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## Tourism

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### 9.1 Introduction

Coastal and Marine Tourism & Leisure (T&L) is one of the Blue Economy (BE) sectors that can help unlock the potential of multi-use of space at sea by engaging with Blue Growth (BG) sectors such as Aquaculture and Marine Renewable Energy among others. BG aims to exploit opportunities in the offshore areas, coastal T&L is mainly based onshore with very few exceptions (i.e. cruise ships) that also depend on land infrastructure (ports) to serve their customer segments.

The current chapter provides insights into the trends that exist in the T&L sector. Supply and demand gaps will be identified by studying the supply chain of T&L. Regional variations in four different basins (**Baltic, Atlantic, Mediterranean** and **Caribbean**) will be discussed. Life-cycle learning from each sub-sector will be gained keeping note of any different life stages observed for the same subsector at different regions (i.e. local, national, EU, Caribbean and international) and any geographic focal points for development. Also social trends will be identified including: employment, migrations associated with BG opportunities and associated pressures (e.g. social; public services and infrastructure).

#### *Definitions*

The definition of tourism has evolved over time, and there is still no consensus about the definition of tourism. For the purpose of this chapter we will use the definition for tourism and leisure set by the United Nations World Tourism Organization (UNWTO, 2016b).

Tourism is “*a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which involve tourism expenditure.*”

Leisure industry is “*the segment of business focused on entertainment, recreation, sports and tourism related products and services.*”

The EU further breaks down tourism within the BE context as maritime and coastal tourism (ECORYS, 2013).

- **Maritime tourism** covers tourism that is largely water-based rather than land-based (e.g. boating, yachting, cruising, nautical sports), but includes the operation of landside facilities, manufacturing of equipment, and services necessary for this segment of tourism.
- **Coastal tourism** covers beach-based recreation and tourism (e.g. swimming, surfing, sun bathing), and non-beach related land-based tourism in the coastal area (all other tourism and recreation activities that take place in the coastal area for which the proximity of the sea is a condition), as well as the supplies and manufacturing industries associated to these activities.

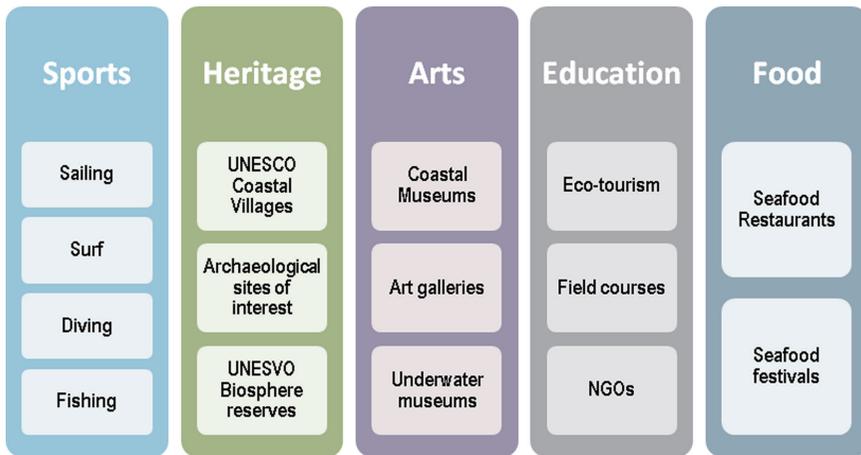
Some examples of maritime and coastal leisure activities include those summarized in Figure 9.1. All basins – Atlantic, Baltic, Caribbean and Mediterranean – provide the above marine activities, or aim to provide it in a very near future. This chapter will focus around Tourism and Leisure sub-sectors under three themes as shown in Table 9.1.

## **9.2 Market**

### **9.2.1 Market Key Facts**

Tourism is one of the most important and fastest growing economic activities worldwide – it grows faster than the wider global economy, it is resilient to change, and benefits both developed and developing countries (UNWTO, 2016b, 2016c).

International tourism now represents 7% of the world’s exports in goods and services, ahead of food and car industries, and ranking third just after fuel and the chemical industry (UNWTO, 2016a). Southern Europe and the



