Methodological approaches for measuring the economic impact of the tourist attractions and museums sector in Wallonia

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Context:

With almost 110,000 beds (recognised an unrecognised[1]), more than 11 million overnight stays (recognised and unrecognised) and 11 million visitors to tourist attractions and museums, the tourism sector in Wallonia represents 6.12% of GDP and around 50,000 jobs.

Tourism data is provided by the Walloon Tourism Observatory (Observatoire du Tourisme wallon - OTW), which receives figures relating to accommodation from the National Statistical Service and itself questions operators of tourist attractions and museums (just over 300 establishments) and tourism organisations (Maisons du Tourisme).

The global economic impact is measured using the Tourism Satellite Accounts (TSA) for Wallonia (2012 edition), compiled by the University of Namur.

The TSA are particularly useful in that they enable comparison with other regions and countries. However, the results obtained include only data relating to Wallonia and there is no sub-territorial breakdown, let alone any detailed analysis of the different tourism industry subsectors.

So, to plug these gaps, the OTW is now working in collaboration with the Walloon Institute for Evaluation, Forecasting and Statistics (Institut wallon d'Evaluation, de la Prospective et de la Statistique - IWEPS) to obtain economic data relating to the accommodation sector (hotels, campsites, holiday villages) using various data sources, including national accounts. However, conducting such analyses for the tourist attractions and museums sector is no easy task, due to its highly heterogeneous nature. Tourist attractions and museums can be classified in different NACE-BEL categories depending on their main activity, and this makes it difficult to identify the right codes for looking at the sector as a whole. So, the information had to be collected ... at source!

Two joint studies:

[1] Recognised beds = those which have been authorised and have been awarded a fire safety certificate by the Commissariat général au Tourisme (Wallonia Tourism authority)
Unrecognised beds = those which have not been authorised or which have been temporarily removed from the approved stock pending the issuance of authorisation documentation (a fire safety certificate, for example)

The OTW has, for a number of years now, been working in close collaboration with two professional associations which are particularly active in the tourist attractions and museums sector: Attractions & Tourisme (A&T) and Musées & Société en Wallonie (MSW).

Several joint studies have produced interesting findings and have shown the importance of analysing the sector's economic impact:

- **A specific "museums" strategy:**

In 2012, the OTW, the MSW (Museums and Society in Wallonia) and the Wallonia-Brussels Federation's Observatory of Cultural Policies launched a wide-ranging survey among museums.

Entitled "*Quantitative and qualitative approaches used in the museum sector in the Wallonia-Brussels Federation"* (Approches quantitative et qualitative du secteur muséal en Fédération Wallonie-Bruxelles)[2] it involved 350 museums which were questioned on 12 topics:

- the institution;
- the visitor attractions;
- accessibility;
- clientele;
- pricing policy;
- collections;
- programming;
- communications;
- partnerships-networks-collaborations;
- Tourism and Culture relationship;
- staff;
- finances;

This quantitative portrait, along with a qualitative component following the organisation of focus groups, led to the setting up of a new study focusing on the economic dimension and multiple subsidies in museums.

As part of a future "common subsidy" cooperation agreement between the Ministries of Culture, Heritage and Tourism and the Heritage-Culture-Tourism platform set up in 2013, the MSW was asked to provide an overview of subsidies granted to museums by different government departments. This study into subsidies provided an opportunity to obtain the data required for measuring the economic impact of museums, as mentioned above. So, quite naturally, the MSW and the OTW took the opportunity to carry out the joint survey.

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[2] The findings of this study are available (in French only) on the CGT's Pro pages: http://strategies.tourismewallonie.be/servlet/Repository/?IDR=16091

An online questionnaire, covering areas such as employment and financial data, was used to survey almost 90 Wallonia museums which benefit from subsidies from at least two public institutions. The survey is currently ongoing. Among other things, it should provide a clearer picture of what proportion of their financial results is made up by self-financing. The first quantitative results will be available in late 2016, and these will then be supplemented by qualitative data when working groups are set up with participating museums. The study will be completed in the first quarter of 2017.

