Evaluation of Tourism Destinations

Final Report to Scottish Enterprise

March 2013

SQW

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1. Introduction

1.1 In June 2012, SQW was commissioned by Scottish Enterprise (SE) to undertake an evaluation of its interventions across the six destinations identified within SE's Destination Development Strategy over the last four years (April 2008 to September 2012). The six priority destinations are Edinburgh, Glasgow, St Andrews, Loch Lomond, Royal Deeside and Highland Perthshire.

1.2 Support for the development of destinations is a complex and long term project. Each destination is different, has unique strengths and weaknesses and hopes to develop in different ways. This means that the support must be flexible and the speed of progress will vary. Each destination is balancing the interests of businesses, public agencies and the community. It is fundamentally about a shift in culture - thinking about collaboration rather than competition within a destination in order to provide a better overall visitor experience. With the growth of web review sites and almost instant feedback, getting this right becomes even more important.

1.3 The period being evaluated has seen huge economic challenges. The destination support started in 2007/2008 shortly before the financial crisis and continued over a period that has seen the double dip recession and, to date, no overall economic growth. This has had a major impact on amount of private investment that the destinations hoped to attract (specifically planned new resorts to Loch Lomond, Highland Perthshire and Deeside). Economic conditions have also affected the ability and willingness of smaller tourism businesses to invest in improvements.

1.4 The nature of destinations makes assessment of progress exceptionally difficult. While we know the end point – more visitors, visitor expenditure, growing Gross Value Added (GVA) and employment – demonstrating the contribution that the destinations make is not straightforward. Changes in visitor numbers do not necessarily reflect the contribution of the destination support, instead the focus should be on whether destination activities are changing businesses' behaviour and improving customer journeys.

1.5 The evaluation finds that there has been significant progress towards the destination aims, although the amount of progress varies. Partnerships in Edinburgh and St Andrews have worked well. In Glasgow, the support of Glasgow Service with Style has been crucial, while the new Loch Lomond Destination Management Organisation (DMO) has made progress despite the lack of resort development. Highland Perthshire is also still relatively new and finding its feet, while the Deeside DMO has faced the biggest challenges.

1.6 However, the destination approach remains an appropriate intervention to support tourism and this is reinforced by the Tourism Scotland 2020 strategy which stresses the importance of destination development. We recommend a refreshed SE destination strategy to take account of this and provide more clarity. SE should continue support for the six destinations, although there are specific issues to address in each.

Evaluation aims

1.7 The aims of the evaluation as set out in the brief were as follows:

- Assess the rationale for intervention
- Assess fit and contribution to national, regional and local strategies
- Assess fit with other SE activities
- Assess project objectives and targets achieved
- Assess project benefits including economic impact assessment
- Assess usage, quality and levels of engagement
- Assess management and delivery
- Assess management information and performance measures
- Assess project learning points
- Assess contribution to equity and equality agendas.

Methodology

1.8 The evaluation methodology has involved the following stages:

- Initial meetings with the six destination managers (SE staff) to discuss overall context and evaluation approach, including identifying key stakeholder and active businesses for the survey – July/August 2012
- Consultations with key public and private stakeholders in each destination and some stakeholders with strategic overview (mix of face to face and telephone) – September/ October 2012. Overall we consulted with 113 individuals and a list is provided as Annex G.
- Telephone business survey – September/ October 2012. Across the six destinations, we undertook telephone interviews with 91 active businesses.
- Online business survey – September/ October 2012. All active businesses not approached for a telephone survey were emailed a link to an online survey. This collected responses from a further 41 businesses.
- Meetings with the six destination managers to discuss emerging findings - November 2012
- Analysis and reporting – November/ December 2012

Report structure

1.9 The report is structured as follows:

- Section 2 – sets out the background and context for SE's destinations support
- Section 3 – summarises the main areas of activity and investment
- Section 4 – pulls together the survey feedback for all six destinations
- Section 5 – provides an overview of the qualitative feedback
- Section 6 – summarises the impact of the support provided
- Section 7 – sets out the main conclusions from the research
- Section 8 – contains our recommendations.

1.10 In addition there are the following Annexes:

- Annex A – Edinburgh profile
- Annex B – Glasgow profile
- Annex C – St Andrews profile
- Annex D – Loch Lomond profile
- Annex E – Royal Deeside profile
- Annex F – Highland Perthshire profile
- Annex G – Methodology and survey details
- Annex H – Survey details
- Annex I – contains a list of consultees.

2. Background and context

Aims and objectives of destination approach

2.1 Destination development is one of four overlapping areas of support provided by SE to the tourism sector, along with industry leadership, product development and innovation. In 2008, SE produced a Tourism Destination Development Strategy which set out how the six priority destinations would contribute to what was then the national strategy of growing the tourism sector by 50% between 2005 and 2015 (as set out in the Tourism Framework for Change[1]).

2.2 SE's priority destinations, which were identified in 2004, are Edinburgh, Glasgow, St Andrews, Loch Lomond, Royal Deeside and Highland Perthshire. In selecting these areas of Scotland, SE aimed to focus resources on those locations where it believed it could have the most impact in increasing tourism spend. As highlighted in the original destinations research, this meant that SE would focus on 'backing winners rather than spreading investment thinly and trying to level up the secondary propositions'[2].

2.3 Central to the strategy is the "Competent Destination" approach which was adopted to ensure that SE was addressing market failure and engaging with industry and partners effectively. The concept of a "Competent Destination" was researched by Locum Consulting and the main conclusion was that a competent destination has a balance for tourism provision which incorporates five elements: attractors, infrastructure and support, services, a brand and brand operation, destination management.

2.4 The strategy also specified the nature of support for these destinations:

- Aimed at promoting industry leadership;
- Vision-led rather than incremental;
- Founded on market research and a branding approach;
- Holistic, looking at all aspects of the visitor experience;
- Partnership-based, involving other public sector partners and community groups;
- Geared to encouraging private sector investment;
- Exploiting synergies with other aspects of SE investment e.g. inward investment and talent.

[1] Scottish Executive (2006), Scottish Tourism: The Next Decade - A Tourism Framework for Change
[2] Locum Destination Consulting (2003), Scottish Enterprise Tourism Intervention Framework

Rationale for intervention

Market failures remain…

2.5 The rationale for intervention is set out, in varying levels of detail, in the individual approval papers for each destination area and is based around addressing a number of 'market failures' which exist in the tourism sector. These are well rehearsed and set out in the report "The economic case for the Visitor Economy" (Deloitte, 2008).

2.6 This describes the main market failures as information asymmetries, free rider problems and externalities. The destination approach addresses these in a variety of ways, primarily by encouraging a more collective approach to attracting visitors and providing services. This is done through sharing information, joint marketing and products and investing in customer service and skills. Arguably the most important market failure relevant to SE's support for destinations is in relation to externalities.

Externalities

2.7 There are significant externalities, both positive and negative, as the behaviour of one business impacts on others.

2.8 On the positive side, tourism investment can benefit a number of businesses and not just the ones that make the investment. For example, assume a hotel estimates that by spending £10,000 on marketing it can attract an additional 100 visitor nights. The new visitors that would be attracted by the marketing spend £80 a night in the hotel and a further £80 on entertainment, transport and eating out. As a result of the investment in marketing the local area would generate £16,000 of revenue (for an investment of £10,000), a net benefit. However the hotel would only capture £8,000 of this and would lose money (£2,000). So, although the marketing would benefit the destination as a whole, the investment in marketing will not be made unless the businesses that benefit work together and contribute to the cost. Without cooperation the market will fail to deliver the optimum outcome for the destination.

2.9 But there are also negative externalities, for example where the behaviour of one business can have a negative impact on others, perhaps through poor service or overcharging. As a result this can lead to poor word of mouth and reduce the number of visitors, which in turn reduces income for other businesses. Individual businesses have an incentive to avoid paying for training or investing in customer service because they do not suffer the full consequences. Without co-operation, individual businesses will make decisions that are not optimal for the destination as a whole.

Information asymmetries

2.10 Another market failure is information asymmetries both in relation to businesses and visitors. The nature of the tourism sector and the dominance of smaller businesses mean that very few have the resources to undertake market research or access information on tourism trends. As a result businesses may make poorer decisions. Collective research and dissemination will result in more informed (better) decision making.

..but some evidence of market adjustment

2.11 These market failures continue to exist and are unlikely to ever disappear entirely. However, some "market adjustment" is possible and there is evidence of it happening, as businesses increasingly recognise the collective benefits of working together. Across the consultations and survey there was evidence that businesses were thinking and acting more collectively and exploring new ideas more readily. In part this could be the result of tighter economic conditions, but the feedback suggests that the various destination activities are making a difference.

2.12 Some consultees referred to seeing people starting to "get it" or "light bulbs going on". The survey evidence later also shows the number of businesses that are increasingly working as part of a destination, rather than in competition. This is at the heart of the destination approach.

2.13 In terms of supporting greater leadership in the private sector, the results were less encouraging. Those directly involved in partnerships tended to be doing so because they recognise the benefits and feel they should "do their bit" to support it rather than because they feel they will profit directly. Many consultees did not think that the businesses that were involved were able or willing to devote the time necessary to take on significant leadership roles (with a few exceptions). The support of SE has been essential in facilitating the groups in all the destinations. The mechanics of organising destination activity is extremely time consuming, the issues are often very complex and finding common ground between different interests is difficult. While this activity can be contracted out, businesses interviewed were very reluctant to pay for consultancy support of any kind and felt that the rates for managing DMOs and delivering other services were too high.

2.14 There are also potential conflicts between SE's remit of growing the net Scottish tourism income and the interests of local businesses which are primarily interested in marketing their area and attracting regional or local business. By engaging businesses and supporting DMOs and tourism groups there has been greater involvement of businesses in shaping tourism support, but it continues to be important to ensure that this support relates to national objectives. This balance between local interests and the national ones has to be managed carefully by SE and the destination groups. For example, attracting local people or day visitors to events or trails would help local businesses but does not contribute to the national objectives of increasing the number of staying visitors. There has to be some degree of give and take.

2.15 The survey and consultations provided some good evidence on businesses' use of market intelligence. Most consultees were well aware of the specific challenges of their destination and there were specific examples of where information had been used to change marketing (including one hotel chain), retail offering and in upgrading accommodation. In Glasgow the sharing of visitor survey data has been an important step forward and in Deeside the accommodation research was frequently cited to demonstrate what was needed. Undertaking a visitor survey in Highland Perthshire was seen as an important first step in getting businesses to understand the main issues for the wider destination not just their own local area. We would add that as businesses and partners start to access and use information more frequently, it should start to trigger ideas on a range of opportunities. For example, using visitor surveys to explore the influence of marketing, events and customer

service on decisions to visit and reviewing the take up of joint projects and demonstrating whether supported projects are bringing in new visitors.

2.16 Although part of the justification for the destination support is to demonstrate a commitment to developing the destination, many consultees were of the opinion that the support was temporary and that the commitment to funding was too short. Several felt that SE's support was still too short term. The examples of funding for events was given in several destinations, where consultees felt that it required three to five years to start to see reasonable returns from events. Even with three years funding, consultee businesses felt that this was still some disincentive to get involved. Effectively the uncertainty of public support was undermining efforts to engage with businesses.

Economic conditions

2.17 The current climate has certainly limited the investment that businesses have been able to make in destination-related activity. A number of projects have stalled and we would also imagine that these same uncertainties will reduce the likelihood of smaller operators upgrading premises, or possibly investing in new ideas. In Deeside, Loch Lomond and Highland Perthshire, the aim of attracting new resort development has been hindered by economic conditions. It could impact on businesses delaying upgrading IT, accommodation stock and other facilities until there are clearer signs of recovery.

2.18 The Scottish Parliament report on Issues affecting Scottish Tourism (Scottish Parliament, 2012) found that:

> *One of the manifestations of the challenge caused by restricted access to capital is a decline in construction of new hotels and leisure facilities, as well as declining levels of investment in investments in improving the quality of the existing stock*

2.19 A further example is in Glasgow where Glasgow Service With Style (GSWS) delivers a large part of its customer service support by "training the trainers" in some of the large employers in the city. These trainers then use this as part of their own internal training. However cutbacks in the number of in-house training staff employed in some of these organisations makes it harder to reach as many employees.

2.20 We would conclude that, for a number of reasons, economic conditions have almost certainly meant that the destination support has been less able to lever further investment than it might have done in a more buoyant economy.

2.21 It also suggests that with greater constraints on private investment, the role of the public sector become more important. For example, if businesses are reducing their investment in training, initiatives such as GSWS become more valuable. For businesses, working with others can help share costs while encouraging better use of social media can be more cost effective. A number of consultations indicated that the tighter economic conditions had contributed to more tourism businesses working together. So while the conditions may have impacted negatively on the levels of investment, they are also likely to have encouraged a greater recognition of the value of working together, as a destination (however, measuring the economic impact of greater collaboration is more difficult than assessing the impact of capital investment).

2.22 It would be fair to say that many consultees, from both public and private sector, were sceptical of the extent to which there could be much higher levels of industry leadership. The typical reactions were either that most private sector people were too busy, or would have only a partial view of the sector. The leadership role requires a broad overview of tourism in the destination, rather than knowledge of just one part.

2.23 SE is responding to this with the development of the Destination Leaders Programme which has been designed with industry input to address the skill gap in leading destinations. The Programme will provide support and training for those leading the tourism destinations, helping to build knowledge and influence. It will start in September 2013.

Strategic fit and context

Fit with national policy/ strategies

2.24 Over the last four years, tourism has consistently been recognised in the Government Economic Strategy as one of the priority sectors. Back in 2008, Tourism Framework for Change (TFFC) was the national tourism strategy and included the ambitious target of increasing tourism expenditure by 50% from 2005 to 2015.

2.25 Although the concept of businesses working together in local destinations did not have the profile that it has in the more recent national strategy, the Tourism Framework for Change did say that:

> *The Enterprise Agencies and local authorities will also provide support for industry and partners to deliver Destination Development and Management Plans for the key tourism destinations*

2.26 Overall, the Destinations Strategy aimed to help the destinations achieve above average growth contributing to the national target of 50% growth. The SE destinations have contributed directly to many of the measures outlined in the TFFC. Specifically these were around; knowing your visitors, quality, people and skills, innovation, e-business, access and transport, marketing and sustainability.

2.27 The destinations have been able to link businesses with other initiatives. For example, the destinations have promoted innovation through the Tourism Innovation Programme, and use of information through Tourism Intelligence Scotland (TIS). They have encouraged businesses to develop a better understanding of markets (through sharing research and promoting the Listening to our Visitors events, supported effective marketing through brand development, web sites and portals and events. There are two specific examples of contributing to "improving people and skills", the St Andrews Skills Academy and GSWS, and support for e-business through the social media training.

2.28 Stakeholder feedback confirmed that the involvement or 'buy-in' from VisitScotland, the national tourism agency, in the original Destinations Strategy was quite limited. Following the closure of the Area Tourist Boards a few years earlier, there was reluctance in VisitScotland to set up new local tourism organisations and there were some concerns regarding the proposed geographic coverage of the rural destinations. There was a mix of views about the extent to which SE was willing to be influenced on its planned activity in the destinations.

2.29 Four years on, there is now a closer alignment between the destinations and VisitScotland, helped by the fact they are represented on all the tourism groups or DMO boards. SE destination managers have sought to engage VisitScotland in the destinations and several destinations have been successful in accessing VisitScotland Growth Fund money. There was also feedback that recent structural and management changes at VisitScotland have helped the relationships.

2.30 Recognising the ambitious targets of TFFC and the continuing effects of the economic downturn, a new strategy for the tourism sector was launched in 2012 by the Scottish Tourism Alliance, Tourism Scotland 2020. This set a target of increasing overnight visitor spend from £4.5 billion to between £5.5 and £6 billion by 2020 but recognised that this increase would require a step change in the performance of the sector: 'if the long-term trend in overnight visitor spend witnessed since 1973 was to continue, we would see little or no real growth in the coming decade our ambition for the industry as a whole is to break from the status quo and achieve an annual visitor spend of between £5.5bn and £6.5bn by 2020. This would generate an additional £1bn or more (at 2011 prices)'.

