
Work Stream One: Data Review

TS2020 – Mid-Term Review

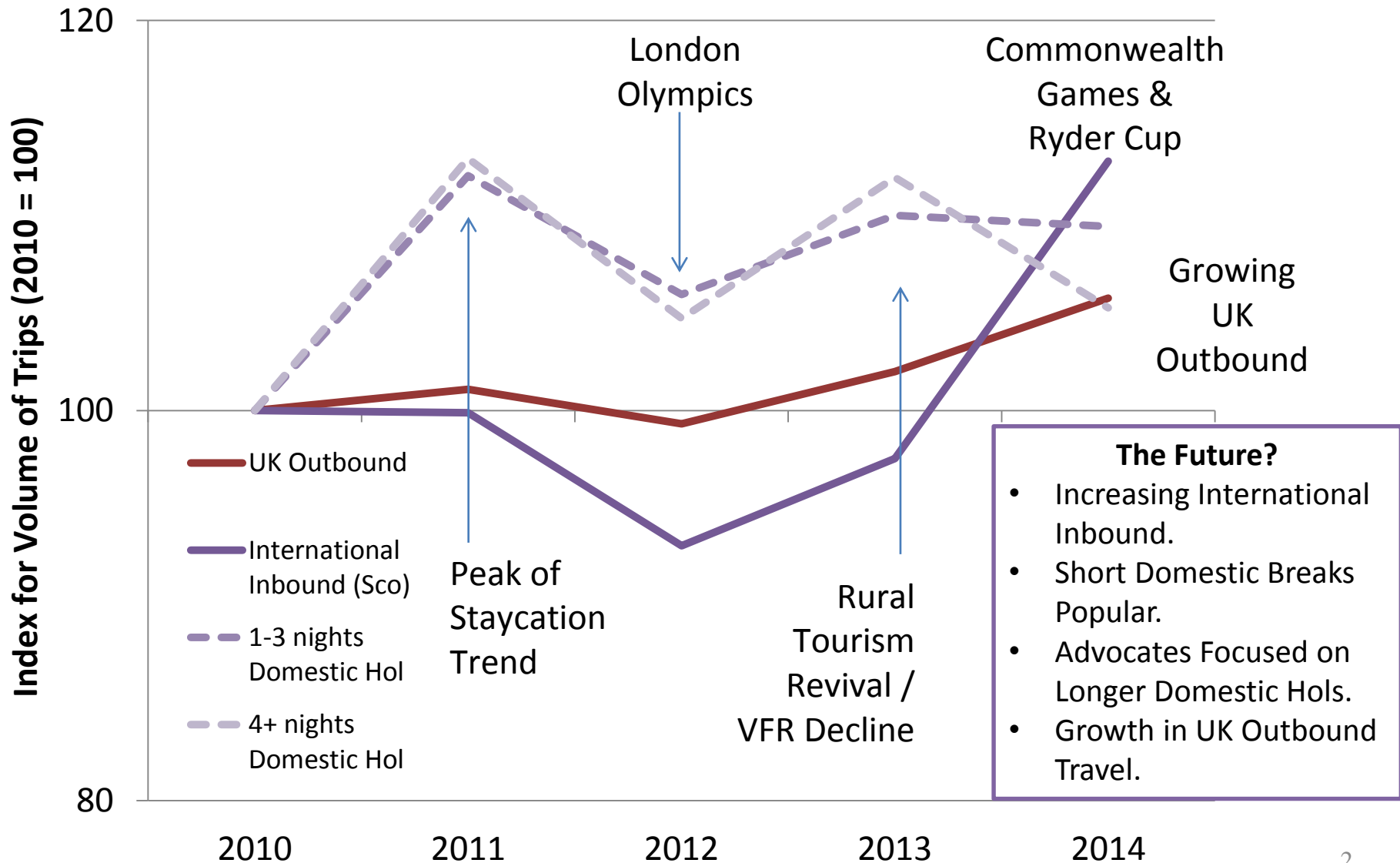
3rd December 2015

Susan Dickie, Head of Insights (Market Analysis)
Chris Greenwood, Tourism Insight Manager (Performance & Forecasts)



