

Towards a strategy for Tourism in Scotland

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June 2011

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OUR VISION

Our vision for Scottish Tourism will drive our strategy and it is that:

“Scotland is a destination of first choice for a high quality, value for money and memorable customer experience”

PRIORITY AREAS FOR ACTION

The Tourism Leadership Group (TLG) believes that focused effort in the following 6 areas will achieve the vision:

- **Developing Markets** – develop a clearer picture of which markets and sectors offer greatest potential and define what needs to be done to improve our prospects in these markets
- **Maximising quality and value** - strong recognition that this is rooted in business leadership.
- **Enhancing and improving visitor facilities**
- **Responding to internal and external changes** – market intelligence and enhancing the ability of the industry to respond to change (innovation). Improving performance information, especially in the area of customer satisfaction.
- **Providing industry leadership and strategic direction** – and recognising a real opportunity to build industry cohesion
- **Calling for infrastructure improvements** – e.g. roads, digital infrastructure

A detailed market attractiveness exercise and sector mapping exercise will provide guidance for the industry as a whole as to where to prioritise development and marketing activity. Our overall market approach will be

- Building on our distinctive assets to generate growth from existing, mature markets
- Taking some higher risks, using innovation and resources to identify and develop new markets for the future.

We will assess future market opportunities and ensure we can meet the needs and expectations of future visitors from emerging markets in five and ten years' time.

This piece of work will drive the actions to be included in the strategy and it has begun with a review of market opportunities that is currently underway at VisitScotland.

BACKGROUND

The Scottish Tourism Leadership Group (TLG), as part of an industry led strategy development exercise, commissioned consultants to review the most up to date data available on Scottish tourism performance, in the UK and international marketplace. In parallel, they conducted in-depth interviews with key industry leaders, including over 1,500 responses to a wider survey. The remainder of this document summarises the consultants' findings and provides the rationale for arriving at the quality focussed approach described above.

THE PAST AND PRESENT

WORLDWIDE TOURISM

The economic downturn of late 2008 and 2009 had a significant impact on international travel and tourism with the global Travel & Tourism Economy GDP contracting by 4.8% in 2009. Even so, the sector worldwide still supported over 235 million jobs that year.

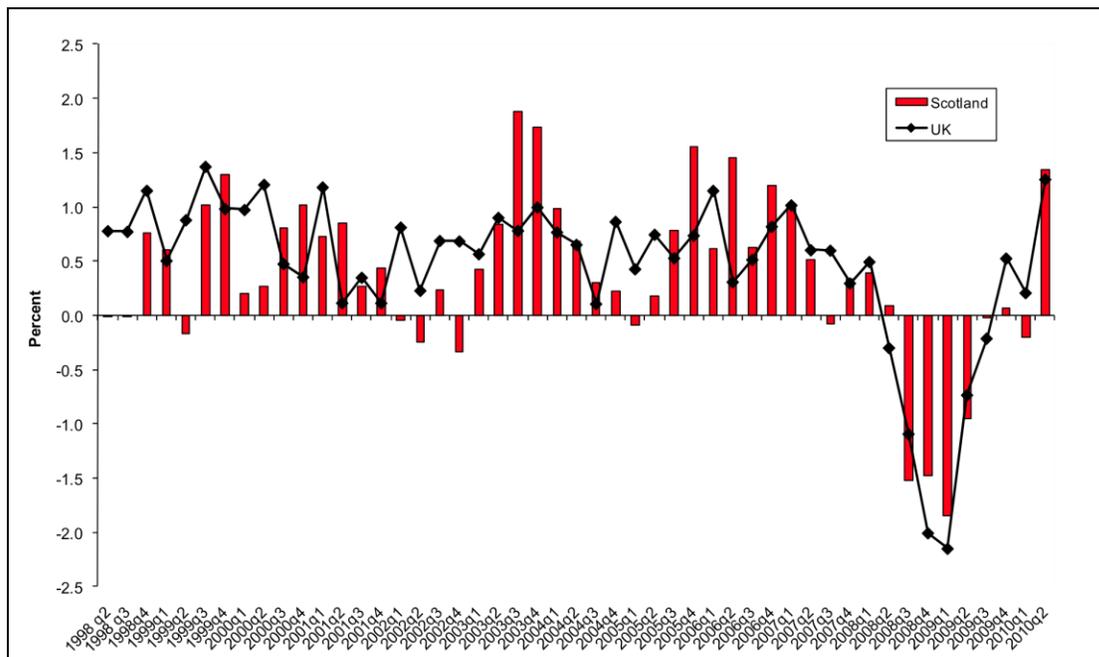
Leisure visitor numbers and value both declined in 2009 compared to previous years. In the business tourism market, corporate meetings declined more dramatically, from a projected 4% growth, to a slight downturn in international arrivals within Europe.

2010 saw some signs of recovery in leisure and business tourism.

UK & SCOTLAND

Fraser of Allander Institute's Economic Commentary shows (Figure 3.1) the UK experience negative GDP growth from mid 2008 through to q3 2009 and that, overall, Scotland's fall was not as great as that of the UK during this period.

FIGURE 3.1
SCOTTISH & UK QUARTERLY GDP GROWTH 1998Q2 TO 2010Q2



Source : Fraser of Allander Institute

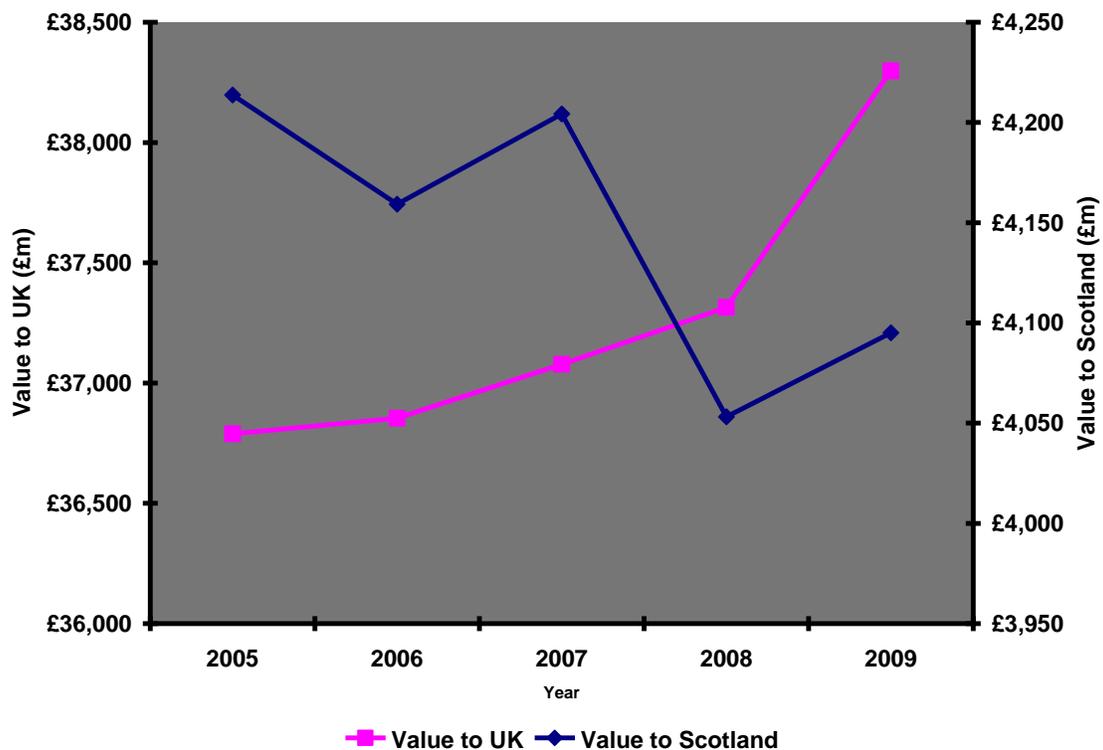
Their data shows that Services (which includes tourism) in Scotland saw six quarters of negative GVA growth while for the overall economy it was four (Figure 3.1) indicating that Services suffered a comparatively greater fall than the economy as a whole. Over the period from 'peak performance' to 2010 Q2, Hotels and Restaurants saw a fall of 3% of GVA.

