The Travel & Tourism Competitiveness Report

Measuring Travel and Tourism Competitiveness

John Kester

Guilin, China, 29 June 2007
The Travel & Tourism Competitiveness Report

Motivations

- Travel and tourism (T&T) is in many countries a critical sector impacting national prosperity and economic growth
- A cross-country analysis of the drivers of T&T competitiveness provides useful comparative information for making business decisions
- The analysis also provides a platform for dialogue between industry and policymakers to address the obstacles to T&T competitiveness
The Travel and Tourism Competitiveness Index

Definition: What are we trying to measure?

- Definition of T&T competitiveness for constructing the index:

  The factors and policies that make it attractive to develop the T&T sector in different countries
The T&T Competitiveness Index

Structure

Travel & Tourism Index

A. T&T Regulatory Framework
1. Policy rules & regulations
2. Environmental regulation
3. Safety & security
4. Health & hygiene
5. Prioritization of T&T

B. T&T Business Environment & Infrastructure
6. Air transport infrastructure
7. Ground transport infrastructure
8. Tourism infrastructure
9. ICT infrastructure
10. Price competitiveness

C. T&T Human, Cultural & Natural Resources
11. Human capital
12. National tourism perception
13. Natural and cultural resources
The T&T Index

Data sources

- Quantitative data from publicly available sources, T&T institutions and industry experts (Booz Allen, IATA, ICAO, UNWTO, WTTC, etc.)

- Qualitative data from the Forum’s Executive Opinion Survey:
  - Carried out among CEOs and top business leaders in all countries: the people making the investment decisions in their respective economies
  - Provides unique data on many qualitative institutional and business environment issues
  - Specific questions on T&T have been added to the Survey for the purposes of this Report
The T&T Index Components and variables (1/3)

Examples of variables

- Foreign ownership restrictions
- Openness of air service agreements
- Visitor visa requirements
- Sustainable development of T&T industry
- Costs of crime and violence
- Access to improved sanitation
- Effectiveness of marketing and branding to attract inbound tourists
- Prioritization by government of the T&T industry

A. T&T Regulatory Framework

1. Policy rules and regulations
2. Environmental regulation
3. Safety and Security
4. Health and Hygiene
5. Prioritization of T&T
Examples of variables

- Air transport infrastructure quality
- Quality of airline connections to overseas markets
- Quality of roads, railroads, ports, etc.
- Hotel concentration
- Presence of top international car rental companies in a country
- Internet use for business transactions in country
- Airport taxes and charges
- PPP conversion factor
Examples of variables

- Educational attainment rates
- Extent of staff training
- Attitude towards tourists
- Tourism openness
- Recommendation to extend business trips for tourism
- Nationally protected land areas
- Environmental damage
- Number of World Heritage sites

C. T&T Human, Cultural & Natural Resources

11. Human capital

12. National tourism perception

13. Natural and cultural resources
The T&T Competitiveness Report 2007
Structure & Content

Part 1: Chapters
- Presentation and analysis of the rankings
- Selected issues of T&T competitiveness

Part 2: Country profiles
- T&T indicators for 124 countries
- Overview of rankings and scores

Part 3: Data tables
- Includes all index variables
- Country rankings per variable
## Top 20 rankings

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>1</td>
</tr>
<tr>
<td>Austria</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>3</td>
</tr>
<tr>
<td>Iceland</td>
<td>4</td>
</tr>
<tr>
<td>United States</td>
<td>5</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>6</td>
</tr>
<tr>
<td>Canada</td>
<td>7</td>
</tr>
<tr>
<td>Singapore</td>
<td>8</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10</td>
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<tr>
<td>Denmark</td>
<td>11</td>
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<tr>
<td>France</td>
<td>12</td>
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<tr>
<td>Australia</td>
<td>13</td>
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<tr>
<td>New Zealand</td>
<td>14</td>
</tr>
<tr>
<td>Spain</td>
<td>15</td>
</tr>
<tr>
<td>Finland</td>
<td>16</td>
</tr>
<tr>
<td>Sweden</td>
<td>17</td>
</tr>
<tr>
<td>UAE</td>
<td>18</td>
</tr>
<tr>
<td>Netherlands</td>
<td>19</td>
</tr>
<tr>
<td>Cyprus</td>
<td>20</td>
</tr>
</tbody>
</table>
### Asian top ten

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>6</td>
</tr>
<tr>
<td>Singapore</td>
<td>8</td>
</tr>
<tr>
<td>Japan</td>
<td>25</td>
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<tr>
<td>Taiwan</td>
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<td>Malaysia</td>
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<tr>
<td>Korea</td>
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<tr>
<td>Thailand</td>
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<tr>
<td>Indonesia</td>
<td>60</td>
</tr>
<tr>
<td>India</td>
<td>65</td>
</tr>
<tr>
<td>China</td>
<td>71</td>
</tr>
</tbody>
</table>

