



**THE SCOTTISH
TOURISM ALLIANCE**

LEADING ON INDUSTRY MATTERS

The Scottish Tourism Alliance Annual Report & Financial Statements

2016/17

A photograph of Stephen Leckie, a man with short brown hair, wearing a white shirt, a blue patterned tie, and a blue tweed vest. He is looking upwards and to the right, holding a pair of glasses in his left hand. The background is a blurred blue wall with some text. The text is overlaid on a white rectangular box on the left side of the image.

STEPHEN LECKIE

"One thing that 2016-17 showed us was that when the STA connects with industry, it responds and the organisation is now able to present that strength of industry view to the powers that be and work with our leaders and politicians to make Scotland more competitive as a tourism destination"

Chairman's Report

They say there are two sides to every story; there couldn't be a truer statement as far as Scotland's tourism industry is concerned in relation to the events of 2016-17.

One side of the story – post-Brexit political and economic uncertainty, the perfect storm of rising costs, rising inflation, a squeeze on consumer spending and significant threats to our ability to staff and sustain our industry.

On the other side - increases in tourist numbers and spending, the success of a global marketing campaign attracting a healthy influx of visitors to Scotland, the rise in business tourism across Scotland and the acknowledgement from Scottish Government that Scotland's tourism industry is "our most important industry" being just a few of the positives.

A lively, upbeat show being played out against an incongruous backdrop of grey skies, lightening bolts and dark clouds swirling.

There are two sides to Scotland's tourism industry and while we must celebrate the success in delivering these 'write home about' experiences, we must also acknowledge that 2016-17 has thrown up some of the biggest challenges that our tourism industry has ever had to face.

The costs of doing business, and more recently, the increase in business rates are a major concern for tourism businesses, as is our ability to recruit, grow and strengthen our tourism workforce from EU countries and manage the widening skills gap that exists within Scotland's tourism industry.



Despite our challenges, Scotland's tourism industry must be congratulated on maintaining a resilient and confident approach to delivering these quality, authentic experiences which are at the heart of the Tourism Strategy.

Our commitment as a tourism industry to work in collaboration with Scottish Government and its public agencies can only further strengthen the industry and help to ensure that Scotland remains firmly on the map as one of the world's top destinations to visit.

We do however have some way to go in building on our working partnerships at all levels to realise the benefits of the collaborative approach needed to enable Scotland to be as competitive as it should be as a tourist destination.

While we continue to navigate our way through this period of change, uncertainty and unknowns, we cannot make any assumptions about the picture of the future. As the overarching trade body for the tourism industry in Scotland, the STA will continue to use its power of influence to build the foundations for sustained growth of our tourism industry through its relationships with Scottish Government, our public agencies and tourism businesses. We will actively promote and encourage supportive measures for our industry at policy level and also communicate the messages about the vast range of initiatives available through this collaborative partnership to support individual tourism businesses.

That is the STA's area of focus for the foreseeable future, and of course to deliver a valuable service to its members not only through the organisation's advocacy work, but through its events and communications which inform, inspire and connect our tourism industry.

One thing that 2016-17 showed us was that when the STA connects with industry, it responds and the organisation is now able to present that strength of industry view to the powers that be and work with our leaders and politicians to make Scotland more competitive as a tourism destination.

Five years ago the STA didn't have the scale and strength it has today. It didn't have the relationship it now has with industry, it didn't have the support of some of Scotland's largest, most successful organisations who support the STA with their funding, expertise and partnership; organisations who are passionate about growing our tourism industry and supporting businesses. It didn't have the positive, productive and collaborative style of relationship with Scottish Government and its agencies.

The STA undertook research during 2016-17 to gauge our level of impact and awareness within Holyrood to enable the organisation to benchmark itself against other trade bodies during 2016-17 and found that the STA is indeed engaging at the right level with the right people through a credible voice that is recognised to be of value.