2.31 The Tourism Scotland 2020 strategy sets out five themes in its summary, all of which are directly relevant for SEs destinations:

- **Thoroughly understand your markets and visitors**… both existing and potential – which markets are going to bring you growth and what are they looking for?
- **Recognising our assets and turning them into great experiences that meet the needs of these markets** – Bringing our distinctive strengths to life, adapting existing and developing new products; be the highlight of a trip to Scotland that visitors will remember and go home talking about their experience!
- **Take advantage of the opportunities our Winning Years bring**… 2013 - Year of Natural Scotland, 2014 - Year of Homecoming Scotland
- **Delivering consistent, high quality and authentic experiences with the whole customer journey front of mind,** from before they arrive to departure – what will they encounter through the whole of their visit and how can we enhance it? We need to become obsessive about delivering great customer service and going the extra mile!
- **Collaborating to actively manage the whole customer experience to deliver quality across the board** - Identify operators you can trust… Only recommend quality experiences that will deliver, cross-sell and effectively package with complementary experiences to improve the overall offer based on your markets needs.

2.32 There are also a number of specific sections of the Tourism Scotland 2020 strategy which reinforce the importance of destination development:

> *'First and foremost, we need to build local and national networks consisting of partners who are equally committed to quality and customer service, identifying where we can combine complementary products and services to offer visitors an easier, more enjoyable experience'.*

> *'In tandem with developing specific assets we also need to collaborate across assets in order to offer visitors a diverse range of authentic experiences. In other words, experiences which are underpinned by elements unique to Scotland'.*

2.33 The specific contribution that the destinations can make to these themes is set out in Annex H.

2.34 In terms of what was envisaged in the Destinations Strategy and what has actually happened, it is important to also consider the changes to economic development policy introduced by the Scottish Government in 2008 which significantly changed the scope and remit of Scottish Enterprise. As a result of the enterprise reforms, SE's responsibilities became much more focused on higher growth companies with Business Gateway transferring to local authorities. The responsibility for local regeneration also moved across to councils. As a result, post 2008, SE arguably had fewer levers for economic development which could be targeted at the priority destinations and more work had to be undertaken in partnership with other stakeholders in order to satisfy the needs of destination businesses. This has been challenging, but is now beginning to "bed-in".

2.35 The Government Economic Strategy (GES) sets out the national economic priorities, which includes sustainable tourism as one of seven growth sectors. It focusses on three approaches and has a series of national Purpose targets that relate to sustainable economic growth, productivity, participation, population, solidarity, cohesion and sustainability.

2.36 Of these the destination activities are most closely related to economic growth, productivity, cohesion and sustainability through the support for businesses to attract and benefit from tourists. There is also a set of National outcome statements. Of these the most relevant for SE and for the destination activities are:

- We live in a Scotland that is the most attractive place for doing business in Europe
- We realise our full economic potential with more and better employment opportunities for our people
- We are better educated, more skilled and more successful, renowned for our research and innovation

2.37 The GES provides the strategic direction for Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE). The SE Business plans change each year. At the start of the destination programme in 2008, the Plan included specific references to the destination activities, although in 2012, destinations were not mentioned. The destination activities make contributions to several of SE's target measures. Specifically in the 2012 Business Plan:

- Growth Companies Priority 3 - Support increased growth from the companies and sectors we work with.
    - Measure 3.6 - in 2012-13, deliver support to enable the Scottish tourism sector productivity and efficiency improvements, which over the next three years will be worth at least £60 million to £75 million, and

- Measure 3.7 - in 2012-13, 400 – 500 companies achieving significant support to fully capitalise on opportunities arising from Scotland's hosting of the Commonwealth Games and the Ryder Cup in 2014

2.38 The 2012-13 Plan also includes Capacity Building as part of SE's activities. This covers industry leadership, market intelligence & foresighting, networks, connections & and learning journeys, knowledge generation exchange & application and collaborations & partnerships. This leads to outputs of key sector growth opportunities achieved and companies helped to raise their growth. This in turn is expected to lead to increased business revenue, productivity and employment, and ultimately changes in GVA.

2.39 The challenge for the destination programme is linking its capacity building activity through to the outcomes and impact. We return to this later in the report.

Fit with regional/ local strategies

2.40 In all the destinations tourism was already recognised as a key economic sector by the relevant local authorities and National Park Authorities (Loch Lomond and the Trossachs and the Cairngorms) and, from that respect, the designation of priority tourism destinations fits well locally.

2.41 The local authorities for each of the destinations were consulted and the feedback was generally positive in respect of how the destinations are able to operate within the area. For Edinburgh and Glasgow the structure is straightforward because the destination boundaries are the same as the local authority. The City Councils here contribute to and work with the destinations. In St Andrews the presence of the destination is supported and is encouraged to look outward to the rest of Fife.

2.42 However, there are some tensions regarding the geographic coverage of some of the destinations. For example, SE originally identified Loch Lomond and Trossachs as the destination but this was subsequently narrowed down to the Loch Lomond area. This has proven to be a source of friction with the National Park Authority who views the whole park area as the destination. Similarly, SE originally planned to support tourism in Perthshire which was then revised to cover Highland Perthshire causing some disagreement in other parts of Perthshire. Deeside also has some challenges given its position overlapping the Cairngorms National Park boundary.

2.43 Broadly, the work of the destinations was considered to be "with the grain" of local strategies, although there are specific issues for each around their development. These are addressed in the Report Annexes.

Tourism performance of the destinations

2.44 Even with the economic downturn, there have been significant changes across the destinations with improvements made to tourism infrastructure and the introduction of new attractions. For example, in Edinburgh investment has been made in the National Museum for Scotland and National Portrait Gallery and the airport has been expanded. Glasgow has seen the opening of the Riverside Museum and a new Hydro Arena currently being built at the SECC along developments for hosting the Commonwealth Games in 2014. In St Andrews,

there has been the development of the Hamilton Grand development - high end apartments - and Highland Perthshire has seen the opening of Scotland's first bungee jump attraction. In Loch Lomond, investment has been made in a new hotel at Ardgartan and a new Waterbus service. These have all made important contributions to the tourism product in each area.

2.45 These investments and others are improving the range of facilities that the destinations have to offer. They may not have happened directly as a result of the destination, but the destinations work with these developments to help maximise the return to local businesses. The consultations provided examples of where this was happening. In Glasgow, the destination manager has meetings across the project teams working on the major investments (Clyde Waterfront, Hydro and 2014) to ensure that what is being done in the destination plan is complementary. GSWS runs tours of the Clyde Waterfront for tourism businesses to build knowledge of what is and will be on offer. GSWS training is linked to the Commonwealth Games, and is officially a "legacy" project.

2.46 In Loch Lomond the Waterbus was facilitated by SE funding and support through the destination, as was Highland Fling in Perthshire. In St Andrews the Partnership has been a forum for bringing together tourism business interest in the major projects such as the Hamilton Grand and proposals for a Premier Inn as well as highlighting opportunities around the Open in 2010.

2.47 In general the destination activities have acted as conduits for linking tourism businesses with the major investments and have helped to raise awareness and highlight opportunities. This will be very useful over the next couple of years as the Deeside Way presents opportunities for tourism businesses in Deeside, the Hydro opens in Glasgow along with the Commonwealth Games, while the Ryder Cup will be next to Highland Perthshire.

2.48 As highlighted previously, the aim of the SE Destination Strategy was to help each area contribute to the national target of growing tourism revenue by 50% between 2005 and 2015. The potential for growth in each destination was set out in baselining research undertaken by SQW in 2007. This took into account investment that was in the pipeline for each area, considered what it would mean in terms of additional bed spaces and how this would then contribute to tourism growth. In terms of context for the support that SE has provided across the six destinations it is worth reviewing how the destinations have performed since the baseline in 2007[3].

Tourism value

2.49 As part of the high level tourism data monitoring, the baseline and subsequent updates have provided estimates of the volume and value of tourism (staying visitors only) in the six destinations. Because the national and regional tourism statistics are not available for the geographies of the destinations, it was necessary to base these estimates on the accommodation stock and use the data from the Scottish Occupancy Survey to calculate the number of staying tourists. These updates have highlighted, it is important that destinations encourage accommodation businesses to provide occupancy data for this survey.

[3] Details of the methodology for the baseline which combines accommodation audits and occupancy data are presented in the baseline report: SQW (2008) Tourism Destination Baseline, for Scottish Enterprise

2.50 The estimates show that using VisitScotland's expenditure figures for Scotland for the years covered from the baseline to the most recent update in 2011 (which uses 2010 data), shows a slight fall in visitor expenditure (-2%). The data for 2011 is now available for Scotland, although there is not yet an update for the destinations. This shows that at a national level there has been a large increase in tourism expenditure of £500 million or 12%. A similar increase is likely to have taken place in the six destinations in 2011.

2.51 Table 2-1 shows the 2007, baseline expenditure values (which use 2006 data), the 2009 update (which covers 2008) and the 2011 update, along with the percentage changes over that period. There are some significant improvements in expenditure, from the baseline to the 2010 data tourism expenditure (staying visitors only) in the six destinations increased from £1.69 billion to £1.83 billion, an increase of 9%, well above the national figure. The only exception is Glasgow which saw a small decline in expenditure over the period.

Table 2-1: Estimated visitor expenditure in key destinations 2007-11 (£m)

	2007 baseline (uses 2006 data)	2009 update (uses 2008 data)	2011 update (uses 2010 data)	% change 2007 baseline to 2011
Edinburgh	805	816	900	12%
Glasgow	511	518	490	-4%
St Andrews	85	104	108	27%
Loch Lomond & Trossachs	155	139	162	5%
Royal Deeside	44	42	53	22%
Highland Perthshire	89	101	121	37%
All six destinations	1688	1720	1834	9%
Scotland	4,159	4047	4072	-2%

Source: SQW and VisitScotland data

2.52 The last update report looked more closely at the figures and found that a major factor in both Edinburgh and Glasgow has been a significant decline in the number of tourists staying with friends and relatives (VFR). This is worth noting not only because it is an important factor in explaining the figures, but also because it is likely to be the element that the destinations have least influence over.

2.53 Although expenditure has increased by 9% across the destinations, the number of tourist nights has fallen by 2% across the destinations (Table 2-2). In Scotland as a whole the fall over the same period was even greater, 12%. So although there are fewer tourist nights, visitors are spending more.

2.54 The main reason for the fall in visitor nights in Glasgow and the low growth in Edinburgh has been the decline in VFR nights (those staying with friends and relatives). This is illustrated in the final column of Table 2-2 which shows the change in the number of *non-VFR nights*. Excluding VFR, the number of tourist nights has increased by 4% in Glasgow and 15% in Edinburgh.

Table 2-2: Change in the number of tourist nights (2007 baseline to 2011 update)

	All tourist expenditure	All tourist nights	Non-VFR nights
Edinburgh	12%	1%	15%
Glasgow	-4%	-13%	4%
St Andrews	27%	11%	11%
Loch Lomond	5%	-3%	-2%
Royal Deeside	22%	3%	9%
Perthshire	37%	16%	19%
Total for six destinations	**9%**	**-2%**	**9%**
Scotland	**-**	**-12%**	**-**

Source: SQW

2.55 In summary, the period the destinations have been working through has been uniquely challenging. The baseline took place in 2007, the final year before the financial crisis followed by recession and this has no doubt impacted on the levels of tourist activity generally as well as in the destinations. As Table 2-2 shows the number of tourist nights in Scotland fell by 12%.

2.56 Against this backdrop, the destinations have fared reasonably well, although the number of tourist nights has fallen, increases in visitors' spend per night have meant that there has been overall growth of 9% in expenditure. The fall in visitor nights in the destinations is driven in part by a significant decrease in the number of VFR nights. If this is excluded, the trend in the number of tourist nights is more positive overall, particularly in Glasgow.

2.57 Finally, these tourism numbers reflect the overall levels of tourist activity. They set the backdrop against which the destination activities take place. It is quite possible for the destination activities to have had a positive impact, even though tourism numbers are falling or vice versa.

3. Main areas of activity and investment

Activities

3.1 The destinations and their activities are intended to be business led and as such are expected to identify and tackle issues and opportunities that are appropriate for that destination. While the destinations are underpinned by common concepts of collaboration, learning and innovation, one size does not fit all. The evaluation found that local issues tend to shape what is done and the time it takes to it. This has taken the destinations down different paths. It means that comparisons between the progress of destinations are not straightforward and that what works in one destination will not necessarily work in others.

3.2 St Andrews offers the clearest model with a strong tourism product, a well-defined town of sufficient scale to benefit from closer collaboration and generate a destination spirit. The issues here are about extending the season. In Deeside and Loch Lomond the overlap with the National Parks is a major issue, differentiating themselves and building their own identity. The two cities have also developed along different paths. In Glasgow, where the agencies already have a strong sense of collaboration, the destination interventions have been around specific projects, with the main business engagement through the GSWS programmes. In Edinburgh, the approach has been to provide the secretariat role for ETAG and to encourage tourism businesses to come together, while the challenges in Perthshire have been to bring together five existing tourism associations and promote the new Highland Perthshire brand.

3.3 The scale of activity and nature of projects supported by SE across the destinations has varied and Table 3-1 sets out the main activities in each of the area's destination plans with more detail provided in each of the annexes.

Table 3-1: Destination activity

Destination	Main areas of activity
Edinburgh	• ETAG activity – SE has provided the day to day secretariat role for ETAG which involves administration, organising events, managing the ETAG action plan, organising the annual ETAG conference, providing on-going support to the Chair and managing the website. • Festivals and Events – this has mainly involved the support for Festivals Edinburgh and the development of the Festivals Edinburgh passport product. There was some support for events in 2008/09 but other events have not been supported to the extent that was envisaged initially (reflecting a wider policy change in SE) • Innovation and collaboration – this involved the delivery of a range of events and workshops including: business briefings, Technology Tuesday events, Social Media workshops; Listening to Our Visitors events • Group business development – support provided to groups such as the Capital Group (city attractions), Festivals Edinburgh and Cruise Edinburgh • Market intelligence – this has involved producing Business Opportunity Guides, the Edinburgh Tourism Accommodation Audit and the Edinburgh Visitor Survey • Edinburgh Tourism Strategy – the investment planned for national events was instead used for the development of the new Edinburgh 2020 Tourism Strategy.
Glasgow	• Glasgow Service with Style (GSWS) – this initiative was launched in 2010

Destination	Main areas of activity
	and has been the main activity of the destination activity in Glasgow. This has involved the delivery of 128 courses to over 3000 delegates and 400 businesses • Product development – SE support for various tourism groups in the city including the Mackintosh, Merchant City and Clyde Tourism Groups • Events – funding support for major events; Celtic Connections, Piping Live, GI Festival, World Pipe Bands, MOBO Awards • Innovation – utilising existing SE products including the delivery of Technology Thursday events, tourism innovation workshops and Listening to Our Visitor events • Strategy, research and dissemination – SE lead the development of the Glasgow Tourism Strategy, support visitor research and have initiated a collaborative group to share and disseminate the information
St Andrews	• St Andrews Partnership (SAP) project manager • Destination development – has included the Development of new promotional plan for SAP and supporting local tourism groups: St Andrews Golf Development Group; Fife Golf Tourism Partnership; Fife Food Network and the Fife Tourism Partnership. Also initiated the Brighter St Andrews scheme to raise funds. • Product development – producing a destination visitor feedback tool, online booking engine for B&Bs and a comprehensive destination web portal linked to all social media channels. Delivery of innovation toolkit sessions and social media workshops; food & tourism collaborations and the achievement of Creative Place 2012 award which includes the set-up of Festivals in Fife collaboration. • Visitor interpretation – funding contribution to new visitor signage • Customer feedback – Listening to Our Visitor workshops delivered to around 60 businesses • Event development – support for local events including Crail Food Festival, Andrews Food & Drink Festival and St Andrews Festival of Golf • St Andrews Skills Academy – training delivered to around 500 individuals
Loch Lomond	• DMO set and operation – funding and support for the Love Loch Lomond DMO to deliver: website development, marketing campaigns, networking meetings and events • Water connectivity – support for the Waterbus project • Loch Lomond Shores and Balloch strategy work – • Product development - providing support to the National Park Authority to deliver the National Park Service initiative and Our Park Visitor Payback initiative
Royal Deeside	• DMO support – funding for the Royal Deeside and Cairngorms DMO to deliver: networking and training, portal and web site development, presentations and seminars and marketing, such as brochures, events, the Larder brand. 23 workshops delivered to 460 individuals covering Listening to Our Visitors, customer feedback, social media and marketing • Support for local events – including Venison festival, Tanalonga, • Resort and accommodation research – funding for feasibility studies • Victorian frontage restoration – small scale funding for enhancements to Victorian shop frontages in Aboyne • Deeside Way – funding for develop an off-road combined pedestrian/ cycleway between Aberdeen and Ballater

Destination	Main areas of activity
Highland Perthshire	• DMO management and activity support – activities have involved setting up the Highland Perthshire DMO (including consultation process) including website, recruitment of development manager and development of action plan. • DMO's activities have included organising networking meetings, providing one to one support to local tourism groups and businesses, website development and organising the AGM • Research and market intelligence – production of joint marketing booklet and Highland Perthshire Visitor Survey

Source: SE approval papers and discussions with SE destination managers

3.4 Although each area tends to label activities slightly differently, there are common themes of activity across the destinations.

