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EUROPEAN TRAVEL COMMISSION

ACTIVITIES

of

NATIONAL TOURIST ORGANISATIONS

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INTRODUCTION AND BACKGROUND

1. This report is the first of its kind undertaken by the Commission. Many of the replies give rise to questions on which information might be sought in a later study.
2. At the meeting of the Commission which was held in Luxembourg on 19 June 1981 it was agreed that some research should be carried out on a desk research basis into National Tourist Organisation activities.
3. In consultation with the Chairman of the Research Committee and the Chairman of the Marketing Committee a questionnaire was prepared (Appendix A). It was issued to all twenty-three members of the Commission on 12 February 1982.
4. By October seventeen completed questionnaires had been received. These have been analysed and this report embodies the results.
5. Prior to the Luxembourg meeting an enquiry had been conducted into the literature issued by members and particularly in regard to the commercial treatment of printed material. Discussion of this item developed into the expression of a general interest in the commercial activities, broadly defined, of fellow organisations and, indeed, in any other activities not so identified. Interest was also expressed in a comparison of the objectives of the member organisations, differentiating domestic and international responsibilities.
6. The questionnaire issued in February last reflected this range of interest. However it placed most emphasis on commercial activities and took this aspect a step further by differentiating between promotion/marketing on the one hand and development on the other.
7. The questionnaire divides into four distinct areas - promotion/marketing, development, other activities and objectives of NTOs. This report follows a similar arrangement.
8. Although not referred to in the questionnaire details of NTOs budgets are included in the report for information.

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SECTION A: PROMOTION/MARKETING

Question A1 re Print programme

A2 re Sale of printed material

A3 re Other commercial activity

A4 re Joint promotion

Questions A1 and A2 re Print Programmes

1. "What was the total cost in 1981 of your organisation's print programme?"
2. "How much of this (either in cash terms or in % terms) did you sell or was sold on your behalf?"

Most of the fourteen responding NTOs quoted the total cost of their print programme in 1981 in national monetary terms. In the following listing they are expressed, for purposes of comparison, in US dollars at the current level of exchange rates. In two cases a percentage of total budget was given rather than a monetary amount.

<u>NTO</u>	Cost of 1981 Print Programme	Amount sold by or on behalf of NTOs
	US\$	US\$
Austria	1,400,000	None
Belgium	667,364	None
Denmark	930,844	None
Finland	551,637	Not specified (a)
France	569,848	Approximately 5%
Greece	765,957	None
Iceland	60,000	20,000
Ireland	1,233,603	118,035
Malta	120,482	None
Netherlands	1,167,000	12,000
Norway	350,000	125,000 (b)
Portugal	10% of pro- motion budget	None
Spain	1,639,922	158,702
Sweden	667,575	122,616
Switzerland	855,000	65,000
United Kingdom	3,692,237 (c)	Approx 50%
Yugoslavia	1,000,000 (d)	None

Footnotes:-

(a) All material distributed free except "Finland Handbook" of which the printing cost is shared equally by the Tourist Board and the State Printing Centre. It is sold at 72 cents per copy approximately.

US\$

(b) Advertising income of free of charge printed materials
Turnover of publishing department approx.

125,000

250,000

(c) Print programme
Other
Print programme budget

3,692,237

1,345,515

5,037,752

(d) "Printing material without any specialised editions (nautical, inland waterway tourism). Tourist associations in the republics and autonomous provinces have also printed their own material".

Seven of the NTOs in the sample do not receive revenue from the sale of their printed material. In two cases the NTOs are prohibited from doing so. In the other five cases it is not clear whether there are legal or organisational obstacles to the sale of material or whether it is a matter of tradition. It may also, of course, be a considered judgement that distribution of all printed material gratis is in the best interest of the NTO.

Of those that sell part of their print output the revenue, as a percentage of print costs, is 50% approximately for the United Kingdom, 35.7% for Norway, 9.68% for Spain, 9.57% for Ireland, 7.60% for Switzerland, 5% for France, and 1.03% for The Netherlands. In the case of Norway the figure is 71.43% if the turnover of the publishing department is taken instead of the advertising income of free of charge printed materials and assuming that the advertising income is included in, not additional to, the turnover of the department.