Scotland's National Tourism Organisation
Buidheann Turasachd Nàiseanta na h-Alba

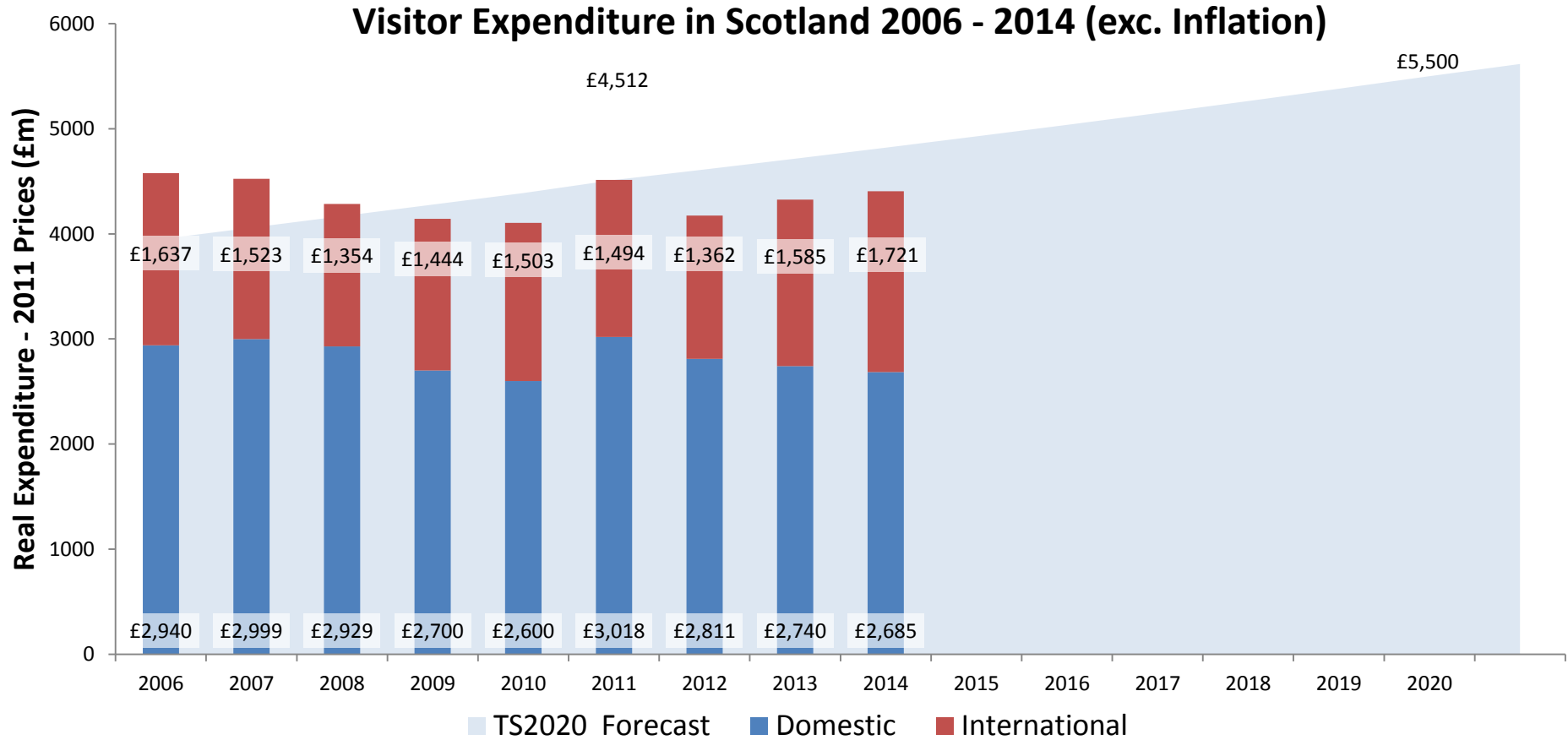
Tourism in Scotland – Context



Competitor Market Comparison

% Change in Trips Y-o-Y	2011/10	2012/11	2013/12	2014/13
Northern Europe (International)	1.8%	2.3%	2.9%	5.9%
UK (International)	3.3%	0.9%	5.2%	5.2%
Scotland (International)	-0.4%	-5.3%	8.8%	11.5%
UK (Overnight Domestic)	8.4%	-0.5%	-2.5%	-7.1%
Scotland (Overnight Domestic)	8.0%	-4.6%	-4.9%	3.2%
Ireland (International)	5.0%	0.7%	6.4%	6.3%
<i>British Nationals to Ireland</i>	1.4%	-2.8%	5.4%	4.8%
New Zealand (International)	3.0%	-1.4%	6.0%	5.1%

