

ROADMAP			
TITLE OF THE INITIATIVE	European Tourism Label for Quality Systems		
TYPE OF INITIATIVE	x CWP	• Non-CWP	• Implementing act/Delegated act
LEAD DG – RESPONSIBLE UNIT	DG ENTR F-1		
EXPECTED DATE OF ADOPTION	Month/Year: 4 th quarter 2012		
VERSION OF ROADMAP	No: 1	Last modification:	Month/Year:

This indicative roadmap is provided for information purposes only and is subject to change. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content and structure.

A. Context, problem definition
<p>(i) What is the political context of the initiative?</p> <p>(ii) How does it relate to past and possible future initiatives, and to other EU policies?</p> <p>(iii) What ex-post analysis of the existing policy has been carried out and what results are relevant for this Initiative?</p>
<p>With the entry into force of the Lisbon Treaty, the importance of tourism has been recognised: Article 6 of the Treaty states that the European Union now has powers in the field of tourism "to support, coordinate and complement action by the Member States". The EU competence is further explained in Article 195, which grants powers to the EU "to complement the action of the Member States in the tourism sector, in particular by promoting the competitiveness of Union undertakings in that sector. To that end, Union action shall be aimed at:</p> <p>(a) encouraging the creation of a favourable environment for the development of undertakings in this sector;</p> <p>(b) promoting cooperation between the Member States, particularly by the exchange of good practice.</p> <p>Taking advantage of these new competences, the Commission Communication¹ "<i>Europe, the world's N°1 tourist destination – a new political framework for tourism in Europe</i>" lays down an ambitious set of actions aiming at helping the European tourism industry to promote sustainable, responsible and high-quality tourism, to enhance its competitiveness and to consolidate the image and visibility of Europe and its destinations, as the main objectives of European tourism policy.</p> <p>Action 13 of the Communication is particularly relevant for this initiative: it envisages the development of a European Tourism Quality Brand, based on existing national experience, to increase consumer security and confidence in tourism products and reward rigorous efforts by tourism professionals whose aim is quality of tourism service for customer satisfaction.</p> <p>The European Tourism Label, complemented by Action 11, which proposes to develop a European system of indicators for the sustainable management of destinations and Action 15 on the Charter for sustainable and responsible tourism, will assist the final objective of Action 18, which foresees the creation of a 'Europe brand', to complement promotional efforts at national and regional level and enable European destinations to distinguish themselves from other international destinations.</p> <p>Prior to the 2010 Communication, the objectives of competitiveness and sustainability were</p>

¹ COM(2010) 352 final

acknowledged and enshrined in the 2007 Communication "*Agenda for a sustainable and competitive European tourism*"², which emphasised that an integrated and holistic policy approach where all European public and private tourism stakeholders share the same objectives is necessary in order to create the right balance between the welfare of tourist, the needs of the natural and cultural environment and the economic development and competitiveness of destinations and business. Such an integrated approach is a key to guiding all stakeholders in their policies and actions which aim at the development of high-quality and sustainable tourism.

The **European Parliament Resolution** on the communication from the Commission entitled "*A renewed EU Tourism Policy: Towards a stronger partnership for European Tourism*" of 27 November 2007 calls on the European hospitality industry to pursue its work in relation to the setting up of "a European *umbrella* for quality management systems and to contribute to the enhancement of a sustainable labelling process based on economic, social, territorial, environmental and cultural criteria by showcasing best practice, and transfer of best practice".

The **European Parliament Report**³ on the 2010 Commission Communication "...calls on the Commission to assess, in cooperation with tourism stakeholders, the feasibility of a 'European quality tourism label, [...] in order to create an umbrella label complementary to national labels and recognised on an opt-in basis."

What are the main problems which this initiative will address?

The need for providing sustainable, responsible and high-quality tourism is well recognised by the Member States, the industry as well as by tourists. This has been highlighted by the 2010 Commission Communication on tourism.