- **A "tourist attractions and museums" working group:**

The tourist attractions and museums sector in Wallonia accounts for just over 11 million visitors to 310 day out attractions. These can be divided into three major areas:

Core area	Number of attractions	Visitors 2015
Cultural	223	4,000,000
Natural	34	3,000,000
Recreational	53	4,000,000

Source OTW

In 2012, Attractions & Tourisme, the professional association which represents the sector, approached the OTW with a proposal to carry out a comprehensive assessment of visitor numbers at tourist attractions and museums.

The aim of the study was to monitor tourism flows and thereby ascertain the state of the sector. The assessment[3], which covered the years 2004-2012, analysed visitor numbers at 222 sites by:

- territory (the 5 provinces of Wallonia);
- core area (cultural-natural-recreational);
- type (nature-nautical-recreational centre/amusement park-castle/citadel-stately homes/historic monuments-museum).

This work drew some damning conclusions, particularly where culture and the public sector are concerned.

A working group involving the Commissariat général au Tourisme, Wallonie-Bruxelles Tourisme and Attractions & Tourisme was set up to fine-tune the analysis of this data.
The working group also launched a study of good practice in the attractions to enable them to explain various upward and downward fluctuations in the number of people visiting certain types of attractions. An important benchmark study was also begun to ascertain whether findings in neighbouring regions were the same as those in Wallonia.

Using the results yielded by the 2014 "Practices in tourist attractions and museums" (Pratiques dans les attractions touristiques/musées") study, together with observations from

[3] This assessment is updated annually. The findings are available (in French only) on the CGT's Pro pages: http://strategie.tourismewallonie.be/fr/le-diagnostic-de-frequentation-des-attractions-touristiques-2004-2015.html?IDD=44183&IDC=927

operators, the working group devised a toolkit - a kind of good management guide - for the tourist attractions sector. This involved creating 30 information sheets divided into five chapters (product, communication, investment, management and profitability)[4].

Following very positive feedback from operators, the working group then began to study the financial dimension of the analysis of the tourist attractions and museums sector.
However, due to its specificities (heterogeneous NACE codes, a very disparate sector, etc.), it was difficult to analyse the data using the existing figures, particularly those provided by the Banque Nationale.
The best way of obtaining this information, which is essential for measuring the economic impact of the sector, was to collect it on a business-by-business basis from the 220 tourist attractions and museums in the visitor numbers analysis.
The study has a triple objective:

1) to collect 2014-2015 financial data, on a face-to-face basis, from the attractions which are included in the OTW analysis;
2) to plan for an automated data collection and processing system;
3) to process, interpret and communicate the results of the analysis.

In the first instance, and due to the fact that the OTW lacks the human resources to carry out this work internally, someone was taken on by Attractions & Tourisme to visit every tourist attraction and museum, explain the methodology and collect all their financial data relating to:

Revenue	**Expenses**
1. Sales revenue	**1. Purchases**
1.1. Visits (entrance fees, etc.)	1.1. Purchases associated with visits (fuel, etc.)
1.2. HORECA (restaurants, cafés, self-service cafeterias, etc.)	1.2. Purchases associated with hotels, restaurants and catering
1.3. Shop	1.3. Purchases associated with shops
1.4. Rental income (short-term or permanent)	1.4. Other purchases
1.5. Other (royalties, etc.)	1.5. Inventory change (up or down)
2. Subsidies	**2. Operating expenses**
2.1. Investment subsidies	2.1. Depreciation
2.2. Employment subsidies	2.2. Staffing costs
2.3. Promotional subsidies (CGT, AWEX, etc.)	2.3. Marketing, promotion, etc.
2.4. Operating subsidies (FWB, CGT, Province, Commune, etc.)	2.4. Operating expenses (power, etc.)