**Figure 9.1** Examples of leisure activities related to marine and coastal tourism.

**Table 9.1** Definition of tourism and leisure sub-sectors

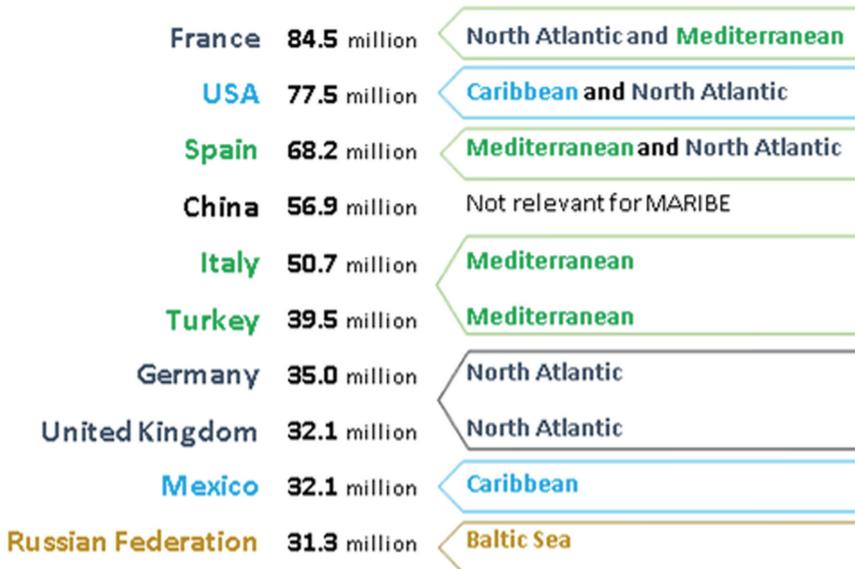
Tourism & Leisure Sub-Sectors	Definition
<b>Theme 1: Selling directly to the customer</b>	<p>The <b>sale of products and services</b> from a supply chain company (e.g. hotel owner, cruise operator, online or high-street travel agent) <b>directly to consumers</b>:</p> <ul style="list-style-type: none"> <li>• Business tourism – business trip package, flight, local transportation, hotel, conference/exhibition.</li> <li>• Pleasure tourism-holiday package, flight, local transportation, resort/hotel.</li> <li>• Leisure – beach/water sports, recreation, heritage, arts, entertainment, education, shopping, gastronomy.</li> </ul>
<b>Theme 2: Selling directly to the corporate</b>	<p>The <b>sale of products and services from a supply chain company to another</b> also known as “Tier 1 suppliers” prior to reaching the consumer:                      e.g. hotel owner sells to tour operator; water sports centre sells to hotel; flight operator sells to tour operator; software/app designer sells to online travel agent.</p>
<b>Theme 3: Vertical integration</b>	<p>A combination of the above where <b>companies have ownership</b> of large parts <b>of the Tourism and Leisure supply chain</b>:                      e.g. Online travel agent has shares in airline and/or holiday destination hotel/resort and/or other product and services companies (Monarch group, TUI group etc.); Cruise liner owner sells cruises and has stakes in destinations.</p>

Mediterranean still retain the biggest market share (51%) followed by the Americas including the Caribbean (16%). But the market is getting ever more competitive and these shares have been decreasing in the last 20 years in favour of growth taking place in Asia and the Pacific (8%), the Middle East (2%) and Africa (1%) (UNWTO, 2016c). Due to the geomorphology of Europe there is a vast coastal region which provides a lot of natural and cultural wealth and this is exploited by T&L and interrelated (e.g. recreation) BE industries.

A European market summary overview is shown below:

- International arrivals reached 1.087 billion people in 2013, a 5% increase from 2012,
- In Europe the leisure travel market grew 5.4%,
- Travel and tourism accounts for 9.5% of global GDP and 1 in 11 jobs worldwide,
- Market growth is forecast to rise 4.2% per annum from 2014–2024,
- Market continues to be driven by high growth in online bookings.

All the 4 MARIBE sea basins are represented in the top ten most visited countries (Figure 9.2). From a sea basin perspective, worldwide the most



**Figure 9.2** Most visited tourism destinations in the world relevant to MARIBE basins. Data based on international tourist arrivals per selected countries (UNWTO, 2016c).

visited is the Mediterranean, followed by the North Atlantic, the Caribbean and in last comes the Baltic Sea. Nevertheless, the tourism industry in the Baltic Sea region contributes significantly to the economies of the countries in the region, with a total of 73 million international arrivals in the region. Given that Europe accounts for half of the world's total tourism, the Baltic Sea region accounts for around 13% of the tourism in Europe and 7% of the world's tourism measured by arrivals (Winther and Jensen, 2013).

Tourism has been a major contributor to the European economic recovery. A weaker euro in 2015 boosted the number of visitors from outside the EU and contributed to Europe becoming the fastest tourism growth region. Northern Europe recorded a 7% growth in international arrivals mainly due to double digit growth in Iceland, Ireland and Sweden (North Atlantic basin). During this same period, Central and Eastern Europe returned to growth (+5%), Tajikistan entered the tourist destination map, and Hungary, Romania, Slovakia and Latvia (Baltic Basin) all recorded double digit growth. Southern Europe and the Mediterranean also grew by 5%, which is remarkable given the maturity and size of this popular destination region. Only France and Belgium saw a modest growth in the face of the terrorist attacks. The Caribbean also grew 7% in 2015, driven by Cuba (18%), Aruba (14%), Barbados (14%) and Haiti (11%) (UNWTO, 2016a).

Overall, the 4 European sea basins are in a good position and it is expected that coastal and maritime tourism continues to grow. The main drivers that will affect the market are social demographic changes – age, education, income; individual countries holiday legislation; international politics and economy.

Each individual country (Figure 9.2) will benefit or lose market share depending on: currency fluctuation – in 2015 the weaker pound enabled an inbound growth to the UK whereas the stronger dollar drove USA outbound growth (IPK, 2016); terrorism and perceived safety – Tunisia, Egypt and Turkey lost international visitors, but Spain and Portugal had a strong increase of 5 and 10% respectively (UNWTO, 2016a); international visitors country of origin – Chinese citizens now benefit from a two 7-day paid holidays per year and are going on more sun and beach holidays (IPK, 2016). The destination countries will have to adapt and develop strategies to accommodate these changes, as an example, Turkey is targeting more Muslim visitors by developing halal travel to compensate for the 30% decline in international arrivals following terror attacks and the coup attempts. From a basin perspective, it is crucial to understand the type of holiday that visitors book or would like to experience. In general terms, Europeans are moving away from the sun and

beach holidays and are booking more city trips (+15%) and events (+6%). Whereas Asians (+20%) and Americans (+11%) are still very keen on sun and beach holidays. It is expected, however, that the growing population in coastal cities will want to experience a different type of coastal and maritime tourism than the typical sun and beach holidays currently on offer (IPK, 2016).