Currently there is a wide variety of public and private initiatives that aim at defining the main principles and criteria to be used by European tourism stakeholders for ensuring the development of high-quality tourism within the EU. However, these quality systems show little consistency and coordination as they all focus on individual sectoral or territorial objectives without following a European integrated approach. For example, most of the quality systems evaluate establishments within the territories of a country or a region and often their evaluation methodology is not coordinated with other countries/regions quality systems. Those existing quality systems which operate in several countries based on the same coordinated methodology, in most cases focus on certain sub-sectors of tourism, such as catering, youth hostels, farm and village tourism accommodation, attractions, etc.

Moreover, the conflicting interests of the existing different types of quality labels' operators (e.g. Member States, private professional organisations, semi-governmental organisations) in a coordinated pan-European approach towards quality evaluation has been expressed during the preparatory works on the European Tourism Quality Label by stakeholders.

Due to the above described inconsistencies, the implementation of consistent and comparable quality-related principles and criteria by tourism businesses at European level is currently not achieved. This fragmentation is an obstacle to achieving an EU level playing field for providing high-quality tourism service throughout Europe, causing detriment to the competitiveness of the European tourism sector. This has been recognised by the European Commission in its Communication from 2010.

As also highlighted in the 2010 Commission Communication on tourism, Europe is facing enormous increasing competition by new emerging destinations from third countries. The incoherent approach towards high-quality service provisions is one of the barriers to the creation of a competitive advantage and the reinforcement of the perception of Europe as a set of sustainable, responsible and high-quality

² COM (2007) 621 final

³ P7_TA-PROV(2011)0407 – European Parliament Report of 2709/2011 on Europe, the world's No 1 tourism destination – a new political framework for tourism in Europe.

destinations.

There are already various sectoral evaluation systems established at EU level, which at least partly cover certain aspects of the sustainability of tourism services or related industry sectors, among them:

- the EU Ecolabel⁴, focusing on the evaluation of the environmental management of enterprises, with specific criteria for tourist accommodations⁵ and camping sites⁶.
- the EU Eco-management Audit Scheme (EMAS)⁷, which is a management tool for companies and other organisations to evaluate, report and improve their environmental performance. It lays down sector-specific practical guidelines for tourism businesses for facilitating their compliance with EMAS principles and criteria of environmentally friendly business management.

Even though these EU initiatives voluntarily apply to tourism services or related sectors at business level, they are strictly environment oriented and do not cover the economic, socio-cultural aspects of quality services in tourism.

Another specific problem of businesses is the low level of consumer confidence due to confusion caused by the complexity of quality evaluation systems that use different methodology and criteria. This leads to lost opportunities to increase the competitiveness of the tourism industry. Consumers are not offered a common identification tool (e.g. a label) of quality tourism services at European level, which would help them to make a more informed choice.

When travelling abroad, even though there is an existing label, consumers might not know what it stands for, as information on the principles and methodology of the existing evaluation systems is not always available in a language that they understand. Furthermore, the variety of quality evaluation systems and labels on the market stand for different quality realities creating confusion with the tourist/consumer and failing to reassure them about the respect of a core of quality criteria.

Moreover, tourism businesses, and in particular SMEs, do not dispose of adequate human resources to tackle the challenges of high-quality and sustainable business management, exchange their experiences and turn them into practice.

Who will be affected by it?

Members States' administrations at all policy-making levels, destinations, tourism-related businesses and their employees, as well as tourists and local communities.

(i) Is EU action justified on grounds of subsidiarity?

(ii) Why can Member States not achieve the objectives of the proposed action sufficiently by themselves?(Necessity Test)

(iii) Can the EU achieve the objectives better? (Test of EU Value Added)

Title XXII, Article 195 (Tourism) of the Lisbon Treaty stipulates that "The Union shall complement the actions of the Member States in the tourism sector, in particular by promoting the competitiveness of Union undertakings in that sector. To that end, Union action shall be aimed at: (a) encouraging the creation of a favourable environment for the development of undertakings in this sector; (b) promoting cooperation between the Members States, particularly by the exchange of good practice" It also states

⁴ http://ec.europa.eu/environment/ecolabel/about_ecolabel/what_is_ecolabel_en.htm

⁵ http://ec.europa.eu/environment/ecolabel/ecolabelled_products/categories/tourist_en.htm

⁶ http://ec.europa.eu/environment/ecolabel/ecolabelled_products/categories/camp_site_service_en.htm

⁷ http://ec.europa.eu/environment/emas/index_en.htm

that "The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish specific measures to complement actions within the Member States to achieve the objectives referred to in this Article, excluding any harmonisation of the laws and regulations of the Member States".

Member States have full competence in the field of tourism. However, challenges such as developing a set of common Europe-wide principles and criteria to promote high-quality tourism can not be addressed sufficiently only by the Member States alone. Ensuring the dialogue and cooperation between the Member States as well as private stakeholders and the agreement of these players over a common list of European principles and criteria with a true European added value requires EU intervention. In addition, creating a common visual identity to Europe through the European Tourism Label requires a coordinated EU action, which would provide a competitive advantage vis-à-vis the new emerging destinations of third countries, by reinforcing the perception of Europe as a set of high-quality and sustainable destinations.

Any action to be taken at EU level will therefore aim at complementing the measures undertaken by the Member States and the industry while fully respecting the principle of subsidiarity. It will be limited to actions having a European dimension and true European added value.

B. Objectives of the initiative

What are the main policy objectives?

The key priorities of the 2010 Communication on Tourism are laid down by the Europe 2020 objectives of reinforcing the competitiveness of the European economy, including sectors such as tourism. In line with these strategic goals, the **general objective** is to encourage high-quality and sustainable tourism policies and actions across Europe.

The specific objectives, as clearly recognised by the 2010 Commission Communication on tourism, are:

- encourage the adoption of high-quality and sustainable approaches by businesses;
- increase consumer confidence in tourism services;
- help consumers make informed choices;
- improve the understanding of the importance of high-quality and sustainable tourism and turn it into practice;
- recognise the effort and enhance the visibility of approaches to increase quality and sustainability in tourism;
- reinforce the perception of Europe as a set of sustainable, responsible and high-quality destinations.
- strengthen and exchange of experience among the public and private actors of the tourism sector;

The operational objectives are:

- increase awareness among public and private stakeholders of sustainable and high-quality tourism;
- make it more attractive for the tourism industry to adopt quality and sustainable approaches;
- facilitate consumer uptake of high-quality tourism services.

Do the objectives imply developing EU policy in new areas?

This initiative follows up on the 2010 Commission Communication on tourism.

C. Options

- (i) What are the policy options being considered?
- (ii) What legislative or 'soft law' instruments could be considered?
- (iii) How do the options respect the proportionality principle?

At this stage, the following options appear as most relevant:

Option 1: Status quo/No policy change

The “No policy change” option means that no consolidated European framework for high-quality tourism will exist for the sector at EU level. Sectoral initiatives covering partial aspects of the market or partial groups of interests and tourist categories would continue to exist.

Option 2: Encouraging existing and future industry-driven quality systems in the area of evaluating and monitoring the quality of tourism services

This option suggests the active encouragement and support by the EU of those industry-driven quality systems, whether existing or new, which are able to achieve significant pan-European cooperation and consistency in quality evaluation of tourism services in tourism.

Option 3: European Tourism Label as a voluntary system.

This option implies setting up a voluntary European Tourism Label for Quality Systems which would lay down a list of common European principles and criteria for high-quality tourism. The non-binding nature of the initiative would encourage spontaneous participation and ensure the commitment of the convinced stakeholders.

The following possible sub-options may be proposed in regards to the content of the initiative:

Sub-option A: An umbrella European Tourism Quality Label.

This sub-option foresees a coherent approach to quality tourism business management.

It implies the establishment of common European principles and criteria with regards to quality tourism. The initiative would focus on the evaluation and recognition of quality systems based on a set of common European criteria. The concept would be developed based on the preparatory work already carried out by the Commission in close cooperation with public and private stakeholders during 2010-2012.

Sub-option B: An umbrella European Tourism Quality and Sustainability Label.

This sub-option foresees a coherent approach to sustainable and quality tourism business management. It is based on the same concept as sub-option A, but it is further elaborated by principles and criteria for sustainable business management.

During the preparatory works and in the development of other EU initiatives of targeted sectoral tourism evaluation (e.g. in the area of environmental sustainability), it was clearly highlighted that any duplication of existing work at EU level should be avoided. In exchange, possible synergies between these initiatives should be created.