GROWTH IN SCOTTISH TOURISM?

Volume and value trends in Scotland

In Scotland the value of overnight visits is £4.1bn, which represents a marginal decrease since the historical high of 2005. Worryingly, this is primarily because Scotland is starting to lose its share of the UK tourism market (as shown in Figure 4.4). So whilst the value of UK tourism has increased consistently since 2005, in Scotland, despite efforts to grow it, there has actually been a gradual decline in value.

Figure 4.4. Total value to UK and Scotland 2005-2009



Income per visitor in Scotland is significantly higher than that in the UK as a whole indicating that tourism is proportionately a more important sector for Scotland than it is for the UK as a whole.

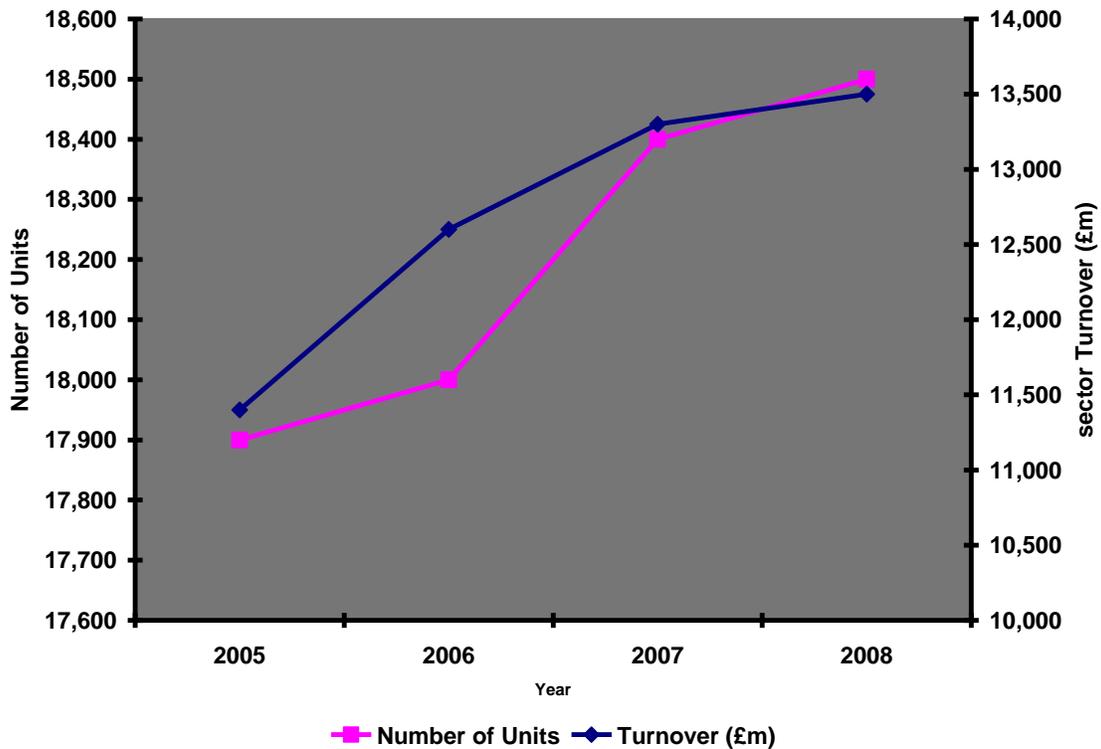
A recent report by Deloitte and Oxford Economics estimated (based on historical data from a survey in England) that day trips add a further £4.35bn in tourist expenditure. The same study estimates the overall contribution to GDP of visitor spend in Scotland (including indirect impacts) is around £11bn (The Economic Impact of the Visitor Economy, June 2010).

Number of Units, Turnover and GVA trends

This wider aggregation of the impact of tourism 'spend', perhaps, goes some way to explaining why Annual Business Inquiry (ABI) data shows an increased number of business units in the "tourism related" sector.

Turnover in 2008 was estimated to be around £13.5bn (Figure 4.12).

Figure 4.12. Changes in Units and Turnover 2005-2008.



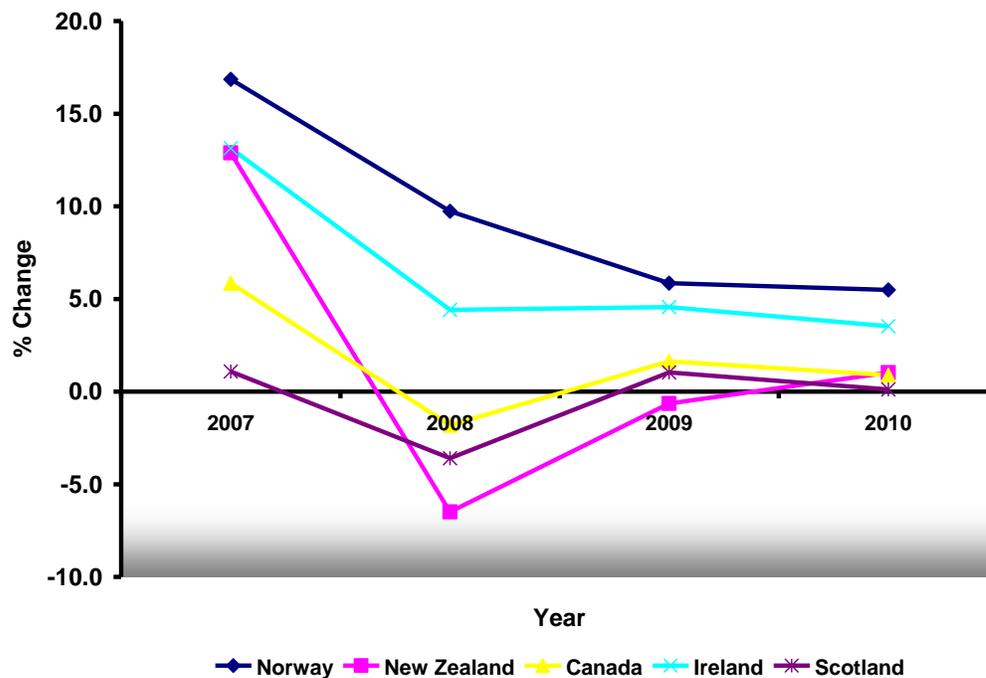
66% of respondents to the TLG industry survey reported an increase in turnover since 2005, which shores up this data.

OUR COMPETITORS

Competition is fierce, with over 200 destinations worldwide competing in the international tourism market. Each has an attractive proposition, offering increasingly high standards of quality and service, to many of the same customer groups that Scotland traditionally targets.

The decline in growth that Scotland has witnessed in the value of overseas tourism appears to be part of a broader geographic decline. As a result of the global economic problems encountered in 2008, the rate of growth of overseas tourism in all countries considered in the study has declined. Scotland has been hit relatively hard - only New Zealand was subject to a greater percentage downturn than Scotland. In Norway and Ireland there has still been marginal growth.

Figure 4.33. Trends in tourism earnings 2007-2009.



Sources : Euromonitor UKTS/IPS (2010 data estimated for Scotland)

What our competitors are doing

It is notable that several countries are adjusting tactics, and not all focus on the volume and value targets.

Ireland has recently announced a greater focus on providing enhanced value for money and a renewed presence in the international market place.

New Zealand's revised strategy has a much greater focus on value and quality.. The strategy says: "... *the targets focus on value and quality-based tourism development.*" Revenue growth is a consequence of achieving *qualitative* goals.

No growth target is apparent for Norway. Instead the targets are entirely qualitative:

- Greater wealth creation and productivity in the tourism industry
- Sustainable rural communities through year-round jobs in tourism
- Norway – a sustainable destination.

The term "value" applies not only to money but equally to landscape, culture, heritage, sustainability, external perception and the visitor experience. The Norwegian definition of tourism is:

"Tourism is a generic name for a number of industries where sales to visitors constitute a significant part of the production. Transport, accommodation, food service, and travel and tour companies, as well as players offering different kinds of attractions and activities, are all elements of the tourism industry."

The “Tourism is Everyone’s Business” approach appears to be formally adopted at all levels of government as a driver of policy in many areas.

There is a very strong focus on innovation and investment in tourism. In January 2004 the new state owned company, Innovation Norway, replaced four organizations (namely The Norwegian Tourist Board, The Norwegian Trade Council, The Norwegian Industrial and Regional Development Fund and the Government Consultative Office for Inventors) with Innovation Norway. Given the increasing competition for reduced public funds, a more streamlined approach to ‘who does what’ in Scottish tourism, along the Norwegian model, is worth investigating.

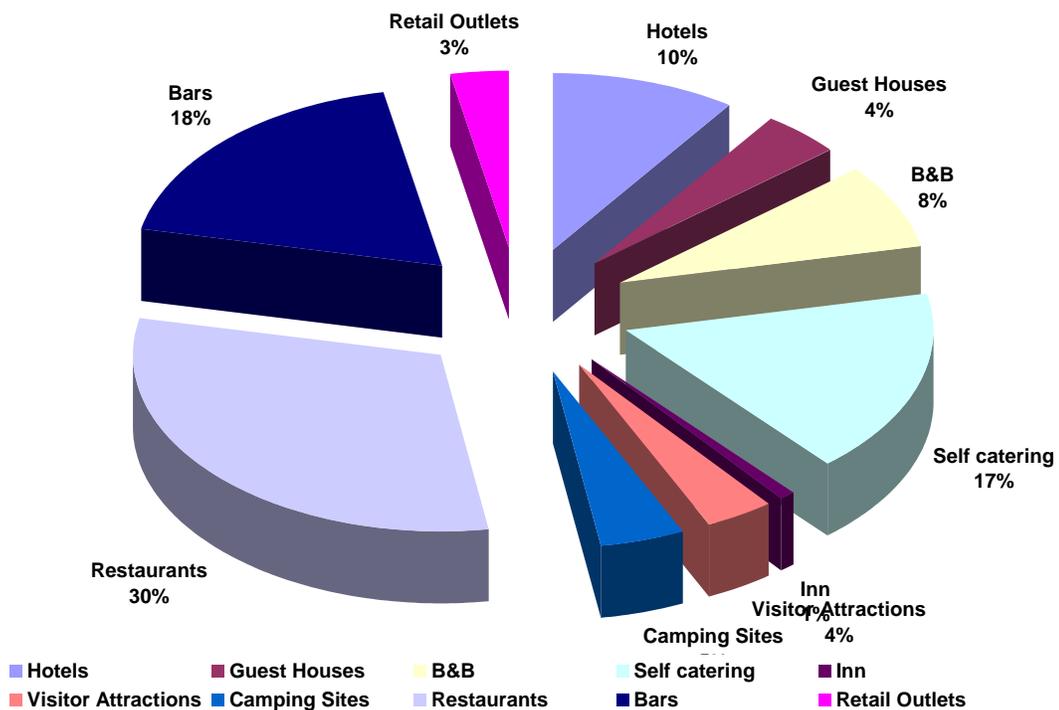
THE PROFILE OF SCOTTISH TOURISM INDUSTRY

Office of National Statistics/ABI data estimates there to be around 15,000 enterprises and 18,500 business units in the tourism related sector.

The tourism sector is dominated by small businesses with 97% of all businesses in the sector being single person owner manager businesses or employing fewer than 50 people.

The profile below highlights the importance of not just of accommodation sector but also of the food and drink sector and visitor attractions. The strategic actions, targets and objectives set out in the strategy are relevant to all businesses who interact with visitors whether overnight or day visitors.

Figure 4.1. Profile of Scotland’s tourism industry Source: ABI, VisitScotland



MARKET PROFILE - WHO COMES TO SCOTLAND?

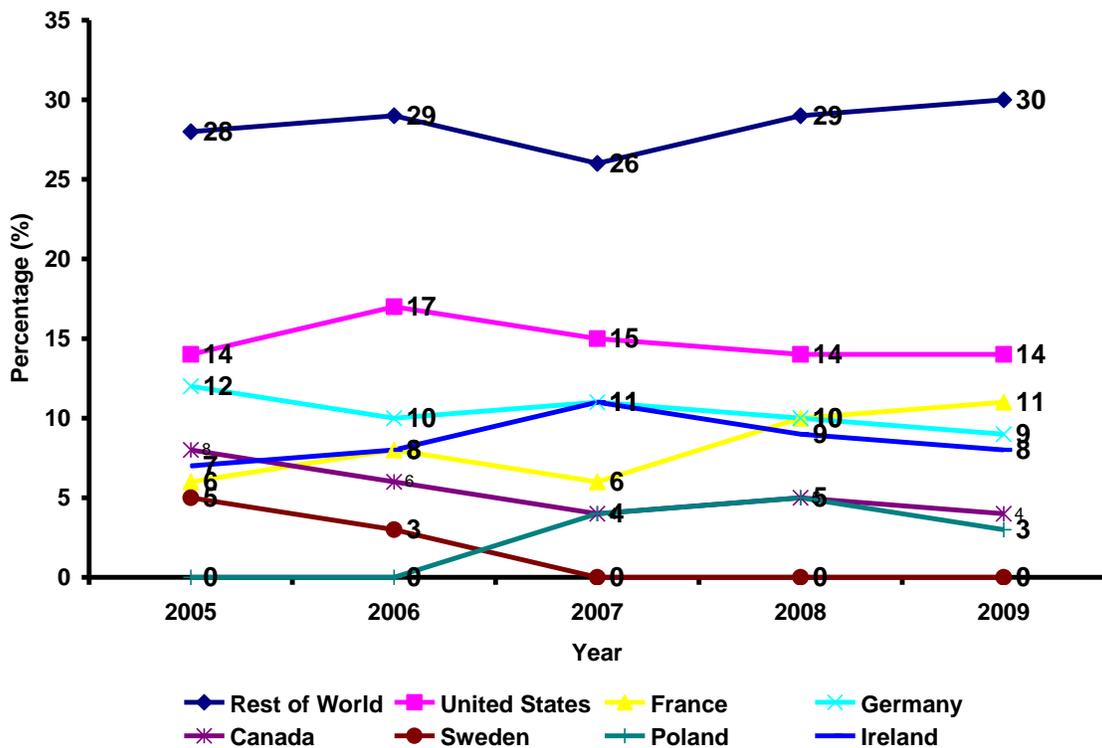
Scotland attracts visitors from across the world. However, in terms of value of overnight visitors our most important market remains the UK, with English visitors dominating. If we include day trip revenue, the value of the UK (especially Scottish) market increases significantly.