The STA is in a good place, thanks to the people who support and work with us and of course our growing and diverse membership. Our membership reflects our mantra of 'tourism is everybody's business' with organisations such as Microsoft, Johnstons of Elgin, Iomart, Arnold Clark Car & Van Rental, Fishers Laundry, Bruce Stevenson Insurance Brokers, DAM , RBS , People 1st , Logan Air CalMac, ScotRail and Macdonald Hotels to name just a few of our members and Patrons.


The support that the STA has from its members and supporters throughout 2016-17 has been key to the organisation's success and has enabled the STA to lead and influence positive change for Scotland's tourism industry during this period. This support will stand the organisation in good stead for the coming months, as we move closer to our Brexit date and are required to rise to the further known and unknown challenges ahead.

The STA's current good health, growth and stature must also be attributed to energy and dedication of its core team led by Chief Executive Marc Crothall. These individuals have displayed a tremendous passion not only for what they do, but what they can do – the possibilities of what can be achieved by the STA.

None of this is possible without the support of our Patrons and Members; without that there would be no STA or voice for our tourism industry.

Be assured, your industry is in very good hands. Please do connect and stay close to the STA.
Your voice is what gives the STA our voice.

The Board and I wish the Marc and the team continued success for the coming year.



Membership

Membership of the STA has remained steady throughout 2016 –17/ The membership recruitment and retention strategy has focused on improving engagement with members through high quality communications, continuous face-to-face engagement at a local level, increased Board member involvement and by offering a wider range of membership offers through the establishment of new partnerships with suppliers.

Despite an ongoing period of uncertainty and increased cost pressures, membership levels and also membership engagement have remained strong and much of this can be attributed to the work the STA has done to represent the interests of its members and bring about the best possible conditions for growth and sustainability of our industry.

The introduction and ongoing improvement of the new STA website, continuity and consistency of the STA's communications, the availability and variety of new member offers and an increase in networking capability will ensure that the STA is well positioned to grow both it's membership and profile across the coming year 2017-18.



Getting the most of your membership

We want to make sure that all members are making the most of being a part of the STA.

Here are three ways to get more from your membership



Speak to us and tell your story

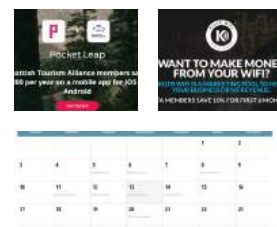
We'd love to hear more from all our members

- Make sure your voice is heard through our research projects.
- Keep us in the loop - send us your industry relevant news, blogs and opinion pieces.

If you're unsure what to send, drop us an email to request our editorial calendar. communications@stalliance.co.uk

Explore scottishtourismalliance.co.uk

- **Take advantage of discounts:** Access specialised services to meet the needs of you and your business.
- **Access support and advice:** We've gathered together the most relevant advice, courses, webinars and support to help you do business better (and much of it is free!).
- **Stay informed:** The STA news forum contains the latest economic, political and industry news.
- **Attend events:** All our conferences and other industry events are posted in our calendar



Introduce us to your team

If you have other members in your team that you think could benefit from our support and industry news. Let us know their details, and we will add them to our mailing list.

Industry Leadership

Leading the drive to deliver higher levels of growth for the tourism industry remains one of the STA's strategic objectives. Effective leadership at business, regional, sectoral and national level is fundamental for the growth of our tourism industry.

Leadership was identified as one of the four growth priorities in the national tourism strategy ([TS2020 mid-term review](#)) and throughout 2016-17, the STA in its role as industry guardian and coordinator of TS2020 has worked hard to lead, inspire, motivate, inform, educate and connect tourism businesses to promote the four key growth priorities and the vision of the national tourism strategy, to 'deliver a quality, authentic experience to visitors'.

The organisation took an 'STA on the Road' approach, with core members of the team visiting tourism businesses all over Scotland to take these tourism messages far and wide. Core STA team and Board members spoke at no fewer than 50 major conferences and seminars throughout 2016-17.

The STA's role as an industry leader was exemplified in the work the organisation undertook to promote, encourage and influence supportive measures for Scotland's tourism industry at policy level on key issues such as Brexit, business rates, the skills gap and regulation.



