

Benchmarking Travel & Tourism in Italy

How does Travel & Tourism compare to other sectors?

Summary of Findings, November 2013

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Introduction

- The World Travel & Tourism Council (WTTC) has spearheaded global analysis of the economic importance of the sector for over 20 years. This research has established the contribution of Travel & Tourism on an ongoing basis to over 180 countries in absolute size, share of the economy, and growth.
- Around the world, WTTC research is referenced as the authoritative source of the role of Tourism in generating GDP, income, and employment.
- WTTC is now releasing new research on the role that Travel & Tourism plays in the world economy in comparison to other economic sectors.
- The results of these comparisons provide new perspectives on the relative significance of Travel & Tourism as well as some of its unique advantages in driving current and future global economic growth.

Summary of Research Structure

- This updated WTTC research benchmarks Travel & Tourism against an assortment of other sectors for twenty-five countries and for each world region.

Regions

- World
- Americas
- Europe
- Asia Pacific
- Middle East
- Africa

Countries

- Argentina
- Australia
- Brazil
- Canada
- China
- Colombia
- France
- Germany
- India
- Indonesia
- Italy
- Jamaica
- Japan
- Mexico
- Montenegro
- Peru
- Russia
- Serbia
- South Africa
- South Korea
- Thailand
- Turkey
- UAE
- United Kingdom
- USA

Summary of Research Structure

- The following metrics are analysed by sector for each country:
 - GDP (size and share of economy)
 - Employment contribution (size and share of economy)
 - Historic growth
 - Expected growth
 - Export contribution
 - Strength of linkages to the rest of the economy

Sectors referenced

The following sectors have been analysed in comparison to Travel & Tourism. They were selected as having a similar breadth and global presence as Travel & Tourism.

- **Mining**: includes the extraction of oil, natural gas, coal, metals, and related services
- **Education**: includes all levels of educational services
- **Higher Education**: includes learning that occurs at universities, academies, colleges, seminaries, and institutes of technology
- **Chemicals manufacturing**: includes drugs & medicines, manufacture of basic pharmaceutical products and pharmaceutical preparations, plastics, rubber, paint, polishes, ink, perfumes, cosmetics, soap, cleaning materials, fertilizer, pesticides, other chemicals
- **Automotive manufacturing**: includes motor vehicles and parts & accessories
- **Communications**: includes post (national and private) and telecommunications
- **Banking**: includes all banking activities and related services.
- **Financial services**: includes banking, investment services, insurance

Levels of industry impacts

The analysis examines the economic value of industries on three levels.

- Direct: this includes only those employees and the related value added for the relevant sector. In the case of Travel & Tourism, we only count the value added of the accommodation, recreation, transportation, and other related sectors.
- Indirect: this measures the supply chain impact (also called inter-industry linkages) for each sector.
- Induced: this measures the impacts of incomes earned directly and indirectly as they are spent in the local economy.
- The sum of direct, indirect, and induced impacts equals the total economic impact of a sector.



Italy

How does Travel & Tourism compare to other sectors?

Benchmarking Travel & Tourism in Italy: GDP

GDP Size

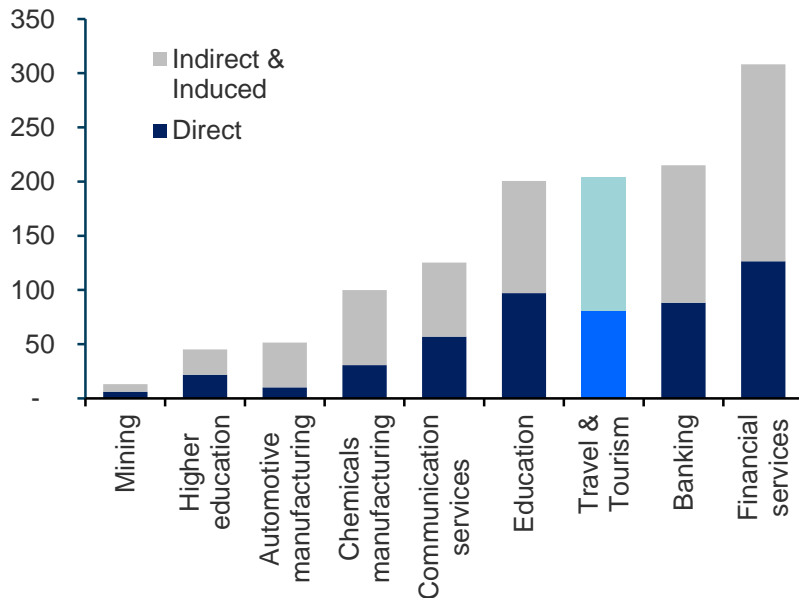
- Travel & Tourism generated a total impact of \$US 203 billion of GDP in Italy in 2013.
- Travel & Tourism's direct contribution to GDP impact is larger than that of the communication services, chemicals manufacturing, automotive manufacturing, higher education, and mining industries.
- Travel & Tourism's indirect and induced impact is larger than those impacts on GDP of the education, communication services, automobile manufacturing, chemicals manufacturing, higher education, and mining sectors.