### LAC top ten

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
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</tr>
<tr>
<td>Costa Rica</td>
<td>41</td>
</tr>
<tr>
<td>Chile</td>
<td>45</td>
</tr>
<tr>
<td>Mexico</td>
<td>49</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>50</td>
</tr>
<tr>
<td>Panama</td>
<td>55</td>
</tr>
<tr>
<td>Uruguay</td>
<td>56</td>
</tr>
<tr>
<td>Brazil</td>
<td>59</td>
</tr>
<tr>
<td>Argentina</td>
<td>64</td>
</tr>
<tr>
<td>Guatemala</td>
<td>69</td>
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</table>
The T&T Index
Results (3/3)

MENA ranking

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>18</td>
</tr>
<tr>
<td>Israel</td>
<td>32</td>
</tr>
<tr>
<td>Tunisia</td>
<td>34</td>
</tr>
<tr>
<td>Qatar</td>
<td>36</td>
</tr>
<tr>
<td>Jordan</td>
<td>46</td>
</tr>
<tr>
<td>Bahrain</td>
<td>47</td>
</tr>
<tr>
<td>Morocco</td>
<td>57</td>
</tr>
<tr>
<td>Egypt</td>
<td>58</td>
</tr>
<tr>
<td>Kuwait</td>
<td>67</td>
</tr>
<tr>
<td>Algeria</td>
<td>93</td>
</tr>
</tbody>
</table>

Sub-Saharan African top ten

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauritius</td>
<td>39</td>
</tr>
<tr>
<td>South Africa</td>
<td>62</td>
</tr>
<tr>
<td>Botswana</td>
<td>70</td>
</tr>
<tr>
<td>Namibia</td>
<td>73</td>
</tr>
<tr>
<td>Tanzania</td>
<td>80</td>
</tr>
<tr>
<td>Gambia</td>
<td>84</td>
</tr>
<tr>
<td>Mauritania</td>
<td>92</td>
</tr>
<tr>
<td>Zambia</td>
<td>94</td>
</tr>
<tr>
<td>Kenya</td>
<td>98</td>
</tr>
<tr>
<td>Uganda</td>
<td>101</td>
</tr>
</tbody>
</table>
The T&T Index
Understanding and using TTCI

- it is not a beauty contest, but an instrument to assess strengths and weaknesses
- it is not a performance indicator
- you have to compare yourself with peers
- no destination scores well on all indicators
- methodology itself has strengths and weaknesses
- it is work in progress
The T&T Index

Strengths and weaknesses of TTCI

- **Strengths**
  - straightforward methodology
  - fairly easy to understand
  - comprehensive
  - transparent

- **Weaknesses**
  - choice and availability of suitable indicators
  - indicators need to be credible, available, timely, possible to rank
  - often proxies have to be used
  - choice of denominator to make indicators comparable between large and small countries
Travel and Tourism Competitiveness Index

Key Indicators

Population (millions), 2005: 1,381.5
Surface area (1,000 square kilometers): 9,596.1
Gross domestic product (constant 2000 US dollars): 696.1
Gross domestic product (PPP, US dollars per capita, 2006): 7,102
Real GDP growth (percent), 2006: 10.2

Travel & Tourism Indicators

T&T Industry, 2006 estimates
GDP (US dollars): 63,424
Employment (1,000 jobs): 17,964

T&T economy, 2006 estimates
GDP (US dollars): 77,000
Employment (1,000 jobs): 10,200

Sources: World Tourism Organization, TFRC Research 2006

Travel & Tourism Competitiveness Index

2007 Index: 67.3

T&T regulatory framework: 78.0
Policy rules and regulations: 77.0
Financial framework: 71.0

T&T business environment and infrastructure: 67.3
Air transport infrastructure: 73.0
Ground transport infrastructure: 74.0
Tourism infrastructure: 113.0
ICT infrastructure: 68.3

T&T human, cultural, and natural resources: 59.4
Human resources: 66.0
Education: 52.0

T&T national competitiveness balance sheet

Policy rules and regulations
1.03 Rules governing foreign direct investment: 42
Health and hygiene
4.01 Govt efforts to reduce health risks from pandemics: 34

Travel & Tourism Competitiveness Index Rankings:

Not applicable

Note: For descriptions of variables and detailed sources, please refer to “How to Read the Country/Economy Profiles.”
TTCI is not a performance indicator
- left hand side – right hand side
- TTCI $\iff$ Arrivals, receipts, tourism GDP

Figure 3: T&T competitiveness and tourism receipts

Countries should compare with peers

Figure 2: TTCI score vs. gross national income per capita

Source: World Bank, 2005; World Economic Forum; Booz Allen Hamilton analysis.
The T&T Index
work in progress

- Work began to construct the TTCI in late 2005
- Since then, the World Economic Forum worked closely with partners to ensure that the Index is as comprehensive and relevant as possible
- In coming years, we will continue to refine the TTCI to establish it as a useful tool for business & government
- The Travel & Tourism Index will be updated on a yearly basis to show evolution of performance over time
The T&T Index
How to obtain the full report

See WEF website for further information and download of full report: