

# Argentina's Travel and Tourism Competitiveness

## The Case for Promoting and Preserving Cultural, Natural and Heritage Assets in Tourism

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# Executive summary

The travel and tourism industry is a resilient creator of wealth, responsible for 10.4% of global gross domestic product and 10% of jobs in 2018.<sup>1</sup> Despite global geopolitical stress and economic uncertainty, international arrivals grew from 25 million in the 1950s to 1.4 billion in 2018.<sup>2</sup> In Argentina, 6 million international visitors are expected in 2019, one of the highest totals in the region but still relatively low considering the country's great potential.<sup>3</sup>

Argentina ranks high globally in the size of domestic and foreign markets to which its firms have access,<sup>4</sup> which in turn demonstrates the potential to boost the returns on the capital invested to encourage travel and tourism. Greater focus on improving infrastructure, developing a strong digital strategy, increasing nation branding and sustainably leveraging its natural assets are recommended to enhance the sector in the country.

Argentina's vast size makes air travel one of its key assets. Government and industry have invested heavily in its air infrastructure by improving airport terminals, generating new flight routes, promoting competition among airlines and addressing the needs of new tourist profiles, such as millennials or late baby boomers. Further efforts are needed to improve ground transportation to increase the country's competitive edge among similar destinations, as tourists appreciate seamless trips between transportation modes. Removing travel barriers, such as visa bureaucracy and unnecessary taxes, will also help improve the traveller's experience.

The technologies of the Fourth Industrial Revolution are transforming how tourism is managed and consumed. Research indicates that tourism spend is larger in countries

with better readiness in information and communications technology (ICT). While Argentina has an excellent ICT network and mobile data coverage, it now needs to continually improve the digital application of business-to-business and business-to-consumer transactions to create greater efficiencies and redefine the role of intermediaries in providing a better customer experience. ICT also allows for more detailed understanding of tourists' needs and preferences, which can be addressed by cross-selling products and services that were not efficiently linked in the past. This creates a huge opportunity to generate additional wealth and manage tourism flows. At the same time, it reinforces the need for authorities to prioritize educating the workforce in digital field needs.

ICT is strongly linked to nation branding as a means of highlighting a country's positioning to targeted travellers. Argentina's branding encompasses not only the travel and tourism sector, but also the entire country. Its positioning needs to be aligned with the country's core values, natural resources and cultural heritage. Once this is defined, a targeted advertising campaign for different market segments can be a highly effective tool to drive brand recognition and competitiveness.

When it comes to nature, Argentina presents an incomparable frame where geographical and climatic elements live in continuous contrast. Evidence suggests a direct correlation between good environmental practices and the amount of tourism receipts; therefore, policy-makers should focus on environmental sustainability and on embracing the latest trends in sustainable tourism while being fully aligned with local community needs.

# Argentina's tourism landscape

## The global context

The travel and tourism industry is a proven engine of economic growth: it creates jobs and promotes development, not only in infrastructure but also in open trade and cultural integration. The industry is relatively resilient to global geopolitical and economic uncertainty and has consistently outperformed the global economy for the last eight years. In 2018, the travel and tourism industry contributed 10.4% of global gross domestic product (GDP) and accounted for 10% of jobs worldwide.<sup>5</sup> Considering that about 6% of the world's active population is out of work, the travel and tourism sector can play a key role in generating employment, especially when every job in the core tourism industry creates about 1.5 additional or indirect jobs in the tourism-related economy. Yet tourism's role as an employment booster is often underestimated when formulating and implementing policy.<sup>6</sup>

Data in Argentina is in line with global figures, with the travel and tourism industry contributing 10% to the national GDP in 2018, and employment in the sector amounting to 9.4% of total available jobs. The international visitor impact in terms of spend was \$4.8 billion, which is 6.4% of total exports.<sup>7</sup>

The number of cross-border travellers has increased exponentially. International arrivals grew from 25 million in the 1950s to 1.4 billion in 2018 and are forecast to reach 1.8 billion by 2030.<sup>8</sup> Since the 1980s, air traffic has doubled every 15 years, a trend that is expected to continue. By 2035, when global population will be close to 9 billion, 7.2 billion people are projected to travel by plane,<sup>9</sup> according to the United Nations.

In 2019, 6 million international visitors are expected in Argentina,<sup>10</sup> one of the highest levels in the region and a total that is expected to continue growing. This could be considered low for a country with exceptional cultural and natural resources. Argentina ranks 34th out of 140 countries in market size (defined as the size of the domestic and foreign markets to which a country's firms have access), according to the World Economic Forum *Global Competitiveness Report 2018*. Large markets provide economies of scale and encourage innovation, resulting in potentially higher returns on new ideas. Such a good score on market size means that, with the proper nation branding, Argentina can dramatically increase the number of visitors and hence tourism spend.

Argentina has great potential to grow its tourism inflow and boost its positive contribution to the country's GDP and employment base.

## Embracing the Fourth Industrial Revolution

The number of unique mobile phone users worldwide is estimated at 4.9 billion, of which 2.7 billion are active on social media.<sup>11</sup> Digital platforms are changing the way products and services are delivered, as better understanding of users' preferences and behaviours are leading to greater customization. Research proves that information and communications technology (ICT) readiness and the total value of tourism receipts are correlated.<sup>12</sup> ICT reduces transaction costs and speeds up the exchange of information and ideas, enabling travellers and locals to connect without the need for intermediaries.

With regard to ICT adoption, Argentina is ranked 64th out of 140 in the World Economic Forum *Travel & Tourism Competitiveness Report 2019*, with a score of 4.9 out of 7. This is slightly higher than the regional performance for South America (4.5). Use of ICT in business is likely to rise in Argentina alongside the continued proliferation of network and mobile device coverage. The country's digital strategy must be geared to increasing the underutilized application of ICT in business-to-business and business-to-consumer transactions.

