a major challenge so ambitions need to be pragmatic; and in practice that means achievable and sustainable.

- **It is important to be open to ‘new technologies’ in undertaking measurement of the movement of tourists.**
- **There is a need to properly combine the opportunities afforded by new technologies with more traditional survey techniques, to ensure that key conceptual issues, for example definitions, are not overlooked.**
- **There needs to be agreement about what we mean by the term ‘region’ and understand how this may be different across nations and states.**
- **National Statistical Institutes and regions need to work together.**

Session 2: TOURISM AND TERRITORY

It is crucial to consider the role of territory and planning when addressing destination management concerns. From this position the construction of measurement systems can then feed into the sustainable management of destinations. There has to be a relationship between planning and tourism because maintaining the quality of the destination through planning policies will ensure the maintenance, or enhancement, of the very features that initially made the destination attractive from a tourism perspective. The protection of open space and preserving landscapes of interest is another area of concern and this requirement can be applied equally to urban and rural destinations.

To fully understand the relationship between tourism and territory we need a comprehensive measurement system that encompasses not only information on the use of destinations by tourists but also measurements that can monitor the impact of tourism on the environment, or territory, within which it is situated. One possible approach is to develop a suite of measures that allow us to examine tourism as part of a wider ‘system’ that incorporates territorial elements – assessing tourism in relation to ‘place’. The papers in this session provided a number of examples of how such a system might be configured. In Andalucia, for example, information is collected within three sets; flows and human impact measures (including consumption, pollution, and physical impacts), environmental condition and quality measures (including residential quality of life and water supply and quality), and response indicators (a range of indicators based on various policy actions, for example heritage conservation measures). In Mexico a GIS based system called IRIS is used to store information on tourism and socio-economic variables which allows tourism trends data to be visualised within the GIS alongside other social, economic and environmental datasets. In New Zealand a variable based system has been developed at the regional level which ranks the quality of each of the datasets that feeds into each variable. The central aim is to develop data quality standards and appropriate use of data and to develop better methods of modelling data at the regional level, for example through the use of credit card transaction data and traffic (air and road) flow data.

- **To fully understand the relationship between tourism and territory we need a comprehensive measurement system that encompasses not only information on the use of destinations by tourists but also indicators that can monitor the impact of tourism on the environment, or territory, within which it is situated.**
- **Indicator systems, drawing on technologies such as GIS, can inform our understanding of tourism's role in the wider territory.**

Session 3: MEASUREMENT AND ANALYSIS OF THE ECONOMIC CONTRIBUTION OF TOURISM

This session of the Malaga meeting focused on the development of measure of the economic impact of tourism at the sub-national, or regional level. The TSA approach is, of course, established at the national level but many countries are now examining the potential to develop such accounts at the regional level. This is partly a response to a trend towards decentralisation or devolution, as well as a growing awareness of the unequal geographic distribution of tourism at a national level. Developing regionally based measures of tourism's economic contribution, therefore, serves the dual purpose of providing a comparative framework of tourism's contribution to an economy at the sub-national level as well as suggesting investment opportunities for further developing a region's tourism economy. The end result of a regional TSA (R-TSA) process is the provision of estimates of a number of macro-economic aggregates, specifically; internal tourism expenditure, internal tourism consumption, tourism gross regional product, and employment in the tourism industries. It is suggested by Frechtling in his central paper that we can envisage three potential scenarios for the development of a R-TSA. The first is where a valid, up-to-date TSA exists at the national level – this is closest in spirit to the TSA approach and might involve either a regional account approach or a regional allocation approach, with the first method being closest to the spirit of the TSA approach. The second scenario is where there is an outdated but still valid TSA and here it is recommended that any R-TSA development is carried out by a National Statistical Institute in conjunction with the regional authorities, observing the principles of the existing TSA as closely as possible in the regional accounting approach. The third scenario is where there is no TSA in place at the national level and here the region would have to undertake the R-TSA process itself but with NSI assistance – this is unlikely to be possible.

A number of invited papers in this session of the Malaga meeting provide evidence of the efficacy of Frechtling's three scenario synthesis. In Denmark, for example, a regional allocation approach is taken under the conditions of scenario one, with some reformulation of the definition of usual environment to determine data on excursionists and business tourism. In Andalusia a regional accounting approach under scenario one is underway but the problems of accounting for gross fixed capital accumulation are noted and the importance of input-output tables at the regional level is stressed. Interestingly, Jones' response paper which focuses on the UK situation, takes the third scenario as a start point (only a pilot TSA undertaken). Here a Regional Tourism Economic Account (R-TEA) is produced which keeps 90% of the TSA approach but is less detailed in terms of outputs from the process and conceptually less sound but could provide a useful interim tourism accounting approach for regions working within scenario three. Clearly there is much interest and support in taking the TSA process to the sub-national level and crucial to the success of such initiatives is effective communication between the national and sub-national levels, particularly between National Statistical Institutions and regional administrations. Note that at present there is no UNWTO endorsement of any R-TSA approach or accounting method.