GDP Share

- Based on its direct, indirect, and induced GDP impact, Travel & Tourism generated 10.2% of GDP in Italy in 2013.
- This is more than twice the size of chemicals manufacturing's GDP impact at 5.0% and is 63% larger than the communication services sector's GDP impact.

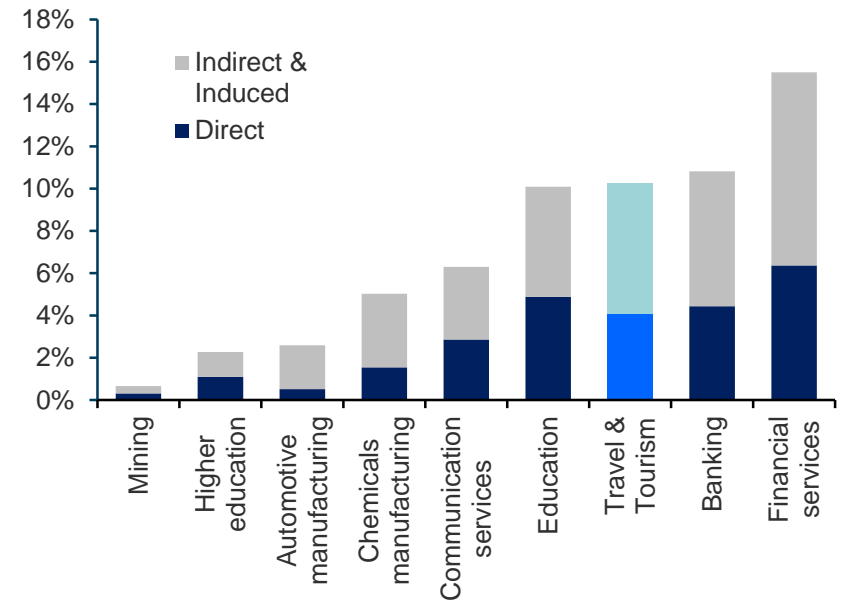
Italy GDP Impact by Industry

\$US billion (2012 prices)



Italy GDP Impact by Industry

share of total economy GDP



Benchmarking Travel & Tourism in Italy: Employment

Employment Size

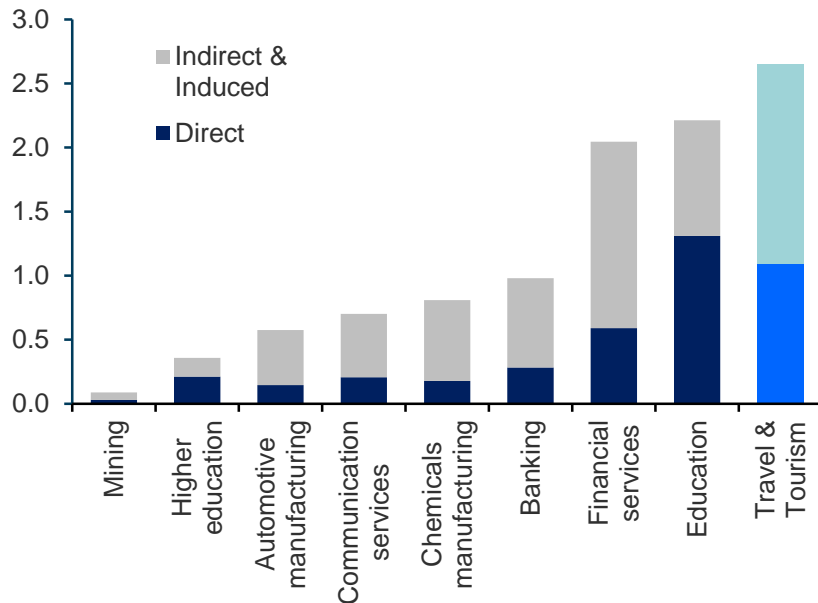
- Travel & Tourism sustained a total of 2.6 million direct, indirect, and induced jobs in Italy in 2013.
- Travel & Tourism in Italy directly employs more people than every sector studied in this research except for the education sector.
- Of note, Travel & Tourism directly supports nearly four times as many jobs as communication services and nearly five times as many jobs as automotive manufacturing in Italy.