ICT is therefore fundamentally transforming business models in the aviation, travel and tourism industry. New services and locations can go viral in a matter of days, turning unknown destinations into global attractions. Better data management allows for segmented marketing in a way that was never possible before. Mexico, for instance, identified a competitive advantage in the niche sector of medical tourism. Capitalizing on existing infrastructure, policy-makers devised incentive policies and targeted marketing, establishing the country as a well-known destination for medical and health treatments.<sup>13</sup> Argentina highlights what makes the country unique and uses technology to enhance and deliver authentic experiences for travellers.<sup>14</sup>

## Infrastructure: The peak and the pit

Travellers to Argentina benefit from tourism infrastructure that is above average for South America. The growth in tourist arrivals has coincided with improved air transport infrastructure (the peak), as Aeropuertos Argentina 2000, which holds the concession for a majority of Argentina's airports, invested 22.4 billion Argentine pesos between 2016 and March 2019 to improve most of the country's 35 airports. Additionally, more airlines are operating in Argentina, leading to greatly expanded route capacity.<sup>15</sup> In 2017, 2.5% of the federal budget was allocated to travel and tourism, and taxes and charges on tickets and airport services were among the highest globally (ranked 130th out of 136), although this improved in 2019 with a rank of 122nd out of 140.<sup>16</sup> Ground transportation (the pit) is slowly

improving, although greater effort is required as research shows that tourists want to move quickly and seamlessly and will not hesitate to choose alternative destinations when access is difficult. Nevertheless, the investment in airports clearly signals the strong perception that greater prioritization is benefiting the industry.

### **Investing in air infrastructure<sup>17</sup>**

In 2015, the Argentinian government embarked on a project to transform the country's aviation infrastructure and industry. The sector's standstill, with almost no competition, high prices, wrong routes and half the number of passengers than the region's average, triggered this reform. The goal was to double the number of passengers by stimulating competition through increasing the number of carriers, removing minimum prices and improving the country's airport infrastructure.

Argentina has never made such a large investment in airport infrastructure; 19 works have concluded and 11 are ongoing. National routes have increased from 92 in 2015 to 139 today, of which 47 do not connect via Buenos Aires, and international routes have grown from 91 in 2015 to 153 currently, of which 55 do not transit through Buenos Aires. Aerolineas Argentinas, the national carrier, is more punctual and has more routes, passengers and aircraft. Thanks to more efficient management and cost control, the current airline governmental subsidy is \$14 per ticket compared to \$132 previously.

Bringing new airlines to increase competition could have translated into more complex operations. But Aeropuertos Argentina 2000, which manages the country's 35 airports, has taken measures to improve efficiency and simplify and decrease bureaucracy – for example by eliminating a 14% tax levied on international flights. The focus still remains on increasing passenger and airline capacity, which can lead to growth in employment and to a flourishing tourism sector.

The country's infrastructure has additional benefits, which include the number of high-capacity stadiums and entertainment venues available to host large sporting, entertainment and business events. Also, when travelling to Argentina, visitors can take comfort in one of the best healthcare systems in the Americas, a substantial advantage for the country.

### **Leveraging cultural and natural assets and trends in sustainable tourism**

Argentina is in the global top 10 of World Heritage natural sites of the United Nations Educational, Scientific and Cultural Organization, and in the top 20 for the number of known species. Regarding the latest trends in sustainable tourism, the country can benefit from its natural and cultural attractions by integrating eco-friendly experiences into its tourism offerings, including new modes of transportation and accommodation and exposure to alternative products.

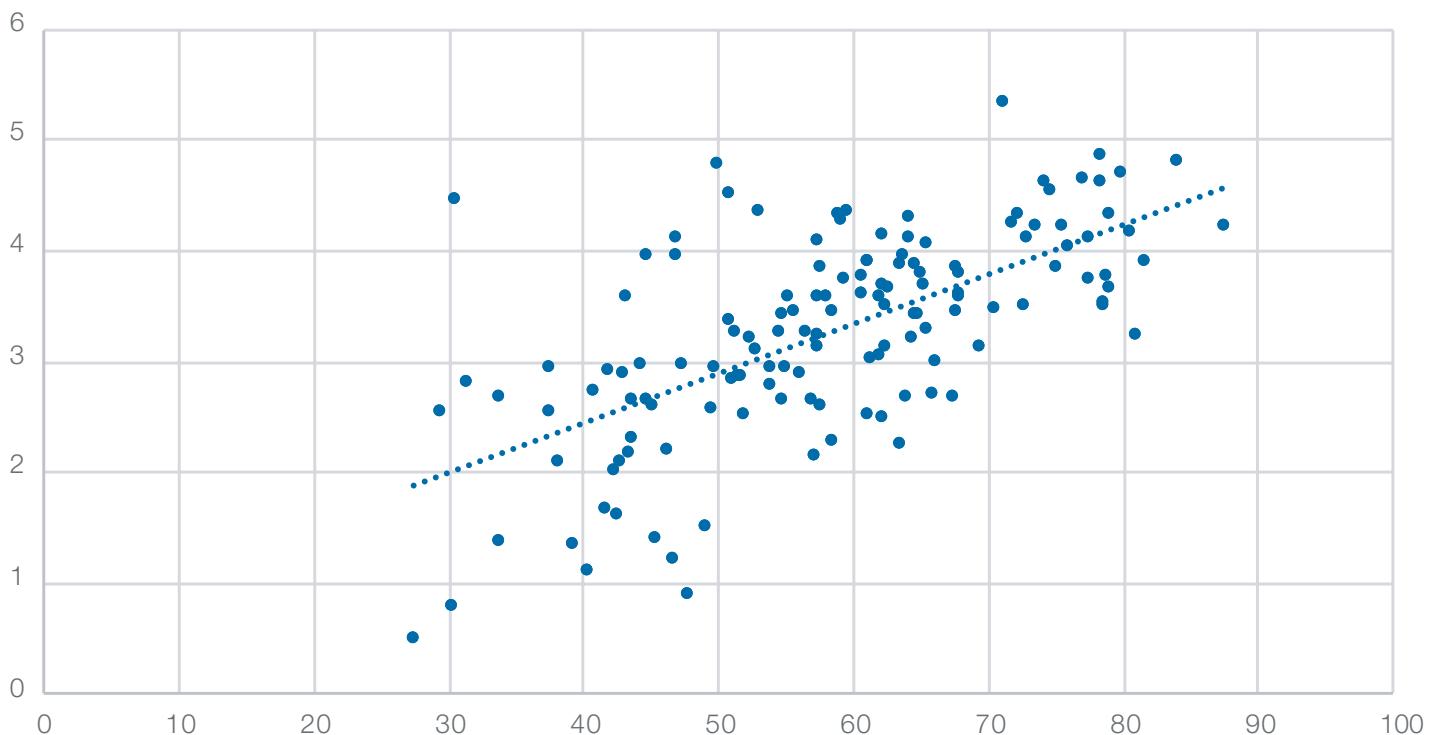
Research shows a correlation between good environmental practices and the amount of tourism revenue (Figure 1). For example, New Zealand is capable of attracting more tourists because of excellent conservation of its natural resources, and tourists are generally willing to pay to access well-preserved areas.