- In nearly all of the destinations SE has provided core funding or staff time to support tourism groups or DMOs. Project manager positions are funded in Loch Lomond, Perthshire, Deeside and St Andrews. In Glasgow support is spread more widely across a number of interventions and in Edinburgh ETAG is managed directly by SE.

- In all destinations, SE has supported projects led by the tourism group or DMO (e.g. Technology events delivered in Edinburgh, Glasgow and St Andrews, and the development of web-based resources in the rural destinations).

- Originally, SE had planned to support events in each of the destinations. This has happened to some extent but in most cases this type of activity came to an end in 2008/09 (at this point it was decided at this point that SE would leave this type of funding to EventScotland). In Glasgow, there has still been considerable support for events such as Celtic Connections and Piping Live. St Andrews has also supported a number of local events such as St Andrews Food and Drink Festival, which aim to bring visitors to the town during the quieter autumn and winter months.

- Across all destinations there has been a strong focus on networking activity and innovation events. In the urban areas there has been a strong alignment with the Tourism Innovation Programme with destinations delivering TIS and Tourism Innovation workshops. In the rural destinations generating the interest in these types of events has proved to be more difficult - however destination groups have been the major driver of improved collaboration & networking – fundamental to long-term change. Also across the urban areas, SE supported technology events encouraging businesses to improve the way they use ICT and social media.

- Two of the destinations, Glasgow and St Andrews, have focused a lot of their activity on delivering support to improve customer service - customer feedback identifies this as a positive growth opportunity. This is starting to happen to a lesser extent in Loch Lomond and Highland Perthshire.

- Although SE and partners have provided funding for a number of major investments within the destinations (the Hydro Arena, Clyde waterfront, Edinburgh Tattoo stands) the destination funding itself has made limited investment in physical infrastructure. The largest example is in Royal Deeside where £0.4 million has been invested in the Deeside Way which is due to open in 2013. St Andrews has also used

destination funds for some small scale investment in visitor signage. The aim of the destination support is to put in place the structures and capacity that will bring new investment and maximise the opportunities that it brings. For example, funding studies to demonstrate the markets and sites to attract resort development, the events "kitbag" website that has been developed in Glasgow to provide information on major events for businesses, or more generally raising interest and awareness of the opportunities of using social media.

SE investment

3.5 Over the four years, around £5 million has been invested by SE across the six destinations. Over that period the annual value has been around £1.3 million. The timings of spend have been different to what was initially anticipated. For example, Glasgow originally had a three year approval for £1.45 million but around £358,000 has subsequently been rolled forward into 2012/13. Royal Deeside originally had a three year approval for £1.2 million but the actual spend was £0.96 million as a lot less than planned was spent on resort and accommodation support. It is expected that the 2012/13 will be smaller than 2011/12.

SE Table 3-2: SE investment in the destinations ('000s)

	2008/09	2009/10	2010/11	2011/12	Total
Edinburgh	464*	260	305	325	1,354
Glasgow	300*	234	253	328	1,115
St Andrews	253	175	179	93	700
Loch Lomond	60	180	95	105	440
Royal Deeside	200*	322	322	322	1,166
Highland Perthshire	0	59	100	128	287
Total	**1,277**	**1,230**	**1,254**	**1,301**	**5,062**

Source: SE approval papers and discussions with SE destination managers

** includes SE investment in 3 additional events not included in the destination budget ** estimate*

Levels of business engagement

3.6 An important factor to the success of destination development is the extent to which businesses buy-in and participate in the networking and collaboration events. In the course of the research, information on total numbers of businesses engaged and the number of active businesses was sought from each destination.

3.7 Estimating these numbers is not straightforward. The most common measures are attendances at meetings and events, but often there will be more than one person attending from a business. Also it needs careful analysis across events to determine whether it is the same or different businesses that are represented.

3.8 We have used two definitions here; engaged and active:

- **Engaged** - businesses that have attended or participated in some way in the destination activities. This could be members of a DMO or partnership or the

number that have been represented at meetings or workshops. The number of engaged businesses includes the active businesses.

- **Active** – businesses that are more "active" in the destination such as regular attenders at DMO events and workshops or participating in initiatives.

3.9 The active businesses should be the ones that destination feel are actively participating, while the total engaged is the broader number of businesses that have been involved in some way. As is the nature of the destinations, the numbers and interpretation will be slightly different in each, but the idea of the two tiers is helpful in understanding the reach of the destination activities.

3.10 As shown in the table below, it is estimated that a total of 2,200 businesses have been involved to some extent in the destinations activity (i.e. "engaged") and of this number around 560 can be considered to be "active" businesses.

Table 3-3: Levels of business engagement

Destination	Number of businesses 'engaged'	Number of 'active' businesses
Edinburgh	1,000	200
Glasgow	500	200
St Andrews	90	40
Loch Lomond	150	40
Royal Deeside	80	40
Highland Perthshire	400	40
Total	2,220	560

Source: Discussions with SE destination managers/ DMO development managers

3.11 In order to provide some context to the survey Table 3-4 sets out estimates of the number of bars & restaurants, serviced accommodation operators and visitor attractions in each of the destinations. The Table also shows self-catering operators separately as many of these will be much smaller operations letting a house or room.

3.12 These figures are intended to be indicative, to put the numbers of engaged and active businesses in context. Not all bars or restaurants are involved in tourism, while many other types of business might be depending on where they are. The figures show the large numbers of potential businesses in Edinburgh and Glasgow in comparison with the other four destinations. While the number of active businesses is a smaller proportion of the total in the cities (around 10% compared with 25% in the others) it is likely that many of the restaurants and bars in the cities will cater for residents rather than tourists.

3.13 The most obvious anomaly is Highland Perthshire where the number engaged (which is the numbers that are members of the tourism associations that are brought together under Highland Perthshire) is greater than the number of bars, restaurants, serviced accommodation providers and visitor attractions. This is because a large proportion of members provide self-catering and many will be small businesses that are not covered by the Annual Business Inquiry. There are a number of caveats.

- the restaurants and bars are not necessarily catering for tourists and so may not be relevant for the destination activities.
- the numbers do not include many other types of business that could be considered part of the tourist experience in some places, such as retail and transport.
- the numbers are from the Annual Business Inquiry 2008
- the accommodation figures are for serviced accommodation only, as there are many individuals letting single non-serviced rooms that are not likely to be tourism "businesses".
- visitor attraction numbers are only those accredited by VisitScotland and are from 2007 data.

3.14 Even so, the figures provide useful context for the destinations' work. Table 3-4 also shows the estimated number of engaged and active businesses. Having provided estimates for these figures it would be useful for the destinations to refine these, consider these numbers as their potential customers and how they can be encouraged to participate in the destination.

Table 3-4: Numbers of tourism businesses[4]

	Edinburgh	Glasgow	St Andrews	Highland Perthshire	Deeside	Loch Lomond
Restaurants & Bars*	1577	1621	68	50	21	101
Accommodation**	758	155	92	149	108	122
Visitor Attraction***	109	65	11	7	22	23
Total	**2,444**	**1,841**	**171**	**206**	**151**	**246**
Self-catering	795	102	108	216	163	96
Estimated engaged	1,000	500	90	400	80	150
Estimated active	200	200	40	40	40	40

**Restaurants and bars based on Experian data 2007*

***Accommodation based on TRC accommodation audits 2010 and includes only serviced accommodation*

****Visitor attraction numbers are from the VisitScotland database of accredited businesses (2007)*

SE management and delivery model

3.15 There are broadly three models of SE support across the destinations:

- In Edinburgh, it was decided in 2008 that the management of ETAG would be delivered in-house by SE and there are three staff members (2.5 FTEs) allocated

[4] These are considered to be "core" tourism businesses. In practice tourism and the destinations include a much wider range of types of business including retail and transport. In Glasgow the destination estimates around 3,800 businesses relevant to the tourism sector, twice as many as are shown as core businesses in the Table.

time to the delivery of ETAG support. It is important to note that across the six destinations, this is the largest time commitment by SE staff. We understand that in this case, SE was keen to keep a close relationship with the industry which would have been more difficult if they had sub-contracted to a third party.

- In Glasgow, SE is a partner in the city's tourism support, leading on strategy, sustainability, business development and customer service through GSWS. City marketing is led by Glasgow City Marketing Bureau.
- In St Andrews, Loch Lomond, Royal Deeside and Highland Perthshire, the management of the Partnership or DMO has been delivered by third parties, funded by SE, with destination managers providing support as and when required. In most cases, SE acts as an observer on the DMO board or Partnership, with the exception of Highland Perthshire where SE is a member (and currently interim chair).

3.16 A main feature of the delivery model has been for the destination managers to draw in other SE support, where appropriate, tailoring it for the needs of the local area. The main examples have been in relation to the Tourism Innovation Programme (Tourism Intelligence Scotland, Tourism Innovation workshops and Tourism Innovation Fund) and ICT support.

3.17 In terms of internal management structure of each area, the destination manager reports to a Senior Responsible Owner within SE and there are four with responsibility for the six destinations. The Tourism Sector Team also brings together the SE destination project managers internally four or five times a year to share thinking, activity, knowledge and project ideas.

4. Survey feedback

How the survey was done

4.1 The main part of the evaluation has been gathering information and opinions from a wide range of businesses and public sector consultees on the performance of the destination. This was done in three stages:

- Consultations with stakeholders
- Telephone survey of businesses
- E-mail survey.

Consultations with stakeholders

4.2 These were interviews conducted by SQW with those directly involved in making decisions about the destination. This includes public and private sector representatives. These people were interviewed either face to face or by telephone by SQW. A total of 113 interviews were conducted across the six destinations. Where possible the results have been included in the survey feedback, although these are mostly used to capture the qualitative findings presented in the next chapter.

The telephone survey of active businesses

4.3 These interviews were carried out by IBP and targeted 100 businesses (see Table 4.1). These were businesses that the destinations identified as the more active members of the DMO or partnership, or those that have received several assists through a programme (such as GSWS) or attended a number of meetings or workshops. A total of 164 businesses were identified by SQW with the SE managers. Of the target of 100 active businesses, 91 were interviewed. The details are shown in Table 4-1.

Table 4-1: Telephone survey responses

Destination	Sample provided	Target	Achieved
Edinburgh	37	26	26
Glasgow	39	20	16
St Andrews	12	12	8
Loch Lomond	28	14	14
Deeside	25	14	14
HP	23	14	13
Total	**164**	**100**	**91**

Source: SQW

Email survey

4.4 To ensure that all the relevant businesses had an opportunity to provide feedback, we also carried out an e-survey of the remaining active businesses and those that were members of the DMO. An e-mail version of the questionnaire was prepared and links were sent out by either the SE manager or the destination manager.

4.5 Given the number of emails sent out the response was very poor, particularly in Edinburgh and Glasgow where the numbers should be much higher. There were several explanations for the low level of response. In Glasgow there have been a number of e-surveys related to GSWS seeking feedback on performance. While the length of the questionnaire was also considered to be a disincentive. Some of these businesses may also feel that they have had fairly modest contact with the destinations' activities i.e. attended several meetings or events over the last four years, or may be inactive members of a DMO.

Table 4-2: E-survey contacts and responses

	E-survey contacts	Comment	Responses
Edinburgh	76	All contacts taken from list of 'active' organisations	7
Glasgow	130	All contacts taken from GSWS	5
St Andrews	30	Identified by SE project manager	7
Loch Lomond	110	All contacts based on DMO membership	10
Royal Deeside	31	All contacts based on DMO membership	4
Highland Perthshire	307	All contacts based on DMO membership	8
Total	**654**		**41**

Source: SQW e-survey

The survey sample

4.6 Table 4-3 puts the telephone and email responses used for the analysis together with the estimate of active businesses. We have assumed that the responses are a representative sample of these 560 "active" businesses, rather than the wider group of engaged ones.

4.7 The questions in the business survey were intended to identify changes in conditions in each of the destinations and to assess the contribution that the DMOs/tourism groups or SE had made to some of the characteristics of tourism that the destinations seek to influence. The survey also considered whether these changes had impacted on the volume or value of tourism *for their business* and on the customer/visitor experience.

4.8 Questions were tailored for each destination and included references to the specific activities that had been delivered in the destination. It was important throughout to ensure that interviewees understood that SE's role, as some may not have been aware that they supported the DMOs and partnerships.

Table 4-3: Telephone and email survey responses

Destination	Estimate of active businesses	Telephone	E-survey	Total
Edinburgh	200	26	7	33
Glasgow	200	16	5	21
St Andrews	40	8	7	15
Loch Lomond	40	14	10	24
Royal Deeside	40	14	4	18
Highland Perthshire	40	13	8	21
Grand Total	560	**91**	**41**	**132**

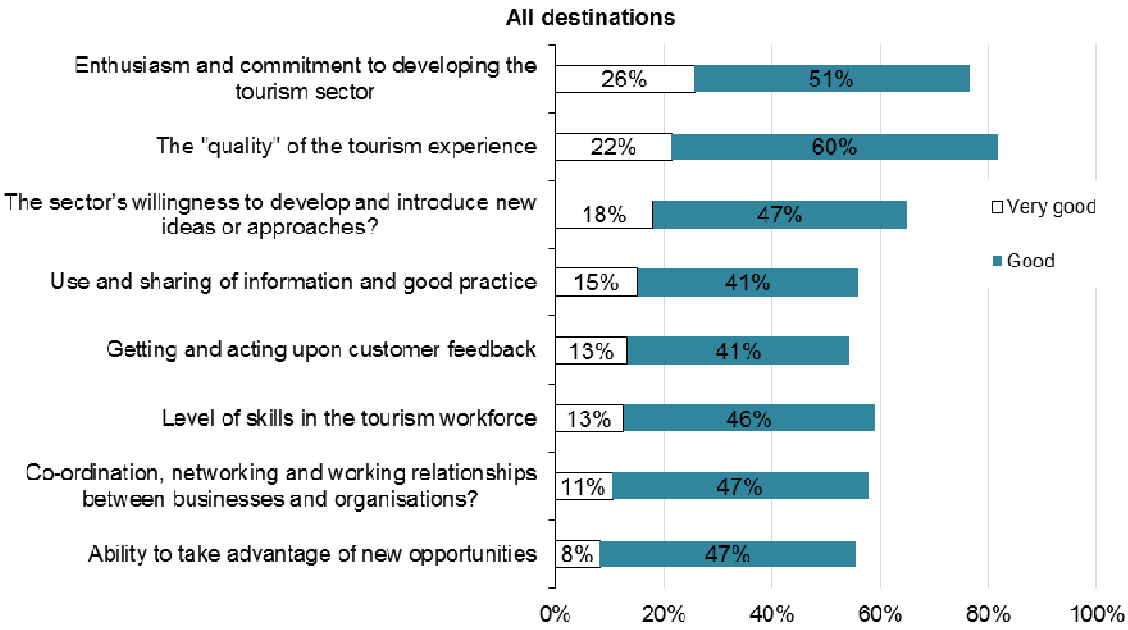
Source: SQW

The findings

How would you rate current conditions in the destination?