Employment Share

- Travel & Tourism generated, either directly or indirectly, 11.6% of employment in Italy in 2013.
- For every job directly in the Tourism sector, another one and a half jobs are created on an indirect or induced basis, making its linkages stronger than in the education sector.

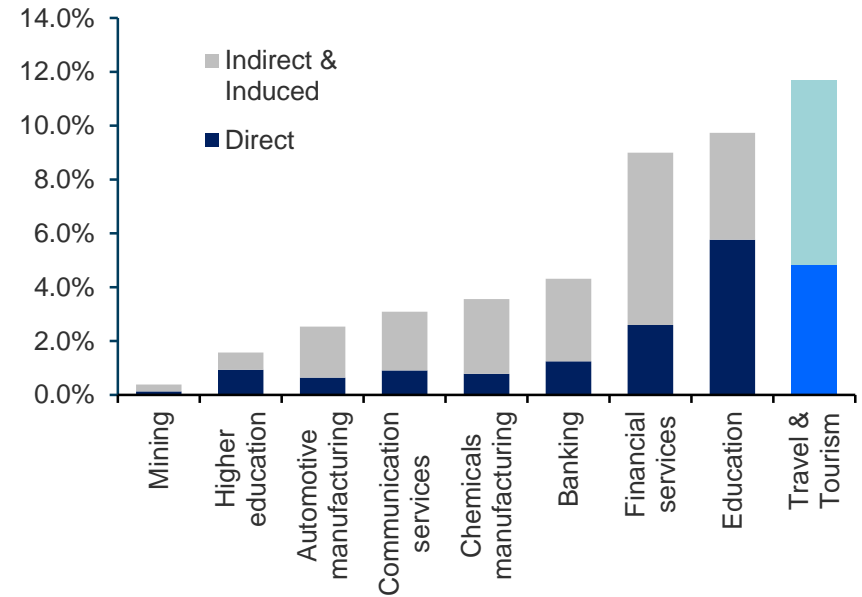
Italy Employment Impact by Industry

2012, millions



Italy Employment Impact by Industry

share of total economy employment

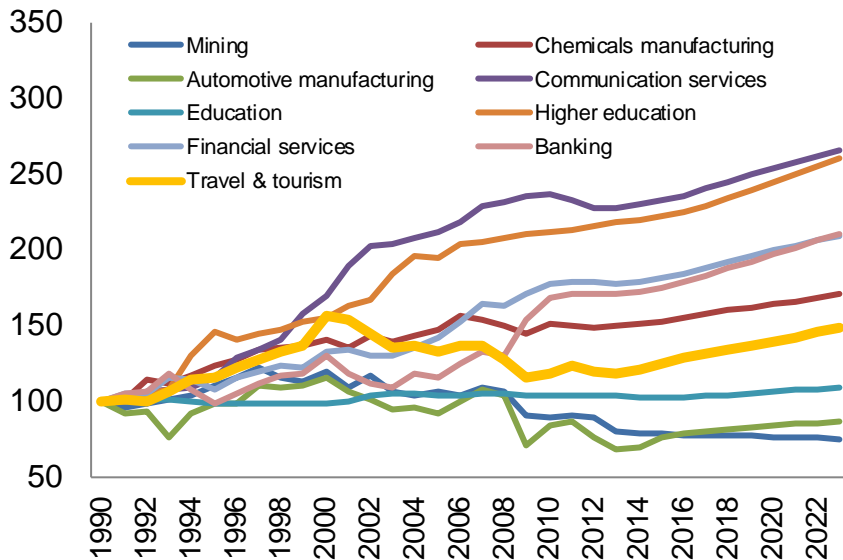


Benchmarking Travel & Tourism in Italy: Growth

Growth Trends

- Travel & Tourism direct industry GDP expanded 19% between 1990 and 2013 while the total economy also expanded 19%.
- Other large industries contracted over this same period of time. Automotive manufacturing fell 31%, and mining fell 19%. Financial services also fell 22%.
- The education sector grew just 4% over this 23-year period.