Tourism could help preserve the natural and cultural assets on which it depends. A well-designed and managed industry can empower local communities, boost trade and cultivate tolerance. Nevertheless, the travel and tourism industry must consider a number of issues, such as greenhouse gas emissions, resource depletion and potential effects on local populations and heritage assets. All stakeholders need to form strong alliances to promote the sector's virtues and mitigate its adverse effects,<sup>18</sup> and do so while the number of travellers increases.

Argentina must pay closer attention to environmental sustainability, especially regarding deforestation and habitat and wildlife protection, to protect the nation's edge in nature-based tourism. Demonstrating tangible efforts to improve the environment in the country's key natural destinations will help manage business risk, secure customer loyalty and build authentic brand stories.<sup>19</sup>

Argentina is the eighth-largest country in the world by land area, with impressive natural and cultural heritage assets. The investment in air travel infrastructure has led to greater access to direct flights. This allows travellers to avoid connections through Buenos Aires, making it easier for them to explore the country's varied offerings.

**Figure 1:** Correlation between selected countries' environmental performance and tourism receipts



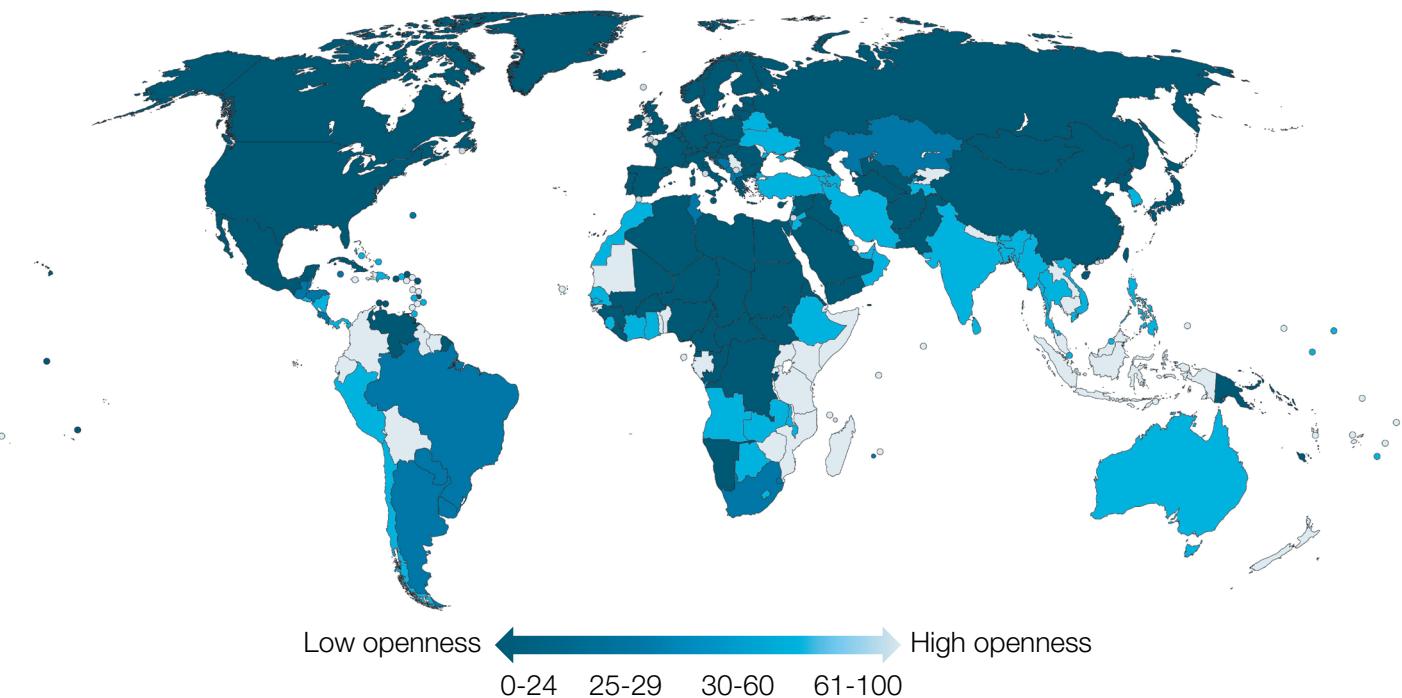
Source: Authors' calculations based on World Tourism Organization statistics and Yale's Environmental Performance Index 2018

Gastronomy tourism is also becoming a cultural trend worldwide. In 2019, the World Tourism Organization, in collaboration with the Basque Culinary Center, published *Guidelines for the Development of Gastronomy Tourism*. Argentina's rich industries of winemaking and food (especially meat), combined with its impressive natural landscapes, can be part of its nation branding. Similar successful approaches have been taken in South Africa and Australia.

## Enabling environment

Argentina has improved its travel and tourism performance over the past few years. Travel and trade have benefitted from greater international openness and price competitiveness. In particular, performance in *The Travel & Tourism Competitiveness Reports* showed an increase in regional trade agreements (83rd to 68th) and a reduction in airport charges and ticket taxes (130th to 122nd). The country, however, still remains relatively expensive and unopen compared to the rest of South America and needs to further cut visa requirements (69th) and continue progress on the aforementioned measures. Travel barriers, similar to other trade barriers, stymie growth and prevent job creation. It is estimated that removing travel visas at the bilateral level could triple travel flows between countries.<sup>20</sup>

**Figure 2:** Tourism visa openness by country, 2018



Note: The Openness Index is calculated by summing the percentage of the world population affected by no visa weighted by 1, visa on arrival weighted by 0.7, eVisa by 0.5 and traditional visa weighted by 0.

Source: Data compiled by UNWTO based on information of national official institutions.

Disclaimer: The maps elaborated by UNWTO are for reference only and do not imply any judgement on the legal status of any territory, or any endorsement or acceptance of such boundaries.

Source: World Tourism Organization, 2019 *Visa Openness Report for Africa*, August 2019

In 2018, 53% of the world's population, compared to 75% in 1980, was affected by traditional visa requirements before initiating their international journey. Another 10% of the population were allowed to apply for an e-visa and 16% could apply for a visa on arrival, two forms of visa that are on the rise. Only 21% of travellers did not require a visa when travelling for tourism purposes.<sup>21</sup>

Argentina also faces challenges with regard to human resources and the labour market. The labour market could become more flexible and improve low worker

productivity. Customer service is perceived as deficient, with customer orientation scoring only 4 out of 7 in the last two editions of the World Economic Forum *Travel & Tourism Competitiveness Report*.<sup>22</sup> Once these barriers are addressed, the industry can benefit from an educated workforce as an important competitive advantage in the region. It is recommended that the private and public sectors, together with Argentina's academic institutions, cooperate to design and implement an educational programme that addresses technical, operational, managerial and digital needs.

Industry participants seeking to operate in Argentina continue to face a less favourable business environment, characterized by an inefficient legal system, negative perceptions of property rights and high tax rates. Other hurdles impinging on tourism investment and the industry's attractiveness include macroeconomic issues of high inflation and budget deficits, as well as safety and security concerns which, although improving, remain an obstacle.

On a positive note, Argentina enjoys better scores in security than the average scores of South American countries, with falling homicide rates and better perceptions of police reliability. In addition, the costs and time needed to start a business are dropping, with the number of days required having decreased from 25 in 2017 to only 11 in 2019.<sup>23</sup> Additionally, there is optimism towards an incremental increase in foreign direct investment (FDI). While Argentina may score better than many South American countries, Brazil has the region's most competitive travel and tourism economy. The country outscores Argentina in natural and cultural resources and provides protection for 28.6% of its territory compared with Argentina's 7.4%. Brazil also scores higher for air transport infrastructure thanks to route capacity that is nearly four times larger than Argentina's.

The World Economic Forum *Global Competitiveness Report 2018* defines the Product Market parameter as "the extent to which a country provides an even playing field for companies to participate in its markets. It is measured in terms of extent of market power, openness to foreign firms and the degree of market distortions." Argentina ranks 120th out of 140 countries analysed, indicating ample room for improvement.

On the other hand, Brazil's lead in price competitiveness has been narrowed by Argentina's reduction in ticket taxes and airport charges. Moreover, Argentine scores better for air transport, road, port and railroad infrastructure quality, as well as ground transport efficiency.<sup>24</sup> The country seems to prioritize its travel and tourism industry more, with more favourable perceptions of government attention given to travel and tourism and effectiveness of marketing tourism.

## A new profile of tourist

Travelling is no longer a luxury good. Several factors have put travel within the reach of millions:<sup>25</sup>

- Lower travel barriers
- Falling costs
- Growth of disposable income
- Rise of the middle class in emerging markets
- Changing public attitudes towards travel

Two new travellers' profiles demand consideration: millennials and older baby boomers. Millennials are more digitally connected, which is changing how travel is consumed. They are more likely to take low-cost flights and target experiences, such as interaction with locals, an adventure or even the opportunity to make a difference at the destination. Baby boomers are the most travelled generation, with a large portion of their disposable income dedicated to travel. Both groups will become the industry's core customer base in 10 years.

Argentina has cleverly moved towards attracting a new profile of traveller by developing El Palomar airport in Buenos Aires into the first low-cost airport in Latin America. Since December 2018, the airport has served international destinations in Uruguay, Paraguay and Chile, and is a business base for the low-cost carriers Flybondi and JetSmart. The airport is also connected to Buenos Aires through public transport, facilitating the transit for its primary users; 41% of passengers reach El Palomar by public transport, with rail connection to the Retiro terminal in the heart of the city. Since its opening in February 2018, more than 1 million passengers have travelled through El Palomar, making it the country's fifth-most-travelled airport.

# Tourism opportunities in Argentina

## Nation branding

The Anholt Ipsos Nation Brands Index (NBI) measured the reputation of 50 countries annually between 2008 and 2017 on six dimensions: exports, governance, investment and immigration, tourism, people, and culture and heritage.<sup>26</sup> Argentina has been ranked consistently in the middle of the Index, with average performance on all six dimensions (with a more positive score on culture and heritage balanced by a more negative score on exports). There is also little variation in how people view Argentina across the 20 panel countries where surveys were conducted (on six continents). Minor exceptions are neighbouring Brazilians, who are somewhat more positive than others, and respondents from the United Kingdom, who are somewhat more judgemental. The slightly positive correlation between relative familiarity and relative favourability towards Argentina is encouraging; it indicates that foreign publics who know more about Argentina evaluate the country more mildly. This points to an open road to improving Argentina's reputation.