During 2016-17 the STA's role as the leading voice for Scotland's tourism industry grew in prominence as the organisation became more focused on establishing a new level of engagement with Scottish and UK governments and policy makers.

Since the results of the EU Referendum were announced in June 2016, the UK has experienced an unprecedented level of political and economic change and uncertainty within every sector. Strong leadership for our industry has never been more important and the STA was successful in picking up on the fears and challenges that tourism businesses were experiencing quickly, and engaging directly with them post EU Referendum. Just under 400 tourism businesses took part in the STA's EU Referendum Impact Survey, providing crucial evidence on the level of business confidence within the industry which prompted the beginnings of regular discussions with Scottish and UK governments and the opportunity to engage in Brexit focused industry consultations.



The STA grew in size and stature over 2016-17 and success has largely come from its connection and collaboration with industry. The STA has worked hard to lead and engage with industry, reaching out regularly to tourism businesses to talk about the issues they experience at a business, sectoral and destination level. Much of the STA's strength now comes from the sheer number of businesses who support the STA, either through membership, patronage or partnership and it is through that support that STA is now able to represent views and concerns at the highest level, as demonstrated recently in the STA's 2016-17 business rates campaign.

Scotland's tourism industry went into crisis mode at the start of the year with the impending business rates hikes sending waves of anxiety through our industry. The organisation promptly formed a coalition with the British Hospitality Association (BHA) and the Scottish Licensed Trade Association (SLTA) and together formed a plan of action on how to bring about the change needed to protect, save and strengthen tourism businesses across Scotland.

The STA was applauded by Scottish Government on how it approached and communicated with them on the rates issue which subsequently led to the announcement of a rates increase cap of 12.5% for the majority of the businesses within our sector. Not only a triumph in terms of the campaign, but it further cemented the STA's position as the lead voice of industry and enhanced the relationship the STA has with Scottish Government and politicians across all parties.

Events and Engagement

Scottish Tourism Week

One of the key strengths of the STA is its role in connecting, engaging, informing and inspiring industry.

The 12th Scottish Tourism Week took place in March 2017, which saw more than **11,000 people engaged** in the tourism conversation at Signature and regional events taking place all over Scotland under the Scottish Tourism Week banner.

Over the last few years, it has become increasingly challenging to fit all tourism industry events together as part of one week and this was the first year that the annual event spilled over into a 9 day 'week'.

The 2017 Scottish Tourism Week national programme clearly demonstrated an appetite for industry events and engagement at this time of year; a time when many businesses are in planning mode and before the busy season starts. To maximise the opportunities for tourism businesses and the wider industry to be part of a what is now a firm fixture in the tourism calendar, the STA took the decision after Scottish Tourism Week 2017 to expand to [Scottish Tourism Month](#), a month long series of tourism industry events taking place all over Scotland during March 2018.

The programme for the first Scottish Tourism Month will launch in January 2018.



STA Autumn Conference and AGM

The STA Autumn Conference and AGM in October 2016, with an emphasis on Brexit sold out well in advance of the event, with over 300 delegates attending. This event was combined with the VisitScotland launch of the Year of History, Heritage and Archeology.

Having an Autumn conference with an economic focus reaffirmed the STA's belief in taking this approach to our event timetable and programming. Future STA Autumn Conference events have now been built around the success of the style and format of the 2016 event.

STA Communications

One of the STA's key objectives is to help support individual businesses, marketing services, trade associations, local area tourism groups and any organisation with an active interest in tourism to realise their potential by maximising and building on opportunities to ensure the future growth of our industry.

Supporting these stakeholder groups remains a key objective of the STA's communications and in 2016 the STA launched its flagship communication, 'The Talker' with a view to informing, inspiring and connecting these groups.

The monthly online magazine is written and designed in-house and now has a direct reach of over 4000 tourism organisations in Scotland. It is read by public sector agencies, Scottish Government, local government, the media and private organisations and has become one of the STA's most important assets for communicating news and views to the tourism industry with the potential to become a revenue stream in the future.