Therefore this sub-option may be further elaborated by considering two possible ways of integrating the

criteria for sustainable business management into the quality evaluation approach:

- by creating synergies (cross references) with the existing EU Ecolabel criteria and EMAS guidance documents. It should be noted that these initiatives only focus on the environmental pillar of sustainability and do not touch upon the other two pillars: economic and social sustainability, which would need to be developed additionally. Their adaptation or revision could be explored, though due to their restricted focus on environmental sustainability, they may still not be able to cover the above mentioned aspects. Moreover, they may not provide sufficient visibility to the tourism dimension. This option has been discussed with the stakeholders during the preparatory works of the European Tourism Quality Label. It triggered various positions, both in support of and against the idea.
- by developing new sustainability criteria: the option of including a sustainability approach in the requirements of the European Tourism Quality Label also generated different views among the stakeholders. While some supported the idea stating that sustainability is the prerequisite of quality service in tourism, its opponents reasoned that if the criteria are set too strict and demanding, it will be very difficult to comply with, which could result in low participation in a voluntary initiative by stakeholders.

Option 4: A mandatory umbrella European Tourism Label

This option implies setting up a mandatory European Tourism Label for Quality Systems which lays down a list of binding common European principles and criteria with regards to sustainable and high-quality tourism development that need to be complied with by all quality systems in the sector.

This option does not seem to be feasible, given the legal basis provided by Article 195 of the Lisbon Treaty⁸.

The following alternatives with regards to the type of EU legal instrument could be considered:

i) Recommendation

This non-binding EU legal act issued by the Commission would be voluntary to implement, which could potentially encourage spontaneous participation and ensure the commitment of the convinced stakeholders.

ii) Regulation

The European Tourism Label Regulation would be immediately applicable in all Member States. Joining the label would be a voluntary decision. However, the criteria and principles would be mandatory to those quality systems which decide to implement it.

As in many Member States the national system is run by the public services, the issue of indirect harmonisation of quality evaluation systems should also be considered, as a possible unintended consequence.

In all policy options, a European Tourism Label would be developed through a transparent, “bottom-up” approach, in close cooperation with public and private stakeholders and in full respect of the principle of proportionality. It would also incorporate stakeholder consultation results and the position of Members States and industry representatives.

⁸ [...]“The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish specific measures to complement actions within the Member States to achieve the objectives referred to in this Article, excluding any harmonisation of the laws and regulations of the Member States.”

D. Initial assessment of impacts

What are the benefits and costs of each of the policy options?

Option 1 (baseline)

Under this option, the problems described above are expected to persist. As the Study on the Competitiveness of the EU Tourism Industry clearly states, although international tourist arrivals will continue to increase over the next decade, Europe is likely to lose its market share to other world regions.⁹

Option 2

Under this option the problems described above may get resolved to a certain extent, if strong commitment, effective action and cross-border cooperation are achieved by the industry. However, EU-level consistency and comparability in providing high-quality tourism services may be hard to achieve. Although such bottom-up approach might encourage industry cooperation, true EU-level consistency would be hard to achieve due to opposing interests of the different stakeholder groups. The currently existing trans-national experiences do not offer the consistent and coherent cross-sectoral approach to tourism quality. Moreover, the economic implications might put up an obstacle to joint action by the industry players, which might not be outweighed by the indirect economic gains expected over the medium-term.

Option 3

The two sub-options under this option imply limited direct economic benefits. However, they are expected to have impacts on:

- the quality of tourism services provided by businesses in sub-option A,
- the sustainability and quality of tourism businesses in sub-option B.

Moreover, stronger cooperation between tourism stakeholders will be triggered.

The specific economic, environmental and social impact will reach various degrees in each sub-option.

In sub-option A, the environmental impacts are limited due to the absence of sustainability criteria and pure focus on quality evaluation, with only a requirement to provide information on, among other aspects, any possible endorsement of sustainability principles. As regards social impacts, consumer confidence as well as the awareness of tourism employees about quality service requirements are expected to rise.