- **The TSA approach is established at the national level but many countries are now examining the potential to develop such accounts at the regional level.**
- **It is important to be aware of the different constraints that regions may face in preparing regional TSAs.**
- **There needs to be effective communication between agencies at the national and sub-national level to ensure the success of regional TSA.**

Session 4: TOURISM DESTINATION MANAGEMENT

Before any economic analysis of tourism at the destination level takes place it is important to begin the process by defining what we mean by a 'local tourism destination' (LTD). The concept of 'destination' is one that is often difficult to define and is one that is delineated by a range of factors; tourism demand, administrative boundaries, tourism activities including supply, and the host community.. Destinations need information, methods and tools to help them to evaluate and defend their competitive position and to help them to develop scenarios and strategic choices for future development and growth. Destination management is, therefore, about; creating products for specific market segments, preserving local resources, promoting sustainable development, gaining and maintaining competitive position, ensuring tourists' quality of visit, and, improving residents' quality of life. It is suggested in the central paper to this session by Manente that there are a series of conditions that need to be met for successful destination management and these are as follows:

- **A close relationships between, planning, management and control,**
- **A flexible structure that is relevant to any development or management plans,**
- **Diagnostic support that can give a 'picture' of a situation from which change can be measured,**
- **The destination management approach implies a clear definition of the territory and a system of tourism statistics applicable to that territory.**

There are numerous measures that can be put forward to feed into a system of statistics to inform destination management and these might include, for example, the capacity of the attraction, the characteristics of tourism supply and demand, the characteristics of the tourism economic system, planning and land-use indicators, tourism infrastructure, environment indicators, quality of life impacts, and market trends. Although developing a system and statistics to inform destination management is clearly important there are a number of evaluation steps that need to be followed to translate this information into strategic options for destinations. This would involve, firstly, an evaluation of the strength of tourism in the destination, secondly an evaluation of the phase that the destination has reached in the tourist area life cycle and the mix of products that make up the supply, thirdly, an evaluation of possible strategies (including innovation, diversification, niche products and targeting of particular markets), and, finally, defining and prioritizing actions. In defining the actions to be taken it is necessary to take into account the strengths and weaknesses of the destination, the opportunities and threats posed by the environment, challenges posed by the competition, and gaps in information that might exist and how to determine where to invest in order to meet objectives. Preliminary to this process is the clear understanding and definition of the concept of "local tourist destination" (LTD) within the framework of TSAs and economic analysis at sub-national level. The relevant factors that can help to stimulate the discussion on this topic have been identified as follows:

- **Resources, actors, activities as an integrated set**
- **Territory**
- **Observation and analytical unit**
- **Capacity of attraction**
- **Relevance of the tourism consumption for the overall economic activity**

Responses to the central paper focused on examples of where such systems of destination information had been constructed, for example in Brazil where a suite of sixty variables across 13 dimensions had been used to measure the performance of a range of destinations and is feeding into prioritisation of actions. It was also clearly established that measuring destination competitiveness has to be meaningful and has to relate to reality. This necessitates the creation of explanatory models that link cause with effect, without this, theories of competitiveness will have little practical value. Perhaps a universal concept of a destination competitiveness system needs to be developed.

- **It is important to be aware of the conditions that need to be met to promote successful destination management.**
- **Developing a system of statistics to support destination management is important but needs to be combined with evaluation procedures that translate this information into (destination) management strategies**
- **In defining the actions to be taken it is necessary to take into account the strengths and weaknesses of the destination, the opportunities and threats posed by the environment, challenges posed by the competition, and gaps in information that might exist and how to determine where to invest in order to meet objectives.**

SHARING KNOWLEDGE AND EXPERIENCE

Following the four planned sessions, a further special session was conducted concerning the design and launching of the “International knowledge network on tourism activity and tourism economy at sub-national level”. The critical factors which are driving the agenda were summarised by Antonio Massieu as follows:

- **IRTS 2008 – has a number of paragraphs on the sub-national level – UNWTO have been trying to summarise the good work being done at the sub-national level**
- **Need to develop a series of recommendations that expand upon IRTS 2008**
- **Rising expectations following this conference – should be able to produce guidance but the problem is time – the economic crisis is happening now**
- **UNWTO needs to define the way forward**
- **The Network: came out of discussion with experts. The network is an instrument to be able to release general guidance on tourism**
- **The setting up of an International Network of Experts on Regional Economics, Mobility and Tourism**

The Department of Tourism of the Regional Government of Andalusia, represented by Francisca Montiel and Jose Luis Cordoba expressed their commitment to the Network.

MOVING FORWARD

- A. Just prior to the Malaga Conference, a small multi-international and multi-discipline group of tourism professionals was invited by UNWTO to become part of a small working group. This working group was tasked to create and implement measures to progress the formation of an “International Network of Experts on Regional Economics, Mobility and Tourism Working Group (INREMT – Wkg. Grp.)”.

The Working Group has already conducted a scoping meeting and is formulating recommendations to UNWTO concerning the scope of its role. Whilst it is anticipated that the period of development and implementation will be phased and incremental over a three-year period, the Working Group is focusing, initially, on a programme for 2009 in detail, and 2010 in outline.

- B. UNWTO jointly with the Government of Philippines, organized the 6th International Tourism Forum for Parliamentarians and Local Authorities, from 22 to 24 October 2008 in Cebu. Representatives of Parliaments and Local Authorities, comprising of 390 delegates from 78 countries unanimously agreed on the following paragraphs (Cebu Resolution 2008, paragraphs 4 and 5):
- Request UNWTO to deliver general guidelines on measuring tourism at the regional and local levels regarding basic statistics, the tourism satellite account and the economic analysis of the contribution that tourism makes at those levels, and
 - Call upon local and regional tourism authorities to implement these general guidelines by allocating approximately two per cent of their budget for tourism promotion to achieve those objectives.