### **9.2.2 Major Business Models**

The majority of the travel market is influenced by large, multinational, integrated Leisure Tourism Businesses (LTB). For example, the TUI Travel group has a €17bn turnover and 67,000 employees (TUI Travel, 2014). They offer a range of package holiday products in several countries under a range of brands and into a number of consumer segments. The Online Travel Agent (OTA) dominates the current market. It is enabled by companies which have strong online presence with access to tools to help the customer throughout their decision making and transaction process (i.e. travel booking). Hence the customers are able to research and apply their personal criteria prior to booking their holiday experience. Numerous T&L product suppliers provide online access for booking hotel, flights, car rental or combinations of these, including: online tour operators (e.g. Expedia and its subsidiaries), budget airlines (e.g. EasyJet), research enabling (Trip Advisor), and leisure specialist & activity companies (mainly based at destinations).

The OTA market is made of online travel suppliers some of which are subsidiaries of a corporate group. A common strategy for the latter is to invest into individual brands rather than in high profile mergers as consumers typically visit multiple travel sites prior to booking travel. Hence having a multi-brand strategy increases the likelihood that those consumers will visit one or more of a large subsidiary group sites.

Customers are increasingly moving towards online channels to fulfil their travel and accommodation needs. This trend has been noticed in the past 5 years and is expected to continue to be the fastest growing segments in the leisure travel industry, driven by the growth in online bookings and supplemented by strong demand from the emerging markets. Therefore, tour operators who offer package holiday products:

- invest heavily in online presence
- increase participation in social media
- move towards an online-driven company culture

Demand (and growth) for online holiday travel and accommodation is expected to continue for the near future (TUI Travel, 2014).

- Online booking accounts for 45% of total travel sales in Europe (Rheem, 2009) and therefore shows that this has matured in many Western countries. There is seen to be limited scope for expansion as the remaining 55% is taken by a combination of traditional physical travel agent shops and business travel booking handled by specialist corporate-travel agents.
- Business growth in a mature market drives acquisitions of products and revenue streams from other industries. One example is Priceline's purchase of OpenTable, a restaurant-reservation website.
- Globally, the market is growing with online travel gaining share on an estimated global travel market of over \$1 trillion.
- These trends are driving the innovation of new technologies (e.g. apps, online booking tools, management software, interface tools).
- During 2012, a monthly average of approximately 60 million unique visitors come to Expedia sites to research, plan and book travel (Expedia, 2013).
- Travel companies need to adopt a holistic approach (ETOA, 2010), they need to follow customers through-out all of the steps in the booking funnel. If not, they will face threats from companies active at other stages of the funnel.

### 9.2.3 Supply Chain Business Models

Businesses that operate as a supplier to the big corporate travel market offers an opportunity for rental, hotel, activity and restaurant services in tourist destinations to greatly improve return on marketing effort while ensuring a reliable influx of visitors. In this particular case, the tier 1 suppliers are not dealing with customers directly, but sell to a larger corporate, for example: hotel owner sells to tour operator; water sports centre sells to hotel; flight operator sells to tour operator; software/app designer sells to online travel agent. As visitors are also booked well in advance, this allows for further investment and improved revenue predictions. Additionally, it presents a large opportunity for emerging markets as corporations can have more focussed advertising, or redirection of an established existing customer base, into these markets. By selling directly to corporate, visitors will be easier to manage and provide appropriate services for as visitor details and demographics are known prior to arrival. However, reduced cost and risk comes at a price as corporate customers will expect a profit sharing arrangement deal (on price per room, for example).

Package holidays are the most common example of selling directly to corporate tourism. Resurgence in popularity in recent years has resulted in 46% of UK holidaymakers in 2013 opting for package holidays when travelling abroad, increasing to 51% in 2014.

Supply chain trends and future outlooks can be summarised as follows (ABTA, 2014, ABTA, 2015, ETOA, 2010, Euromonitor International, 2013):

- Mobile apps from tour operators and OTA have the potential to increase the success of the corporate travel market to ease of use. Package travel may grow in popularity compared to booking hotels and flights individually.
- Growth in Chinese and Middle Eastern tourist travel to Europe – growing target market for package operators (particularly luxury ones), which may result in an increase in corporate tourism business success.
- Growth in peer-to-peer travel where tourists receive services from individuals and micro businesses facilitated by websites or apps such as Airbnb or Blablacar. This poses a risk to corporate tourism as they cannot match ‘authenticity’ that these means can provide. This directly disrupts the large corporate supply chain by removing their mark up on local products. However, ease and simplicity of package tours will remain a large draw for many tourists.
- City breaks overtook beach holidays as the most popular type of holiday in 2014 (within the UK). These are facilitated by web based services for low cost flights and accommodation websites. Package holidays can easily adapt to these changing trends as ‘weekend breaks’ can be advertised to the public, particularly outside of the summer months, however, the public mindset has shifted to last minute and custom travel, so the marketing would need to be appropriate for the package holidays to sell effectively.
- Wellness and spa break holidays are also an increasing trend in 2015, and the market is set to grow.

By selling directly to corporate tourist companies, businesses based in successful destinations can better capitalise on their growing popularity by using the corporation’s capital and resources to better advertise the destination. This will grow the client base and reputation of the destination.