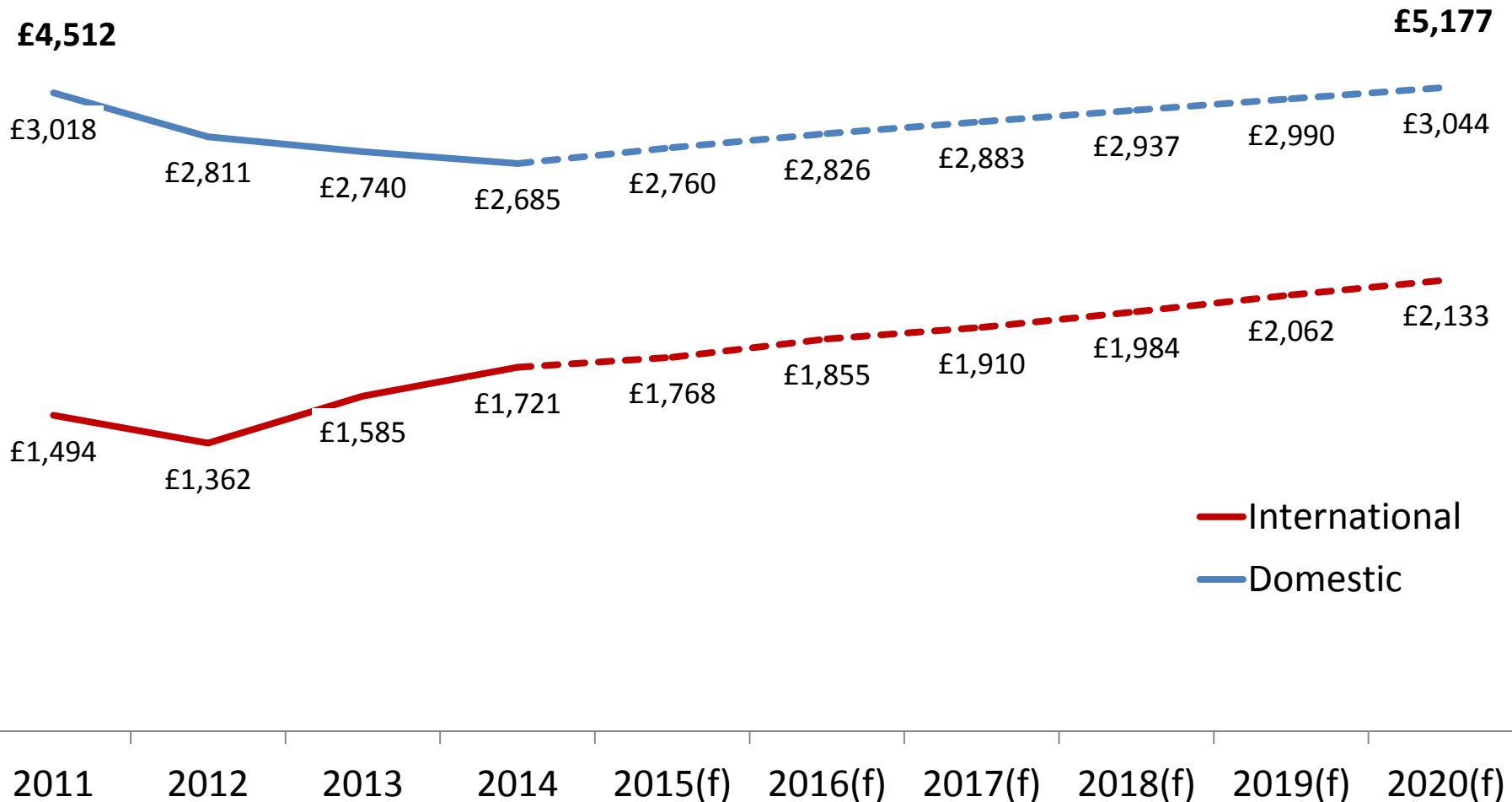
TS2020 Strategy Performance To Date



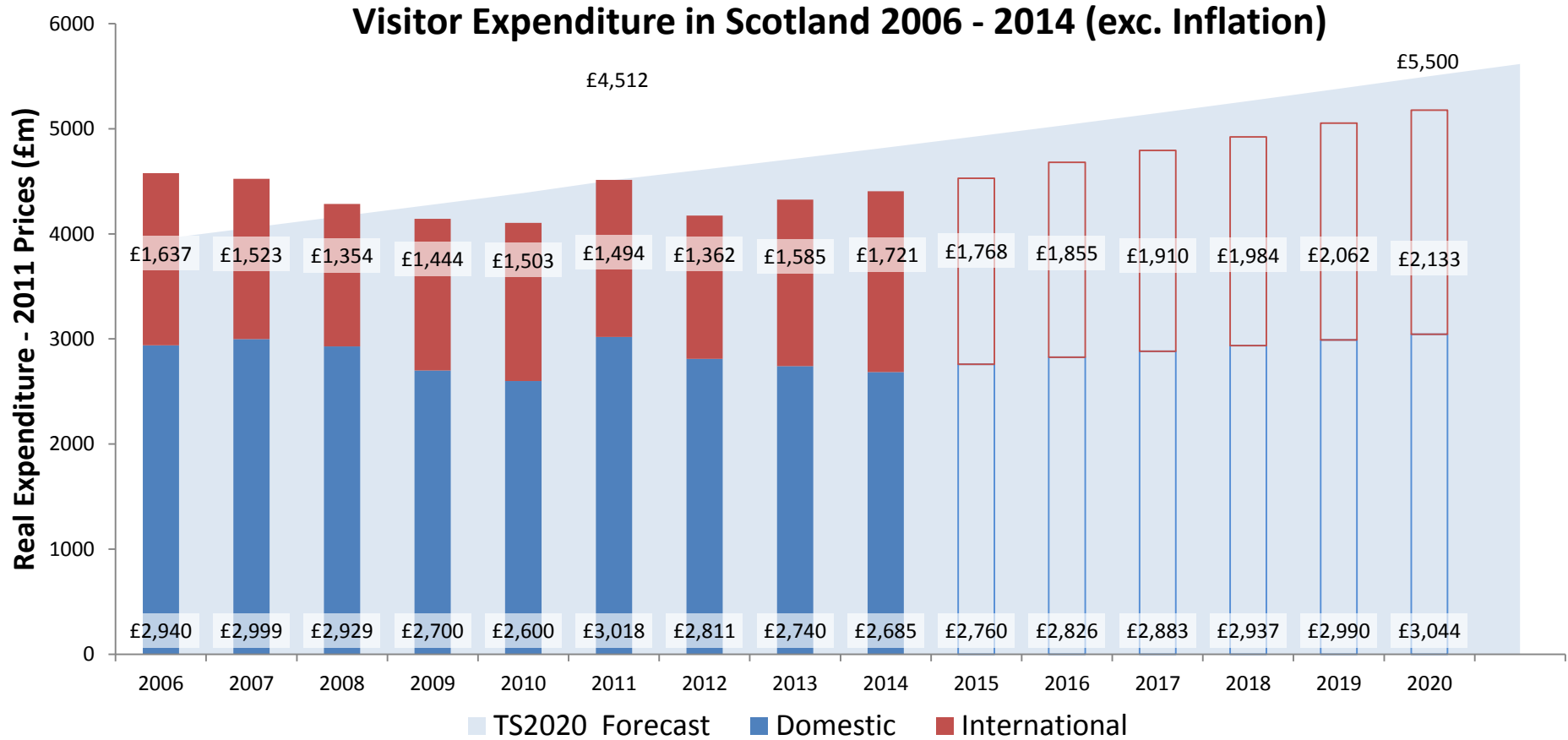
£ million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TS2020 Expenditure Projection	4512	4612	4715	4820	4927	5037	5149	5263	5381	5500
Actual Expenditure	4512	4173	4325	4405						

Tourism Forecasts

Forecast Visitor Expenditure to Scotland, Real Terms (2011 Prices)



TS2020 Strategy Performance - Forecast



£ million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TS2020 Expenditure Projection	4512	4612	4715	4820	4927	5037	5149	5263	5381	5500
Actual & Forecast Expenditure	4512	4173	4325	4405	4528	4681	4792	4921	5053	5177

Reviewing the market blocks

Research for
Tourism Leadership
Group

**TRENDS AND MARKETS
RESEARCH REPORT**



Susan Dickie
VisitScotland
January 2012



**Tourism statistics for Scotland
and rest of UK**

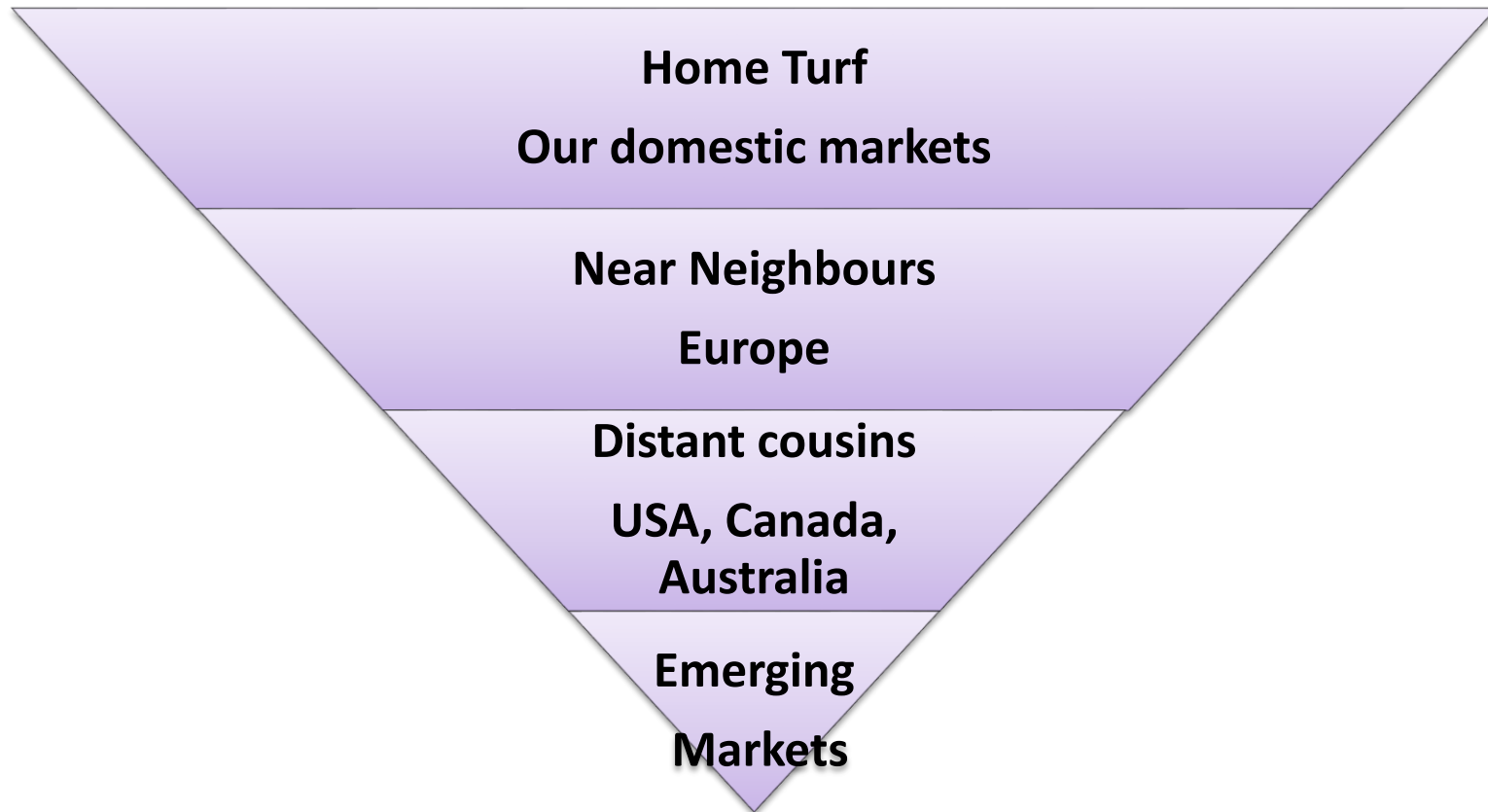


**World and European tourism statistics
and forecasts from UNWTO and Oxford
Economic Forecasting**



Latest reports from tourism analysts

The market blocks in the 2012 Strategy



Rationale for prioritisation

- Most likely prospects during lifetime of strategy
- Highlighted opportunities
- Offered something for everyone – each business will have its own target market mix