This is a very general analysis of the picture emerging in response to Questions A1 and A2. It may not be an accurate comparison in the sense that it is not clear on certain points. For instance is it appropriate to take into account advertising revenue as distinct from revenue from the sale of publications? Also it is debatable whether revenue from the publication and sale of a magazine should be included or whether it should be classified as "another commercial activity" (Question A3).

The analysis also suggests some questions which would make the study more informative and useful e.g. what proportion (a) of total NTO budget and (b) of the promotion/marketing budget is represented by the print programme? Have these proportions varied over a period of years?

Question A3 re Other Commercial Activity

"Is there any other commercial activity in which you participate e.g. hotel booking systems, workshops, financial assistance to tour operators/travel agents etc. Can you give any indication of the turnover in 1981?"

Eight of the seventeen responding NTOs replied in the negative. In Yugoslavia it is specifically regulated by law that the Tourist Association cannot participate in any commercial activity. The other NTOs did not indicate whether there are legal prohibitions on engaging in commercial activities or whether, as in the case of selling printed material, it is traditional practice or the result of a deliberate decision. In any case in which it is the result of a deliberate decision it would be interesting to know the evidence and reasoning on which the decision is based.

The commercial activities mentioned and the NTOs participating in each are as follows:-

<u>Activity</u>	<u>NTOs</u>
Financial assistance to tour operators and travel agents	Denmark, Finland, Iceland, Malta, Portugal
Workshops	Denmark, Iceland, Ireland, Norway
Hotel reservation systems	Ireland
Stands at exhibitions	Norway
Bi-monthly magazine	Ireland
Promotion and sale of culture card in US	Netherlands

- Notes:
- (a) The Greek NTO replied positively to this question but the activity mentioned seemed more appropriate to Question A4.
 - (b) The UK NTO did not mention specific activities but is known to engage in at least three of the activities listed above.
 - (c) Switzerland replied in the negative but it does engage in a very interesting activity which can be classified as commercial. It derives an income of several million francs from the sale of travel tickets by the NTO's foreign offices for use on the Swiss public transport system. It is not clear whether this income is gross or net.
 - (d) There is little indication of the nature and purpose of the financial assistance to tour operators and travel agents. The two principal types are
 - payment for inclusion in brochures
 - per capita payments for visitors booked to visit the country in question.

It would be interesting to know more about the conditions for and rates of per capita payments. It would also be interesting to know if there are other reasons for giving financial aid to tour operators/travel agents and if the assistance takes any form other than cash grants.

- (e) Workshops: In the early years of workshops as a promotional technique it was usual for NTOs to subsidise the attendance of tour operators and travel agents and even the representatives of the home trade. The popularity and success of the technique has led to a situation where participants pay their own expenses and may also be required to pay a contribution towards the cost of organising the workshop. More detailed information about current practice would be helpful.
- (f) Hotel Reservation: Only the Irish NTO reports this as a commercial activity. The NTO levies a Hotel Reservation Service fee equivalent to \$1.37 per booking. It would be interesting to know if other NTOs provide a booking service on a gratis/non-commercial basis. Generally the availability of reservation facilities by hotel chains and groups, airlines, tour operators and travel agents etc. minimises the need for NTOs to provide a booking service. It is likely that such a service would be confined to small hotels and other forms of accommodation which would not be in a position to avail of sophisticated reservation services.
- (g) Although the Belgian NTO, as a government service, does not participate in any commercial activities, the position will change in the current years. From 1982 on the BNTO will be split into two semi-government organisations (one Flemish and one Walloon) which will have activities such as developing products and making bookings. They will co-operate with the private sector in selling promotional material and will launch packages on the market with the help of tour operators if they are willing to do so. If not these two bodies will try to sell directly to tourists in Belgium and abroad.
- (h) In domestic marketing the Finnish Tourist Board grants subsidies primarily to regional tourism organisations and to a lesser extent to hotel chains and travel agencies etc.