Overall, there is a gradual overall decline in Scotland's percentage share of the total volume and value generated by UK originating overnight visitors. Whilst this is of concern, an estimated 50% of England residents have yet to have had a leisure visit to Scotland

The overseas market remains of high value but it is not showing consistent annual growth. Between 2005 and 2009 the number of overseas visitors remained broadly static at between 2.4 million and 2.7 million visitor arrivals.

Our main country of origin for overseas visitors remains the United States with visitors coming from a number of Western European countries. There is also an increasing number of visitors from other parts of the world, including the emerging Brazil, Russia, India and China (BRIC) nations.

Figure 4.28. Origin of overseas visitors 2005-2009.



Source: International Passenger Survey

PURPOSE OF VISITS TO SCOTLAND

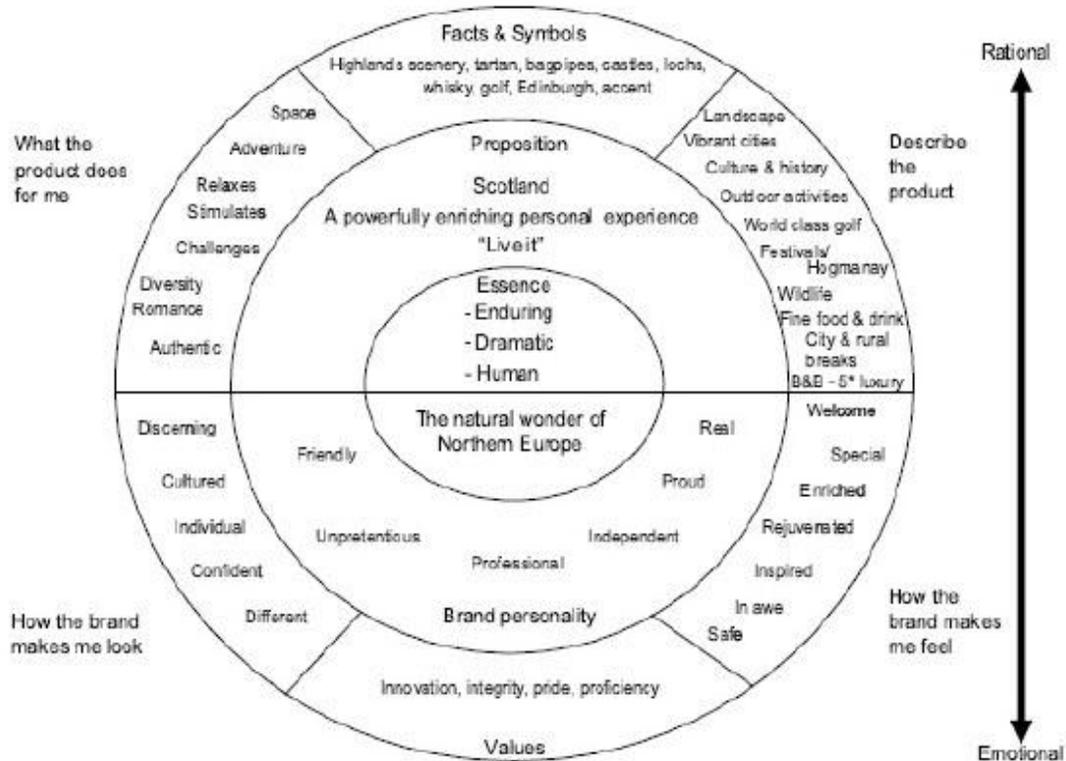
- The **UK leisure** tourism market (including Scots themselves and people visiting friends and relatives (VFR)) constitutes around 54% of total tourism revenues generated in Scotland. The UK VFR component is around 6% of the total. The UK leisure market is increasingly a short break market (average stay 3.6 nights).
- The **overseas leisure** tourism market including VFR is worth around 23% of total revenues (VFR component around 6%). It sees a longer average stay (average of 8.6 nights in Scotland) but short breaks are increasingly popular.
- Business tourism appears to be recovering slightly in 2009. UK and overseas **business tourism** is worth around 21% of total tourism revenues (spend per night is twice that of leisure visitors), with other tourism revenues accounting for the remainder.

62% of all visitors state "holiday" as the reason to visit. The relative percentages for reasons to visit have remained broadly similar since 2005

WHY DO VISITORS CHOOSE SCOTLAND?

A Brand Wheel (or 'Brand Essence Wheel'), uncovers simple words associated with a brand or product through a systematic process working with visitors who are relatively familiar with the product - Scotland. VisitScotland has developed a brand essence wheel for Scotland as a destination (Figure 4.31).

Figure 4.31
Scotland Destination brand Wheel



Source : VisitScotland

Research of our customers indicates that their profiles of Scotland as a destination are:

- Scotland is an enduring and dramatic country with a strong human element
- A visit to Scotland is a powerfully rich and enriching personal experience
- There are a number of key destination icons associated with Scotland unsurprisingly include, tartan and bagpipes, castles, scenery, the Scottish accent, walks, whisky, Edinburgh and golf
- It is a country with dramatic landscapes and vibrant cities, strong culture and history, a range of outdoor activities and world-class golf, known for its festivals (particularly Hogmanay), wildlife destination, offering fine food and drink, strong for city and rural breaks, and offering five-star luxury
- Scotland makes people feel rejuvenated, special, enriched and inspired
- Scotland is a country that stimulates and challenges, offers adventure and relaxes. It offers a sense of space and diversity of landscape and scenery
- Scotland is a land characterised by pride of its people, integrity, innovation and professionalism
- Scotland is perceived as a distinctive country within the UK and amongst Scottish residents themselves.

The most recent Visitor Experience Surveys have indicated that the *scenery* and the *number of things to see & do* stand out as the top two reasons for choosing Scotland as a holiday destination for both UK and International visitors.

WHAT DO VISITORS THINK OF SCOTLAND?

Scotland has many strong assets, and visitors' experiences are generally good, but expectations of the whole experience are not always consistently met.

The summary of the overall strengths and weaknesses of Scotland draws on Visitor Experience Survey, Local Visitor Surveys, Brand Image Radar and Nations Brand Index so includes opinion of those who have visited as well as perceptions of those who may not have.

Scotland's strengths as a destination

- Quality of the landscape, natural heritage
- Number of things to do
- Outdoor activities
- Combining city and outdoors
- Built heritage
- Culture

Supporting evidence:

Visitor Experience:

- 73% stated that they would be 'very likely' to recommend Scotland as a holiday destination, and 24% stated 'quite likely'.
- The scenery and beautiful landscape (27%) is the principal highlight of the visitors' holiday in Scotland, followed by the people (12%), Scottish nature (9%) and the castles (7%).

Local visitor surveys:

- Scotland generally scores highly in overall attractiveness as a destination amongst *people who visit*
- Around one third of visitors felt that their expectations had been exceeded
- Where surveyed, *quality of service* was rated around 8 out of 10
- Value for money scored around 7 to 8 out of 10 where comparisons could be made
- Visitors indicated a relatively high propensity to return

In the Anholt Roper Nations Brand Index Scotland appears to do best on questions that relate to "softer" aspects of its reputation, e.g. cultural heritage, good quality of life and a friendly welcome. Scotland's reputation for Tourism is far more prominent than its smaller nation comparators. Scotland's natural beauty is its highest ranking score on the

index (7th). Scotland's scores across each of the questions on the Tourism dimension are all positive.

Industry members through the TLG survey and consultations support these findings, although they are less positive about the overall quality of service. From their interactions with visitors they would add the following to the list of strengths:

- a safe place to visit,
- sense of place
- distinctiveness of the destination
- food and drink offering

Scotland's Weaknesses as a destination

- Value for money
- Inconsistency in:
 - Quality of experience
 - Food and drink offering
 - Service quality/people interaction
 - Retail offering
- Perception of vibrancy/vitality
- Getting around Scotland
- Wet weather facilities

Supporting evidence:

The Visitor Experience Survey (VES) indicated that value for money is the one area where Scotland traditionally performs comparatively less well and this is usually driven by the perceptions of International visitors.

Four out of ten (40%) of international visitors perceive Scotland to offer poor or very poor value compared with only 8% of UK visitors. This is of concern because it is rated as important or very important by 59% of visitors when choosing a destination. This is driven by the cost of eating out, unfavourable exchange rates (US) accommodation and the general cost of living.

70% of visitors feel that some aspect of their visit was disappointing.

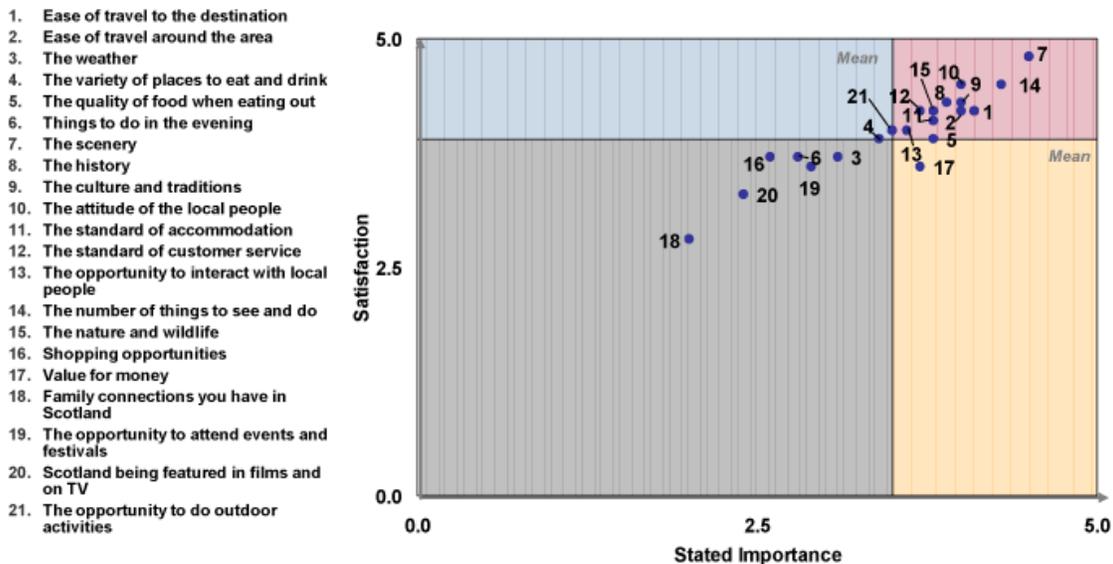
- The weather remains to be the chief disappointment (20%), particularly for UK visitors (32%), compared with international visitors (12%).
- Other disappointments of visitors' holiday in Scotland (all at low levels) include accommodation (5%), quality of food in restaurants (5%), lack of time (4%), and service (3%).

Figure 4.32 gives the relative importance of aspects of a visit to Scotland compared to customer satisfaction rating of each and it shows there is room for improvement in:

- Quality of food and drink when eating out
- The variety of places to eat and drink
- Things to do in the evening

- Shopping opportunities

Figure 4.32
Visitor Experience Satisfaction / Importance Matrix
Strategic Priority Matrix – Importance Vs Satisfaction
Total



Source : VisitScotland/Harris Interactive

Brand Image Radar shows

- Scotland perceived:
 - Not to offer a variety and diversity of experiences
 - as expensive
 - as cold and wet.
- There is a lack of awareness amongst many people of how Scotland can meet their holiday needs
- England is ahead on world events and entertainment, vibrancy and vitality – Nations Brand Index supports this.
- Scotland lags England and Ireland in the areas of “great food and drink”.
- Ireland is ahead of Scotland on being “welcoming and friendly”.

In the Nations Brand Index, Scotland’s reputation for vibrant city attractions was relatively low (20th).

Through consultations and the industry survey the most significant weakness is considered to be the inconsistent quality of the visitor experience and service.

The industry also reported weaknesses intrinsic to the industry:

- Industry leadership/collaboration
- Investment in skills
- Complacency about competition
- Culture of dependency on the public sector
- Management ability
- Cross-selling

And weaknesses relating to the environment business are working in:

- Access to finance for investment
- Undervalued by government
- Focus and delivery by public sector

THE FUTURE

GLOBAL TOURISM

National debt problems in many countries have led to austerity budgets being introduced that will impact on disposable income, and the propensity to travel in future years.

Although international travel in the major markets will continue to grow, WTTC does not anticipate that the economic impact of tourism in the UK is likely to increase significantly between 2010 and 2020. Nevertheless tourism will continue to be a “cash cow” for the UK although projected growth is likely to stagnate.

SCOTLAND

Both Fraser of Allander Institute’s Economic Commentary and PWC’s UK Economic Outlook (Nov 10) forecast modest growth in the economy but PWC suggest that the economies of Northern Ireland, North East England and Scotland will see a greater negative impact of spending cuts given the dominance of public sector employment in these locations.

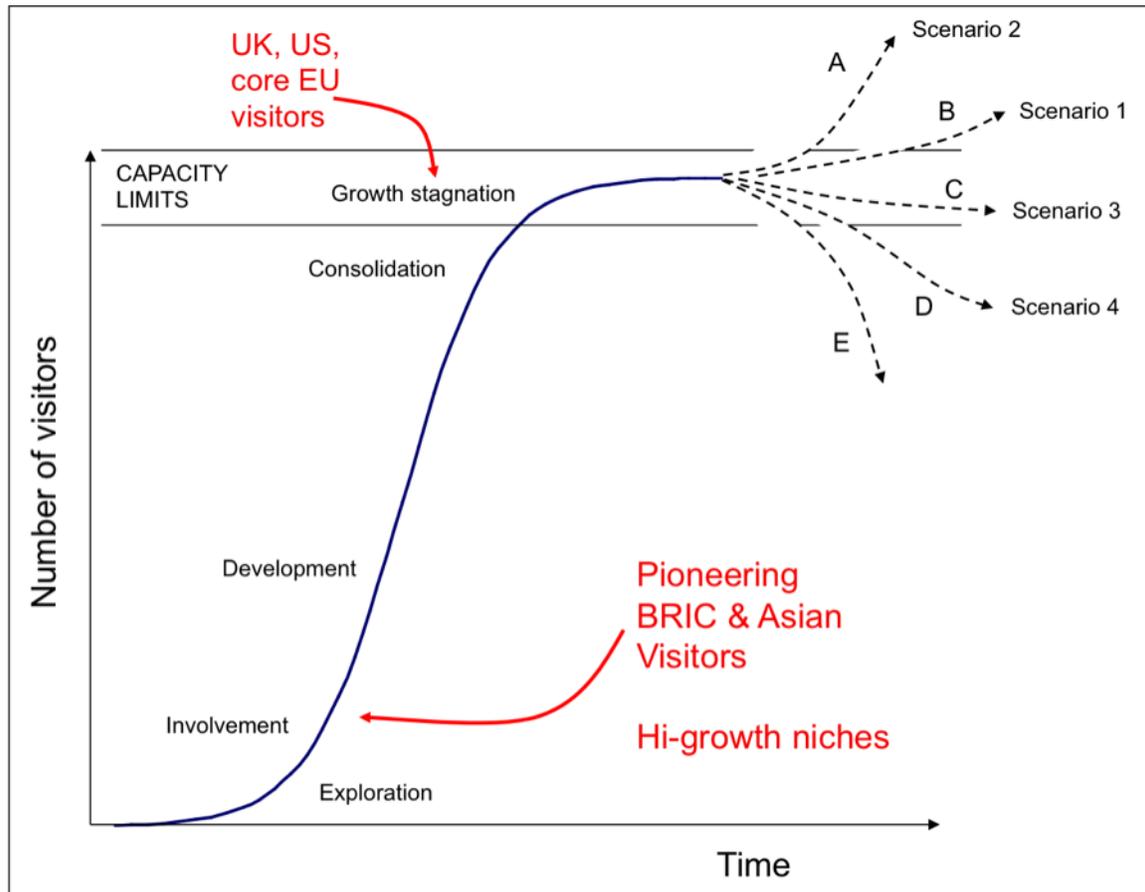
The Fraser of Allander report weak and weakening confidence in the Tourism sector across Scotland characterised by:

- Flat occupancy levels
- A lack of tourist demand
- Continued discounting by hotels
- Volatility of non Scottish Tourism spending in the past two quarters.