4.9 Consultees and businesses were broadly positive about the sector in relation to some of the specific destination characteristics. Where the destinations were seen to be strongest was in the enthusiasm and commitment to developing the tourism sector and in the quality of the tourism experience. These scores were highest in Glasgow where respondents were looking forward to the Commonwealth Games and the opening of the Hydro arena next year and lowest in Deeside (where willingness to develop new approaches and enthusiasm and commitment had a lower score) and Loch Lomond (where quality and the level of skills in the workforce scored lower).

Figure 4-1: Current assessment of the tourism sector across the six destinations



Source: SQW/IBP Survey – base 191 including consultees

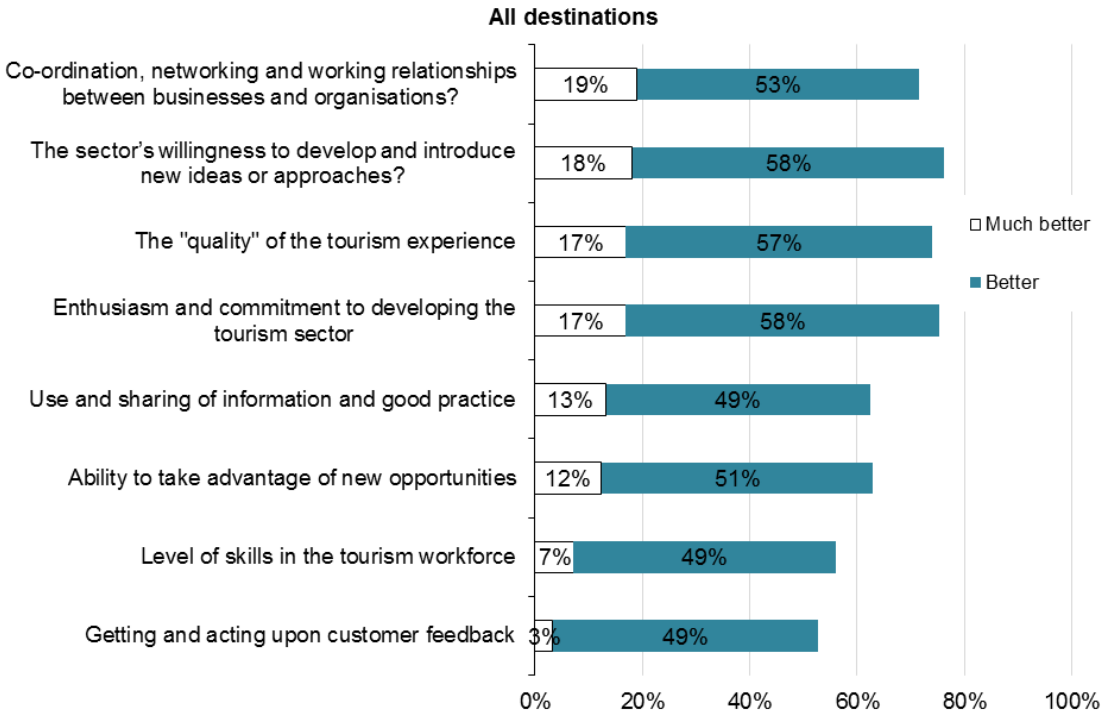
How have these conditions changed in the past four years?

4.10 The scores for the way in which these characteristics have changed over the past four years are shown in Figure 4-2. The biggest changes are in networking and collaboration, willingness to adopt new ideas and the quality of tourism experience (again Glasgow scored highest) as well as the enthusiasm and commitment to the sector. There had been less dramatic improvements in getting and acting on customer feedback and skills (with the exception of Glasgow and St Andrews which both funded related initiatives).

4.11 Businesses in Glasgow considered that there had been a lot more change than any of the other destinations. While around 85% of Glasgow businesses considered that these factors (outlined in Figure 4-2 below) had got better or much better, the figure was typically around 65% in other destinations.

4.12 Given the emphasis on developing working relationships within the destinations, the fact that 72% consider this has improved is a positive result.

Figure 4-2: Changes in conditions across aspects of the tourism sector in all destinations, over the past 4 years



Source: SQW/IBP Survey – base 191 including consultees

How have the destination activities helped your business?

4.13 Because the sample under-represents Glasgow and Edinburgh which have higher numbers of active businesses, and over-represents the rural destinations, extrapolating to the population as a whole (560) requires the results to be weighted. A note on this is provided in Annex G. In extrapolating from the sample to the population, based on the sample size and population, the confidence interval is a maximum of +/- 7.5.

4.14 Half of all the businesses (51%) believed that the support had helped them to raise the quality of the visitor experience, 45% that it had helped them to collaborate with other businesses and organisations, and 43% that it had helped improve their own marketing.

4.15 There was less impact on developing new products or services or on encouraging the organisation to undertake more staff training, although the figure in Glasgow was (62%).

4.16 Across all six destinations, 29% of the businesses did not feel they had been helped at all as a result of participating in DMO/tourism group or SE activities. These figures ranged from around 50% in Deeside and Highland Perthshire to 24% in Glasgow.

4.17 Applying the weighted results to the 560 active businesses identified across the destinations would mean that 280 have been helped to raise the quality of the visitor experience and to collaborate, while for around 162 businesses the support has not let to any changes.

Figure 4-3: How has participation in DMO/tourism group/SE activities helped your business

Source: SQW/IBP Survey – base 132 (weighted)

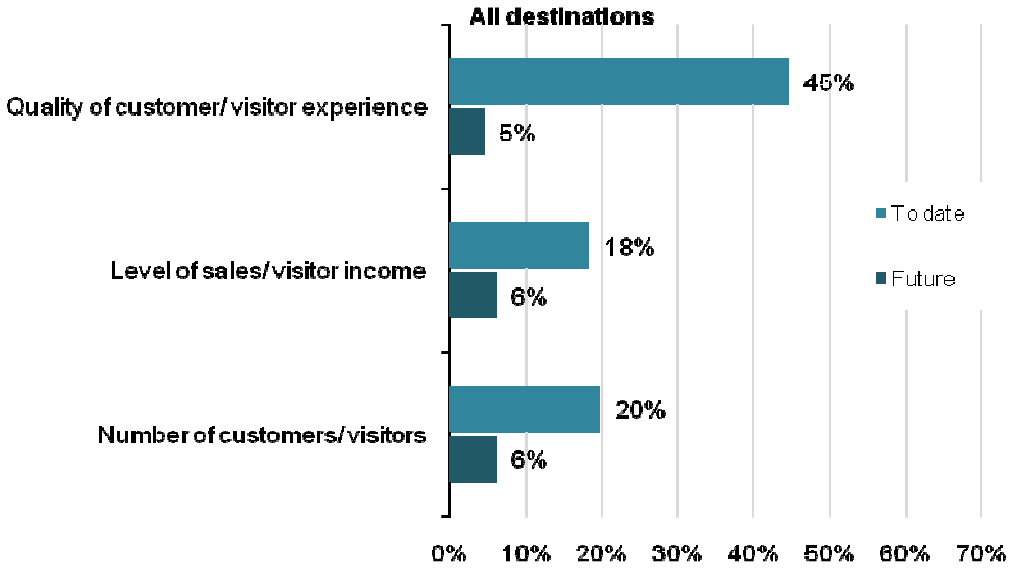
How has the support changed business performance?

4.18 Overall, 45% of respondents considered that the impact of the support had improved the quality of customer or visitor experience. Eighteen and 20% respectively reported increases in the level of sales and number of visitors.

4.19 These figures are weighted to reflect the population of all active businesses in each destination. For example businesses interviewed in Edinburgh and Glasgow is given a greater weighting because there are more of them in the population.

4.20 Assuming that the sample is representative and allowing for the confidence interval[5] means that percentage would be between 12% and 24%. This would mean that between 69 and 133 businesses have directly seen sales increase.

Figure 4-4: Impact on organisation performance to date and future



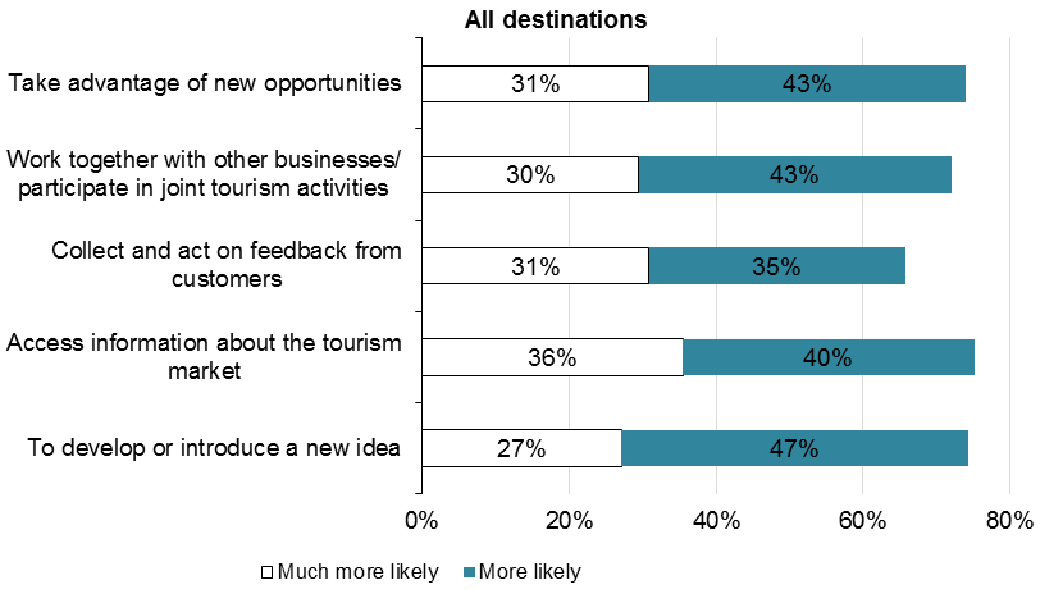
Source: SQW/IBP Survey – base 132, (weighted)

How have the destinations changed attitudes?

4.21 The results of the question on whether participation in DMO/tourism group or SE activities has influenced business attitudes are fairly consistent across all the elements. Almost a third were now much more likely to take advantage of new opportunities and to act on customer feedback, while 30% were more likely to work together and access information about tourism markets. Taking account of those that were also "more likely", the figures show that typically between 65% and 75% were more likely to take one of these actions.

[5] For a response of 18% the confidence interval at 95% is +/- 5.7

Figure 4-5: Changes in business attitudes



Source: SQW/IBP Survey – base 132

Conclusions

- The destinations are upbeat on the quality of the visitor experience, particularly in Highland Perthshire, St Andrews and Edinburgh.
- The biggest change over the past four years has been the improvements in co-ordination and networking – a key part of the Destination Strategy.
- Typically two thirds of businesses thought there had been positive changes across most of the indicators
- Where businesses are engaged in destination activities, the results are very positive. Almost half had resulted in actions that had improved the visitor experience and a similar proportion had been helped to collaborate with other businesses. Around a third reported no change
- Given the nature of some of the activities (workshops, DMO meetings, short training sessions etc.) this is a relatively high proportion that have benefited.
- The survey suggests that the main outcome of these activities was improvements to the visitor experience rather than on generating additional sales (14%) or increasing visitor numbers (15%)
- The issue is not whether the interventions work, but whether there are sufficient numbers to justify the scale of the investment.

5. Qualitative feedback

5.1 In this section we summarise the main feedback from consultations from internal and external stakeholders on the performance of the destinations and the support that has been provided. Consultations were held with 113 people from the public and private sectors who are or have worked with a destination or were able to provide an overview of the Programme. For each destination this included the SE manager, the destination or partnership manager and members of the board, from the private and public sectors. A full list of consultees is appended in Annex H.

Rationale for supporting destinations

5.2 From our stakeholder consultations there seemed to be a good understanding of the rationale for SE supporting the key destinations. There was an appreciation that SE has been trying to encourage a more joined-up strategic approach to tourism development and that this type of support is something that the market is very unlikely to be willing to pay for, even though the destination as a whole would be better off. This is a market failure caused by externalities. This is exacerbated by the economic downturn which reduces businesses willingness to take risks and invest when future markets are more uncertain.

5.3 There were specific issues raised in each of the destinations which tended to reflect local circumstances (in Deeside the overlap with Cairngorms Business Partnership in the National Park and the boundaries for Love Loch Lomond). More strategic issues were raised by the local authorities, who were generally supportive, but also keen that SE recognise the wider role that the destinations should play within their areas (for example, St Andrews contribution to Fife and Royal Deeside in Aberdeenshire. One consultee felt that at this level the funding should be given to the local authority to support the DMO locally. Another wanted better clarification of why some destinations were supported rather than others and how SE planned to exit. Another related point was the need for SE to look forward and to set out what it was trying to achieve in the longer term.

5.4 In Glasgow, because of the existing structures, the rationale for the collaboration role was not considered as important as in other areas. Instead a number of consultees believed that SE should focus on the direct funding for specific initiatives such as Mackintosh, events and GSWS rather than through collaborative groups and information sharing. Our view is that in Glasgow, SE should be bolder in its destination work, specifically in investing and building on the success of GSWS, taking forward the Mackintosh theme and in helping businesses maximise event opportunities (through the Kitbag and GSWS).

SE management

5.5 In each of the destinations, the feedback from stakeholders was very positive about the input from the SE destination managers in terms of enthusiasm and strategic input to the development of the destination.

5.6 Developing and managing the destinations is a difficult job. It requires a wide range of skills to work with so many different agencies and businesses, all with their own interests.

Consultees generally recognised these challenges and also the limitations of what was possible. Most of the challenges were related to local issues and a lot of experience has been built up around how to manage and lead groups. For example, focusing on the areas where there are common aims, rather than seeking to resolve differences and developing sub-groups with specific interests.

5.7 There were some examples highlighted of cross-fertilisation between the destinations, for example the production of Loch Lomond visitor itineraries for use in Glasgow hotels and the introduction of customer service training initiatives in Loch Lomond and Highland Perthshire building on the success of what has been done in Glasgow and St Andrews. Although there are reasonably regular meetings involving the SE destination managers, there has been perhaps less formal interaction between the development managers employed in each of the DMOs and partnerships.

Fit with other SE initiatives

5.8 Based on the feedback from internal stakeholders, it was reported that there are strong links between destination team and other SE products/ initiatives. Within the SE tourism team, there is clear alignment between the destination approach and the Tourism Innovation Programme. As highlighted earlier, in Edinburgh, St Andrews and more recently Glasgow it was reported that through the destinations approach, SE staff have managed to generate more interest in TIS and Tourism Innovation workshops. In Glasgow, TIS was perceived as a national initiative that would tend to focus on Edinburgh rather than Glasgow. By using the GSWS website, which is specific to Glasgow, to promote TIS has increased membership in the city significantly.