At the same time, these general results are neither good nor bad. Yet, considering the country's relative size and presence, and the positive correlation between relative familiarity and relative favourability, Argentina deserves and has access to a better reputation. This is not just a challenge for its tourism economy, but also a challenge for the nation. On the one hand, a better reputation would strengthen not only the tourism economy but also the country's exports, FDI, ability to attract talent, soft power and diplomatic influence, as well as the international respect for Argentinians more generally. On the other hand, a country's reputation cannot be changed through destination marketing alone; it requires a concerted effort at the highest level, involving public- and private-sector actors and civil society representatives, and down to the lowest level. The travel and tourism community should be a key stakeholder in this larger initiative.

### A tailored and thoughtful approach to attracting the right tourists

Argentina would do well to look beyond the usual logo, slogan, visual design and advertising campaign to improve its reputation and tourism economy. A large-scale, mass-media, mass-market tourism advertising campaign is almost always ineffective and inefficient in nation branding. As research has repeatedly shown, it is ineffective as a tool and fails to change a country's reputation. It will likely bring in more tourists, but in doing so such a campaign is usually inefficient; tourism marketing budgets tend to have a greater effect if their funds are spent on well-targeted content marketing initiatives.

Mass campaigns also allow minimal control over which types of tourists they attract. With the global discussion on overtourism, it is increasingly evident that destinations must avoid the trap of simply pushing for more visitors; they need to be thoughtful and design strategies that advance specific types of tourism that countries want to attract. The interplay between strategic nation branding, focusing on the national values Argentina seeks to share with the world, and tourism marketing, which focuses on how the country can serve value-matched tourism markets, can provide valuable solutions.

Several measures are needed to improve Argentina's reputation. The country must define its purpose – the role it wants to play in the world – based on a shared sense of national identity, belonging and virtue. Argentina undoubtedly has the assets, history and variety of natural and cultural resources to distil its purpose, from which it can formulate its national positioning strategy. Positioning in this context is not specific to the tourism offering, but constitutes a far-reaching strategy that aims to influence international perceptions more generally. Argentina is far too big and diverse to claim that the tourism economy can determine its global reputation. Yet, the country's tourism potential and competitiveness can play a major role, as a driving force and vehicle to implement a national strategy. It is by building unique experiences that reputations change. It is action – policies, investments, projects, infrastructure and events – that consistently reinforce this intended positioning. It is not about words, logos or slogans; instead, with global access to mainstream and social media, positioning can be achieved through imaginative initiatives that reflect Argentina's seriousness about the role it wants to play. Such initiatives demonstrate objectively that Argentina has the imagination and leadership to do extraordinary things that generate buzz based on the country's positioning. Everyone, including most essentially the travel and tourism community, needs to collaborate to deliver this.

### Examples of successful national positioning

Several countries have improved their national reputation in this way: e-state Estonia (or e-Estonia), with its e-residency programme, internet access as a human right, and data embassies; and Bhutan, launching gross national happiness, the happiness summits and national happiness research institutes. Bhutan's national positioning strategy has clearly affected the country's sustainable tourism strategy and the way it is being marketed by enforcing a minimum daily spend per tourist, which is intended to generate additional revenue for the country to spend on development.

These examples show that changing a country's reputation is a strategic challenge in which tourism plays a major role (though not the only one). More importantly, these examples suggest that if small countries can influence how the world talks and thinks about them, Argentina should certainly be able to do so as well. With its current reputation, the country deserves an equally strategic national reputation management strategy and corresponding programme of action. Because of its tourism potential and competitiveness, Argentina's travel and tourism community can be a driving force to bring a broad coalition of public-sector, private-sector and civil society stakeholders together as co-creators of such a strategy. Travel and tourism can also be one of the strategy's most prominent sectors of execution.

## The important role of cities in the future of travel and tourism

According to *Destination 2030: Global Cities' Readiness for Tourism Growth*, a report published in 2019 by the World Travel & Tourism Council and Jones Lang LaSalle (JLL), "As the world urbanises and cities cement their roles as global economic hubs that catalyse innovation and business growth, so the share of city Travel & Tourism rises. Nearly half of the 1.4 billion international visitors today, and many billions more domestic travellers, visit cities every year." The money generated by tourists helps cities pay for infrastructure projects and city services, and can also help improve the quality of life for residents. While cities should clearly promote themselves as destinations, they, as with countries, must thoughtfully consider their readiness for tourism growth.

### A new approach to measuring readiness for tourism growth

The *Destination 2030* report studied the extent to which global cities have the necessary urban and tourism infrastructure and tourism-related policies to support a sustainable pace of growth. This first-ever assessment of cities' readiness for tourism growth provides a comprehensive index based on the evaluation of more than 75 indicators in 50 cities globally and addresses the question of what makes a city ready for travel and tourism growth. This helps city governments and tourism bodies better understand how well cities are positioned for future growth as a microcosm of broader travel and tourism ecosystems, while identifying gaps and opportunities for future tourism planning.

For a city to truly thrive and for travel and tourism to develop at a sustainable pace, governments need to provide and promote a supportive physical, regulatory and social environment. This requires policy-setting that prioritizes the liveability of cities and ensures availability of clean air and water, access to education, affordable housing, robust transport connectivity and green spaces for city residents. It requires not only the right financial incentives for private-sector investment to support necessary infrastructure and to attract companies providing quality jobs, but also full integration of travel and tourism and its future growth into these wider city policies.

It is important for decision-makers to create long-term plans involving all stakeholders, considering the needs of visitors while putting residents at the centre of investment and infrastructure development plans. Investors should also consider this broad spectrum of indicators when making investment decisions, as they are linked to the investment market's potential.