SCOTLAND IN THE TOURISM AREA LIFE CYCLE

Like most products, destinations have a lifecycle. In his 1980 article, Richard Butler proposed a widely-accepted model of the lifecycle of a tourist destination. (Figure 4.34).

FIGURE 5.1
THE TOURISM AREA LIFE CYCLE



Source : Butler, R.W. (1980) *The concept of tourism area cycle of evolution: implications for management of resources. Canadian Geographer. 24 (1), pp.5-12*

The concept of Butler's *Tourism Area Life Cycle (TALC) model* is that a destination begins as relatively unknown. Visitors initially come in small numbers restricted by lack of access, facilities, and local knowledge.

As more people discover the destination, word spreads about its attractions and amenities increase and improve (*Development*). Tourist arrivals then begin to grow rapidly toward some theoretical carrying capacity (*Stagnation*), which involves social and environmental limits. The rise from *Exploration* to *Stagnation* often happens very rapidly, as implied by the exponential nature of the growth curve.

Scotland is not a low cost, rapidly growing emerging mass tourism destination. Exponential increase in visitor numbers and value has come to an end.

Scotland is an attractive and popular destination which nevertheless is in the stagnation phase of the destination life cycle where tourism is a cash generator for the economy but growth is low and variable from year to year. Given the available figures, we may already be on the cusp between stagnation and decline.

THREATS

There are a number of factors which are specific to the UK which are likely to impact negatively on visitor trends in Scotland over the next few years. These include:

- Threat of a “double dip” recession
- Government Spending Review in the UK and Scotland
- Proposed introduction of increased air passenger duty
- VAT increase
- Increasing fuel prices
- Threat of terrorism perceived or real
- Currency fluctuation (£:€ and \$:¥)

Possible impacts of such changes might lead to:

- Reduction in overseas visitor numbers
- Conversely, reduction in the propensity for UK residents to take holidays as costs increase and levels of disposable income reduce.
- A net overall reduction in visitor spend
- Negative impact on levels of investment in tourism in Scotland, as well as reducing VisitScotland and VisitBritain budgets

International events e.g conflict or health scares could also reduce overseas visitor numbers.

The industry in Scotland also recognise the following as threats:

- Global recession
- Cost increases
- Increased competition from UK and overseas. England is in a position of competitive strength for overseas markets given the overwhelming global profile of London and the reality that the major international gateways are located in south east England.
- Decline in air and sea transport links to Scotland
- Increasing bureaucracy
- Public sector weaknesses – infrastructure, support and regulation
- Attitudes – people service, complacency, apathy

OPPORTUNITIES

Scotland has a number of major opportunities to increase the value of tourism over the next few years. These include:

- A number of major international events including:

- Tall Ships Race 2011 (Greenock and Lerwick)
 - The Glasgow 2014 Commonwealth Game
 - Spin offs from the 2012 London Olympic Games
 - The Ryder Cup in 2014
 - Homecoming 2014
 - Rugby World Cup in 2015 (England and Wales)
- Potential for growth in key sectors of the economy in which Scotland has “centre of excellence” credentials, such as renewable energy and biotechnology with consequent increases in business and conference tourism
 - Potential for improved access to Scotland
 - Development of major new infrastructure projects such as the national indoor arena, EICC extension, Trump development and the proposed V&A in Dundee

In terms of markets:

Staycations are here to stay – meaning that there is scope for UK originating business to increase, particularly in the English and Scottish short break markets.

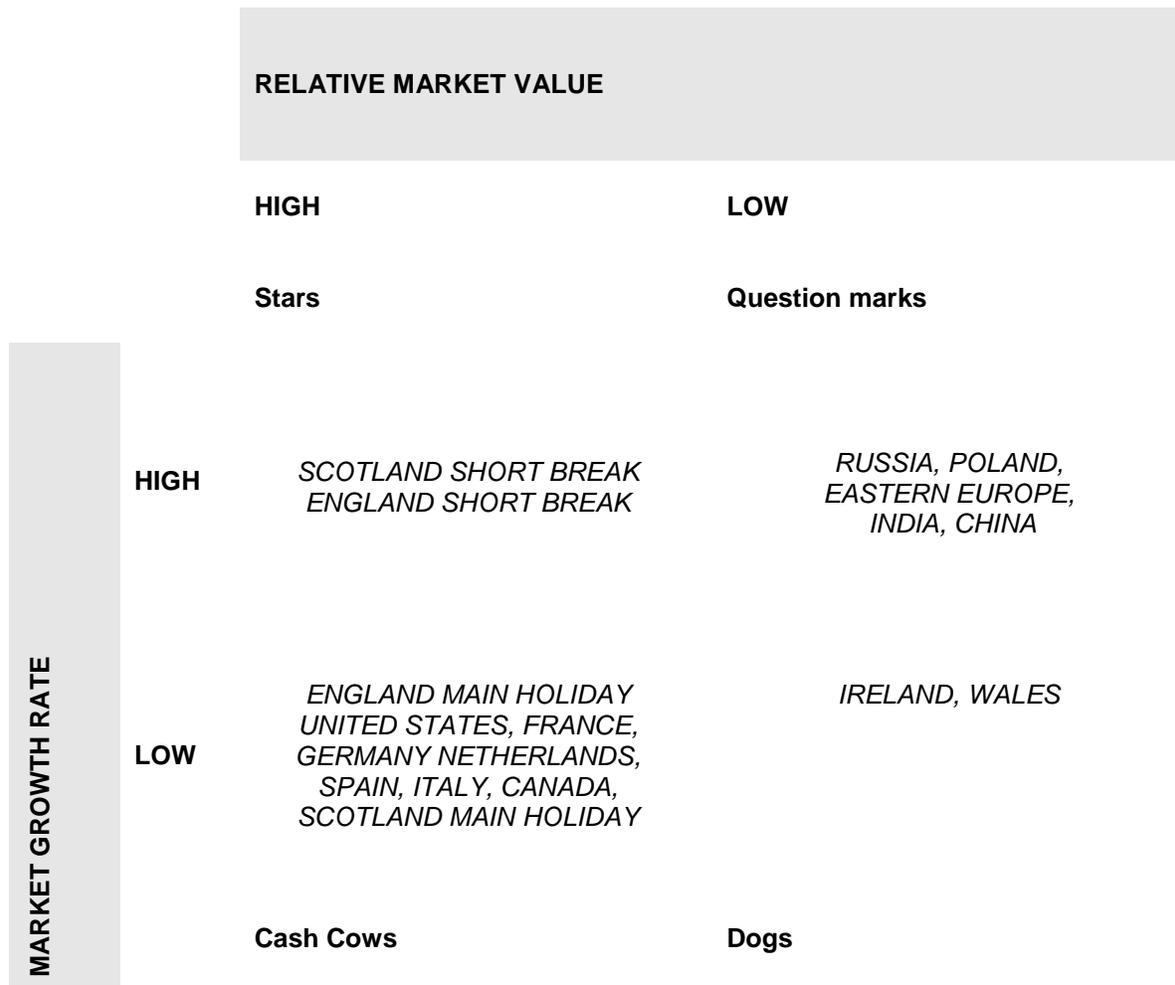
Scotland remains an attractive international destination within a number of well-developed and mature overseas markets. Mature markets probably offer limited scope for future growth in visitor numbers but they may be lucrative in value terms, especially based on areas such as golf, culture, and heritage and business tourism.