Italy GDP Growth by Sector (1990=100)

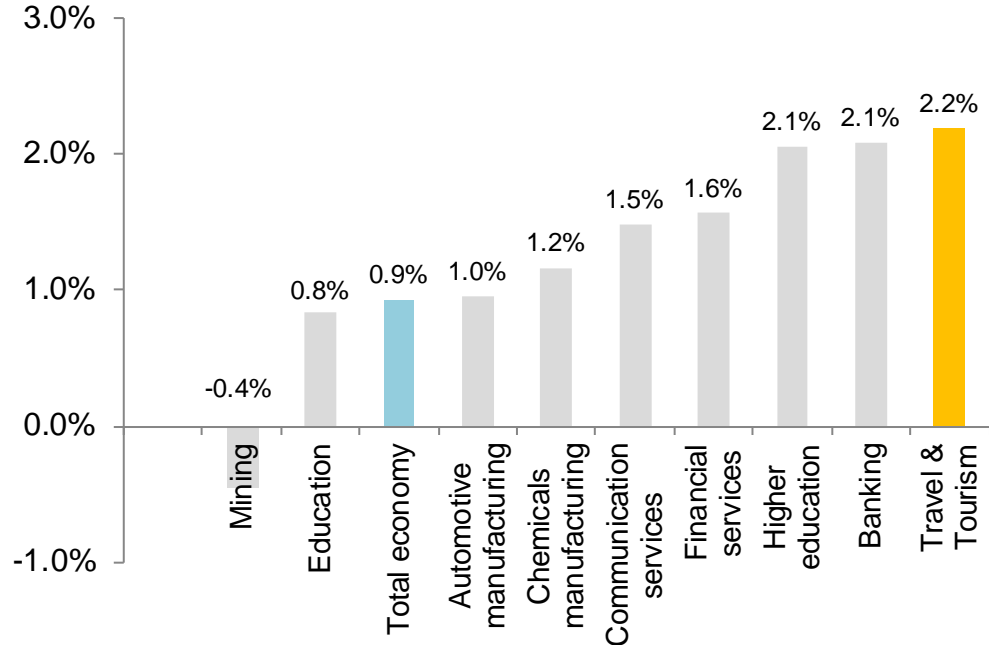


Growth Forecasts

- Travel & Tourism GDP is expected to grow at an annual average of 2.2% over the next decade.
- In comparison, the total economy is expected to contract 1.1% per annum while financial services and communication services are forecast to grow 1.6% and 1.5% per annum, respectively, in real, inflation-adjusted terms.