5.9 Across the six destinations there are 35 Account Managed tourism companies (approximately 30% of the total tourism Account Managed portfolio). It was highlighted that there has been good complementarity between the destinations approach and the Account Management programme which supports the growth of individual businesses. As opposed to one to one support, the destinations work then aims to bring businesses together to provide a more joined up tourism product.

5.10 There has also been effective partnership working between the destinations and the work of SDI in terms of trying to bring in new inward investment to Scotland. In the last few years, most of SDI's enquiries regarding potential tourism investment have focused on Edinburgh, Glasgow, St Andrews and Aberdeen. In Highland Perthshire and Loch Lomond there has been limited interest due to market conditions. However, SDI has recently become involved at Taymouth Castle in Highland Perthshire and is regularly in contact with SE destination staff and the National Park Authority about potential sites for investment around Loch Lomond. Examples were highlighted where SDI staff had worked with destination staff in working with investors in St Andrews (Kohler Co.) and Edinburgh (Motel One). The local market intelligence provided by destination staff was seen as particularly useful.

5.11 One consultee highlighted a potential issue if SDI was providing support to helping a hotel developer (e.g. budget hotel chain) and at the same time SE was supporting a DMO representing the interests of local accommodation providers who would not see past the short term impact of a new hotel coming to their area. This scenario has arisen in two of the

destination areas (Highland Perthshire and St Andrews) and is something that needs to be carefully managed by SE.

Effectiveness of destination groups and DMOs

5.12 As highlighted earlier the destination groups in each of the destinations are all quite different with a range of structures and each at different stages of maturity.

- In Edinburgh, SE has provided the day-to-day management support for ETAG. There was general agreement from stakeholders that the group has evolved and matured over time (it was first set up in 2000) and is now well recognised and trusted both within the city and at the Scottish level. The feedback highlighted the importance of SE's contribution to ETAG, with many stating that the group would not exist without the coordination, facilitation and secretariat roles that SE staff provide to ETAG. Externally ETAG was also highlighted as an effective example of collaboration within the tourism sector[6].

- SE's role in Glasgow has been a combination of project support (Mackintosh, Merchant City, GSWS) and facilitation through its role leading the Glasgow Tourism Strategy Group, the emerging Glasgow Tourism Leadership Group and the sustainability and technology sessions. Whilst the role of Marketing Edinburgh is still evolving, the Glasgow City Marketing Bureau is well established and is seen as the primary organisation for tourism development in the city. This means there is less need for an ETAG equivalent in Glasgow. However, the combined efforts of GCMB, Glasgow City Council, SE and other partners within 'Team Glasgow' is viewed extremely positively, notably by some high profile Edinburgh stakeholders. Because the stakeholders are already well connected, the consultees in Glasgow were more focussed on the project support that SE provides and how this could be increased.

- The St Andrews Partnership (SAP) is highlighted by SE, in its operating plan as good example of strong local partnership within the tourism sector, and mentioned by the 2020 strategy. SAP is unanimously considered to be an improvement on St Andrews World Class. After a bumpy journey it has built much stronger engagement in the town. It has brought different sectors together in a way that was not happening before and the general view was that as it matures it has become increasingly effective. Its broader remit with wider engagement has given the Partnership a stronger base. It has brought businesses and sectors together in a way that did not happen before and enabled the town to get behind a number of key projects. It has also been able to test ideas such as the Brighter St Andrews fund and customer feedback cards. The main issue now is how it can increasingly encourage private sector partners to provide its funding.

- The Love Loch Lomond DMO was set up in November 2010. As a mainly marketing organisation this appears to have made a promising start in terms of increasing membership from 60 to 120 over the space of 18 months. A recent change in DMO board membership was highlighted as a major step in improving credibility within

[6] ETAG is mentioned in the national Tourism Scotland 2020 strategy and in SE's 2012 Business Plan

the sector. Whilst most of the key local players are members, there is scope to encourage more leadership and also to clarify where the DMO sits relative to the National Park destination group.

- In Royal Deeside, the DMO was originally created in 2006. Feedback on the effectiveness of the DMO was quite mixed and the last few years have seen significant disruption with changes to the project manager and Board members. There was a feeling that sorting out organisational issues has hindered the DMO's ability to make much difference. However, current Board members stated that the DMO is now making some progress.

- In Highland Perthshire, it has taken some time to actually set up the DMO in March 2010. It was structured around five existing tourism associations all of whom are represented on the Board. There have been some difficulties with buy-in from local businesses to the Highland Perthshire brand and local politics have also hindered progress to some extent. That said, stakeholders highlighted examples where the DMO has made a difference particularly with the work with local groups on cycling hubs and raising the profile of the area as a cycling destination.

5.13 As illustrated above, the DMOs in the rural destinations have all been set up much later than the tourism groups in the urban areas. It therefore makes it inappropriate to directly compare the performance of the six destinations. As well as having greater critical mass of tourism businesses, it could be argued that the urban areas have a head start in terms of the long-standing relationships between key tourism organisations. In all destinations it was envisaged that the activity of the various groups or DMOs would build on private sector investment. This has not happened as anticipated and in the rural destinations this has restricted the effectiveness of the DMOs' activity and the level of GVA growth that can be achieved.

5.14 It is also important to consider the length of time it has taken to develop some of the partnerships. SE has been involved in St Andrews and in ETAG in Edinburgh for many years, and this has helped build relationships. Deeside, Highland Perthshire and Loch Lomond are newer partnerships and it takes time for these to build credibility and find effective ways of working, although in all of these areas it needs to be recognised that support for tourism initiatives was previously provided by the Local Enterprise Companies. For example, around £30 million was invested by SE Dunbartonshire in Lomond Shores prior to its opening in 2002.

Examples of successful activities/ projects

5.15 Across the destinations there were some projects which have proved to be particularly successful and that have been central to the destinations approach. The Glasgow Service with Style initiative was developed to strengthen leadership and management across the industry to ensure a consistent world class level of service delivery across the whole visitor experience. It has been delivered to 2600 delegates with positive participant feedback and stakeholders highlighting its importance in the run up to the 2014 Commonwealth Games. In Edinburgh, the Technology Tuesday and social media events were highlighted as being

particularly popular with many highlighting SE's ability to bring together specialists in both the technology and tourism sectors.

5.16 The major success of the destination work in Loch Lomond was reported to be the introduction of the Waterbus service which received support from SE in the pilot year. It is now being delivered on a commercial basis and all local stakeholders emphasised how the project has opened up new possibilities for water-based tourism. In Highland Perthshire, SE also supported Highland Fling (an account managed company) to open a bungee jump attraction at Killiecrankie which was described as a 'game-changer' in helping to raise the profile of adventure tourism in the area.

Areas for improvement

5.17 Drawing on the feedback from all six destinations, there were some common themes in terms of areas for improvement. For this type of support to help improve the wider sector, *destinations need to ensure greater levels of business engagement.* In the two cities, there are estimated to be around 400 active businesses. It is obviously good that these businesses are attending and benefiting from events and workshops but the support needs to be broadened out beyond the 'usual suspects' many of whom would make improvements anyway. For example, whilst ETAG maintains details of active contacts there is no readily available data on new businesses becoming involved each year.

5.18 A particular issue in the rural destinations is the extent to which SE should be supporting organisations that are undertaking marketing of the local area. Whilst SE tried to be clear that it would be funding Destination Management Organisations (as opposed to 'Marketing' organisations), some, notably Love Loch Lomond, have been particularly active in marketing (supported by Growth Fund money). Feedback from a number of destinations stressed that DMOs needed to offer marketing as part of the package to get the buy-in from businesses. Certainly in Deeside, most of the interest of businesses was in how effectively the DMO promoted the area. *Several stakeholders suggested that SE's approach with regarding to marketing has not been clear or consistent enough.*

5.19 Looking through the original SE destination approval papers and then some of the strategies developed by the new DMOs there *appears to be a lack of clarity between the activities being delivered in the destination and the desired outcomes and impact.* This was reflected in some of the feedback from stakeholders, mainly in the rural areas, who questioned whether enough progress was being made in terms of growing the local sector. In each of the destinations, there needs to be a clearer understanding about the difference between the performance of the destination and the impact that is being generated by destination support. Our recommendation is that assessment should focus more on changing business behaviour, which they can influence, rather than focusing as much on the overall visitor numbers and expenditure.

5.20 In the context of the economic downturn, there could be scenarios where local tourism expenditure is static or declining but actually without the destination support the performance would be even worse.

5.21 *The sustainability of the destination groups is also an issue.* According to many stakeholders, these types of groups will never be self-sustaining and will always require some public

sector support (one consultee also highlighted the difficulties that the Area Tourism Boards experienced in trying to collect private sector contributions). It would seem as though SE currently does not have an exit strategy for its support to priority destination and there is a risk that it simply continues to support areas for political reasons or to avoid reputational damage. To some extent, HIE currently finds itself in a similar position and is looking to adopt a more strategic approach to supporting destinations. On the flip side, in some areas, uncertainties about long term funding from SE is acting as a disincentive for new businesses to get involved. Several businesses were well aware that SE would be looking for an "exit" route and felt that there would not be support over the longer term. While they were supportive of its aims, they were reluctant to invest too much time or money in destination activities, which they thought would be temporary.

Learning from other destination areas in Scotland

5.22 The challenges of raising funding and being able to demonstrate benefits to the local tourism sector are no different for non-SE destination groups. A recent review carried out by the Scottish Tourism Alliance estimated that there were over 300 groups promoting tourism in Scotland, which included DMOs and Area Tourism Partnerships, through to local marketing groups. Following the closure of the Area Tourism Boards in 2005, there was a notable increase in groups being set up to fill the gap of promoting tourism at the local level.

5.23 For larger destination groups such as the Aviemore and Cairngorms DMO and Loch Ness DMO, we understand that whilst they remain quite heavily dependent on public sector funding they have recently been developing models that secure more investment from private sector members. In the case of the Cairngorms this has involved aligning the DMO much more closely to the Chamber of Commerce. Both the Loch Ness DMO and Lochaber and Fort William DMO (Outdoor Capital) are developing Business Improvement District (BID) business plans.

More competent and competitive destinations?

5.24 The main aim of SE's support has been to help create more competent and competitive destinations. In all destinations, the feedback suggested that they are much better placed than was the case four years ago.

5.25 In the urban destinations, although there is a longer history of partnership-working, there was still some feeling that the last four years have seen more collaboration and an increased awareness of issues such as branding, product development and customer service. In terms of competitiveness, stakeholders highlighted that this has also improved mainly through the investments that have been made, particularly in the cities (the Riverside Museum in Glasgow, SECC, EICC, the National Museum for Scotland and various hotel investments to name a few).

5.26 In the rural destinations, there was also believed to have been progress in creating competent destinations, although with more limited progress in Royal Deeside and Highland Perthshire. In Deeside, the feedback from consultations were very mixed on what had been achieved, and in Highland Perthshire, progress has been relatively slow due to issues around businesses actually identifying with the Highland Perthshire brand. In Loch Lomond, there

has been some confusion with regards to the National Park destination group but overall the DMO is seen as having an important effect in encouraging a more strategic approach to tourism. In the rural destinations, the feedback was that they are now more competitive than four years ago, however the lack of private sector investment in new resorts has restricted progress. With economic conditions slowly recovering there is renewed hope that planned investment at Inchmarlo in Deeside, Taymouth Castle in Highland Perthshire and West Riverside at Balloch near Loch Lomond can eventually go ahead.

Conclusions

- Rationale for supporting destinations generally is supported, but there needs to be more clarification of why these destinations are supported and what the criteria for exit and entry are.
- Management of DMOs and partnerships is an extremely difficult job and requires a combination of personal, political and leadership skills. SE's role has been crucial in the progress that has been made and it is likely that this level of engagement will need to continue.
- Internal PR is a valid and important part of the destinations activities. Demonstrating and telling people about successes is a critical part of building momentum and getting people on board. More could be done by a number of destinations
- Doing this requires evidence gathering and monitoring. Destinations need to be getting and reporting feedback
- Destinations area not "one size fits all". The activities needed in one destination are not the same as others, although there should still be underpinning "destination logic".
- However, this has led to a lack of clarity in several destinations. Consultees in Loch Lomond, Deeside and Glasgow all raised issues about clarifying and communicating the destination's role.
- The fit and relationships with other SE initiatives works well and the destinations have been good conduits in in helping to engage tourism businesses with other products
- Consultees do not consider that this type of activity can be fully self-funding, although there is scope to co-ordinate private funding for specific projects where the beneficiaries are clear.

6. Quantifying economic impact

Overview

6.1 Typically in the evaluation of business development programmes, the impact of an intervention can be measured by changes in the performance of the businesses that are assisted. Assessing the support for tourism destinations is different, because the benefits accrue to a much wider range of businesses than those that are directly supported. Secondly, much of the investment has been in setting up the structures and partnerships to support the destinations, and this is about strengthening the potential over the longer term rather than short-term benefit.

6.2 While, businesses themselves would want to judge the performance of the destination activities on whether or not it has generated more custom for them, the measure for SE should be longer term. The support is about a significant shift in culture that will take years to embed.

6.3 There are several other factors that have made it harder to measure impacts. The first is that the difficult investment climate has meant that one of the important strands of destination support, attracting new accommodation investment, has stalled. Perhaps less obvious, but as important is how this also limits smaller scale investment in refurbishment and expansion. This applies across the board – for example, in tighter economic conditions it is more difficult to get businesses to take forward joint projects, to invest in training, to innovate or to spend money on improving facilities or services.

6.4 The SE support within the destinations has also shifted from some of the more measurable "projects" such as events and accommodation projects, to activities with less tangible outcomes, such as networking and training. While the economic impact appraisals carried out in 2009 were based on some of the support of more tangible projects, in practice there have been less of these.

6.5 Finally, around half of the Deeside funding contribute to the development of the Deeside Way, which is yet to formally open, while the planned investment in a Clyde Tourism group in Glasgow and a number of resort and accommodation projects in the rural areas have not happened within the evaluation period (but will be completed in the next year or two).

6.6 Ultimately the measure of success is still the amount of additional GVA generated by tourism businesses, but the challenges are the length of time that it takes. The challenges are that:

- the benefits go much wider than the businesses that participate in the various destination activities
- it takes time for improvements in the "customer experience" to be reflected in more visitors and additional expenditure
- the nature of much of the activity that has been supported is inherently harder to quantify and includes some "overheads" in building trust and relationships

- the investment climate, for large and small investments, is likely to have limited the "leverage" of the support and this reduces the scale of the impacts (for example even though businesses may know more about their market, they lack the resources and confidence to do anything about it)
- there are also inherent difficulties for businesses in attributing benefits to activities that will only indirectly lead to better performance. For example learning from others or accessing market information may help in make better decisions, but businesses will find it difficult to link the outcomes of these decisions to any particular piece of advice or information.

6.7 Taking these together we would expect that businesses will not be able to identify all of the benefits and even where they can this would only capture part of any new visitor expenditure.

6.8 Given that this will only provide a partial picture, it is important to put more emphasis on the behavioural changes of the businesses participating and perceptions of the contribution of SE and DMOs/tourism groups rather than whether or not businesses is able to report returns in the short term.

Economic impacts

6.9 The destination activities are expected to contribute to economic growth through a number of different routes. Some of this can be estimated, while for other elements it is not possible to quantify the effects. Broadly these can be categorised as:

- the direct impact of training and seminars on participant businesses
- the specific impact of events
- other impacts of direct investments
- organisational capacity which enables future activity to support businesses
- the longer term impact of improved customer experiences on the tourism sector and wider
- the effect of highlighting opportunities related to other developments (such as the Hydro in Glasgow, events or new resorts) that help these activities maximise their impacts
- the broader impact of marketing and profile raising.

6.10 Of these, the economic impact methods of gathering information from businesses can only provide evidence for the first of these, while estimates of the events can be calculated through separate economic impact studies. Each of the destinations has invested or placed different emphasis on these. The major events have been part of the cities' approach, while the capacity building has been more important in the rural destinations.