Current position – Scotland's markets

Scotland's top 10 tourism markets (by visitor spend) Annual average between 2012 and 2014	
	£m annual average
England	1649
Scotland	1146
USA	329
Germany	161
Australia	110
France	106
Wales	88
N. Ireland	85
Netherlands	82
Canada	81

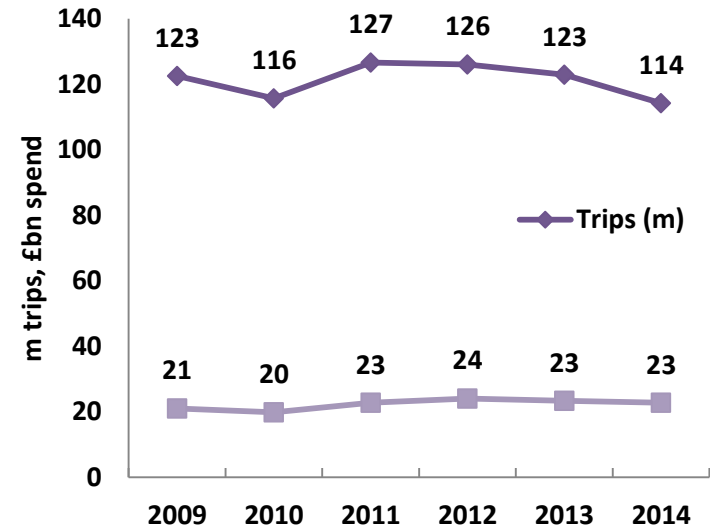
GB domestic tourism markets

- Overall, the British domestic market is mature with little growth
- English residents account for over 80% of tourism trips and spend within Great Britain

Residents' share of total GB tourism spend 2014



Total GB domestic tourism by GB residents (to Eng, Sco, Wal)

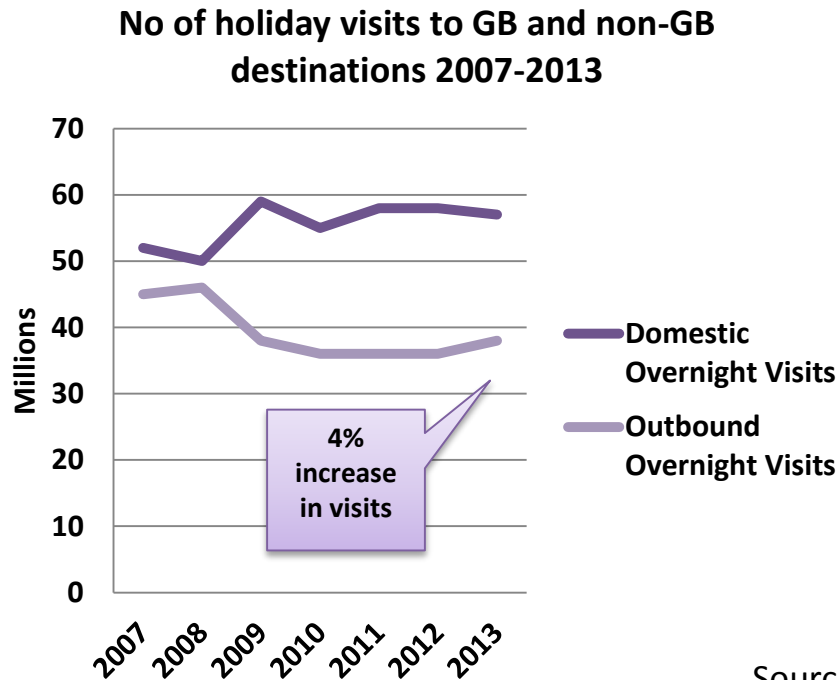


Source – GBTS

- Percentage of residents' trips taken in own nation in 2014:
 - England 88%
 - Scotland 65%
 - Wales 35%

GB domestic tourism markets

- Domestic markets continue to provide over 80% of overnight trips, around two-thirds of overnight visitor spend and all of day tourism spend for Scotland
- Advantages include good connectivity, a similar economic context and year-round demand
- Scope for increasing share of GB market but competition is increasing again from overseas travel as economic confidence returns



