

Discussion Paper – Panel 1

Joint Promotion of Europe via Transnational Tourism Products

Europe has been holding a leading position in the global tourism market since tourism became a relevant economic activity. In 2014, destinations in the European Union maintained a share of nearly 40% of the global market for international travel, a percentage that has remained constant since 2010. At current tourism volumes, this corresponds to 432 million international tourist arrivals, a 5% increase on 2013. International tourism revenues totalled € 319 billion, up 4% from previous year, representing 34% of world total earnings from international tourism.

Over the past few years, EU destinations grew at a faster pace than long-term projections, which lead to a temporarily halt of the declining trend in market shares. This achievement, partly the result of increased efforts made to sustain demand in the aftermath of the economic and financial crisis, is largely due to temporary forces leading to a favourable operating environment for European destinations. A Euro weakening against currencies in long-haul markets, low oil prices, and political instability in countries neighbouring the EU softened competition from emerging destinations lately. Still, the global forces challenging Europe's leading position in the global market have not vanished, and require joint actions to build on momentum and ensure the development of a more competitive and sustainable tourism sector.

Long-term growth projections point to an increase of 2.1% in international tourist arrivals to EU destinations through 2025, a much slower pace than the 2.4% average observed over the period 1995-2010, and well below the projected world average rate of 3.5%. If no action is taken, this would inevitably result in a decline in EU's share of the international travel market, as a result of tourism growing faster in emerging world regions.

Mature destinations, as the ones in Europe, with a highly developed and high quality product, and a strong dependence on mature markets, should aim towards a more diversified source markets portfolio as strategy to sustain growth. In the EU, nearly 90% of all international travel comes from within the region, a share limited to 73% and 75% in Asia and the Pacific and the Americas respectively. This has tangible effects on tourism earnings as long-haul travel is typically associated with longer stays and higher spend. According to UNWTO, in 2014 destinations in Europe earned € 660 per international arrival, compared to an average of € 1,080 for destinations in Asia and the Pacific, and € 1,140 in the Americas. Increased marketing efforts across a wider range of markets, especially from long-haul, is needed to attract new segments and improve the profitability of the European tourism sector.

Markets in North and South America have been leading growth in outbound travel over the past few years, especially in the long-haul travel segment. According to an IPK study¹, North Americans are now travelling more, staying longer and spending more, thanks to improved economic conditions and long-lasting changes in the society, among which Baby Boomers entering retirement age and Millennial's' appetite for international travel. In Asia, most

¹ IPK International (2014). ITB World Travel Trends Report 2014/2015. Retrieved from http://www.itb-berlin.de/media/itb/itb_dl_de/itb_itb_berlin/itb_itb_academy/ITB_2015_WTTR_Report_A4_4.pdf. Last retrieved on 07/08/2015.

countries have growing economies with good consumer confidence, burgeoning growth in the middle class (especially China, India and Indonesia), and Europe is to them a dreamed holiday destination, thanks to Europe's luxury shopping and the concentration of many scenic and highly recognisable sights in a relatively small area.

In line with the reinforced EU tourism competence provided for in the Lisbon Treaty, since 2010, the Commission has stepped up its efforts to contribute to strengthen the competitiveness of the tourism sector with a number of levers, among which promotion activities. In its 2010 Communication on tourism, the Commission acknowledges the consolidation of the image and profile of Europe as a set of sustainable and high-quality destinations as one of its priority action areas. The Commission focuses on initiatives with a transnational dimension and solid European added value, thereby complementing the actions of national, regional or local dimension undertaken in the field of promotion and marketing in the Member States. This includes, amongst others, a close cooperation with the European Travel Commission (ETC), which gathers together the National Tourism Organisations of 33 European countries.

The primary objective of Commission's initiatives in the field of tourism promotion is to increase Europe's visibility in new emerging and established long-haul markets. This overarching goal can only be achieved through an improved level of cooperation between industry and governments, to address jointly the main barriers to growth. It is crucial that tourism organisations at all levels continue to strengthen their collaboration under the umbrella of a common European approach. To this end, it would be important to initiate a joint initiative involving tourism key public and private players in targeted promotion efforts, capitalising on Europe's shared values as well as on its exceptional diversity and great variety of tourism experiences offered. Such a joint initiative should facilitate the establishment of transnational marketing partnerships and add value to all current promotion efforts. It would need to be developed with an inclusive approach, so as to create advantages for both established and less known destinations without creating confusion or further competition.

Last but not least, efforts should be joined towards a European promotion campaign, involving all European National Tourism Organisations, their umbrella association – the European Travel Commission (ETC), as well as relevant private stakeholders from the whole tourism value chain.

All in all, the objective of this panel is to have the views of the European Tourism public and private stakeholders at all levels on the future of the promotion of Europe as a destination.

DISCUSSION POINTS:

1. What kind of actions should be undertaken by public authorities and private industry to increase international tourism flows to Europe? How can these actors maximise the economic potential of tourism?
2. What are your views on the idea of initiating a joint public-private marketing partnership aimed at the promotion of transnational tourism products?
3. Should such a marketing partnership be extended also to private operators from third countries in select source markets?
4. How should roles and responsibilities be distributed between the public and private sector?

5. What should be the roles and contributions of the Commission, ETC, the Member States and their National Tourism Organisations and how to ensure the best coordination of their promotional and marketing actions towards an increased visibility of destination Europe?