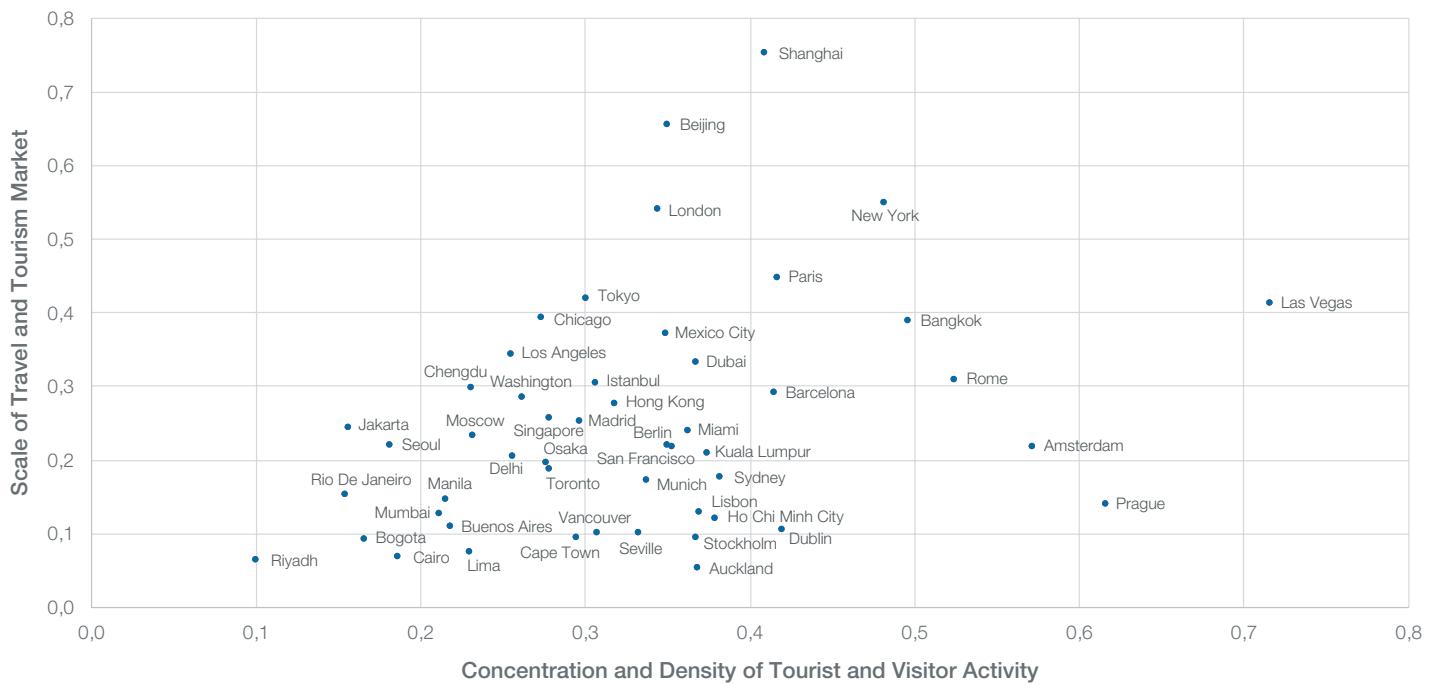
### Where does Buenos Aires fit in?

Of the 50 cities evaluated in *Destination 2030*, Buenos Aires is characterized by emerging tourism readiness and tourism infrastructure. With more measured growth in tourism activity and lower visitor concentration compared to other cities, Buenos Aires is generally not experiencing a "crunch" stemming from tourism activity, as other destinations may be (Figure 3).

Buenos Aires also features one of the more balanced splits of activity driven by business versus leisure tourism, placing the city in an enviable position with the likes of Chicago, Vancouver and Sydney. A notable win for the tourism market is the selection of Argentina, specifically Buenos Aires, by the Bureau International des Expositions to host the Specialised Expo 2023.

The level of pressure that the tourism economy places on Buenos Aires overall is in the lowest quartile of the 50 cities studied (Figure 4). At the same time, policy engagement – or supportiveness of policies that foster a sustainable pace of tourism growth – also ranked in the lowest quartile. Opportunities for Buenos Aires thus relate to enhancing urban readiness and achieving incremental wins by focusing on and evolving tourism policies that enable tourism growth at a pace the city can support.

**Figure 3:** Travel and tourism scale vs concentration



Source: JLL and World Travel & Tourism Council, *Destination 2030: Global Cities' Readiness For Tourism Growth*, 2019, p. 14

### Policy readiness: How to support a sustainable pace of tourism growth

Travel and tourism can provide significant financial and employment benefits to cities. In embracing these benefits, local authorities and destination marketing organizations must proactively embrace tourism policies that account for the needs of both visitors and local residents.

The policy areas set out below, if implemented effectively, can position Buenos Aires in good stead in its readiness for future growth. These considerations will also help support the city in its urban planning and tourism management. The policies, deemed to represent best practices globally, also include context on how Buenos Aires fits in:

#### Citizen engagement: Does the city have a process for measuring local residents' perception related to the effects of tourism?

Residents and other key stakeholders should feel engaged in the city's strategy for tourism growth. To ensure that residents buy into the approach taken, they should

be invited to contribute to any consultations. Similarly, city councils and tourism authorities should include neighbourhood representatives on committees to discuss problems and help devise solutions, as well as offer online forums for citizens to provide feedback.

The need for local residents' input is less acute in destinations like Buenos Aires, which do not experience the same level of tourism-related pressure as Barcelona and Amsterdam. Engaging the local community nonetheless is an important policy-related matter that can drive success in tourism growth.

#### Economic development plan: Does the city's plan reference tourism?

Given the continued increase in the number of travellers going to cities, city authorities must consider the potential effects of this growth when designing economic masterplans. In particular, investing in infrastructure will support growth. At the same time, collaboration between the public and private sectors and local communities, as well as between city government departments, is critical.

Buenos Aires stands to see improved impact from tourism from both the Buenos Aires Convention Centre, which opened in 2017, and the deregulation of its airspace. But making tourism a key priority area in the city's economic development plan, as Osaka, Japan has done, remains an opportunity for Buenos Aires.

#### Sustainable tourism growth plan: Does the city government or tourism body have a policy for encouraging sustainable levels of growth?

The continued growth of urban populations, in terms of residents and visitors, is leading to traffic congestion and pressure on infrastructure in many cities. Forward-looking city authorities have initiated sustainable growth plans with an enduring, balanced approach, considering the current and future needs of a city's economy, ecology, residents and visitors. In Buenos Aires, the scale of growth in visitor arrivals has not required initiatives to temper or manage the pace of growth, but as with all gateway cities, this should be an imperative on the city planners' and tourism department's radar.