Italy GDP Forecast by Industry

CAGR% 2013-2023

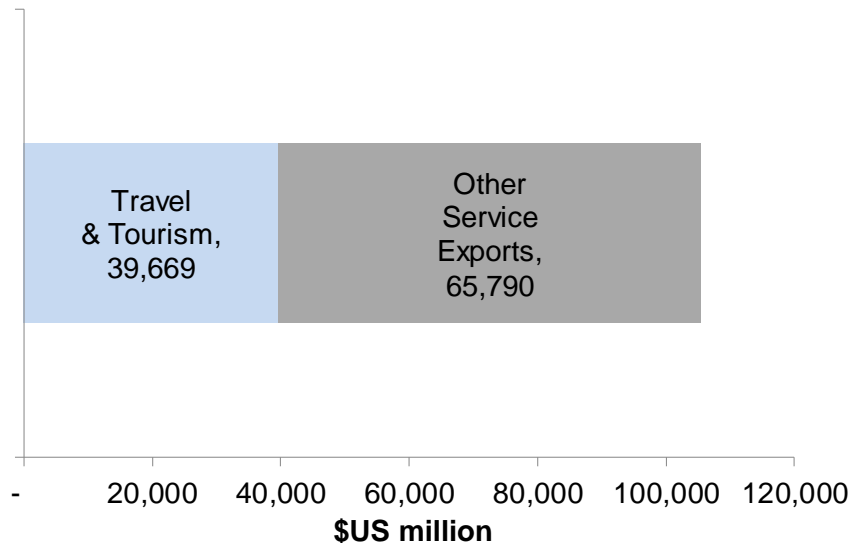


Benchmarking Travel & Tourism in Italy: Exports

Tourism's Share of Exports

- Travel & Tourism is a significant source of export revenue for Italy.
- In 2013, visitor exports totalled \$US 39.7 billion. This was 38% of all service exports and 6.5% of all exports (including goods and services).

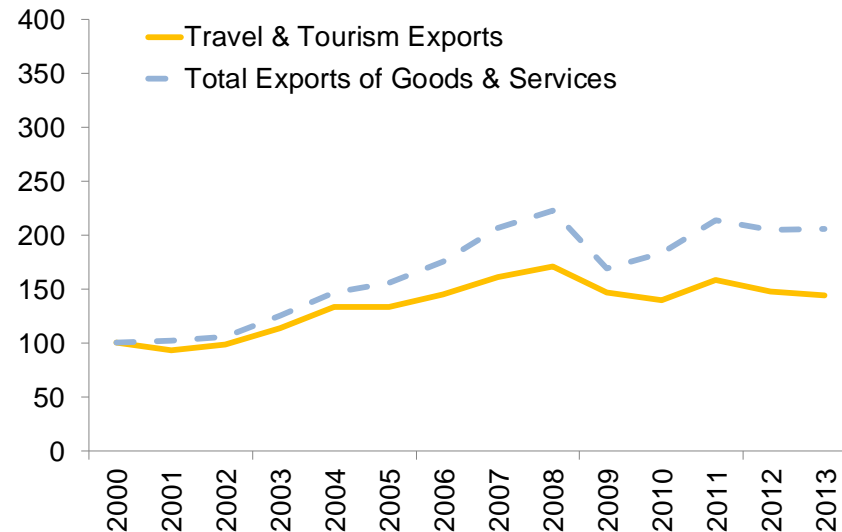
Italy Service Exports (2013)



Growth of Tourism Exports

- Between 2000 and 2013, Italy's Travel & Tourism exports expanded 44%.
- Total exports of goods and services outpaced Travel & Tourism exports and grew 106% between 2000 and 2013.

Italy Exports Growth, 2000-2013 (2000=100)

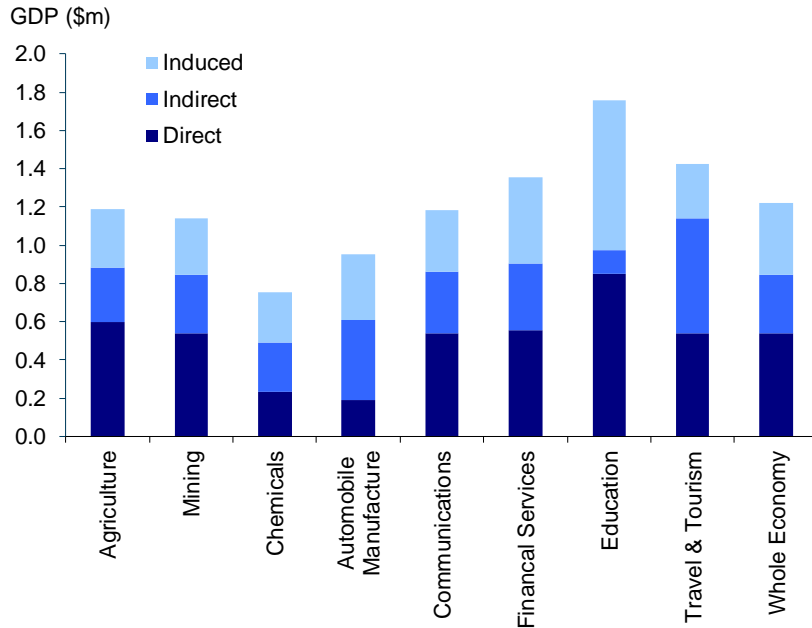


Benchmarking Travel & Tourism in Italy: Linkages

Comparing the effect of \$1 million in spending

- Spending in a sector will have varying impacts on GDP, depending on the local value added and linkages to the rest of the economy.
- In Italy, \$1 million in Travel & Tourism spending (consumption) generates \$1.4 million in GDP. This is larger than the impact of every other sector except for the education sector.