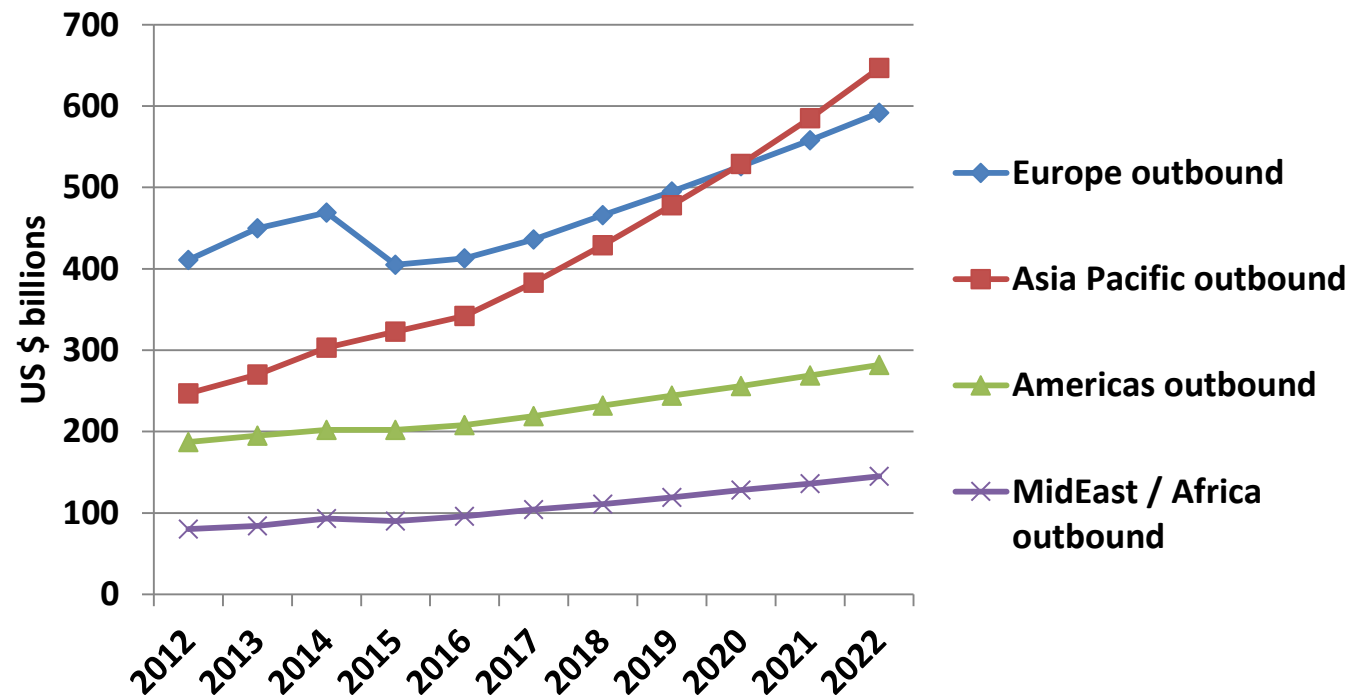
International markets – the world view

World's top outbound markets (by spend) - 2014

China
USA
Germany
UK
Russia
France
Canada
Italy
Australia
Brazil

Source - UNWTO Oct 2015

Expenditure on outbound travel to all destinations



Source – Oxford Economic Forecasting TDM Oct 2015

- Still provides the greatest share of international travel to destinations around the world, and the majority of these outbound trips stay within Europe. Therefore it represents a sizeable growing market within our own region with a propensity to travel frequently
- Recovery from the economic downturn is being quickly reflected in travel demand
- Europeans have a good awareness of Scotland as a destination and a choice of travel connections
- Experienced travellers, they are willing to wander off the beaten track and look for new things to experience
- Challenges:
 - Experienced travellers – Scotland faces competition from all types of destinations
 - Exchange rates – eg the current strength of the £ and \$ cf to the Euro

Germany

- Long-term strong market for Scotland providing the second biggest share of international trips and spend
- The German outbound market has had recent good growth and is still the world's third most valuable international market. Holidays are an important part of life for most Germans, and foreign travel is frequent
- Scotland's beautiful scenery is a major competitive advantage for this market, many of whom enjoy getting into the outdoors. Relatively high likelihood to visit more than once and provide good seasonal and regional spread

France

- Outbound travel from France has been growing steadily with the greatest share being within Europe. French people enjoy one of the highest annual leave entitlements.
- The French economy is relatively strong, so prospects for further growth are good
- The French market offers good regional spread as touring holidays are the most popular type in Scotland.

Both markets are key targets for partners such as VisitBritain and SDI

USA

- USA has seen record levels of international outbound travel boosted by a strong economy and US dollar. Greater numbers of Americans than ever are travelling outside the US and travelling more widely, and this growth is expected to continue
- Advantages for Scotland include a good likelihood of repeat visits, and seasonal spread of visits into the shoulder seasons.
- Touring holidays are the most popular type of trip for American visitors in Scotland, reflected in good regional spread of visitors
- Other competitive advantages for Scotland include ancestral and cultural connections and our iconic status as the home of golf.
- Good flight connections with the major urban areas where our target segments are located, plus good hub connections from there to other US regions.
- Very competitive market and the domestic states are very active in promoting travel within the US. Eurozone destinations have benefited from a positive US dollar to Euro ratio.