#### Tourism flows management policy: Does the city have a policy to manage visitor flows in response to increased strains on the city?

As travel becomes more accessible, the tourism sector will likely continue to flourish. Without proper management, however, destinations and cities alike could be increasingly threatened by their own popularity. While no easy fixes exist for overcrowding, authorities and destination marketing offices should consider implementing strategies to mitigate bottlenecks, such as offering incentives to visit during off-peak times and promoting stays in outer districts.

Though promoting the dispersion of tourism flows has become an acute need in cities such as Amsterdam and Prague, tourism activity in Buenos Aires generally does not strain the city in the same way. Nevertheless, Buenos Aires is seeking to encourage development outside its key tourist districts through the city's Economic District policy. The policy aims to make underserved areas more competitive in attracting investment by offering tax incentives and infrastructure developments. Districts such as Barracas and La Boca are deemed most ready from a tourism development standpoint; moreover, these zones are of increasing interest to visitors, which will help to disperse tourist flows.

#### Sharing economy policies: Has the city government passed legislation to regulate homesharing?

An increasing number of residents are taking advantage of high tourist demand for accommodations and access to online homesharing platforms to rent their properties. In addition to providing residents with more income, homesharing can be beneficial with a shortage of hotel rooms and can encourage more visitors to stay in residential areas, reducing pressure on numbers in the city centre. The challenges for residents occur when rooms or entire properties are taken off the market to cater mainly for tourists, resulting in higher rental rates.

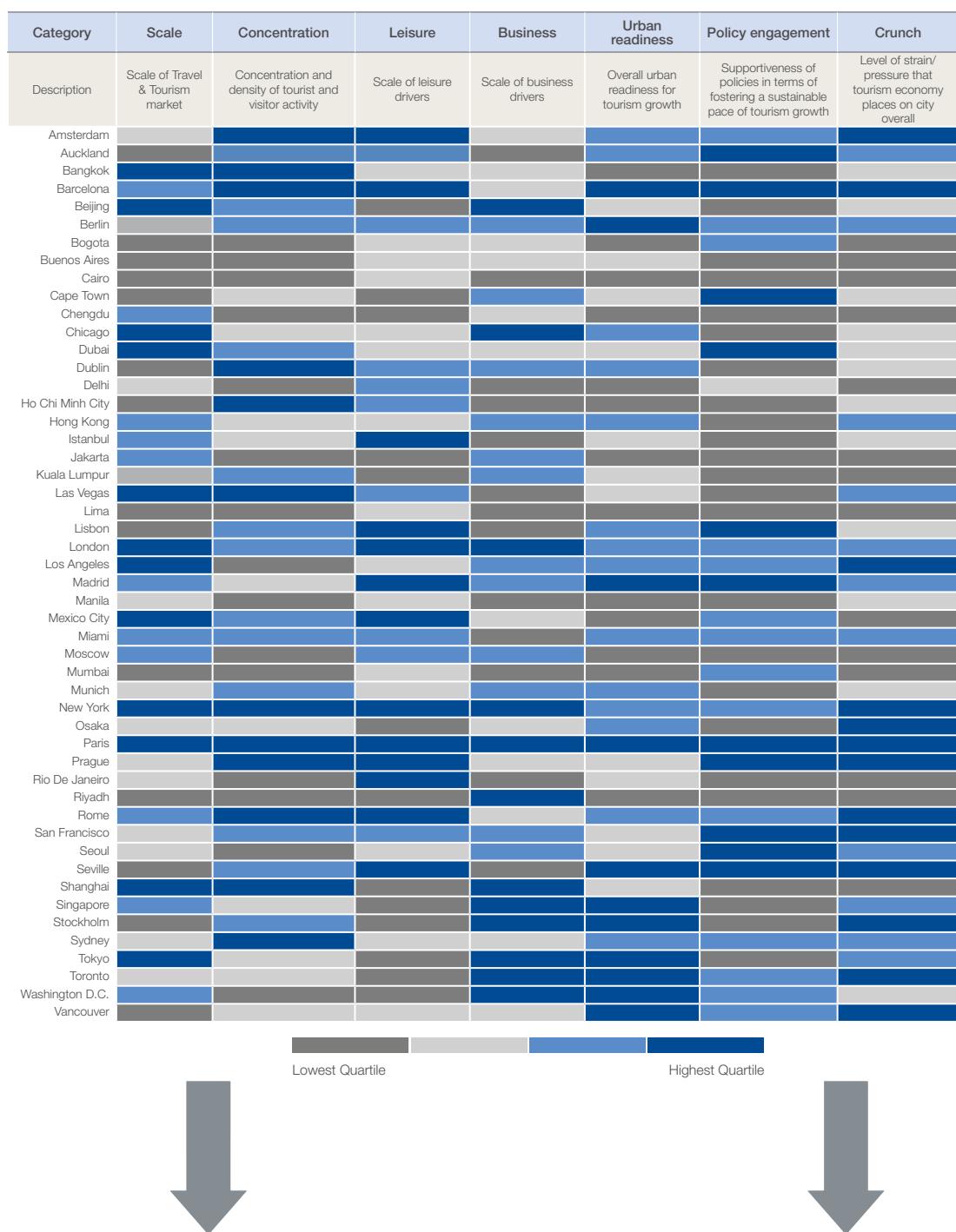
While homesharing legislation and political debate are front and centre in cities such as New York and Paris, they are not battleground topics in Buenos Aires. Fair and proactive regulation, based on data and an understanding of issues in the market, can help travel and tourism grow in a balanced way. Each city needs a tailored solution, but authorities need to consult with neighbourhood residents, homesharing platforms and other stakeholders before determining the most appropriate measures.

#### Tourism development tax – legislation and promotion: Has the city passed legislation for a tourism development tax (or something similar)?