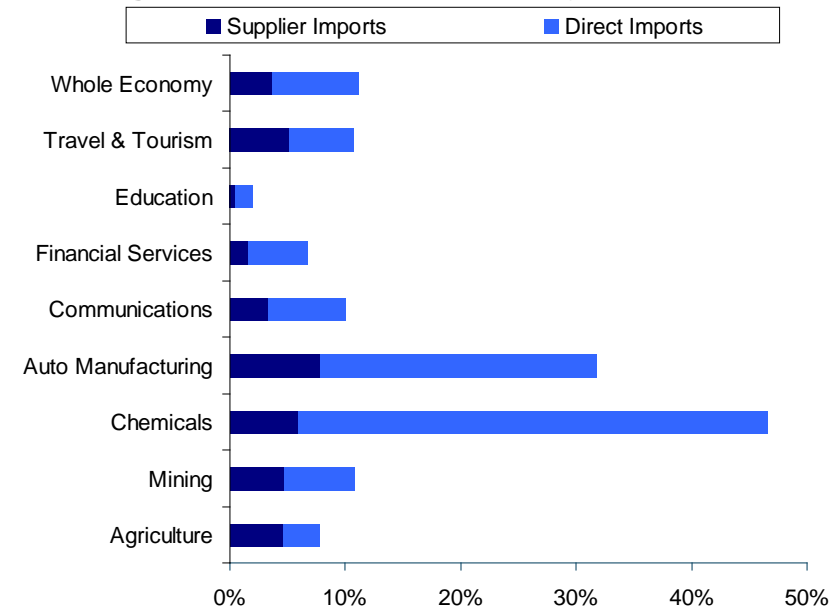
Impact of \$1m spending - Italy



How much of T&T spending stays in the economy?

- When travellers spend money in a destination, not all of it remains in the economy as some goods and services need to be imported. This represents “leakage” to the economic value produced.
- In Italy, a mere 10% of Travel & Tourism spending leaks out of the economy through imports. The chemicals industry requires imports amounting to 47% of sales.

Leakages per \$100 spend - Italy



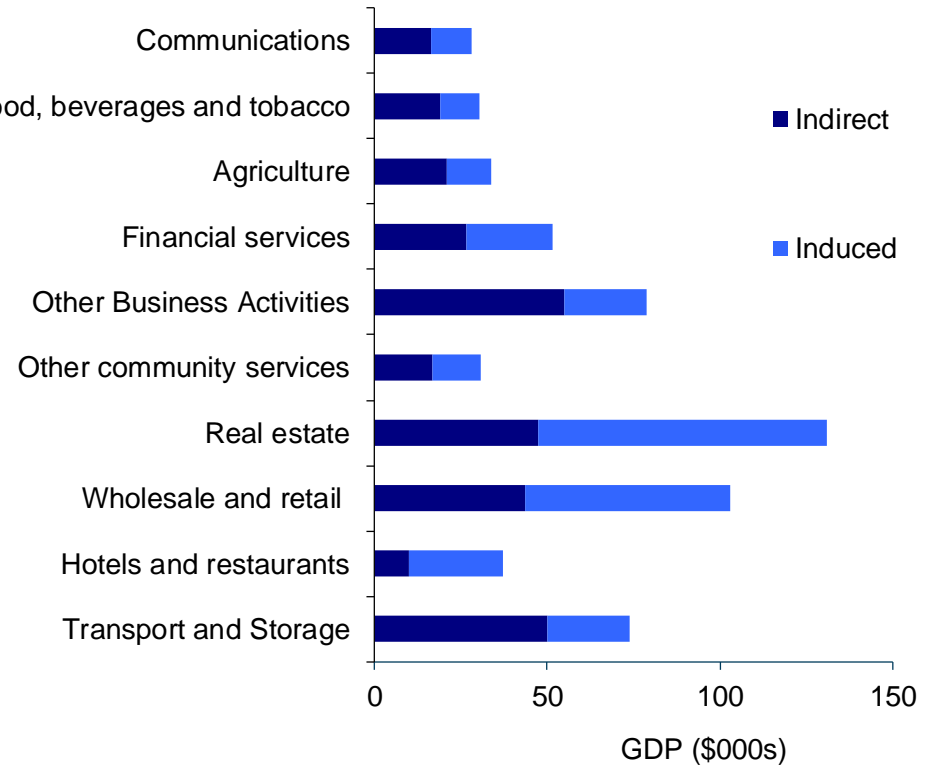
Benchmarking Travel & Tourism in Italy: Linkages