The turnover in 1981 in respect of the other commercial activities is stated as follows:

<u>NTO</u>	<u>Turnover</u> US\$
Denmark	157,215
Finland	394,285
Greece [see earlier note (a)]	-
Iceland	30,000
Ireland	not specified
Malta	12,000
Netherlands	not specified
Norway	295,000
Portugal	not specified
United Kingdom	1,350,000

Question A4 re Joint Promotion

"Do you undertake any joint promotions e.g. advertising with the tourist trade e.g. airlines, hotel groups? If YES, how much revenue did you receive from this activity in 1981?"

Four of the responding NTOs, France, Spain, Switzerland and Yugoslavia, replied in the negative. For a fuller understanding of the position, however, it might be mentioned that the Swiss NTO's promotional effort received appreciable financial support from commercial sources (\$1,481,215) although it is not strictly speaking joint action.

The following is a summary of the replies of the NTOs that responded positively:-

NTO	Nature of joint activity	Receipts/value US\$
Austria	Not specified	10,000
Belgium	Joint advertising with carriers,) regional offices) Joint stands at fairs with hotels,)) tourist offices and attractions)	134,833
Denmark	Joint promotion with carriers only	Not available
Finland	In all marketing abroad the Finnish Tourist Board co-operates closely with transportation companies, the hotel industry and incoming travel agencies. The co-operative marketing funds used in these cases are not granted as subsidies or loans but the financing of each project is decided separately by the Tourist Board and its partners.	Not specified
Greece	Joint promotion with tourist enterprise, expenditure \$595,745. Value contributed by Olympic and Austrian Airways in the form of tickets for journalists	500,000
Iceland	With Icelandair, Association of Hotel Owners and Association of Icelandic Travel Agents	Not specified
Ireland	With carriers and tour operators	Not specified
Malta	With Scandinavian tour operators and Air Malta	192,772
Netherlands	Not specified	400,000
Norway	Not specified	450,000
Portugal	Not specified	Not specified
Sweden	Most promotional activities are on a joint basis with various interests in the tourist trade. As a rule	

NTO	Nature of joint activity	Receipts/value US\$
	the Tourist Board asks for a financial participation of at least 50%.	Not specified
United Kingdom	With carriers, hotel groups, facility operators, regions and resorts in UK	6,822,000

SECTION B: DEVELOPMENT

Question B1 re Advisory function

B2 re Revenue from advisory function

B3 re Public financing schemes

Questions B1 and B2 re Advisory Functions

1. "Does your organisation advise
- (a) government
 - (b) municipalities
 - (c) other public bodies
 - (d) commercial bodies and development schemes
 - (e) other regional tourist organisations".
2. "Do you charge for such services. If so, indicate revenue".

Only two of the seventeen respondents indicated that they do not give advice on development schemes. They are the Austrian and Belgian NTOs but the latter is represented on advisory committees of provincial tourist offices. It would be interesting to know in these cases if the NTO is, legally, restricted to an executive role and if there is any other body with an advisory or policy-making function. Of the other fifteen responding NTOs their roles are summarily as follows:

<u>NTO</u>	<u>Range of advisory function</u>	<u>Revenue</u>
Denmark	(a) to (e)	None
Finland	(a) to (e)	None
France	(a) to (e)	None
Greece	(a) to (e)	None
Iceland	(a) to (c)	None
Ireland	(a) to (e)	None
Malta	(a)	None
Netherlands	(a) and (e)	None
Norway	(a) to (e). (In process of building up advisory service for the travel trade. Regional bodies will probably be included in this work).	Not mentioned. Theoretically States tourism budget is payment. No charge for other services at present but will do so to an extent in the future.
Portugal	(a) to (c) and (d)	None
Spain	(a) to (e). (Each autonomous region in Spain has its own tourist authority. NTO advice is consultative, not perceptive).	None
Sweden	(a) to (e)	None
Switzerland	(a) to (e)	None
United Kingdom	(a) to (e)	Yes, but information not available.
Yugoslavia	(a) to (e)	None

Question B3 re Public Financing Schemes

"Do you administer public financing schemes, e.g. grants or loans for tourist development? If so, give details".