Taxes should be used to stimulate and promote economic growth and job creation. Revenue from taxes on the tourism sector should be put back into tourism promotion and development. Tourism revenue could also help fund relevant infrastructure projects that would enhance growth potential, attracting investment and subsequent employment.

While Buenos Aires has yet to enact such a tax, other examples stand out. In Barcelona, half the tax charged on all overnight stays in the city's tourist accommodations is reinvested into tourism-related projects. Dubai started levying a tax on tourist accommodations, called the "Tourism Dirham", in 2014. The fee varies depending on the type of lodging; it will support promotion of the emirate and help drive growth of tourism and trade.<sup>27</sup>

**Figure 4:** Performance of 50 cities across key tourism readiness indicators



Urban Readiness - Buenos Aires vis-à-vis other Latin America Cities in Destination 2030									
Rank (out of 50)	Overall	Rank (out of 50)	Labour Availability	Rank (out of 50)	Tourism Infrastructure	Rank (out of 50)	Environment	Rank (out of 50)	Urban Stability
34	Buenos Aires	5	Bogota	35	Buenos Aires	14	Bogota	37	Buenos Aires
39	Lima	7	Mexico City	37	Lima	25	Buenos Aires	38	Mexico City
40	Bogota	10	Buenos Aires	44	Bogota	35	Mexico City	40	Lima
45	Mexico City	11	Lima	50	Mexico City	46	Lima	50	Bogota

Source: JLL and World Travel & Tourism Council, *Destination 2030: Global Cities' Readiness For Tourism Growth*, 2019, p. 29.

## **Further considerations**

Determining a city's future readiness for tourism growth requires a holistic view that accounts not only for its current physical and natural assets, but also for its social capital and the effect of its policies. Whether a city is looking to grow its travel and tourism sector or to manage rising visitor numbers, business and city leaders must balance the dynamics that make up a city's fabric. Tourism must be good for tourists and residents alike, and its growth must be well planned and managed.

The travel and tourism sector is an increasingly important contributor to city economies. With this comes the opportunity for greater investment at the urban level, along with supporting the tourism sector's role in preserving cultures, protecting monuments and heritage attractions, and building local pride.

To harness the positive effects of tourism activity most effectively, and to manage potential pressure points, travel and tourism should be well integrated into government urban planning. This requires an engaged government that recognizes the importance of travel and tourism in its overall economic planning, and provides and promotes a supportive physical, regulatory and social environment. The *Destination 2030* framework gives travel and tourism stakeholders a methodology for assessing where their cities are positioned and what opportunities and best practices can be pursued. Argentina would profit from thinking through which strategies to adopt in order to manage and continue benefiting from the growth in tourism (alongside the growth of cities) expected over the next 10 years.

# Conclusion

## Advancing digital integration and digital strategy

Underlying ICT infrastructure and broad ICT adoption are imperative for the travel and tourism sector. They not only increase tourism receipts, but also allow a detailed understanding of travellers' needs to a degree never seen before. With such information, Argentina will be able to cross-sell products and services that create unparalleled experiences and opportunities for visitors.

Together with improved air infrastructure, travellers to Argentina will be able to combine work and leisure experiences seamlessly. They will be encouraged to post photos on social media of winter and summer activities during the same trip, demonstrating components of broader nation branding. The power of ICT resides in the fast and free communication of ideas to a large and receptive audience, which can be targeted through enhanced segmented marketing.

Argentina's digital strategy should also address an improved business ecosystem, which saves costs for both businesses and travellers through better management of transactions and intermediary practices. Continuous ICT expansion in Argentina will help remove barriers preventing the fast revamping of the travel and tourism enabling environment. Technological education for the tourism-related workforce is paramount to achieving digital transformation of the travel and tourism industry.

## Developing destination branding and inclusive policy-making

The brand positioning for travel and tourism is firmly linked to the international brand of Argentina as a country, underlining why alignment between the travel and tourism body and other governmental organizations is necessary. Argentina should be guided by national values, cultural heritage and rich nature in discovering its unique proposition. From there, and to attract targeted visitors, it could showcase its tourism products and services. Innovative ideas that address extraordinary experiences can rapidly find their way through global mainstream and social media. Argentina can signal its readiness to be one of the world's premier destinations for nature and cultural heritage, a position that could become an important pillar of the country's national brand.

For city destinations, Buenos Aires, similar to many other cities around the world, may not be giving enough weight to travel and tourism as a core subject of its urban development. Travel and tourism directly affect the local inhabitants and economic development in Buenos Aires. It is essential that policy-making accounts for the city's nuances and prioritizes the inclusiveness of its citizens. Relevant topics are homesharing, use of a tourism tax and the dispersion of tourism to lesser-known districts, which is already under way through the Buenos Aires Economic District policy. Properly designed incentive programmes can encourage sustainable tourism where both tourists and citizens would benefit.

## Leveraging natural assets and trends in sustainable tourism

Argentina's natural landscape is best described in contrasts. The eighth-largest country in the world, it has polar to tropical climates, is home to some of the highest mountains (including Aconcagua) and the flattest lands (in La Pampa), and boasts the vertical grandeur of Iguazu Falls and one of the world's widest rivers, the Rio de la Plata.

The more Argentina cares for and sustainably develops its natural wonders, the higher the number of visitors and tourism spend. With more travellers, the local communities flourish with new jobs, new trade opportunities and cultural exchanges. More travellers, however, can have a negative effect on the environment, the availability of resources and the conservation of heritage assets. To achieve the right balance, a complete alignment is needed among all stakeholders, in which both citizens and tourists can participate for the benefit of all. A special focus on environmental sustainability, with stringent policies at the local and national level, would signal to the international community that Argentina is determined to preserve its natural resources. This would entice a steady flow of loyal tourists searching for experiences in extraordinary locations.

Thanks to new international flight routes, travellers can avoid unnecessary transits in heavily populated airport hubs and instead have direct access to remote regions characterized by rich nature, gastronomy and culture. This clearly differentiates Argentina from competing destinations such as Chile or Brazil, and can be promoted further.

# Contributors

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# Endnotes

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