#### **9.2.4 Vertical Integration**

By providing services at multiple levels within the same supply chain, it is much easier for an organisation to capture a larger portion of the market.

Within the tourism industry, vertical integration usually presents itself in the form of a single organisation that is simultaneously a travel agency, airline and tour operator. The organisation is then better placed to control their pricing and interact with companies at all levels of the chain. This results in more comprehensive package deals to its customers at a more competitive rate (or with higher profit margins). This also serves to reduce the amount of risk that an organisation takes when introducing a new service, as it can use other levels within the same supply chain to steer reliable income towards that area. For example, if an organisation wished to begin a flight service to a new destination, the travel agency owned by that organisation could then begin promoting this to its customers, and any hotels owned by the organisation at that destination could begin offering reduced price deals for prospective visitors.

This example of vertical integration in tourism is most commonly seen with the 'Big Four' of the UK tourism industry, comprising of TUI Group, First Choice, MyTravel and Thomas Cook. Each of these companies owns multiple travel agents, airlines and hotels and as such have significant influence over the UK travel market.

Vertical integration market trends & future outlooks:

- Rise of independent and peer-to-peer travel is a threat to vertical integration, as it gives organisations less of a control over the market as customers cannot be steered into selecting certain deals or offers.
- Websites and apps such as Airbnb provide an unbiased service for accommodation. Smaller companies are then able to capture back some of the market as it is easier to communicate their services to prospective customers.
- While these developments do pose a challenge to vertical integration tourism, the tourism market continues to grow steadily year on year. As vertical integration generally allows for the least expensive and best advertised deals, it is likely that this tourism theme will continue to see widespread use in the coming years.
- Large companies, such as the big UK four, are well placed to expand into new forms of tourism as they emerge. For example, wellness tourism businesses, such as spa breaks or retreats, can be purchased by these large organisations to add to their portfolio of holiday destinations and activities.
- Due to their advertising power, large organisations are also well placed to move into the growing Arabic and Chinese markets.

Source: (Lafferty and van Fossen, 2001); (Tremblay, 1998).

### 9.2.5 Cruise Tourism

A popular subsector of tourism is Cruise Tourism, with growing numbers of vessels and passengers across Europe. The Cruise Lines International Association publishes an annual European market summary which has the following headlines:

- During 2015, 39 cruise lines operated 123 cruise ships with a capacity of around 149,000 lower berths. Another 73 vessels (100,000 lower berths) were deployed in Europe by 23 non-European lines.
- 6.59 million European residents booked cruises, a 3.1% increase over 2014, 30% of all cruise passengers worldwide.
- 6.12 million passengers embarked on their cruises from a European port, a 4.6% increase over 2014. Of these 5.0 million were European and 1.1 million came from outside Europe.

(CLIA, 2016)

Direct expenditure in 2015 was almost €17bn, with indirect outputs in addition to this. The significant market contribution of these vessels relates to on-board activities for the passengers, and additional income is generated when vessels visit each destination port. The other major contribution to the European economy is in shipbuilding and maintenance. Almost a third of total direct spend (€4.6bn) relates to ship building. The majority of all cruise vessels ordered and under construction worldwide (48 out of 50) are in European shipyards, showing that this is serving internal and export markets (Cruise Lines International Association, 2016). Launched in 2016, *Harmony of the Seas* was the largest passenger ship in the world, built in Saint-Nazaire, France, with gross tonnage of 227,000 GRT, 6780 passengers and 2100 crew. She was the third vessel built to this design (Royal Caribbean International, 2017). To provide a context for this level of activity, the rapid expansion of the offshore wind sector in Europe led to 3000MW of new wind turbine installations in 2015 and a similar total investment in that year of €18bn (Pineda et al., 2015).

Italy is the largest market, with the UK second and Germany third, showing strong activity in all European sea basins. The busiest port is Barcelona, with 2.5m passengers visiting, starting or finishing their journey at this port (Cruise Lines International Association, 2016)). Vayá *et al.* (2017) investigated the economic impacts of cruise activity at this port and show that all sectors of the local economy benefit from the cruise activity. However, there are negative impacts related to localised congestion. The rise

**Table 9.2** Lifecycle of the Tourism and Leisure industry within the studied basins (see Table 9.1 for definitions)

	T&L Selling Directly to the Customer	T&L Selling Directly to Corporate	T&L Vertical Integration	T&L Selling Direct via Online Marketplaces (Expedia, Airbnb)
North Atlantic	Post mature diversification	Mature	Mature	Growing
Caribbean	Growing	Mature	Mature	New
Baltic	Growing	Growing	Growing	New
Mediterranean	Post mature diversification	Mature	Mature	Growing

of responsible tourism has highlighted some practices of the cruise sector in destination ports, where the vessels charge a significant premium for onshore excursions, reducing the local benefit of the activity (Klein, 2011). There are also concerns about the environmental impact of large numbers of cruise visitors in some ports. The most obvious impact from a large cruise ship with 6000 passengers is the management of waste streams, in particular waste water, air emissions and solid waste streams (Klein, 2011).