Eight of the responding NTOs, those of Austria, Denmark, Finland, Netherlands, Portugal, Sweden, Switzerland and the United Kingdom replied in the negative. However in the case of Finland the Ministry of Trade and Industry, on the advice of the Tourist Board, grants loans to tourism enterprises in the development areas of Finland. In 1981 the investment aid rose to \$4.56m. In the case of the United Kingdom, it was stated that public financing schemes for tourist development are the responsibility of the English, Scottish, Wales and Northern Ireland Tourist Boards and a number of other government agencies. In Portugal it is the responsibility of the Tourism Fund and the Banks.

No mention is made of a public financing function in the replies from Malta, Norway and Yugoslavia.

The following is a summary of the replies of the remaining six responding NTOs, Belgium, France, Greece, Iceland, Ireland and Spain:

NTO	Scope of financing scheme	Budget/ Expenditure US\$
Belgium	Development of tourist equipment both in commercial and non-profit sectors - hotels, camping sites, social tourism centres, other tourism enterprises, purchases of land and buildings.	23,000,000
France	Development of hotels, camping, holiday villages and thermal developments.	Not stated
Greece	The tourist development programme is included in the country's economic and social development programme. Regional development programmes include local tourist programme. According to these programmes grants are determined.	Not stated
Iceland	The Iceland Tourist Fund administered by the Iceland Tourist Board grants loans to new hotels, restaurants and other facilities.	900,000
Ireland	The NTO administers a Grant Scheme in respect of (a) hotels and guest-houses, (b) other accommodation and self-catering, (c) other tourist facilities	5,490,000
Spain	Loans to tourist enterprises	37,909,000
	Loans to strengthen enterprise structures	882,000
	Loans to diversify and develop tourist offices	246,000
	Grants to develop tourist facilities, e.g. winter and mountain resorts, hunting, fishing	440,000

SECTION C: OTHER ACTIVITIES

Section C - Other Activities

"Indicate any additional activity that you are engaged in not covered above".

It appears that a number of NTOs experienced difficulty in replying to this question, possibly because it could be interpreted as overlapping certain other questions especially Section D below. In eight cases no comment was offered although it is reasonable to assume that the NTOs in question do engage in additional activities.

The activities specifically mentioned and the number of mentions in each case are as follows:-

<u>Activity</u>	<u>Mentions</u>
Research (statistics, studies, surveys)	5
Education and training	4
Supervision and subvention of provincial, regional local tourist offices and organisations	3
Miscellaneous promotion public relations activities (e.g. archives, film libraries, campaigns for staggered holidays)	3
Subvention of festivals, fairs, etc.	2
National strategic planning for tourism	2
Operation of tourist enterprises in special circumstances (e.g. hotels in historic locations or amenity areas)	2
Regulation (licences, control, classification, grading) of tourist enterprises, complaints.	4
Conventions	1

SECTION D: OBJECTIVES OF NTOS

Section D - Objectives of NTOs

"Indicate in brief terms the objectives of your organisation, differentiating domestic and international activities".

The replies to this question were worded in various ways and expressed a wide range of ideas. The following list is a summary of the ideas expressed with in each case a keyword or phrase. This is followed by a tabulation of the responding NTOs and the key words or phrases appropriate to their individual replies. It is clear from the list of activities that the objectives of some NTOs are conservatively stated.

<u>Ideas expressed</u>	<u>Key word or phrase</u>
Promotion of tourism in foreign markets	Promotion abroad
Promotion of tourism in home market	Domestic promotion
Protection of national tourism	Protection
Maximise overseas revenue)	
Contribute to national balance of payments)	Foreign earnings
Achieve balance on tourism account)	
Collaboration with government, regions,)	
local authorities)	Co-ordination
Collaboration with travel trade)	
Collaboration with international agencies)	
Regulation (supervision, control, classification, grading)	Regulation
Product development (improvement)	Product
Promote understanding (of country, way of life, other products)	Understanding
Social tourism	Social tourism
Job creation	Employment
National acceptance and support of tourism	Public Relations
National improvement through tourism (quality of life, cultural heritage, conservation, deprived areas)	National improvement
Greater seasonal spread of tourism	Seasonality

SECTION E:

SHARE OF PROMOTIONAL BUDGETS IN TOTAL NTO BUDGETS

COUNTRY:	Year	Promotional budget in 000 US dollars)	Percentage variation	Total annual budget (in 000 US dollars)	Percentage variation	Promotional budget in relation to total budget
BELGIUM	1979	7,700	-	52,600	-	14.6
	1980	7,800	1	51,100	- 3	15.2
	1981	7,100	- 9	44,600	- 13	15.9
CYPRUS	1979	797	-	2,205	-	36.2
	1980	900	+ 13	2,090	- 5	43.0
	1981	1,588	+ 76	3,047	+ 46	52.1
FINLAND	1979	2,740	-	7,449	-	36.7
	1980	3,369	22.9	8,595	13.3	39.2
	1981	4,058	20.4	8,542	- 0.6	47.5
FRANCE	1979	5,959	-	33,587	-	17.7
	1980	7,664	28.6	37,169	10.6	20.6
	1981	5,891	- 23.1	27,811	- 25.2	21.2
GERMANY	1979	9,900	-	17,000	-	58.23
	1980	8,600	- 13.1	16,900	- 0.6	50.88
	1981	7,900	- 8.1	15,800	- 6.5	50.00
GREECE	1979	9,857	-	62,679	-	15.7
	1980	11,113	12.7	57,939	92.4	19.1
	1981	12,240	10.1	57,794	99.7	21.1
ICELAND	1979	-	-	600	-	-
	1980	-	-	520	- 13.3	-
	1981	-	-	400	- 23.1	-
ITALY	1979	11,540	-	31,690	-	36.4
	1980	4,549	- 60.6	30,041	- 5.2	15.1
	1981	9,541	109.7	20,489	- 31.8	46.5

COUNTRY	Year	Promotional budget (in 000 US dollars)	Percentage variation	Total annual budget (in 000 US dollars)	Percentage variation	Promotional budget in relation to total budget
LUXEMBOURG	1979	334	-	647	-	51.6
	1980	287	- 14.0	582	- 10.0	49.3
	1981	270	- 5.9	565	- 2.9	47.7
MALTA	1979	1,438	-	1,943	-	75.0
	1980	1,733	+ 20.5	2,753	41.6	62.9
	1981	1,947	+ 12.3	3,043	10.5	63.9
NORWAY (1)	1979	-	-	2,933	-	-
	1980	-	-	3,140	7	-
	1981	-	-	3,671	16.9	-
SPAIN	1979	21,770	-	61,530	-	35.3
	1980	21,400	- 1.7	60,660	- 1.4	35.2
	1981	21,370	- 0.1	57,220	- 5.6	37.3
TURKEY	1979	6,729	-	56,536	-	11.9
	1980	8,121	26.7	31,720	56.1	25.6
	1981	12,347	52	62,136	95.9	19.8
YUGOSLAVIA	1979	2,727	-	5,450	-	50.0
	1980	1,976	72.4	5,489	0.7	30.0
	1981	2,746	38.9	6,136	11.8	44.7

(1) The promotional budget of Norway could not be deduced from the global sum covering promotion, investment, research and training. To this sum must be added a contribution to the Tourism Development Fund.

Source: WTO.

QUESTIONNAIRE ON NATIONAL TOURIST ORGANISATION
ACTIVITIES (ITEM 5.7 IN AGENDA AT DUBLIN)

A. PROMOTION/MARKETING

1. What was the total cost in 1981 of your organisation's print programme?
2. How much of this (either in cash terms or in % terms) did you sell, or was sold on your behalf?
3. Is there any other commercial activity in which you participate, e.g. hotel booking systems, workshops, financial assistance to tour operators/travel agents etc. Can you give any indication of the turnover in 1981?
4. Do you undertake any joint promotions e.g. advertising, with the tourist trade, e.g. airlines, hotel groups etc.?
If YES, how much revenue did you receive from this activity in 1981?

B. DEVELOPMENT

1. Does your organisation advise
 - (a) government
 - (b) municipalities
 - (c) other public bodies
 - (d) commercial bodies on development schemes
 - (e) other regional tourist organisations.
2. Do you charge for such services? If so, indicate revenue.
3. Do you administer public financing schemes e.g. grants or loans for tourist development? If so, give details.

C. Indicate any additional activity that you are engaged in not covered above.

D. Indicate in brief terms the objectives of your organisation, differentiating domestic/international responsibilities.