Estimating the direct impact of activities on participant businesses (evidence from the survey

6.11 The survey asked businesses to indicate whether participation in the DMO/tourism group or SE activities had resulted in increases in numbers of customers or visitors and in their sales.

- Fourteen per cent of the businesses in the survey indicated that their sales had increased. After weighting to reflect the proportions of active businesses in each destination this becomes 18%.
- The confidence level for this result is +/- 5.7. Applying this to the total of 560 active businesses indicates that between 12% and 24% businesses in the population will report an increase (between 69 and 133 businesses).
- In the sample 10 provided some quantification of this impact (from a total of 18 reporting an impact). These estimates ranged from £1,000 to £100,000 of new sales a year.
- To remove the possible effects of extremely high or low values influencing the result, the highest and lowest values were excluded before an average was produced.
- The average increase in sales estimated by the businesses was £16,000 of turnover per business for that year.

6.12 Businesses were also asked how much of this increase would have been achieved anyway. Where they reported that all of the benefit would have happened anyway, deadweight is 100%, where they indicated some of the benefit would have happened anyway, 50% of the reported impact is used and where none would have happened, 100% of the impact is used.

6.13 Adjusting each of the figures for this "deadweight", gave an average net figure of £9,300 in additional sales in that year.

6.14 At a Scottish level a reasonable proportion of this will be displaced. Typically displacement is estimated to be around 50-75% for tourism marketing[7]. Using the mid-point of these figures, 62.5% gives net additional sales to Scotland of £3,488 per business in a year.

6.15 The survey asked for the impact on annual turnover, in the last year. It is not clear how long these benefits will last. The businesses that reported a benefit estimated that the effects would last for an average of 4 years. However, we would assume that the effect declines over time. We have assumed that in the first year the impact is 100%, 75% in the second year, 50% in the third and 25% in the final year.

6.16 In effect, this means that the total impact over time is 2.5 times the value reported in the first year (100% + 75% + 50% +25% = 250%). Applying this to the net additional turnover value gives a total of £8,719.

6.17 Applying these numbers to the number of businesses that reported an increase in sales (69 and 133) gives a net increase in expenditure of between £600,000 and £1,160,000.

[7] VisitEngland, Tourism Marketing Displacement, 2012

6.18 Finally, this additional activity will also have knock on "multiplier" effects on suppliers and as a result of the profits and wages that are paid as these are recycled through the economy. The Scottish Government produce GVA effect ratios which can be applied to increases in output to give GVA values (which include the multiplier effects)[8]. The type II GVA effect multiplier is 0.86 for Hotels, Catering, Pubs etc (SIC 92).

6.19 Applying this to the net expenditure gives a range of £516,000 to £998,000 (rounded to £0.5 and £1 million).

6.20 However, where the additional sales reported by these businesses stem from new visitors, they are also likely to generate sales in other businesses (not covered in the survey). Visitors, typically spend a third of all expenditure on accommodation, with the rest made on a range of other services[9]. The impacts shown in the Table below are therefore only likely to represent a proportion of the expenditure and GVA attributable to these new visitors (i.e. they do not include the 'offsite' spend with other businesses).

Table 6-1: Calculation of net GVA impact of SE/DMO activities 2012-16

Factors	Values
Weighted % of businesses reporting an increase in sales	Range of 12% to 24%
Number of businesses in population	560
Number of businesses	69 - 133
Average value of increase in sales reported per business for one year	£16,000
After deadweight	£9,300
Displacement 62.5% (range of 50% to 75%)	£3,488
Life time benefit (allowing for duration and decay)	£8,719
GVA effect (0.86)	£7,497
Total direct net impact for population	**£500,000 – £1,000,000**

Source: Various

Evidence from events

6.21 The destinations have contributed funding to a number of events over the past four years, although this has been reduced in the past two years. Table 6-2 sets out the major events, the GVA estimates derived from the economic impact studies available, SE's contribution and the impact that is attributed to the SE funding.

6.22 The major examples are in Glasgow and Edinburgh. In Glasgow, support was provided for Celtic Connections, the MOBO awards, the World Pipe Band Championships (WPBC) and Piping Live. Of these, the WPBC generates the greatest impacts, because of the number of pipers it brings from outside Scotland.

[8] Multipliers – type II GVA effect multipliers were selected from Scottish Government input-output tables (2007) for the tourism sector (SIC 92 Hotels, Catering, Pubs etc)

[9] VisitScotland: Scotland: The key facts on tourism 2011, http://www.visitscotland.org/pdf/VS%20Insights%20Key%20Facts%202012_FINAL.pdf

6.23 In Edinburgh a small proportion of the total Festivals impact is included as a result of SE's contribution to Festivals Edinburgh (over four years). Other events supported include the World Cross Country Championships, the Gathering and the Golden Oldies Rugby.

6.24 There have been a number of events supported in the other destinations. These are likely to have generated some further impact, although these are mostly attended by Scottish residents on day trips and their expenditure would not be considered "additional" to Scotland.

Table 6-2: Major events impact summaries

Major events	SQW estimated GVA Economic impacts[10] (£ millions)	SE funding	SE contribution (based on % of public funding)	Impacts attributed to SE (£ millions)
Celtic Connections[11]	5.6	15,000	3%	0.2
MOBO awards[12]	0.1	60,000	12%	0.0
World Pipe Band Championships[13]	5.0	50,000	15%	0.8
Piping Live[14]	0.7	30,000	14%	0.1
River Festival[15]	0.3	35,000	18%	0.0
Edinburgh Festivals (4 years)	-	240,000	0.03%[16]	1.5
The Gathering[17]	5.6	100,000	20%	1.1
Golden Oldies Rugby[18]	3.5	84,000	22%	0.8
World Cross Country championships[19]	3.1	60,000	6%	0.2
Total	**23.9**	**674,000**	**-**	**4.7**

Source: Various reports – see footnotes

6.25 Together these events contributed almost £5 million of GVA from an investment of £674,000 over the period of the evaluation. This gives a return of investment to GVA of 1:7 over the period 2008 to 2012.

6.26 It is more straightforward to measure the impact of events than the more nebulous benefits of networks. The events impacts, in some cases, benefit from years of investment to build up their reputation, and this is not captured in the costs. Although they can raise the profile of a destination and Scotland, the expenditure impacts are short term, unlike developing capacity or training.

[10] SQW's Destination Tourism Baseline Update produced in 2012, constructed estimates of the ratio between turnover and GVA for the business sectors where tourists spend most money. Across the Local Authority areas that are closest to the Destinations the average turnover to GVA ratio was 47%.
[11] Glasgow Grows Audiences (2010) Celtic Connections Economic Impact
[12] Ashbrook (2009) Final Report Economic Impact Assessment Mobo Awards 2009
[13] Ashbrook (2011) Final Report Evaluation: World Pipe Band Championships 2010
[14] Ashbrook (2010) Final Report (Final Draft) Evaluation: Piping Live 2010
[15] Ashbrook (2008) Draft Report Evaluation: Glasgow River Festival
[16] Assumes that the public funding contributed to 5% of the total Festival impact
[17] EKOS (2009) The Gathering Economic Impact Assessment
[18] EventScotland Press Release, January 2009
[19] EKOS (2009) Economic Impact and Attendee Evaluation of the World Cross Country Championships

6.27 It should not be assumed that because the impact of events tends to get measured, that its impacts are greater than other forms of support. Making the most of events requires a balance of building capacity, funding the events and working with businesses to make the most of the opportunities. Over the past few years SE has reduced its direct funding for events, which is now done through EventScotland, and has focussed on helping businesses and destinations to make the most of them.

Other direct support activities

6.28 During the research we also identified a number of others specific projects that were able to estimate the contribution that the support had made to their turnover.

- In Highland Perthshire one new business supported by SE stated that all of its turnover could be attributed to SE (sales of £475,000 over the past 18 months). This impact is a combination of the support through SE's Account Management and the destination. However, without the destination this project would not have been supported and would not have achieved the same impact.
- In Loch Lomond, two businesses reported additional sales of £100,000 and £30,000 a year as a result of the Waterbus project, which was supported by SE.
- There were several other cases in Deeside, where 19 businesses received one to one advice. Of the sample that were interviewed one business reported that the support received had led to £4,000 - £5,000 of additional sales a year. Another case reported that it was likely to bring forward an investment in the future. Two others reported no attributable impacts.
- In Glasgow the support for Mackintosh and Merchant City groups may also have generated new visits, but the most recent evaluation was not able to provide a quantifiable estimate. While footfall in the Merchant City has increased, the numbers visiting Mackintosh attraction has not grown[20].

6.29 Among the cases that we identified above the *annual* additional expenditure generated is £450,000. As in the calculations above, assuming that these benefits last for 4 years, but decline steadily, we can multiply this by 2.5 (see para 6.16). This gives an additional expenditure of £1.1 million.

6.30 Some of these benefits will be displaced from elsewhere in Scotland. Allowing for displacement (62.5%) and applying the GVA effect (see para 6.18) produces £0.4 million of additional GVA generated from 2012 to 2016.

Summarising the quantified impacts

6.31 The value of the direct, short term impacts on businesses participating in destination activities is likely to be slightly more than the amount invested. Of the elements that can be quantified, the events, the responses to the survey and the specific projects identified, the total GVA over the period is around £5.6 to £6.1 million. The impacts, though, are heavily

[20] Roger Tym and Partners (2011): Merchant City and Mackintosh City Project Review, for Scottish Enterprise

skewed towards the cities where the events were held and where there are much larger numbers of businesses.

Table 6-3: Summary of quantified impacts (GVA) to 2016

Routes to impact	Findings
Direct impact of DMO/partnerships identified by participant businesses in the survey	Among businesses that were able to identify improvements £0.5 - £1 million
Impact of events	£4.7 million
Other impacts of direct investments identified through consultation	£0.4 million
Total	**£5.6 – £6.1 million**

Source: SQW

7. Assessing the broader impacts

7.1 While the short term economic impacts above give a sense of the direct effects *to date*, much of the destination work is done to improve capacity. This is linked to improving the visitor experience, with the assumption that this will ultimately encourage return trips, recommendations and positive feedback. The destinations will only reap this reward well into the future. *The perception among businesses is that there have been changes in these characteristics and that the destination activities have contributed to this.*

Organisational capacity which enables future activity to support businesses

7.2 Figure 7-1 shows the results from the survey on the contribution of SE and/or DMO/ tourism group in relation to a number of factors that the destinations aim to improve.

7.3 *Around half of the businesses think that the support has contributed "a lot" to co-ordination, enthusiasm and commitment, strategic thinking and use of information.* The scores are slightly lower in relation to encouraging private sector leadership and attracting private sector investment (not surprising given what we have already discussed regarding the tight economic conditions).

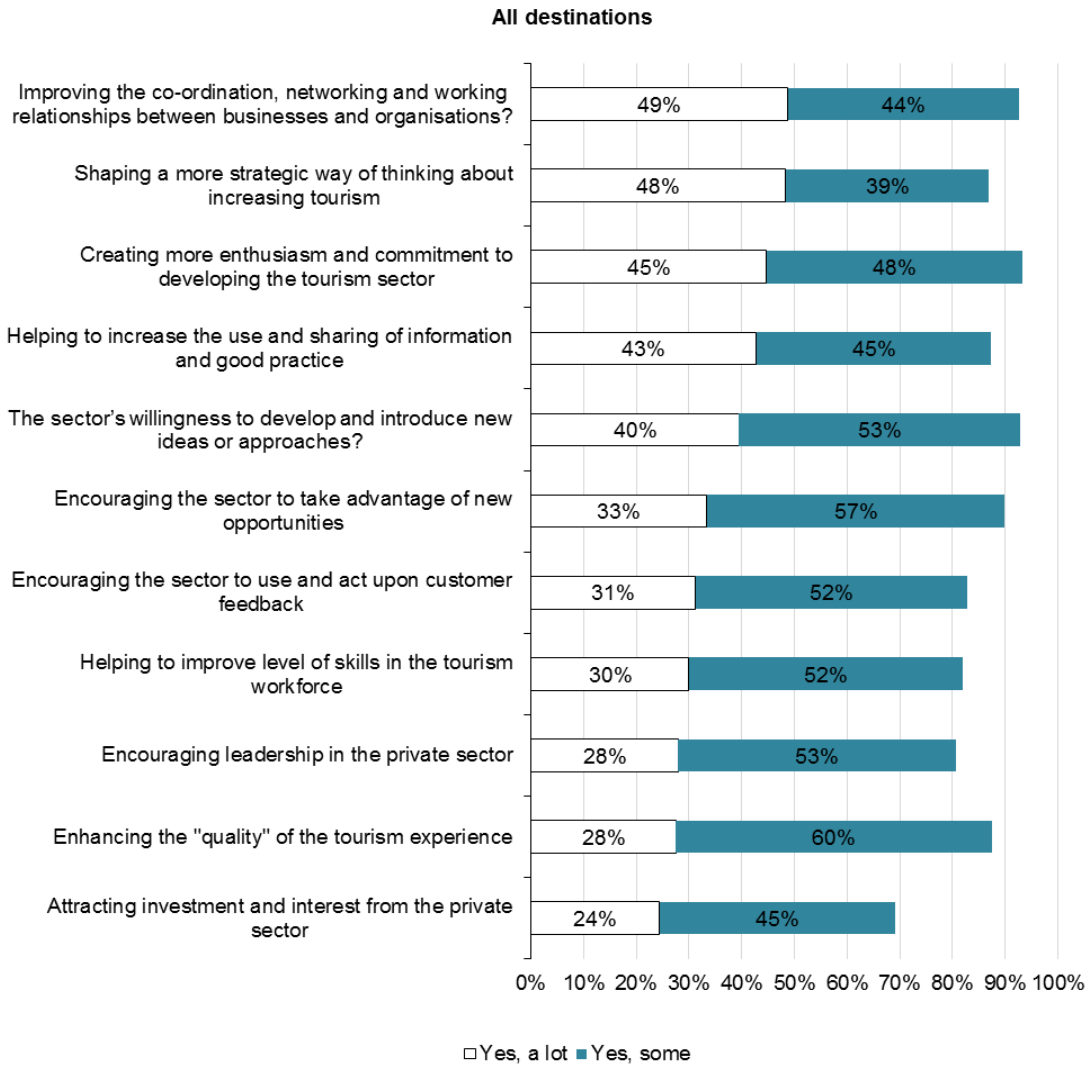
7.4 Destinations perform differently across these characteristics. Glasgow is seen as having contributed most to the level of skills in the workforce, Edinburgh had contributed most to a more strategic way of developing tourism, St Andrews had the highest percentage that felt the Partnership had contributed to learning from customer feedback. However, the pattern across all the destinations indicates that the businesses in the cities have tended to give higher scores against most of these criteria. These findings reflect the differences between the destinations and the differences between the activities that have been supported.

7.5 The data provides a good benchmark of progress in destination development. The impacts of the destination activities are strongest in improving co-ordination, networking and working relationships between businesses and organisations. Almost half (49%) reported that SE and the DMO and made a lot of difference to this, and a further 44% that it had made some difference.

7.6 Similar numbers reported that the SE and/or DMO had shaped a more strategic way of thinking (48% said a lot of impact), and in creating more enthusiasm and commitment (45% indicating a lot of impact). There was less impact on attracting private sector investment (24% indicated a lot), enhancing quality (28%) and leadership (28%).

7.7 The Figure shows that taking into account those that indicated that SE and/or the DMO has had "a lot" or "some" effect was generally between 80% and 90% for all the categories.