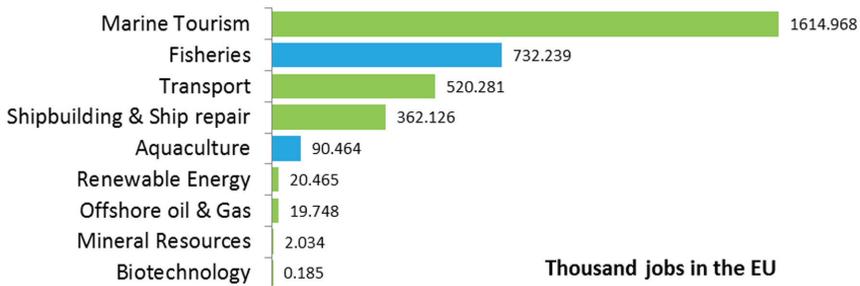
### 9.3 Sector Industry Structure and Lifecycle

In general tourism & leisure is a mature industry aiming at diversification; from a Maribe context only the T&L in the Baltic is not yet considered a matured sector. A summary assessment of lifecycle is given in Table 9.2.

## 9.4 Working Environment

### 9.4.1 Employment and Skills

Coastal and maritime tourism is the largest maritime activity in Europe and employs almost 2 million people (Figure 9.3) (European Commission, 2014a). However, the coastal tourism sector is not attracting or maintaining enough skilled personnel due to its seasonality and lack of long term career opportunities which can lead to problems in service quality and hamper competitiveness. The sector needs well qualified professionals who are service minded and multilingual. It also needs dynamic and creative entrepreneurs who can link local enterprises, administration and stakeholders and deal with the following challenges:



**Figure 9.3** Blue Economy Jobs in the EU, thousands (European Commission, 2014a).

1. energy and GHG emissions (particularly relevant for the cruising industry)
2. water consumption (particularly relevant in the Mediterranean and Caribbean)
3. waste and pollution management (also in conflict with other industries, cargo transport, petrol and gas extraction, agriculture)
4. loss of biological diversity; (of special interest in the Mediterranean and Caribbean)
5. effective management of cultural heritage (all basins)
6. aging population (all basins)

From a client's perspective there is a growing consumer population concerned about the ethical labour conditions in the places they are visiting (ILO, 2010). On the other hand, Rheem (2009) argues that less than a third of American travellers indicate a willingness to pay some sort of premium for "green" travel, higher prices (cost premium) being seen as a demand barrier for 67 per cent of respondents. Therefore, visitors' attitudes and perceptions from different countries will affect the visiting countries in different ways, for instance if in the Caribbean the main visitors are from the United States of America there will be less incentive to develop a "green" travel approach, whereas in Europe it might be the opposite case. Australia is leading the way in ecotourism (Dowling, 2002) and includes a system of ecotourism badges for suitably trained tour guides.

### 9.4.2 Economic Climate for Small Businesses

The economic benefit of tourism does not always benefit those working locally. For example, the cruising industry generates business opportunities for the ports visited, but for coastal regions it is not always easy to capture

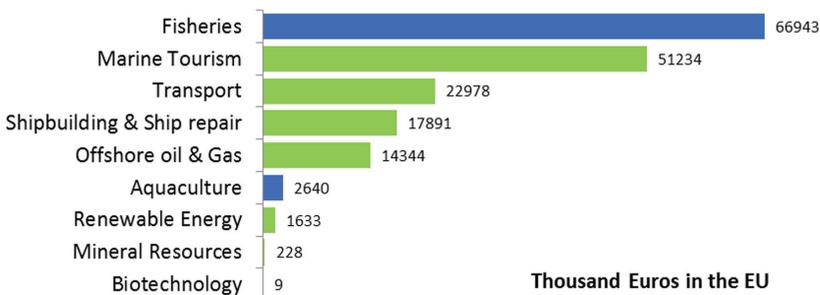
economic benefits generated by this cruise tourism, due to the margins retained by the vessels, while pressures to invest in port infrastructures and to preserve the environment are increasing. Benefits of Ocean Energy to local businesses, specifically fishing, was studied by Reilly et al. (2015). This concluded that continuing dialogue was the most important factor and that fishermen would be open to re-training to undertake job roles within a different BG sector.

This study and others showed that these problems can be tackled and the EU has invested in two projects to address these specific issues:

1. The SubArcheo project (Euroreso, 2003) to facilitate the re-skilling of fishermen by developing new distance-learning methodologies and materials for the training of Underwater Archaeologists and Guides in coastal areas around the Mediterranean.
2. The Europe-wide online platform TourismLink (2014) connecting small businesses with travel agents and tour operators.

### 9.4.3 Contribution of Tourism to GVA and Revenues

Coastal and maritime tourism is the second largest maritime activity in Europe generating a total of €183 billion in gross value added and representing over one third of the maritime economy as shown in Figure 9.4. Visitor Exports are an essential component of the value added for tourism. A visitor export is expenditure by international visitors to a country, including expenditure for travel. The tourism industries in the Baltic region accounts for between 1.8 percent (Sweden) and 3.2 percent (Estonia) of the total employment in the countries. Tourism has also established itself as an essential



**Figure 9.4** The Blue economy in the EU, unit thousand euros (European Commission, 2014b).

activity for many Caribbean economies; the direct contribution of tourism to the GDP of the Caribbean was around 5% of GDP, with indirect and induced effects this rises to 15% of GDP (World Travel and Tourism Council, 2017).