Canada

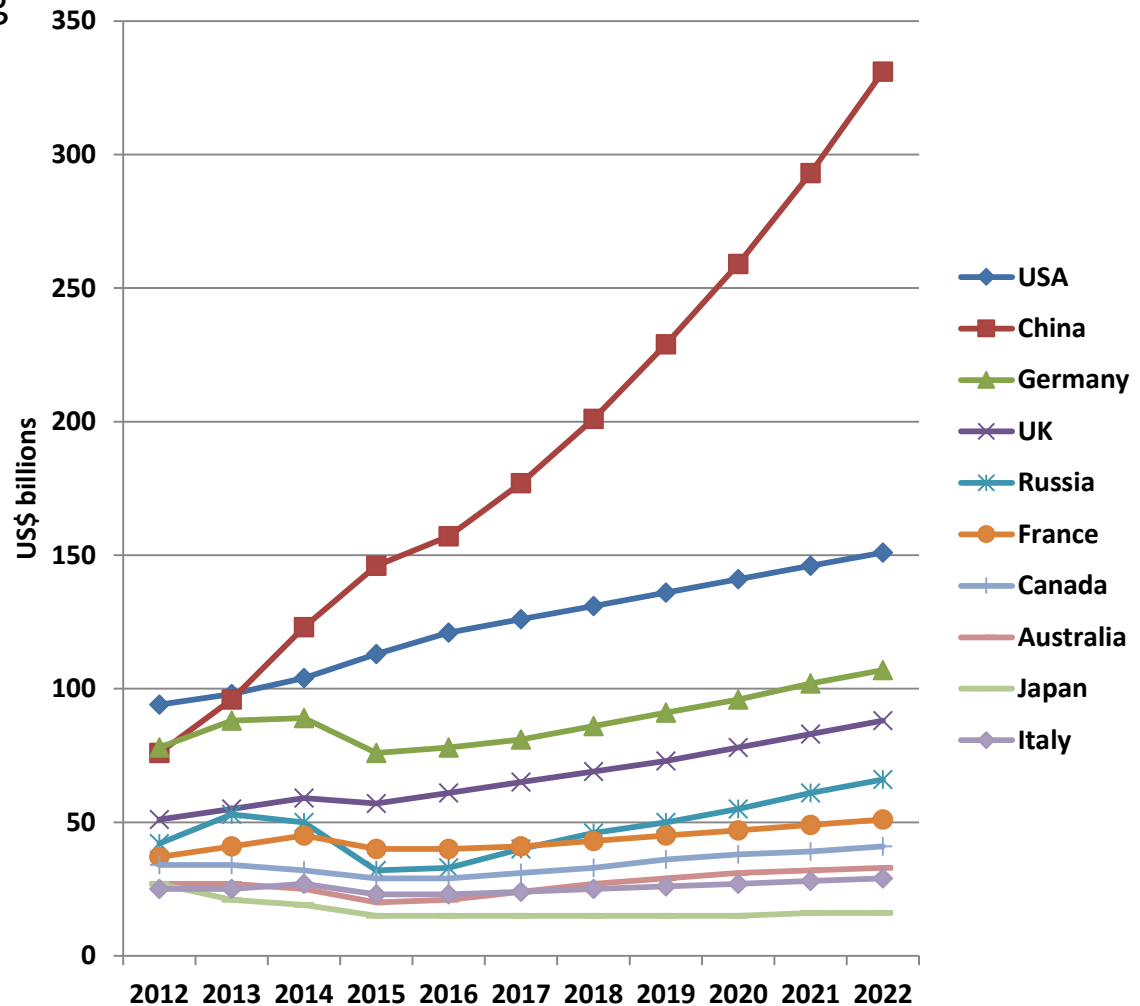
- Supported by a stable economy, expenditure on outbound travel by the Canadian market has been growing steadily and is forecast to continue
- The weakening of the Canadian dollar against the US dollar, while maintaining strength against the Euro, has encouraged travel to Europe
- Ancestral and family connections are an important driver for travel to Scotland and help to fuel a good level of repeat visits
- Touring is the most popular type of trip taken, providing good regional spread, a relatively long average length of stay and higher spend per trip

Australia

- An outbound market showing significant growth in recent years, boosted by a relatively strong economy, though Asia-Pacific countries are capturing a growing share.
- A key competitive advantage for Scotland is ancestral and family connections driving both holidays and trips to visit friends and relatives.
- Increasing connectivity has come from the new routes through the Middle East
- Although trips tend to be concentrated between June and September, the market offers good regional spread, as touring holidays are prevalent