The STA communicates with industry directly at least twice a month, regularly inviting feedback and comment on some of the big issues affecting tourism businesses and two way engagement improved significantly as a result of the communications from the STA over 2016-17. The organisation will continue to encourage industry to respond and feed back on industry issues through specific, targeted communications in the future.



Top 5 Digital Trends for Tourism

FEATURES	NEWS IN DEPTH	FIVE MINUTES WITH
'Enhancing the Visitor Experience through Digital' Cybersecurity - it's a question of trust	The Rising Costs of Doing Business	Michael Hayes, Co-Founder of Add Jam
READ MORE	READ MORE	READ MORE



How Born in the Borders found its "fairy dust"!

FEATURES	NEWS IN DEPTH	FIVE MINUTES WITH
Top 5 Cost Saving Trends for Hospitality Businesses Doing more with less - focus on collaboration	Research into the rising costs for Scotland's tourism industry	Sarah Robertson, Orbit Communications
READ MORE	READ MORE	READ MORE

The STA is also seen as a ‘gateway’ to industry by other private and public sector organisations with many keen for the STA to take messages out to tourism businesses on their behalf, such is the level of reach and engagement. Equally, non-tourism bodies such as the CBI, SCDI, SRC, FSB and the Scottish Chambers of Commerce have become increasingly more engaged with the STA, having the desire to collaborate in collective responses to government on common issues.

Media relations continues to be an important communications tactic for the STA on both a reactive and proactive level. The STA is now the first port of call for journalists looking for comment on the issues affecting the growth of our tourism industry and on individual tourism businesses and tourism destinations. The organisation is now equipped to deal with press enquiries promptly, turning around a quote or a statement immediately to ensure that the voice of tourism is heard when the opportunity is presented.

The STA also delivers a proactive communications strategy, seeking opportunities to communicate its key messages on behalf of Scotland’s tourism industry through interviews, features and thought pieces. 2016-17 saw the STA achieve its greatest number of ‘on message’ press hits through print, broadcast and online media.

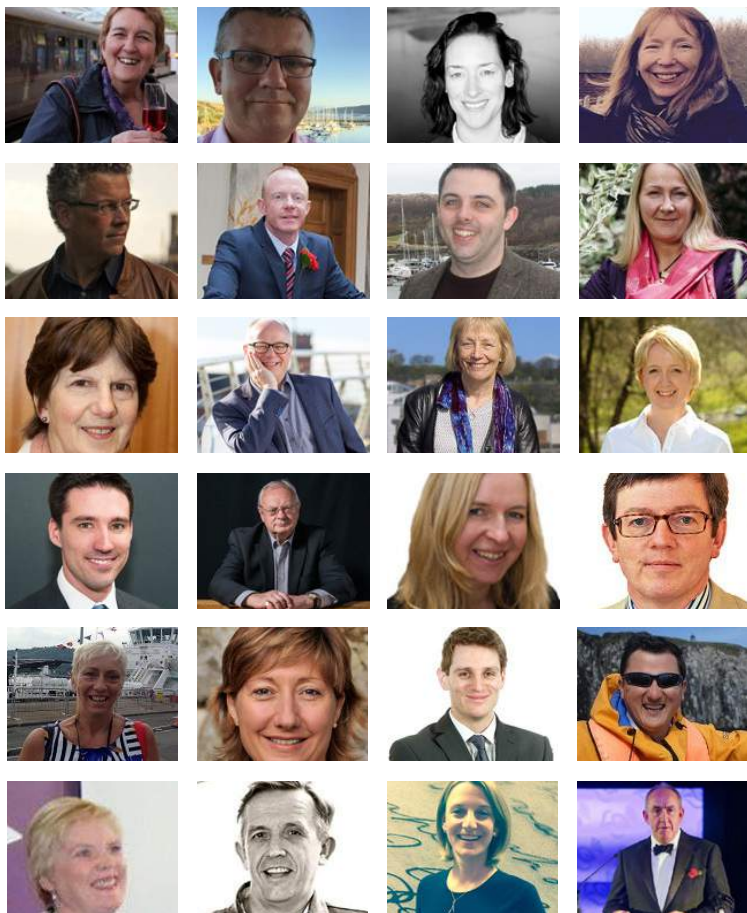
The STA’s engagement with its audiences has also improved over the course of 2016-17 as a result of a dedicated social media strategy and content plan with a more focused communications strategy to support the organisation’s membership recruitment and retention strategy.