A critical challenge facing mature tourism destinations worldwide is how to maximize the economic impact of tourism spending (Alegre and Cladera, 2006, Kozak and Martin, 2012). Many mature Caribbean and Mediterranean ‘sun and sand’ holiday destination like Malta, southern Spain and the Balearic Islands, Greek islands and more recently Turkey, are following the well-documented path towards greater product diversification in an attempt to target the most profitable visitors (Bramwell, 2004). Knowing this need for product diversification, The European Union has put in place several funding schemes that should contribute to GVA:

- The European Structural and Investment Funds can co-finance sustainable tourism investments linked to ICT, entrepreneurship, SME’s competitiveness, energy efficiency, employment and labour mobility, etc., and can promote the exchange of good practice, transnational networks and clustering.
- Horizon 2020 is the financial instrument for the EU’s research and innovation strategy, with BG as one of its focus areas. The COSME framework programme aims to enhance SME competitiveness, increase tourism demand, diversify offer and products, and enhance quality, sustainability, accessibility, skills and innovation.
- The Creative Europe programme supports synergies between cultural and nature tourism, including coastal and maritime heritage.
- The Erasmus+ programme helps in terms of employability, new sector curricula and innovative forms of vocational teaching and training.
- The LIFE+ programme can co-finance innovative projects affecting coastal and maritime tourism and resource efficiency. The Proposal for the 7th EU Environment Action Programme is also linked to coastal and maritime tourism. In addition, the European Investment Bank provides SMEs with financing for investments in tourism and/or in convergence regions.

#### **9.4.4 Changes to Infrastructure and Support Service Requirements**

Traditional mass tourism such as “sun-and-sand” resorts has reached a steady growth stage. In contrast, ecotourism, nature, heritage, cultural and “soft adventure” tourism, as well as sub-sectors such as rural and community

tourism are taking the lead in tourism markets and are predicted to grow most rapidly over the next two decades. It is estimated that global spending on eco-tourism is increasing by 20 per cent a year, about six times the industry-wide rate of growth. Nature-based tourism is an important economic component of the entire tourism market (TEEB, 2009). Also, a research report conducted by SRI International for the Global Spa & Wellness Summit (GSWS, 2014) found that wellness tourism represents a US\$439 billion market, equivalent to 14% of world tourism expenditures. Wellness tourism category will grow 9% annually through 2017, 50% faster than “regular” tourism. Considering these 2 areas it can be foreseen that the following infrastructures and areas will be required:

- sustainable ports (desalination treatment, renewable energy usage, pollution containment or prevention)
- sustainable design of hotels and lodges (water treatment, using renewable energies, eco-friendly materials, energy efficient, aesthetically balanced with the natural environment)
- biotechnological developments to produce cosmetics and smart foods

To provide some co-ordination for these activities, the EU through its funding programs has invested in creating links between the different states, the private sector and universities, also known as the Triple Helix. Consequently, The European Network of Maritime Clusters is a confederation of Clusters aiming to disseminate best practice and a platform for exchange through a website, informal talks and an annual summit during which each country gives a brief presentation of the economic situation of its maritime sector and the recent actions of its national organization. The aim is to establish a framework for future common targeted actions.

## 9.5 Public Policy Regulatory Framework

The ratification and implementation of the Treaty of Lisbon has brought about an increased role for the European Commission within the area of tourism. EU Policies which are relevant to or have an impact on tourism fall into the following categories:

- |                                       |                                  |
|---------------------------------------|----------------------------------|
| 1. Agriculture and rural development; | 4. Internal market and services; |
| 2. Development and cooperation.       | 5. Competition;                  |
| 3. Climate change;                    | 6. Justice;                      |
|                                       | 7. Education and culture;        |

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>8. Maritime affairs and fisheries;</li> <li>9. Employment, social affairs and inclusion;</li> <li>10. Mobility and transport;</li> <li>11. Energy;</li> <li>12. Regional policy;</li> <li>13. Enlargement;</li> <li>14. Research and innovation;</li> </ul> | <ul style="list-style-type: none"> <li>15. Environment;</li> <li>16. Taxation;</li> <li>17. Health and consumer protection;</li> <li>18. Trade;</li> <li>19. Home affairs;</li> <li>20. Communications Networks, Content and Technology;</li> </ul> |
|--|---|

The pressure from tourism on the environment of the coastal zone is a key issue that requires management. This provides clean bathing waters (as part of the Water Framework Directive) and can also protect wildlife. The Natura 2000 is an EU-wide network of nature protection areas, established under the 1992 Habitats Directive, aimed at ensuring the long-term survival of Europe’s most valuable and threatened species and habitats, including in the marine environment. Successful management of the sites allows their enjoyment as part of holiday experiences and their conservation for all future users. Overall, stakeholders have two main visions of EU regulation, positive benefits related to equalised standards and negative concerns of the effects of legislation on profits; these are summarised in Table 9.3 and Table 9.4. Global legislation and guidelines are summarised in Table 9.5.