Figure 7-1: To what extent has SE and/or DMO contributed to changes in the following…



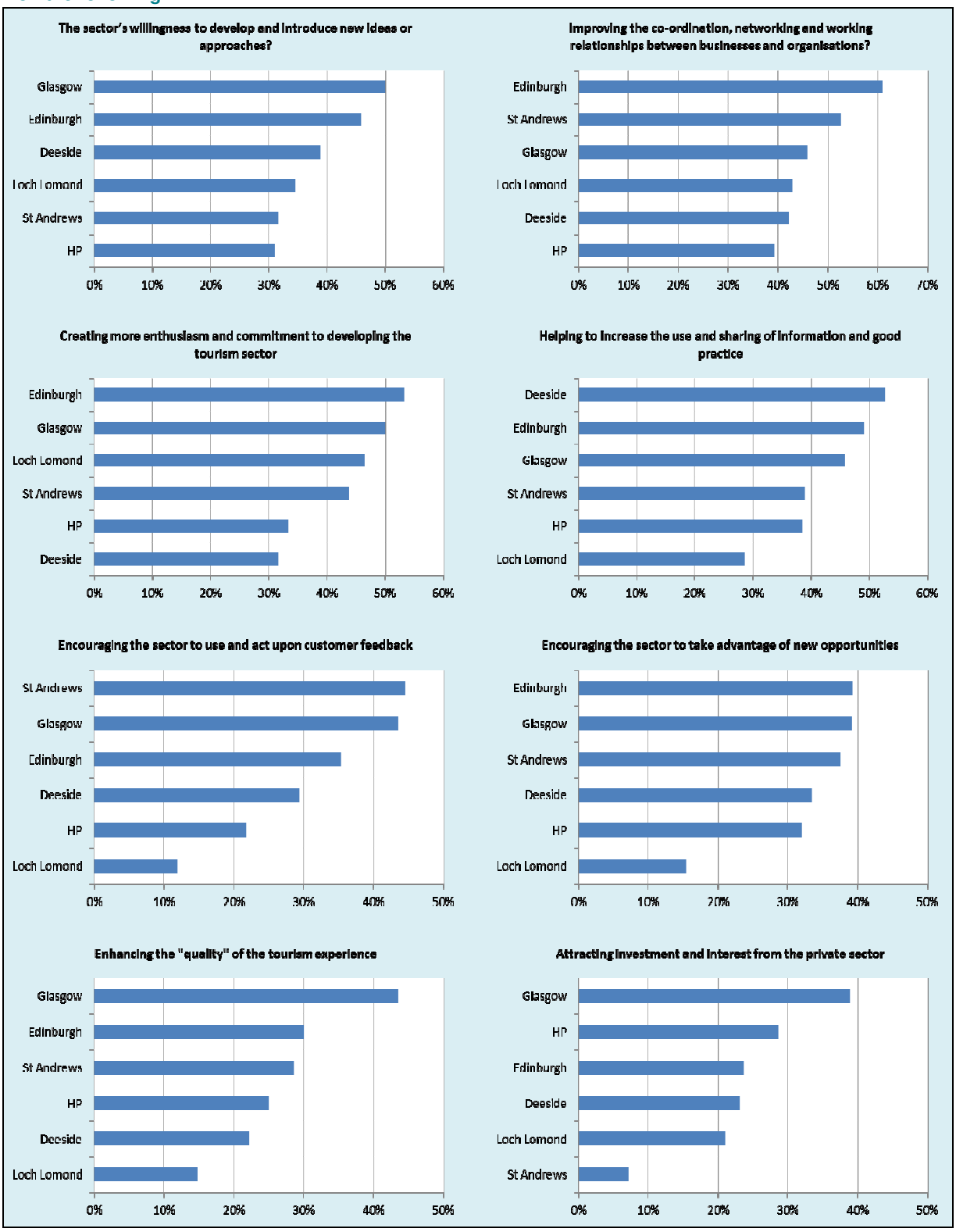
Source: base 191 (includes consultation responses)

7.8 The results can be shown for each of the destinations separately. It is noticeable how they vary, although generally Glasgow, Edinburgh and St Andrews score highest.

7.9 The variations reflect the different emphasis of the destinations. Edinburgh and St Andrews are the strongest partnerships and score highest in co-ordination, networking and relationships. Glasgow and Edinburgh, with the technology events score well on introducing new ideas. Deeside has invested in a number of studies on the accommodation market and disseminate them, encouraging a higher score for the use of market information.

7.10 This is not intended as a league table but is potentially a useful indication of how the roles of the SE and DMOs are seen by the businesses in each area, and where future effort could be focussed.

Table 7-1: Proportions of businesses that indicated that SE and/or DMO has had "a lot" of impact on the following



Source: SQW/IBP business survey

The longer term impact of improved customer experiences on the tourism sector and wider

7.11 A further group of businesses (45% after weighting) did not report an increase in sales but did think that the destination activities had improved customer experiences. Although this cannot be valued, it will be a factor in generating better reviews and attracting and retaining visitors in the future. We also know that 88% considered that SE and the DMOs activities more generally had led to an enhancement of the quality of the tourism experience.

7.12 The customer experience is central to the Tourism Scotland 2020 Strategy which implies that investing in improving the customer journey will improve tourism performance. It is intuitive that improving the customer experience will lead to more trips and ultimately more income for tourism businesses, but it is impossible to quantify the relationships. The visitor experience is central to the performance of a tourism destination, but only in combination with other factors, such as attractors, access and marketing.

7.13 The transmission mechanism that translates customer experience into the attraction of new visits has become even more important as a result of the internet and review sites. Getting good reviews is critical to building the destination as more people come to depend on information from the internet. This means the quality of experience can have an even greater bearing on future economic benefits.

7.14 The survey results suggest that the destinations have had a significant influence on this and therefore on the number of visits in the future. However, we don't know how many additional trips might be generated.

The effect of highlighting opportunities related to other developments

7.15 Another aspect that cannot be quantified is the opportunities that the destination provides for businesses to support and benefit from other developments. The Hydro in Glasgow will be the largest example, the Clyde Waterfront is another and through GSWS the destination is supporting familiarisation trips for other tourism businesses in the city. Developing knowledge of other projects and the opportunities they bring will both enhance the economic impact of the projects themselves – more people know about them, how to get there and what they offer – and allow the businesses to benefit (by offering tailored services, or packages). Events offer the same synergies. Glasgow has been able to train people for specific conference events (such as the Parkinson's Disease conference). This attracts business for specific businesses but also helps the city win future events. The economic impact of this will be captured in the individual impact assessments of the other investments (such as facilities and events) rather than attributed to the destination work.

The broader impact of profile raising

7.16 Even harder to measure is the impact on the profile of the area. SE does not directly support marketing although the destinations that they support have invested in this. This has been done through the creation of brands, marketing materials and web-sites. There is no available evidence on the extent to which these have generated "additional" visits, although

it must be assumed that there are positive effects. The St Andrews web-site in particular has been highly rated[21]. There is a tendency by individual businesses to only consider the number of referrals they receive, but they also play a role in presenting the destination, providing information and shaping perceptions. The St Andrews Partnership also produces material commercially for businesses in the town.

7.17 There are tools for measuring "web presence" and the number of searches for specific terms such as "Royal Deeside" or "Highland Perthshire" and there could be tools that can be used to measure progress over the next few years. Good results would also be a powerful way of attracting members.

7.18 The impact of the destinations marketing and profile raising activities cannot be quantified separately. The results will contribute to the overall number of visitors and perceptions of the destination.

[21] St Andrews' website was reported as being rated as one of the 25 most influential destination web sites, by an internet travel site.

8. Summary of impacts

8.1 In this section we now pull together the quantitative and qualitative impacts. There are three levels to consider.

Changes in overall conditions

8.2 Over the period of the evaluation the value of tourism in the destinations has grown by 9% compared with a fall over the same period across Scotland of 2%. While this does not directly reflect the work of the destinations, it is useful context. The results also change significantly year by year. Over a slightly different period they could look very different.

Elements that can be valued (events, business support & projects)

8.3 The analysis of the business survey and review of event economic impact studies has allowed us to produce a broad estimate of the additional GVA created. The business support element is based on the businesses that have been able to identify new sales and quantify them. It excludes those that reported improved customer experiences, and the benefits to other businesses where tourist will spend money. Taken together we estimate that these elements come to between £5.6 and £6.1 million of additional GVA to 2016.

The elements that cannot be valued

8.4 The main messages from the qualitative feedback on the impact of the support are:

- Around half of the businesses think that the support has contributed "a lot" to co-ordination, enthusiasm and commitment, strategic thinking and use of information.
- Almost half of the businesses responding reported that the destination activities had led to improvements in customer experience *they offered* and 88% that the destination has had "some" or "a lot" of impact on the quality of customer experience
- The economic impact of the synergies with other developments will tend to be captured in the individual impact assessments of the other investments (such as facilities and events) rather than attributed to the destination work.
- SE does not support promotion and marketing directly, but it has enabled DMOs/partnerships to undertake activities.

8.5 As we have said, it is not possible to provide complete estimates of the GVA that the destination activities have generated. Instead we have a combination of values derived from the business surveys (Table 8-1).

Table 8-1: Summary of impacts

Major events	Estimates		GVA estimate of past activities to 2016
Direct impact of activities on participant businesses	From business survey	18% of active businesses reported an impact on sales	£0.5 - £1 million
Impact of supported events	From economic impact studies	9 events reviewed	£4.7 million
Impact of specific projects	From consultations	Specific examples of impact reported in consultation and not covered in business survey	£0.4 million
Capacity building	From business survey	Half of the businesses think that the support has contributed "a lot" to co-ordination, enthusiasm and commitment, strategic thinking and use of information	-
Improved customer experience	From business survey	45% had improved customer service 88% felt that the DMO/SE activity had improved the quality of customer experience	-
The effect of highlighting opportunities related to other developments	From consultation	The economic impact of this will be captured in the individual impact assessments of the other investments (such as facilities and events) rather than attributed to the destination work	-
The broader impact of profile raising	From consultation	SE does not support promotion and marketing directly, but it has enabled DMOs/partnerships to undertake activities	-

Source: various – see commentary

Conclusions on impact

8.6 We estimate that the direct, identifiable, GVA impact is around £5.6 to 6.1 million. However, the destination support should not be judged purely in these terms. *It is about a much longer term cultural shift in how tourism is delivered and promoted.* The destination investment should be judged on progress in engaging businesses in the process and the changes that they make.

8.7 Consequently, the best measures are the reported changes in business behaviour and the feedback from consultees. Both are fairly clear that where businesses are involved with destinations, i*n around half the cases, it has led to changes in their behaviour, and for most, there has been an impact on the customer experience.* In addition, there is *strong evidence that the destinations have contributed generally to co-ordination, enthusiasm and commitment, strategic thinking and the use of information.*

8.8 The Programme has been unfortunate in that the investment has occurred over a challenging economic period which has limited the potential for new investment and this was a key part of the rationale for destination support.

8.9 On the flip side, how would the destinations have fared without the support? In terms of the quantitative impacts, the events are the biggest contributor and the studies used reflect the additional impact they generated. It is possible that the improvements in visitor experience reported have helped maintain economic activity at a time when it may have declined otherwise. This might party explain why a much smaller proportion report increases in sales and visitors.

8.10 Does it merit the scale of investment being made? In the short term, the evidence of the direct impact on participants and the results of most of the elements would suggest that the investment has not generated the additional GVA that was anticipated in the destination appraisals. However, this is a longer game, and the *structures that have been put in place and improvements in the approaches adopted by businesses and partners, suggest that these destinations are now in a better placed to attract business in the future.*

8.11 *The destination approach is right as far as focusing resources on specific geographic areas that are likely to generate impact.* The approach is also right in working with businesses to make them operate more effectively in the context of these destinations. But more attention needs to be given to demonstrating how these improvements will lead to new visitor expenditure.

9. Equities and equalities contribution

9.1 The tourism destination support makes a positive contribution to SE's aims of improving equity and equality. It is particularly relevant in relation to three areas: rural economies, gender and poverty.

Rural areas

9.2 Four of the areas (including St Andrews) are in rural locations and the investment and the outcomes of support are contributing directly to rural development. The groups that have been supported in each area are useful structures for bringing businesses and public sector agencies together and enable a wide range of topics to be discussed, giving more influence to smaller businesses in particular. In St Andrews the Partnership works closely with the community and a number of local groups.

9.3 By definition, tourism is a major part of the economies of the destinations and is even more important in rural areas where there may be fewer alternative employment opportunities. In rural areas, this employment is also important in retaining population, which in turn is crucial in maintaining sufficient demand for many local services. For example, in many of the small rural communities, local shops will only be able to survive as a result of the tourist trade. In Loch Lomond, the introduction of the Waterbus service resulted in the opening of a new village shop in Balmaha on the east side of the loch.

9.4 The arguments for supporting Deeside, Highland Perthshire and Loch Lomond should include consideration of the detrimental impacts that losing tourism could have on local economic and social conditions, as well as the traditional measures of GVA.

9.5 The results of this evaluation indicate that stronger economic impacts are most likely in the cities and that the scale of activity and the types of businesses in the rural areas will make it harder to achieve "rates of return" that are as high.

9.6 Given the strong link between tourism and communities in rural areas, we would agree with the Interim Evaluation conclusion that there should be a stronger link with the SE Rural group. The consultations in Deeside and in St Andrews emphasised the need to include the community to enable economic development.

9.7 There are some significant differences in developing rural tourism businesses which impact on the delivery of the destination support. Access and transport are bigger issues, businesses are likely to be smaller, communities are a more integral part, the scale of activity overall is smaller and the distances mean that there can be more geographic divisions. There may also be alternative funding sources e.g. LEADER, SRDP[22], etc.

[22] SRDP – Scottish Rural Development Programme

Gender and ethnic minorities

9.8 The tourism destination support aims to increase employment and GVA within the tourism destinations and more widely. Where it has increased the actual or potential for additional economic activity, this is likely to create opportunities for specific groups. A report on Scotland's Tourism Labour Market[23] (2008) reports that nearly 40% of those employed in tourism-related industries are in the 16-24 age group – a far higher proportion than in the economy as a whole. Where tourism businesses are supported to grow they will create employment for this age group.

9.9 Data from the Annual Business Inquiry suggests that 56% of those employed in tourism-related industries are female (based on the Scottish Government definition), and that ethnic minorities are considerably more likely to be employed in distribution, hotels and restaurants[24] than the rest of the population and are therefore likely to be over-represented in the tourism industry as a whole. The types of jobs that are likely to be created, where the destinations are successful are therefore likely to generate a slightly higher proportion of opportunities for women, young people and ethnic minorities. In the cities, many of these jobs are taken on by students, but in rural areas (excluding St Andrews) the pattern of employment may be different, potentially putting more pressure on wages.

Environmental impact

9.10 The impact on environmental sustainability has two elements. The first is the activities that have led to improvements in access and protection for the natural environment. The Glasgow destination is now holding sustainable tourism sessions that aim to encourage participation in Green tourism business schemes. Recent monitoring data (2012) shows some increase in registrations to sustainability initiatives as a result of the Sustainable Glasgow Tourism Group, and the most recent data that was provided indicates that this is happening. In Deeside, the overlap with the National Park means that tourism related to the quality of the environment is a crucial part of its offer. The Deeside Way will provide visitors and local people routes and information that encourage more people to appreciate the outdoors.

9.11 The second element is that tourism, by its nature involves people travelling away from home. Given that nearly all travel is based on the use of burning carbon fuels, this will increase the use of energy and carbon emissions which are harmful to the environment. Different types of trips will have different impacts. Staycations, where Scottish residents take holiday trips in Scotland rather than travelling abroad will have a positive impact on carbon emissions, by reducing the number of flights.