There is some growth potential in international markets:

- Following the collapse of the Berlin Wall in 1989, Eastern Europeans and Russians now travel regularly and many are high spending visitors with expectations of the highest standards and quality
- Emerging destinations are leading global growth resurgence (Brazil, Russia, China)
- Chinese citizens are increasingly wealthy and represent the world’s biggest future tourism market.
- The number of US citizens with passports has doubled since 2003.

The following growth / market share matrix which reflects where our current strengths lie and from where future growth may come (Figure 4.33).

Figure 4.33 Current Growth /Market Share Matrix based on country of visitor origin



Our main holiday markets are strong revenue generators with stable, if flat, trends. Available evidence indicates that the UK and Scottish short break markets may offer growth potential whilst the Irish and Welsh originating market value is relatively low and offers little scope for growth.

For the future Eastern Europe, Russia etc may offer potential but as yet they offer low market value even though there is evidence that the growth rate is increasing. As external factors change, these countries may offer increasing potential.

The TLG industry survey and consultations reflect the opportunities described above from major events, developing Scottish (including day trip) and UK Markets, looking for new international markets, based around the strength of Scotland's assets. They see additional opportunities to:

- position Scotland as a high quality, high value for money destination developing high value niches
- linking plans for national and local marketing,

- extending the tourism season
- building on green credentials

Businesses are very supportive of the need to improve standards and enhance the overall value for money and visitor experience on offer.

OUR FUTURE VISITORS

VisitScotland's Insights Team has undertaken a significant amount of customer research into the likely profile of our future visitors and the issues that may affect their travel here:

- Consumer confidence is falling as a result of cutbacks in public sector funding and austerity measures, together with VAT increases in the UK and key markets, and their impact on personal circumstances.
- The market is highly sensitive – following the June 2010 UK budget and October 2010 UK spending cuts announcements, there is evidence that the propensity of consumers to take holidays has reduced significantly.
- But consumers regard holiday-taking as something that they will not give up lightly – holidays are still a vital part of life
- Demographic trends are positive – increased life expectancy in main markets and in the baby boomers are leading to older, more active travellers seeking distinctive experiences
- Visitors are looking for offers and value for money and value for time as never before
- People are increasingly experienced travellers with increasing interest in culture and activity.
- There are corresponding and increasing demands for comfort and safety
- Visitors are increasingly seeking interaction with their brands through social media and expect to engage regularly with their preferred brands and to be rewarded for their loyalty.

Available research also indicates that sustainability is becoming more important to visitors.

WHAT THIS ALL MEANS FOR SCOTLAND

Scotland's distinctiveness is in its landscape, culture, heritage and its people. Visitors like Scotland. Its main weaknesses lie in failing to offer value for money and not regularly exceeding customer expectations in areas where we can influence the visitor's experience. Scotland is not a low-cost destination and does not generally compete on price.

Scotland is a well established destination in traditional markets, where growth has plateau-ed. It is therefore unlikely to witness a return to historic growth levels in volume and value. Indeed growth in Scotland's Tourism sector is likely to be, at best, slow. However, if Scotland's marketing activity is limited to what it is currently doing it may dip into further decline.

In a time of increased competition within the UK and abroad, reduced resources and a more discerning customer being firmly in control of the decision making process,

Scotland's future success relies in ensuring that marketing resources are used more effectively, and the industry ensures that the experience our visitors have at least meets their expectations and offers good value for money.

THE STRATEGIC OPTIONS

Scotland faces a number of strategic choices. These scenarios correlate to 4 potential trajectories marked on figure 5.1:

- Scenario 1 - continue to build strongly on the existing strengths whilst introducing new infrastructure and visitor experiences to new markets which are not yet fully exploited
- Scenario 2 - identify some major new market opportunity or infrastructure development which leads to rejuvenation that propels Scotland into a new stage of involvement exploration and development.
- Scenario 3 - continue to proceed on the current line and offer the same product in a difficult economic situation whilst not attempting to retain market share. This may involve marginal improvements in marketing some development of niches - in effect of tinkering at the edges of what we need to do.
- Scenario 4 - do nothing to address market failures and identified issues and proceed into the decline stage.

Scotland needs a strategy that pursues scenario 1 seeking to enhance our competitiveness and achieve growth in a time of austerity and uncertainty. The destinations that survive will be those that adapt best to changing circumstances.

- The quality of the experience - product and service - is crucial. We must continue to improve quality and increase the percentage of visitors who are indicating that they regard Scotland as offering high levels of value for money.
- The ability to adapt, innovate and be flexible will be key to maintaining competitiveness in an uncertain future economic climate
- We must monitor customer satisfaction and respond to any areas where their expectations are not being fully met or exceeded
- With public sector budgets reducing the private sector must take more responsibility for the development and marketing of Scotland as a destination
- Scotland's industry must work to achieve growth in our existing markets and develop new markets for the future.

If Scotland is aiming to be an excellent destination, which exceeds customer expectations more comprehensively and more often, then we must consider how we put the customer at the centre of everything that we do in Scottish Tourism.

Whilst its future direction as a tourism destination is subject to external influences, the type of strategy adopted by the TLG will determine what kind of destination we want Scotland to be in the future

WHERE DO WE WANT SCOTLAND TO BE? WHAT WILL SUCCESS LOOK LIKE?

Our vision of the future is characterised by:

- Consistently high visitor satisfaction ratings with their whole experience in Scotland – facilities, service and value.
- Everyone across the industry taking responsibility for the excellent customer experience. Tourism is everyone's business.
- Maintaining at least, and preferably growing, market share compared with key competitors.
- Scotland is an attractive destination for inward investment in tourism. New quality businesses emerging. Poor quality businesses will disappear.
- The public sector delivery mechanism being designed to get things done efficiently, effectively and collaboratively (both between agencies and in supporting the industry)
- High quality management data being routinely used to measure performance across the industry, both private and public sector.

STRATEGIC PRINCIPLES

Our strategy will be governed by the following principles:

- *Customer friendly* – putting the customer at the centre of everything we do and making sure that every “moment of truth” is an exceptional one. This is further explained below.
- *Value* - By focussing on providing an excellent experience for our customer, we will improve perceptions of value for money. This is not about being a cheap destination, but about visitor's leaving highly satisfied with their visit.
- *Unlocking the distinctiveness of our destination* – Scotland must continue to be distinctive to stand out from the crowd and we must use our assets to our best advantage. To ensure that past visitors return and that new ones will be attracted, successful destinations must undergo constant renewal and investment.
- *Innovative* – constantly improving and enhancing the visitor's experience. The delivery of our vision depends on the capabilities of our private sector to increase the level of innovation in Scottish Tourism and to create new experiences. If many small innovations are made by businesses across Scotland then the net effect will be to transform the customer's experience and perceptions. Many changes will be made by single businesses, others will be collaborative.
- *Sustainable* – financially, environmentally and in support of thriving communities - through increasing yield and business especially at quieter times of the year. The aim is to create a tourism sector which manages resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems. This will be achieved through balancing the needs of tourists with those of the destination according to the

the VICE¹ approach. The VICE model gives equal consideration to the needs of Visitors, the Industry, the local Community and the Environment