In sub-option B, in addition to the impacts generated in sub-option A, the integration of the three pillars of sustainability (economic, social and environmental) in the criteria will ensure more ample environmental and social impacts through the adoption of a more responsible business behaviour.

Option 4

This option implies the mandatory establishment of an umbrella initiative for the development of sustainable and high-quality tourism. The binding nature of such proposal would generate various economic impacts, due to the possible costs of adaptation of tourism infrastructure as well as administrative structure in order to comply with the mandatory requirements. The same positive indirect economic, environmental and social impacts are expected as in option 3. However, due to the mandatory implementation, the possible costs on tourism actors as mentioned above might not be outweighed by the indirect benefits of the proposal, in case of such top-down approach is imposed on Member States and industry.

⁹ According to UNWTO forecasts, "Tourism Towards 2030 - Global Overview" (2011), international tourist arrivals worldwide are set to reach 1.8 billion by 2030, compared to 940 million in 2010. Whereas in 1980, Europe's share was amounting to 63% of the total number of international tourist arrivals, its share decreased to 51% in 2010 and is set to further decrease down to 41% by 2030.

The effects of labels on the process of consumers' decisions are very little studied on a theoretical level. The point on which most studies seem to agree is that the label is a logical extension to the mark with less direct and visible commercial interest, providing it with more credibility than that of business information (Larcen, 2003b¹⁰). It can strengthen the assessment of the quality perceived by the consumer and influence the purchase (Carpenter et Larcen, 2008, Erdem and Swait, 2004¹¹, Rao et al., 1999¹²).

According to a study on the effectiveness of labels on consumer behaviour by Chameroy and Chandon¹³, the label (compared to a mere commercial promise) influences positively. Three variables are mediators of the intention to purchase: perceived quality, perceived uniqueness, esteem accorded to the producer

Could any or all of the options have significant impacts on (i) simplification, (ii) administrative burden and (iii) on relations with other countries, (iv) implementation arrangements? And (v) could any be difficult to transpose for certain Member States?

Option 1 and 2: No significant impacts are envisaged on simplification, administrative burden and on relations with other countries.

Option 3: Any significant impact on simplification is not expected.

Moderate impact on administrative burden is expected in both sub-options, which is mainly linked to the establishment of the administrative and management framework of the European Tourism Label (e.g. the establishment of a European Board, and depending on further operational alternatives, the possible establishment of management entities at national level. The recognition procedure, which may require the employment of independent auditors, is also expected to entail limited economic impacts).

The initiative is not expected to have direct impacts on relations with countries outside the EU.

Option 4: Various impacts on administrative burden may be foreseen depending on the degree of necessary adjustments required to comply with the initiative. As the mandatory instrument would oblige Member States to implement the common European principles and criteria in order to meet the objectives of the initiative, the administrative burden on the players of the tourism industry are expected to be higher than that of a voluntary proposal.

Difficulties are expected in implementation arrangements, due to the variety of existing public and private experiences already in place in the Member States and at transnational level.

The initiative is not expected to have direct impacts on relations with countries outside the EU.

(i) Will an IA be carried out for this initiative and/or possible follow-up initiatives? (ii) When will the IA work start? (iii) When will you set up the IA Steering Group and how often will it meet? (iv) What DGs will be invited?

An Impact Assessment should be foreseen, including an analysis of the existing experiences in respect of their scope, consistency, comparability and uptake by the industry and consumers. It would also focus on a cost-benefit analysis and the analysis of administrative burden. The impact assessment would also examine the implications of using different EU legal instruments and will include an analysis of the scope, geographical coverage, effectiveness in terms of consistency, comparability and transparency of the existing experiences as well as their uptake by the industry and recognition by the consumers would be carried out.

The proposed initiative will take into consideration the reactions by all public and private tourism stakeholders to the targeted consultation held in September - October 2011, as well as the results of the

¹⁰ <http://basepub.dauphine.fr/bitstream/handle/123456789/3556/Larceneux.pdf?sequence=1>

¹¹ Erdem, T. I. and Swait, J. (2004). Brand Credibility, Brand Consideration, and Choice. *Journal of Consumer Research*, 31, 191-198.