**Table 9.3** The benefits of the EU Directives and Legislation

Tourists Welfare	Reducing Uneven Regional Development	Ongoing Work
Timeshare Directive	Development of regional airports	Roaming charges for mobile phones
European Tourism Quality Principles 2014	Baltic Region Strategy	Services Directive.
Consumer Rights Directive	Danube Region Strategy	VAT systems implementation
Package Travel Directive		
Regulation (EC) No 810/2009 on visa policy		
Enforcement activities on airlines’ sales		
Regulations on air passenger travel rights		
Habitats Directive		
Water Quality Framework		

**Table 9.4** Profitability concerns of the EU Directives and Legislation

EU/National Regulation Burden on Business	Differences in Implementation of EU Legislation	Differences in Quality Labelling and Standards	Obstacles for Non-EU Inbound Tourists
Emission Trading Scheme, impact on EU airlines	VAT Directive, member state variations	Common regulatory framework impractical	To obtain visas is time consuming
Working Time Directive, Impact on hotel segment	Tour Operators Margin Scheme, member state variations	Costly to introduce	Schengen visa is expensive
	Services Directive, licences implemented in some states	No independent controlling body reduces credibility of labelling schemes	

**Table 9.5** Advancing tourism: world policy, programmes, codes and guidelines

	United Nations
Education & Training	UNWTO Capacity programme UNWTO.TedQual programme
Climate Change	The Davos Declaration puts tourism in the forefront of the global response to climate change through: The Davos Process on Tourism and Climate Change Global Sustainable Tourism Criteria
Sustainability	UNWTO Global Code of Ethics for Tourism UNWTO Technical Cooperation Programme Sustainable Tourism – Eliminating Poverty Initiative (ST-EP) Tourism and Poverty Alleviation: Recommendations for Action Global Sustainable Tourism Criteria Tourism, Microfinance and Poverty Alleviation UNWTO Sustainable Development of Tourism Programme Lusaka Declaration on Sustainable Tourism Development, Climate Change and Peace Kuala Lumpur Declaration on Climate Change and Tourism Legazpi Declaration on Tourism's Response to Climate Change Djerba Declaration
Biodiversity	UNWTO Recommendations on Tourism and Biodiversity. Specialized Unit on Tourism and Biodiversity UNWTO Consulting Unit on Tourism and Biodiversity Practical Guide for the Development of Biodiversity-Based Tourism Products
Ethics	World Committee on Tourism Ethics Global Code of Ethics for Tourism UNWTO Ethics & Social Dimensions of Tourism Programme Protect Children from Exploitation in Tourism and Travel The Responsible Tourist and Traveller
Green Economy	UNEP – Green Economy Initiative UNWTO – Journey to Rio+20

## 9.6 Innovation

Tourism is a mature and resilient sector – in the face of change it adapts. Trends in consumer behaviour change fast and innovation is the key for resilience. Therefore, tourism is investing in two main innovation areas: technology and social trends.

Technology enables tourism companies to offer customers very specific targeted information, including niche marketing, information during a holiday and audio-visual interaction with attractions. Mobile phones and tablets are increasingly being used by tourists to search for and book travel with increasing numbers of mobile application downloads (Expedia: 90m downloads in 1 year; annual report, 2013). To effectively compete on these new channels, companies need to build flexible systems architecture to reach all types of consumers on all types of screens (ETOA, 2010). Effective interaction will increasingly rely on the use of big data to present customers with targeted options, which is in line with travellers' expectation of a more unique and tailored consumer experience. However, social media has strengthened peer-to-peer interaction and travellers routinely share reviews and other content. This enables the sharing economy and consumers are now active in providing holiday apartments, cars, meals and tours.

Consumers are increasingly becoming “always connected” and there is a rising demand for real time services and companies need to provide personalised alerts and information. This is particularly important in times of disruption, so that, for example, updates on delayed flights can be provided. Customer service needs to be available 24/7 and easy to access via mobile devices, and via a number of channels: voice, email and social media. Extension to this is the potential for interactions that are enabled by wearable technologies and connected cars, these can provide customised service and allow on-the-go consumers to find information, book hotels and other services.

Social trends and the visitors' social attributes can be used to innovate towards new tourism products for a better visitor experience. For example, personal attributes such as status, age, gender and political outlook can be reflected in visitors' choice of specialist holidays including cultural tourism, wellness tourism and eco-tourism. Cultural tourism has gone beyond the typical museum or gallery display, or the passive activity of visiting a heritage site; today cultural tourism includes music, food, literature and crafts festivals; and heritage sites are used to show transmedia installations profiting from technology. A related and growing sector is Eco tourism, including the development of natural trails, marine reserves, bird watching, dolphin watching, whale watching and many other value added activities.

Wellness tourism which was mainly restricted to health spas and clinics is becoming more diverse – it now targets people interested in nurturing the body and soul in creative ways. These include innovative ways to exercise, rest, meditate and eat. A research report conducted by SRI International for the Global Spa & Wellness Summit found that wellness tourism represents a US\$439 billion market, equivalent to 14 percent of world tourism expenditures. Wellness tourism category will grow nine percent annually through 2017, 50 percent faster than “regular” tourism (GSWS, 2014).

One recent example of innovation aiming to develop new forms of leisure activities are the underwater museums. Cancun was first to offer in 2009 site visits to a monumental contemporary museum of art – MUSA consisting of over 500 underwater sculptures. In Europe the first underwater museum opened in 2015, in Antalya, Turkey (Mediterranean basin) (Side, 2017), and in the beginning of 2017 Lanzarote (Spain) followed the trend and now offers an underwater experience in the Atlantic Museum. BALTACAR – Baltic history Beneath Surface, is an EU funded project to develop the underwater cultural heritage of the Baltic Sea and has ambitions to provide underwater heritage trails by 2019 (Baltacar, 2017).