- | | |
|---|---------------------|
| • Welcomes, involves and satisfies | V isitors |
| • Achieves a high quality and profitable | I ndustry |
| • Engages and benefits host | C ommunities |
| • Protects, reflects and enhances the local | E nvironment |

- *Viabile* - An aim of the TLG will be to develop out of season business through building on our range of seasonal assets, including attractions, events, festivals and seasonal promotional campaigns to develop a more robust year round industry which offers full time permanent employment opportunities.
- *Passionate* - through taking pride in offering our visitors an outstanding visitor experience
- *Competitive* with the best elsewhere – learning from other places, but also taking risks to try new improvements
- *Adaptable* – flexible enough to take into account future trends in the tourism and wider economies and to respond tactically to external events
- *Supportive* of the sector – making the voice of tourism heard at all levels
- *Realistic* - The strategy will be optimistic but realistic. Growth will be a by-product of focussing on quality and value. This focus will allow businesses to grow at the pace and level they wish, and allow Scotland to increase its market share in key competitor markets. Overall for Scotland we believe that trajectory B, at least, is possible, and some areas will be able to develop according to trajectory A in figure 5.1.

Customer Friendly – putting the customer at the centre of everything we do

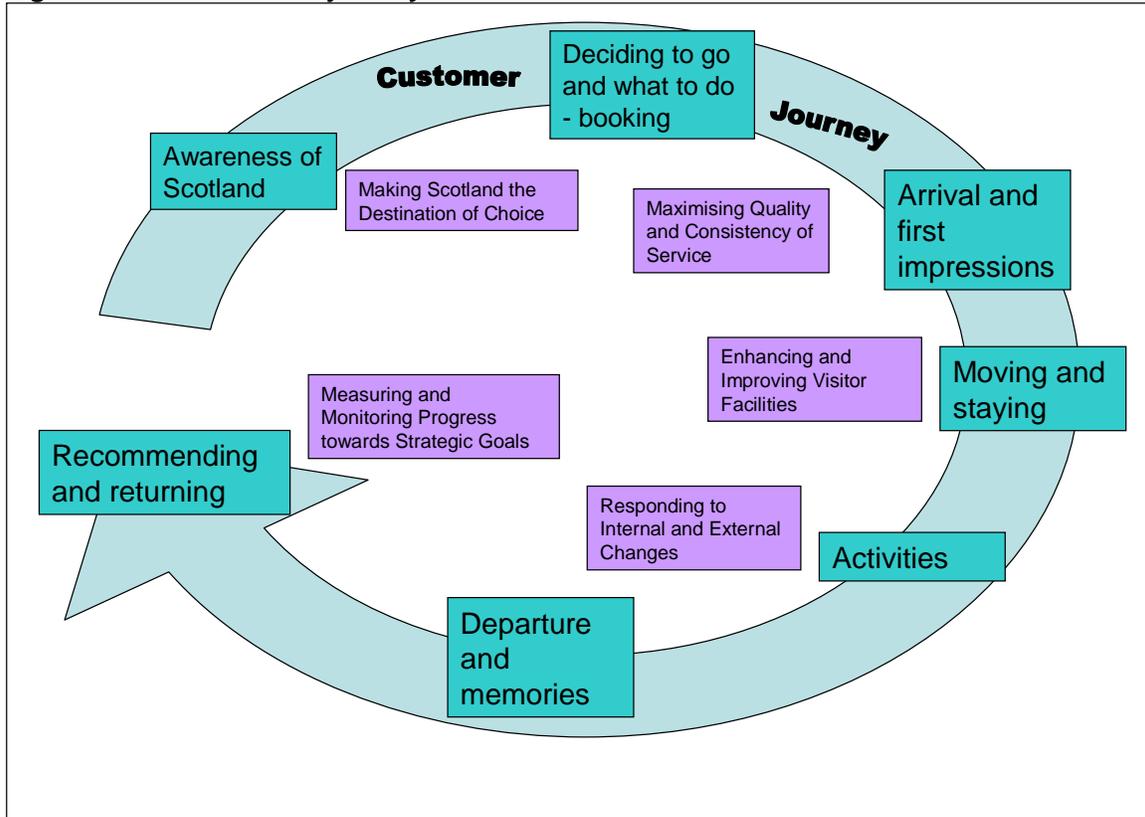
Customers are all who visit Scotland whether on an overnight or a day visit. They may interact with traditional “tourism businesses” (e.g. accommodation, attractions) or any of a broad spectrum of businesses in Scotland (e.g. shops, restaurants, bars, transport etc).

Customers are not only those who are here now but those who may come in the future. What do we need to do to exceed the expectations of those who are already here and to meet and exceed the expectations of those who will come in future?

The customer journey is the summation of all of the interactions between a visitor and Scotland. Each interaction is known as a moment of truth. (Figure 7.2).

¹ Developed by Anthony Climpson and endorsed by the Tourism Management Institute

Figure 7.2. The customer journey



Moments of truth

Moments of truth occur at every occasion at which a customer interaction with anything to do with Scotland – from a first look at a website or brochure, to being here, to being followed up after they leave to see if they will visit again in future. Moments of truth determine the likelihood that they will return and the view of Scotland that they pass on to others.

Our success depends on us making each moment of truth a success, exceeding expectations at every customer interaction with Scotland. This is an industry-wide responsibility.

APPENDIX 1 – ISSUES WITH DATA

Issues with the data have been a long-standing problem for tourism.

The reality is that due to differences in data gathering mechanisms there is no generally agreed size and scale of the tourism sector in Scotland. The available data is not sufficiently robust or timely to provide useful management information that allows actions to be taken on the basis of good evidence. It (just) allows us to make informed estimates of overall growth or decline.

1. The Office of National Statistics (ONS) provides information on the scale of the tourism industry through its annual business inquiry (ABI). It surveys a sample of businesses on an annual basis:
 - a. Non VAT registered businesses are excluded from the survey. This is likely to exclude many seasonal operators from the findings.
 - b. There is no single Standard Industrial Classification (SIC) code for tourism. Some businesses that consider themselves as being in tourism are omitted, while others who do not feel they are in tourism are included:
 - i. Excluded – tourism related retailers, public sector visitor attractions
 - ii. Included - some businesses that are not important to inbound tourism – e.g. travel agents.
 - c. VisitScotland quality assurance (QA) records include some of those excluded from the ABI survey, but businesses opt into the QA schemes, so it is not a full record of the tourism sector.
2. United Kingdom Tourism Survey (UKTS) and the International Passenger Survey (IPS) are dependent on a limited number of interview responses from visitors.
 - a. The trends in value reported in these surveys follow a different pattern to trends in business turnover reported via ABI.
 - b. Both surveys are reported with a significant time lag, reducing their use as current management information.
 - c. The samples for both surveys do not allow breakdowns by local areas.
3. There is no overall set of research outputs which can be used to state definitively what the visitors' views are of Scotland. It is not possible to track changes in visitor perceptions consistently from year to year or consistently across various parts of Scotland. There is a sizeable archive of visitor research produced over the last ten years or so by VisitScotland, The Enterprise agencies, local authorities and others. The methodologies are relatively inconsistent. Many of them provide a snapshot into what visitors feel about Scotland and its assets.
4. At a local level, there is a lack of usable strategic information
5. Sectoral reviews undertaken by public agencies generally are snapshots which, while useful at the time they are undertaken, make comparative assessments difficult.

Going forward there is a need to review and rationalise the available data to ensure that the sector has a reliable and consistent body of management information which allows informed and robust strategic and tactical decisions to be taken. This must include information to track our customers' likes and dislikes, views and future needs.