¹² Rao, A. R., Lu, Q. and Ruckert, R. (1999). Signalling Unobservable Product Quality through a Brand Ally. *Journal of Marketing Research (JMR)*, 36, 258-268.

¹³ <http://www.cergam.org/fileadmin/files/cerog/wp/885.pdf>

preparatory workshops and working group meetings of a multi-stakeholder group of representatives of Member States and the tourism industry.

The IA Steering Group should be set up in March 2012 and would meet 3 times during the Impact Assessment works. This initiative would seek reinforced coherence with activities of other DGs (Secretariat General, Legal Service, DG ENV, DG CLIMA, DG EAC, DG SANCO, DG MOVE, DG MARKT, DG AGRI, DG REGIO, DG JUST, DG EMPL, DG COMP, DG MARE, DG TRADE), which would be invited to participate in the IA Steering Group.

- (i) Is any of options likely to have impacts on the EU budget above €M?
- (ii) If so, will this IA serve also as an ex-ante evaluation, as required by the Financial regulation? If not, provide information about the timing of the ex-ante evaluation.

Options 1 and 2 entail limited budgetary implications, which will not have impacts on the EU budget above €M.

Options 3 and 4, including sub-options, might imply impacts over €M on the EU budget, depending on the final organisational framework and the implications of the various possible legal acts. The Impact Assessment would also serve as an ex-ante evaluation.

Informal ex-ante evaluation already started through the preparatory works of the European Tourism Quality Label, in close cooperation with the stakeholders.

E. Evidence base, planning of further work and consultation

- (i) What information and data are already available? Will existing impact assessment and evaluation work be used?
- (ii) What further information needs to be gathered, how will this be done (*e.g. internally or by an external contractor*), and by when?
- (iii) What is the timing for the procurement process & the contract for any external contracts that you are planning (*e.g. for analytical studies, information gathering, etc.*)?
- (iv) Is any particular communication or information activity foreseen? If so, what, and by when?

Several sources of information will be taken into consideration:

The 2009 *study on the competitiveness of the EU Tourism Industry*¹⁴ with specific focus on the accommodation and tour operator & travel agent industries.

The existing public and private experiences at European, national and regional level (*e.g. National quality evaluation systems run by the Member States, the transnational quality evaluation systems focusing on particular sub-sectors, such as the European Hospitality Quality Scheme by HOTREC, the EuroGites quality evaluation scheme, or the HiQ system by Hostelling International evaluating Youth hostels*), industry-driven sectoral quality systems operating at national or regional level, etc.);

Results of the workshops and working group meetings on the European Quality Tourism Label held in 2011,

Outcome of the informal consultation on the European Tourism Quality Label held in September – October 2011,

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http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=3702&lang=en&tpa=136&displayType=library&ref=newsbytheme%2Ecfm%3Flang%3Den%26displayType%3Dlibrary%26fosubtype%3D%26tpa%3D136%26tpa%5Fid%3D136%26period%3D2009%26month%3D%26page%3D1

Results of the open Conference on the European Tourism Quality Label of 25 January 2012.

Similar EU initiatives will be examined to avoid similar fallbacks and overlaps.

An IA study, if deemed necessary, will be carried out by an external contractor, using the DG ENTR framework contract for Impact Assessment.

A press release is foreseen after the adoption by the College.

Which stakeholders & experts have been or will be consulted, how, and at what stage?

The Commission started preparatory work of the implementation of the European Tourism Quality Label with the close involvement of the public and private stakeholders. Information was gathered on the most significant existing experiences at European, national and regional level, which was then discussed at two workshops in March and June 2011. A working group was established to assist the Commission in the preparatory work. The stakeholder discussions outlined three main feasibility alternatives, a set of principles and a draft list of criteria, which was put into consultation to perceive the views of a wider circle of all tourism parties on the concept of a European Tourism Quality Label. The outcome of the consultation served as a basis for the discussions of the open conference held on 25 January 2012 in which, in addition to the representatives of the European tourism industries, in particular the associations and federations representing SMEs, national, regional and local authorities responsible for tourism, non-governmental organisations active in tourism or consumer protection field and the Trade Unions from the tourism sector participated. They will continue to be closely involved throughout the whole procedure.

A public consultation will be held from April to June 2012.