[4] http://strategie.tourismewallonie.be/fr/attractions-touristiques.html?IDC=944 (only available in French)

2.5. Other subsidies (one-off projects, etc.)	2.5. Others
3. Other operating revenue	**3. Other operating expenses (land-use fees, etc.)**
3.1. Sponsorship	
3.2. Others (sale of equipment, etc.)	
Operating results	
4. Financial revenue	**4. Financial expenses**
5. Extraordinary revenue	**5. Extraordinary expenses**
Profit before tax	

Over time, this data will also help attractions to put in place the best tools and resources, and thereby further improve their profitability.

<u>However, certain limitations and weaknesses have already emerged during the collection phase:</u>

1. Durability of the method:

The analysis grid was created as a prototype for a tool which, it is hoped, will remain in use for some time. It was based on current data collection options and the desired outcomes of the analysis: to determine the economic impact, the impact of financial aid, the importance of promotional activities, the attractions' profitability, etc. However, this grid is inflexible and other information may need to be evaluated for a microeconomic analysis.

2. Annual variations:

Year on year, an attraction's turnover can be greatly affected by the inclusion or otherwise of hotel, restaurant and catering services. When these services are subcontracted, neither expenses nor revenue are accounted for. The only data which can be included is commission earned by the attraction, if it owns the Horeca establishment. This is treated as additional operating revenue and, therefore, has no effect on turnover. However, evidence shows that, from one year to the next, some attractions may lose or reacquire a Horeca establishment. This, though, is quite normal. Finally, the sample could vary: an attraction might refuse to share its data for a particular year. In such an eventuality, this will have to be taken into account when trends are being interpreted, even if it means revising the data for previous years, omitting this attraction, to ensure that the ongoing analysis is consistent.

3. The comprehensiveness and reliability of expenses:

Although the method used is extremely comprehensive, it is difficult to provide any guarantee that the data collected is completely reliable. This is particularly true in the case of public organisations. On the one hand, it could be that the figures are somewhat distorted or, on the other, as we have explained, certain expenses (associated with investment, staffing and operating) may be administered by a local government department, for example, which is responsible for different public services (certain municipal workers, for example).

4. The impact of special events

It will be difficult to accurately determine the economic impact of one-off events in terms of both revenue and expenses. It is not easy to isolate the revenue generated by a ticket office, hotel, restaurant and catering services, or shops during exhibitions or other similar events. And expenses could get lost among the overall promotional expenses.

5. Certain particularly influential attractions:

As was the case for the analysis of visitor numbers, the microeconomic analysis must be able to analyse the sector and isolate those attractions which have a significant impact on the results. However, this means that those concerned will have to take care not to stifle certain results, without necessarily allowing for the identification of single pieces of data when the interpretations are shared. First and foremost, the revenues, expenses and resulting balances of private businesses are considerably higher than those of non-profit organisations and public bodies.

6. Participation of the entire survey sample:

There is no guarantee that all 222 tourist attractions and museums will be willing to take part in this study, given the sensitive nature of the data collected.

However, this study remains a priority and is the first of its kind in Wallonia. Obviously, the aim is not to take a single ‘snap-shot’, but rather to collect this type of data on an annual basis. Therefore, an IT tool is going to be specially created to provide an annual assessment of the sector’s economic impact.

The fact that no results are available at the present time is simply because the collection phase is ongoing. More than a hundred sites have already been surveyed. The first data will be available early in 2017.

Conclusions:

It is the first time that these studies have been conducted in the tourism sector in Wallonia. Their originality lies not only in the methodology employed - face-to-face collection from operators of tourist attractions - but also in the fact that they are also the result of trust and collaborations built up over the years with private partners such as professional associations in the sector.

Conducted in tandem, the surveys will provide reliable economic data for political decision-makers and tourism organisations. And these figures will enable them to adapt the subsidy methods of public bodies.

The final results, which will be published in 2017, will be added to similar studies conducted in the tourist accommodation sector to provide an overall picture of the tourism industry in Wallonia.

Obviously, these studies will be conducted on an annual basis and will provide information for the Tourism Satellite Accounts in particular.