Beneficiaries of Travel & Tourism

- Travel & Tourism is interconnected with the entire Italian economy. These links exist through the supply chain to the Tourism industry (indirect linkages) as well as through Tourism-earned incomes as they are spent across a variety of other sectors.
- In this sense, the Travel & Tourism sector has many “beneficiary” sectors across the whole spectrum of the economy.
- For every \$US 1 million in Travel & Tourism sales, \$US 131,000 of GDP is generated in the real estate sector.
- The financial services sector gains \$US 52,000 for every \$US 1 million in spending on Travel & Tourism.
- The wholesale and retail sector gains \$US 105,000 for every \$US 1 million in spending on Travel & Tourism.

T&T links with other sectors - Italy

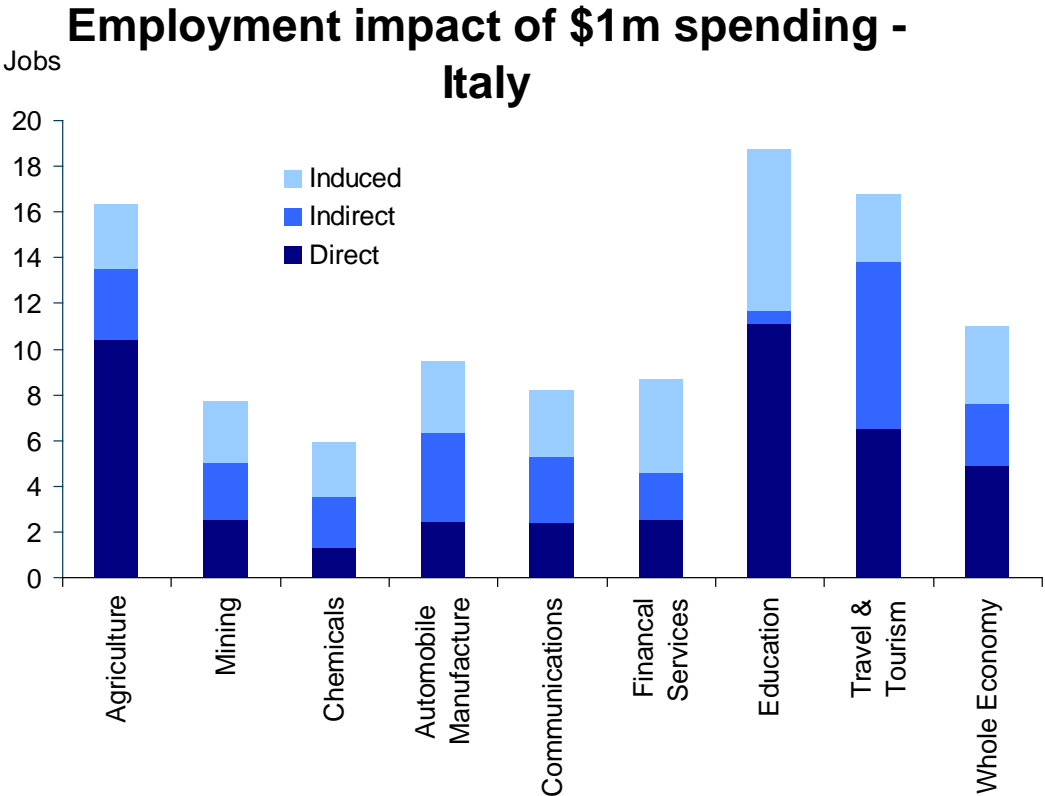
GDP generated per \$1 million in Travel & Tourism sales