### 9.6.1 Cross-Sectoral Opportunities

There are a number of examples where other industries have benefited from the existence of tourism and the combination of sectors has provided additional value to both. One well established example is the primary production of wine, where tourists visit vineyards as part of the holiday. In some countries (e.g. Chile, New Zealand, Portugal) this type of tourism has contributed to the growth of the wine production sector. Fisheries is another example, with the movement of fish markets from industrial warehouses to tourist friendly retail premises in prime waterfront areas. Many companies are combining seafood production, aquaculture and tourism. Three examples are:

- Scotland: Lock Fyne oysters, restaurant and oyster bar (<http://www.lochfyne.com/>)
- Indonesia: Tours to visit a Seaweed Farm near Bali ([https://www.govoya\\_gin.com/activities/visit-a-seaweed-farm-on-a-serene-island-near-bali/1127](https://www.govoya_gin.com/activities/visit-a-seaweed-farm-on-a-serene-island-near-bali/1127))
- Belgium: Maritime Oostend – a joint local cooperation of fishing, farming and tourism enterprises to attract visitors to the area (<http://translate.google.pt/translate?hl=en&sl=nl&u=http://www.ostendaise.be/&prev=search>)

Recreational fishing, also called sport fishing, is the application of the skills of the fishing industry to a tourism sector. In the USA, about 12 million recreational saltwater fishers generate \$30 billion in economic impact and support 350,000 jobs. This directly supports:

- manufacture and retail of fishing tackle
- construction of recreational fishing boats
- companies providing fishing boats for charter and guided fishing trips

When aquaculture tourism is included, this also supports:

- manufacturers and retailing of aquaculture apparel (cages, ropes, pumps etc.)
- manufacturers of vessels adapted for aquaculture operations (e.g. mussel harvest)

In all these examples, fishing and aquaculture becomes a (partial) reason for tourists to visit a particular area and, in addition to specialist enterprises, this also benefits the local hotels, restaurants, nightlife and heritage centres (museums, historic houses). It is also possible for the fishing/aquaculture facility to provide additional services such as a conference venue or wedding venue.

In the Baltic and North Sea regions, tourism services and offshore wind energy have already been successfully combined to integrate offshore wind energy into regional tourism development concepts. This includes:

- Boat tours
- Sightseeing flights
- Routes for motor and sailing boats
- Offshore restaurants and merchandising products
- Routes for motor and sailing boats
- Combined offshore and onshore wind energy tour
- Viewing platform with telescopes
- Offshore information centre

Source: (Business LF, 2013); (German Offshore Wind Energy Foundation).

## **9.7 Investment**

Tourism is a profitable and mature sector with the big players listed on the major stock markets. Therefore, well planned tourism developments with a good marketing strategy will be able to raise investment funds. A number of specialist organisations produce annual market reports, which

**Table 9.6** Capital Investment 2016 (WTTC, 2017)

	Capital Investment 2016 US\$bn	Relative Terms 2016 % of Total Capital Investment	Capital Investment 2016 Growth %
Caribbean	6.8	12.3	2.9
European Union	159.6	4.9	2.0

include details of recent investments. A number of these have been quoted in this chapter (Euromonitor International, 2013) (ABTA, 2015) (IPK, 2016) (Cruise Lines International Association, 2016) (UNWTO, 2016c) (World Travel and Tourism Council, 2017). The overall picture is that these reports show growth in turnover and growth in investments in the sector over recent years. Table 9.6 shows recent capital investments and this highlights that tourism is a significant part of the whole of the economy, not just the BE. For the Caribbean in particular, tourism is a significant part of the whole economy.

## 9.8 Uncertainties and Concluding Remarks

Coastal and maritime tourism is an important sector worldwide. In general there are no specific uncertainties within the tourism sector; it is a consolidated, mature sector, well-regulated and innovative:

- In Europe, tourism is the biggest maritime sector in terms of gross value added and employment and is expected to grow by 2–3% by 2020.
- In 2012, Cruise tourism alone represented 330,000 jobs and a direct turnover of €15.5 billion and is expected to grow.
- As a consequence tourism has been a major contributor to the European economic recovery.
- Investment is expected to rise in the next 10 years in all sea basins.

However, general uncertainties apply to the coastal tourism sector in the same way as the other sectors within the BE:

- Fluctuation in fossil fuel prices
- Terrorism/War conflicts
- Migration policy
- Food security
- Disease outbreaks
- Supply chain dependencies
- Climate change and extreme weather events, including:

- Ocean level rise
- Tsunamis
- Hurricanes
- Heat waves
- Flooding
- Storms

The combination of different BE sectors and tourism is already a reality and many more are projected to happen in the very near future. Well established joint combinations which are already taking place between tourism and other sectors of the BE include:

1. Fisheries
2. Aquaculture
3. Offshore wind

It is vital that we plan for new approaches to tourism that are complementary and original, better integrated into the host societies and their environment, and that are able to deliver alternatives to the classic resort-based mass tourism as well as taking on board the concept of sustainable development. Politicians, policy makers, CEOs of other industries not directly related to tourism but also researchers often underestimate the importance and impact of tourism on the economy. Previous reports from some EU BG projects also show a lack of vision or deeper understanding of the tourism sector and its importance for other sectors within the BE.

Historically, tourism has been driving important sectors of the economy and has contributed to prevent the loss of traditional production practices (e.g. endemic strains of wines and artisanal fisheries practices). Tourism is humanitarian in nature and provides direct relationships with people from different backgrounds. Tourism can connect people from different countries, re-connect people to the natural environment and through visitor attractions such as an offshore wind visitor centre, can educate and inspire people for a sustainable future.

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