The organisation’s communication plan is as much about Scotland’s tourism industry as it is about the STA and is designed to ensure that internal and external industry bodies are fully aware of sector news and updates.



STA Board

The STA Board met four times throughout 2016-17 and also conducted a knowledge exchange visit with our Irish counterparts, the Irish Tourism Industry Confederation. Our Board also met formally with the VisitScotland board twice during the financial year and had both the Cabinet Secretary and the Under Secretary of State for Scotland attend meetings with them by invitation.



STA Council

The STA Council met four times during the financial year and held a dedicated Tourism Hustings event pre Scottish Parliamentary Election. STA Council member participation is an essential part of the role of the organisation in gathering feedback from sub-sector groups and acting as a conduit between the STA and industry.

A full list of council members can be found on the [STA website](#).



Financial Statements

We are pleased to report that the 12-month like for like trading period ended with a small net profit for the fourth year running.

Over the year the organisation has continued to reinvest in its communication platforms, events and conferences, capability and growth of core team and market intelligence.

Our continued investment and ability to return a small year on year profit has again been achieved through minimising attrition, securing growth in membership, attracting industry support and sponsorship, driving

high levels of attendance to STA, in addition to continued careful and focused Profit & Loss management.

The inherited STF retained loss balance of £85,133 as at March 2012 has been now reduced to £25,548.

The renewed pledges of support from sponsors, continued growth and retention of members, Patrons, access to support through our account management status and our robust business plan all provide the Board with continued confidence for the long term sustainability of the company. We continue to receive and are appreciative of welcome support from VisitScotland in the form of free of charge office provision in Stirling.

Scottish Tourism Alliance Detailed Trading, Income and Expenditure Accounts

Year ended 31 March 2017

	Year Ended 31 March '17 (12 months)		Year Ended 31 March '16 (9 months)	
	£	£	£	£
Income				
Scottish Tourism Alliance subscriptions		230,779		128,791
Scottish Tourism Alliance project income		79,226		86,844
		<u>310,005</u>		<u>215,635</u>
Cost of sales				
Scottish Tourism Alliance - project expenses	64,330		77,020	
National Strategy - project expenses	<u>88,606</u>		<u>84,265</u>	
		<u>152,936</u>		<u>161,285</u>
Gross surplus	50.67%	157,069	25.20%	54,350
Other operating income				
Government grants received	125,686		131,296	
Administrative support income	<u>19,715</u>		<u>13,800</u>	
		145,401		145,096
Administrative expenses		<u>301,344</u>		<u>203,769</u>
Operating surplus/(deficit)		1,126		4,323
Investment revenues				
Bank interest received	<u>13</u>		<u>17</u>	
Interest payable and similar expenses				
Interest on overdue tax paid		-	-	2,262
Surplus/(deficit) before taxation	0.37%	<u>1,139</u>	3.05%	<u>6,568</u>

Full accounts available to access on the [STA website](#)

TOURISM IS EVERYONE'S BUSINESS

Arnold Clark
CAR & VAN RENTAL

Bidfood
Scotland

bs bruce stevenson
Insurance Brokers

Caledonian MacBrayne
Hebridean & Clyde Ferries

clock

DAM
Making Pensions Personal

eyebright

Fishers

french duncan.
chartered accountants

geotourist

johnston fuels
ENERGY DELIVERED BY PEOPLE

LOGANAIR
SCOTLAND'S AIRLINE

MACDONALD
HOTELS & RESORTS

Microsoft

people1st
performance through people

RBS
The Royal Bank of Scotland

ScotRail
SCOTLAND'S RAILWAY

Skills Development Scotland

TENNENT CALEDONIAN

visionevents
projects creative technology

The STA is delighted and grateful for the support of our current Patron Sponsors who help to make tourism everyone's business.

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