Benchmarking Travel & Tourism in Italy: Employment Generation

Travel & Tourism's employment potential

- For every \$1 million in Travel & Tourism spending, 17 jobs are supported. (7 direct, 7 indirect, and 3 induced)
- This compares favourably to the average of the economy, which generates 12 jobs per \$1 million in spending.
- Financial services: 9 jobs per \$1 million
- Auto manufacturing: 10 jobs per \$1 million
- Communications: 8 jobs per \$1 million
- Chemicals: 9 jobs per \$1 million
- Education: 19 jobs per \$1 million



Benchmarking Travel & Tourism in Italy

GDP, 2013 (\$US billion, 2012 prices)				
	Direct	Indirect + Induced	Total	% total economy
Mining	6	7	13	0.7%
Chemicals manufacturing	31	69	100	5.0%
Automotive manufacturing	10	41	51	2.6%
Communication services	57	68	125	6.3%
Education	97	104	201	10.1%
Higher education	22	23	45	2.3%
Financial services	127	182	308	15.5%
Banking	88	127	215	10.8%
Travel & Tourism	81	123	204	10.3%

Employment, 2013				
	Direct, '000s	Indirect + Induced, '000s	Total, 000s	% total economy
Mining	29	59	88	0.4%
Chemicals manufacturing	178	631	809	3.6%
Automotive manufacturing	146	430	576	2.5%
Communication services	207	495	702	3.1%
Education	1,310	903	2,213	9.7%
Higher education	212	146	359	1.6%
Financial services	590	1,455	2,045	9.0%
Banking	283	697	980	4.3%
Travel & tourism	1,096	1,546	2,642	11.6%

Data Sources & Methodology

How does Travel & Tourism compare to other sectors?

Data sources and methodology: GDP and Employment

- Main data sources for comparative sectors:
 - United Nations International Labour Organization;
 - OECD;
 - CEIC Data Manager;
 - Eurostat (European Commission);
 - UK Office for National Statistics (ONS);
 - Oxford Economics Cities and Regions Forecasting Service;
 - UNESCO;
 - Groningen Growth and Development Centre;
 - UN World Input-Output Database (WIOD);
 - Oxford Economics Global Industry Model;
 - Oxford Economics Global Economic Model;
 - Oxford Economics UK Regional Model; and
 - Various country-specific National Statistics Office websites
- Travel & Tourism GDP and employment figures are drawn from Oxford Economics analysis for WTTC using the Tourism Satellite Account framework.

Data sources and methodology: Exports

- Main data sources:
 - World Trade Organization (WTO)
 - IMFBOPA
 - Oxford Economics.
- Total exports, total service exports and total goods/merchandise exports are sourced originally to national accounts and central bank balance of payments data.
- Service exports taken from IMFBOPA database for all countries where possible.
- 2000 figures taken from above, 2013 estimated using 2012 shares of total and applied to totals for 2013.
- All currency figures are stated in 2012 US dollars.

Data sources and methodology: Linkages

- Main data sources: OECD, National Statistical Offices, Oxford Economics
- Input-output tables for all countries were sourced from either the OECD or, when not available, National Statistical Offices. From the input-output tables, multiplier matrices were developed for each economy, detailing the flow of spending in an economy that occurs as a consequence of spending in a given industry.
- For each of the comparator sectors, a spending shock of \$1 million was simulated, with the resulting spending impacts in every industry in the economy recorded.
- These spending outcomes were translated into gross value added (GVA) using the GVA/output ratios available in the input-output tables, and employment, using productivity level data developed from the GDP and employment figures derived elsewhere in the study.
- Travel & Tourism multipliers are drawn from Oxford Economics / WTTC ongoing Tourism Satellite Account analysis.
- Global and regional multipliers were calculated as the weighted average of all relevant nations, with weightings assigned according to sector GDP.



- The World Travel & Tourism Council (WTTC) is the forum for business leaders in the Travel & Tourism industry. With Chief Executives of some one hundred of the world's leading Travel & Tourism companies as its Members, WTTC has a unique mandate and overview on all matters related to Travel & Tourism.
- WTTC works to raise awareness of Travel & Tourism as one of the world's largest industries, supporting 260 million jobs and generating 9 per cent of world GDP in 2012.
- WTTC advocates partnership between the public and private sectors, delivering results that match the needs of economies, local and regional authorities and local communities with those of business.



- Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice.
- For this, it draws on its own staff of over 70 highly-experienced professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in New York, Philadelphia, San Francisco, Chicago, London, Oxford, Belfast, Dubai, and Singapore.