Emerging markets

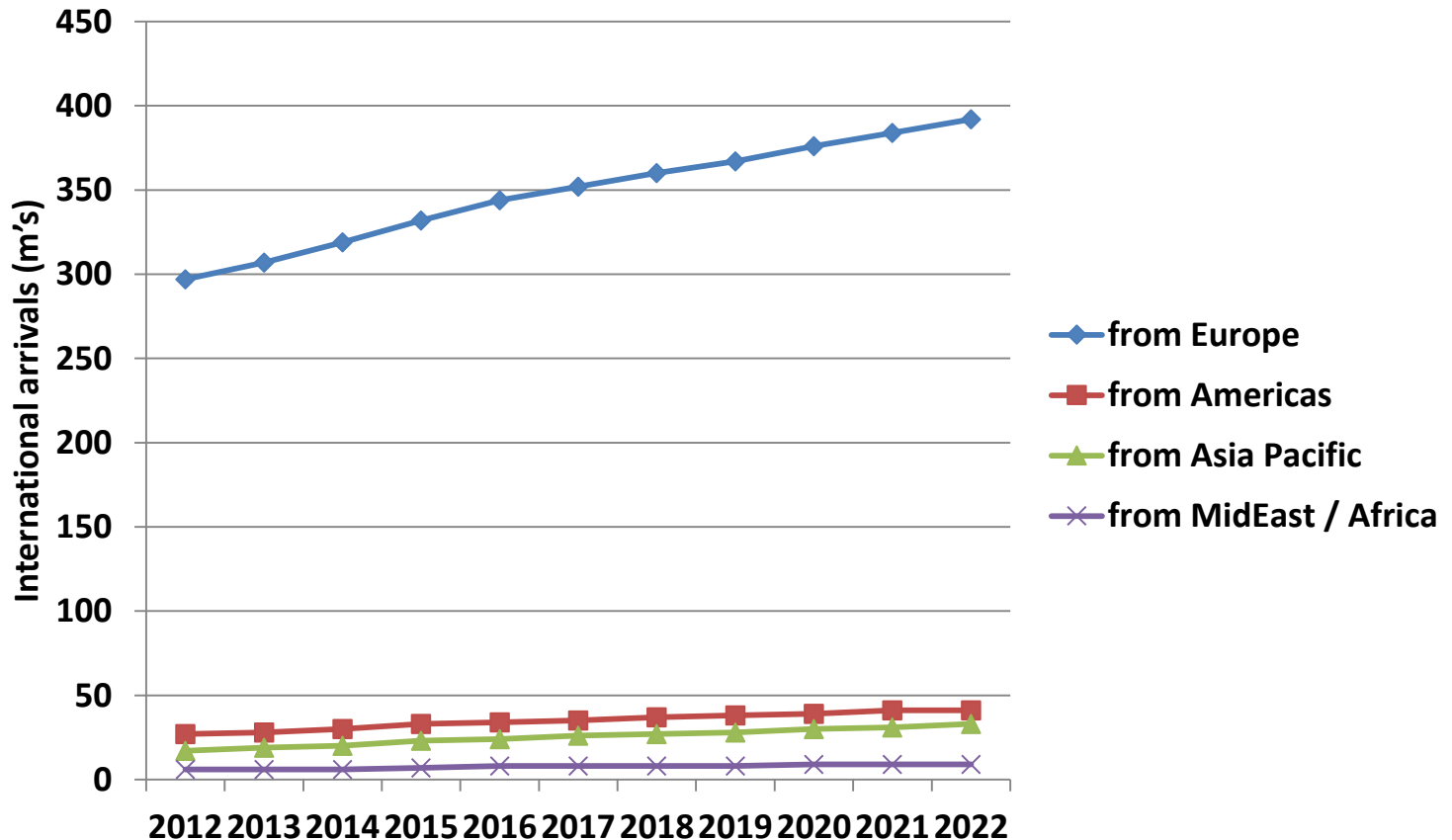
- **China** is now the market spending most on outbound travel worldwide and will continue to grow as travel becomes habitual for more people
- A developing, maturing market, increasing prosperity, more domestic tourism and better infrastructure are resulting in greater and more diversified travel demand
- Most outbound trips stay within the Asia-Pacific region (around 80%), but Chinese arrivals into Europe are growing at a significant rate
- Current challenges include visa requirements, no direct connections and many competing destinations



Source – Oxford Economic Forecasting Oct 2015

Traditional vs emerging markets for W Europe

International arrivals in Western Europe by origin region



- **Russia** remains one of the world's top outbound markets but a combination of factors has impacted on travel demand, including lower oil price, sanctions and depreciation of the rouble, leading many destinations to report a drop in Russian visitors
- Outbound travel from **Brazil** was growing rapidly in the early part of the decade, but with a background of economic challenges, including depreciation of the Real, it is expected to exhibit slower than average growth to 2020 of around 2%
- **India** continues to grow as an outbound market in line with its economic development, and is expected to show an annual rise of around 6% in outbound trips to 2020.
- Other growing markets expected to provide a greater share of world outbound tourism include other countries in Asia and the Middle East.
- Challenges for Scotland in building emerging market share include travel connectivity and visa regulations for some countries

- Performance of Scottish Tourism during the period of the strategy has been generally positive with real terms spend growth each year from 2012.
- Scotland's performance is in line with competitor markets with the impact of consumer trends and mega-events visible.
- Forecasts for domestic and international expenditure shows continued natural growth therefore a solid foundation for the strategy levers to contribute towards the target.
- The rationale for the market blocks remains constant for the duration of the strategy
- They highlight the scale of the overall visitor opportunity for Scotland but need to be assessed for each business and sector, in terms of their own competitive advantage and product fit

Thank You

Key Points from the Discussion

The discussion which followed the presentation centred on the themes set out in this section:

The changing context:

- The potential need for an appraisal of the TS2020 targets for growth markets – these were originally intended to be seen as “scalable opportunities” rather than targets.
- While the analysis of performance to date suggested that, on the basis of current performance, the Visitor Spend growth target would not be achieved by 2020, it was emphasised that the figures do not take account of any proposed “Game Changers” - interventions intended to accelerate performance.
- The implications for Scotland of VisitEngland’s transition toward becoming VisitBritain were discussed in the context of their new marketing campaign and associated bid fund of £40 million (for product and market development) over six years.

Market Assumptions:

- The original assumption that the majority of growth would come from domestic markets should be revisited in relation to other the other key markets. The analysis showed that domestic is currently in decline and international is growing. Emphasis should therefore be placed upon capitalising on areas of over-performance, calling for a review of the underperforming markets. This requires the adoption of a longer term strategic perspective – for example ‘the China effect’ is due to have a modest impact on the strategy to 2020 but will intensify towards 2030.

Other Measures of Success:

- The value to individual businesses of customer satisfaction and visitor experience data – collected and analysed at a national level - is questionable. It is important that businesses continue to collect their own data and conduct analysis in relation to regional and national targets.

A Safe Destination

- Geo-political tensions and the spread of global terrorism have intensified attitudes towards safety in destinations. As well as posing a significant threat, this driver of change could generate an opportunity for Scotland, through for example improved flight connectivity. The BRIC inbounds, for example, would suggest that Europe is perceived to be safe.