9.12 In understanding the environmental impacts, it is necessary to understand what would happen without the destinations work. In many cases any additional visitors are simply choosing to travel to one destination rather than another, for example, coming to Edinburgh instead of London. In other cases, it might encourage visitors to extend a trip or to visit

[23] Sutherland, V., Clelland, D. and McGregor, A. (2008), Scotland's Tourism Labour Market. University of Glasgow, Glasgow, UK
[24] Distribution, hotels and restaurants is the wider Standard Industrial Classification code that is closest to the hotel and restaurant sector. There is no more detailed analysis

different places within Scotland rather than be responsible for entirely new trips. This is more likely to be the case for long haul visitors. Most of the tourism market continues to be Scottish residents and visitors from elsewhere in the UK who are likely to make holiday or business trips any way.

9.13 Being able to assess this requires measurement of the additional visitors (and the economic impact section has demonstrated the considerable barriers to this) and, in addition, some assessment of what the alternative behaviour of these visitors would have been. It is also important to clarify whether carbon emissions are attributed to the country where the flights (or trains or cars) departed rather than what influenced the trip.

9.14 Within the context of tourism aiming to increase trips and consumption, the destinations can play an important role in helping to highlight the value of sustainability. Fundamentally, the environment is a public good that requires collective action to ensure its protection. At a local level the destinations provide a forum and mechanism for this.

10. Conclusions

Summary of evaluation conclusions

Rationale

- The destination approach remains an appropriate intervention to support tourism and this is reinforced by the Tourism Scotland 2020 strategy which stresses the importance of destination development.
- There remains and continues to remain a strong market failure, primarily as a result of "externalities" which makes it difficult for DMOs and partnerships to become self-financing. However, the destination structures should be able to co-ordinate self-financing projects, where projects benefit specific groups of businesses
- The evaluation has taken place over a period of huge economic challenges. This has had a major impact on amount of private investment that the destinations hoped to attract (specifically planned new resorts to Loch Lomond, Highland Perthshire and Deeside). Economic conditions have also affected the ability and willingness of smaller tourism businesses to invest in improvements.

Delivery

- There are two elements; building a credible, working DMO or partnership and then making sure it delivers benefits. Each depends on the other. Attracting membership needs evidence of success and destinations should do more to demonstrate this.
- Some destinations should seek to improve the way they gather evidence and promote themselves. It is valid and critical part of its role to demonstrate and share successes in order to build momentum. This is one area where experience could be shared between destinations.
- Our sense is that the national objectives of generating "additional" GVA for Scotland can become lost in the day to day operations of the DMOs and partnerships. There is a balance between specific destination issues and the bigger picture and rationale for SE funding. Finding the balance requires focussing on the areas of mutual interest rather than using the forum to try and overcome differences.
- In general we have found that the credibility and engagement with the DMOs is a function of the way they are managed. Getting the right person is especially important in rural areas where there are local sensitivities.
- Good management and good managers are the key to getting the destinations to work. Given the importance of the role SE needs to ensure that the right people are employed and supported. IT is about developing relationships and investment in the right person is a prerequisite for a successful destination.

- As a result of the destinations there has been a greater involvement of businesses in shaping tourism support, but this has tended to be through engagement, rather than actual leadership.
- Each destination is different, has unique strengths and weaknesses and hopes to develop in different ways. This means that the support must be flexible and will develop at different speeds.

Performance

- The destinations are in a better position as a result of the investment than they would be otherwise. The consultations and survey indicate that the destinations have all changed for the better across all the range of criteria used.
- The destinations have worked with an estimated 560 "active" businesses with 70% of these in Glasgow and Edinburgh
- The additional GVA that could be measured through events and the business survey is between £5.6 million and £6.1 million. This is slightly more than the costs of the Programme. In addition 45% of businesses have been assisted to improve customer experience.
- The survey found that 90% of the businesses think that the support has contributed to co-ordination, enthusiasm and commitment, strategic thinking and use of information. Half thought that it contributed "a lot ".
- Whether or not this represents value money depends on how these new partnerships are used in the future. On balance, our view is that the investments in the cities and St Andrews are more likely to represent value for money than in the rural areas where there are fewer businesses.
- In future destinations should focus on the number of businesses they are working with and how they are changing their behaviour. The evaluation provides some potential indicators.
- The evaluation finds that there has been significant progress towards the destination aims, although the amount of progress varies. Partnerships in Edinburgh and St Andrews have worked well. In Glasgow, the support of Glasgow Service with Style has been crucial, while Loch Lomond has made progress despite the lack of resort development. Highland Perthshire is still relatively new, while Deeside has faced the biggest challenges.

Context and rationale for intervention

Strategic fit

10.1 The Tourism Destination Development Strategy was prepared in 2008 and set out the case for supporting the six destinations. The support is therefore focussed on "*those locations in Scotland where it can have the most impact in increasing tourism spend through investment which is market-driven and is capable of positioning Scotland as an internationally competitive destination.*"

10.2 The underpinning principles of supporting destinations remain valid and indeed have been strengthened by the Scotland 2020 Tourism Strategy. Given the emphasis on the complete "customer journey" and working together, if the destinations had not been supported there may well have been more pressure to invent them. Most consultees understand and support the logic of working collectively within destinations to improve tourism services.

10.3 If the 2020 strategy is to be developed as intended, the concept of collective thinking in destinations (and nationally) is critical. The partnerships and DMOs that have been supported through the destination programme are valuable structures in taking this forward and will make a direct contribution to its aims. The new strategy is built around the idea of shifting tourism away from individual tourism attractions towards more rounded customer experiences.

10.4 It also emphasises the importance of collaboration which is central to the approach of the Destination Strategy, and SEs support has largely been about bringing tourism businesses and partners together. Indeed the Strategy specifically mentions ETAG and the St Andrews Partnership.

Market failure

10.5 The destination support rests on a strong market failure. Unlike most other markets, tourism involves significant externalities (some businesses benefit from the actions of others). This can be tackled through businesses working together, but the time and cost of co-ordinating this makes it difficult to do. The destination support provides structures and opportunities to address this. In theory, as the market recognises the benefits of this approach (or "adjusts") they would be willing to finance it themselves.

10.6 Across the consultations and survey there were examples of businesses that were thinking and acting more collectively. This was stronger in St Andrews and Edinburgh than in the others, and provides some measure of where there was some evidence of "market adjustment". However, most consultees did not believe that the benefits to the individual businesses participating were sufficient for the DMOs/ tourism groups or Partnerships to be self-financing.

10.7 However, there is scope for more partial adjustment. For example, specific projects or activities where the benefits are limited to a small number of businesses could be self-financing with the businesses investing and working together. For others which benefit the destination as whole, such as branding, it is not possible for everyone that benefits to contribute. The DMOs and partnership provide a platform for both types of activity. Where

a specific group benefits, it should be possible for the market to work, and for these businesses to pay for the investment.

10.8 Although part of the justification for the destination support is to demonstrate a commitment to developing the destination, many consultees were of the opinion that the support was temporary and that the commitment to funding was too short. Several felt that SE's support was still too short term. Effectively the uncertainty of public support was undermining efforts to engage with businesses.

10.9 The current climate has certainly limited the investment that businesses have been able to invest in destination related activity. A number of projects have stalled and we would also imagine that these same uncertainties will reduce the likelihood of smaller operators upgrading premises, or possibly investing in new ideas. In Glasgow, cutbacks in the number of in-house training staff in some of the larger businesses impacts on how effectively GSWS can work. However in St Andrews, one of the large employers was developing its own customer service training programme following involvement in the Skills Academy.

10.10 We would conclude that economic conditions have almost certainly meant that the destination support over the past four years has been less able to lever in additional investment, than it might have done in a more buoyant economy (as would have been expected in 2008). However, the downturn has meant the sector has been more reliant on public sector support and, as highlighted by our consultations, it is though very unlikely that the DMOs or tourism groups could become self-financing in the short term. St Andrews has made the most progress in exploring options such as the Business Improvement District (BID) model and other sources for specific projects (HLF and the Pilgrims Trust) but it is likely that the partnership would still require some core funding from the public sector.

10.11 In the key destinations, SE's funding provides leverage to encourage activities that contribute to national targets, rather than just local ones. The aim should be to use this to maximise the contributions that businesses make to the projects that they benefit from. Any decision on exiting should be based on the point where the opportunities to generate national benefits are not sufficient to merit the investment, rather than when the group becomes self-financing.

10.1 There are many important local projects that will contribute to Scottish tourism, but these links need to be made more explicit and understood. There is potentially some conflict between local, business-led aims and SE's wider objectives. SE's role, as funder of the DMOs and the projects that they deliver, is to steer the activities towards national objectives. This means more consideration and understanding of how local, destination projects contribute to SE's national objectives and to the 2020 strategy.

10.2 However, partnerships and DMOs must have local support and in order for these groups to be business led, they must address specific destination issues. It is a difficult balance that requires good management. The argument for supporting marketing is similar. Most businesses see the role of the DMO or partnership to be about marketing. Attracting businesses is easier where there is a strong marketing offer, which is why the availability of VisitScotland's Growth Fund support is important for destinations.

Need for a new Destination Strategy

10.3 On the basis of this evaluation and further discussion with the SE destination managers, it is now appropriate to prepare a new strategy which clarifies the objectives, the rationale for supporting the existing destinations and sets out the criteria to explain how destinations will exit support and how new entrants can be identified

10.4 Some of the issues raised in the consultations, were less about the logic of the approach and more about the processes for selecting destinations for support, raising questions about: whether SE plans to continue to support the current destinations for the foreseeable future; if not, what are the criteria for ending support; and what are the criteria for new destinations. The contribution of the destinations to the 2020 strategy is also now a factor.

10.5 There have been big changes in economic conditions since the Destination Strategy was put in place. Uncertainties about future demand and access to finance have sharply limited investment plans. At the time of the Destination Strategy, the attraction of resorts and new accommodation in the rural areas in particular was a key part of these plans. Without this, destinations have focussed more on the operation of the tourism groups and DMOs. As a result we think there is a risk that the Destination Programme loses its focus on the national objectives.

Performance

10.6 The activities and approach for each of the destinations was set out in the individual approval papers. Compared with the targets set in their plans, the destinations have performed well. These targets are mostly activity measures around the number of events or groups supported and the number of businesses they will engage with. The main exceptions are the work with resort developers in the rural destinations and the support for Clyde tourism group in Glasgow, which have not happened.

10.7 Overall around 2,200 businesses have been involved to some extent in the destination activity over the past four years and of this number around 560 can be considered to be 'active' businesses. The survey indicates that where businesses have participated the results are very positive. Two thirds have been "helped" to make changes in the way they work and a third are "much more likely" to develop or introduce a new idea, work together with other businesses and take advantage of new opportunities. The results varied significantly across the destinations with the cities achieving better scores and working with more businesses. For a large proportion of these active businesses there have been changes. The issue for the destinations is how they can work with more businesses, particularly in rural areas.

Destination progress

10.8 In **Edinburgh** the destination approach has worked well with SE taking a very hands-on role in managing and facilitating the work of ETAG. Although ETAG has been around since 2000, the general view was that it has become stronger as a partnership over the past four years. The main strengths of ETAG have been developing a new tourism strategy for Edinburgh and providing a mechanism for collaboration across what is a very large and diverse sector. The main issue highlighted by stakeholders is the need for ETAG to be clear on its role and to ensure that the wider sector understand its role. It will be particularly important for ETAG to

distinguish itself from what Marketing Edinburgh does in terms of tourism promotion. This issue can only really be addressed once Marketing Edinburgh's issues are resolved and it formalises its own programme of activity.

10.9 In **Glasgow**, the role has been quite different. With a strong team approach, SE's role is less about bringing people together and more about supporting specific elements. The feedback from businesses in the survey was among the most positive, although some consultees felt that there was less need for the softer destination work and more investment in specific projects. There has been, and still is, a role for SE to take an objective and strategic role in understanding what the city needs and the strategy lead has been important. With some strong new assets to work with, including the Hydro arena and the Commonwealth Games, a strong marketing bureau and well developed partnerships, there are good things to build on. GSWS is a flagship product which SE can develop further and use to work with businesses, Mackintosh has the potential to be of international significance and the events kitbag is also an idea that can be rolled out. Given these opportunities, there is a chance to be bolder, and to better clarify and communicate what SE is doing in Glasgow.

10.10 **St Andrews** has developed one of the most successful partnerships, bringing together a much broader group, than was achieved through St Andrews World Class. The feedback from consultees was extremely positive, and although it is not possible to link its activities with numbers of visitors or additional income, there is a sense that it has made a significant contribution to the overall success of tourism in the town. Of all the destinations, the Partnership in St Andrews seemed closest to the objectives of the strategy, with different sectors and businesses working together on a wide range of interesting projects. It was also furthest forward in its ambition of becoming self-financing, and is very well positioned to take forward a BID application.

10.11 The **Loch Lomond** DMO is still relatively new but was viewed positively by stakeholders. As a mainly marketing organisation this appears to have made a promising start in terms of increasing membership from 60 to 120 over the space of 18 months. A recent change in DMO board membership was a major step in improving credibility within the sector. Whilst most of the key local players are members, there is scope to encourage more leadership and also to clarify where the DMO sits relative to the National Park destination group.

10.12 **Deeside** has faced a lot of challenges over the past three years. The objective of attracting new accommodation developments has stalled as a result of the economic climate. The Deeside Way is not quite completed, the Victorian frontage programme has been passed to Trust to deliver and the DMO itself has had a frustrating time making progress. As a result there had been some loss of credibility. However, there has been some progress in engaging more businesses, the DMO is putting in place measures to promote itself locally, and the new team believe there are now green shoots of recovery. The DMO has been restructured and has started to attract new members. Some consultees felt that the number and nature of the businesses in the area meant that it would be hard for SE to generate the scale of economic return that it needs. In order to deliver more effectively there needs to be an agreement with the neighbouring Cairngorms Business Partnership (as the areas overlap) and possibly with the new Aberdeen DMO.

10.13 In **Highland Perthshire**, it has taken some time to actually set up the DMO in March 2010. It was structured around five existing tourism associations all of whom are represented on the

Board. There have been some difficulties with buy-in from local businesses to the Highland Perthshire brand and local politics has also hindered progress to some extent. That said, stakeholders highlighted examples where the DMO has made a difference particularly with the work with local groups on cycling hubs and raising the profile of the area as a cycling destination

Delivery and management

10.14 As illustrated in the summaries above, the delivery model has been quite different across the destinations. The feedback from internal (SE) and external stakeholders (other public sector and private sector) was mostly very positive in terms of how the destinations support has been delivered. Consultees recognise the challenges of developing these destinations and felt that SE has done a good job. The SE team were complimented for their hard work, support and professionalism. Consultees recognise what a difficult job it is. Internally, it was felt that the SE Destination Managers and the Programme itself do not get the credit they deserve. Through the destinations programme, SE is trying to do some difficult things with limited resources and is one of the SE projects that is genuinely working across the organisation as well as engaging with huge number of external partners and businesses.

10.15 The issues that were raised included the need for SE to help clarify the role of the destinations groups/DMOs. This was in a general sense and in setting out objectives in specific destinations. This should also be communicated more effectively to partners and to those working in the destinations. This should balance SE's objectives with allowing destination groups to lead.

10.16 The destinations are overseen by four SROs, with one person responsible for three. Our view was that having responsibility for several destinations allows SROs to bring more insight, help share experiences and provide consistency. We would recommend that two SROs share responsibility for the six destinations. As well as encouraging stronger links internally in delivering the destinations support, some of the feedback also indicated the approach would benefit for more partnership working amongst the destination groups/ DMOs themselves

10.17 There were relatively few criticisms of the general approach or specific projects. The exceptions were in Deeside; where the DMO had struggled and businesses had been frustrated with the lack of progress, and in Glasgow, where several consultees wanted SE to be "bolder" in its support for some of the initiatives. This included providing a clearer description of the destination role, more direct funding for GSWS as well as taking on the lead role for developing Mackintosh. While some partners welcomed the investment and supported the approach, there was also uncertainty about the longer term.

10.18 One of the successes of the Programme across most destinations has been how effectively it has linked or acted as pipeline for other products. They have been used to promote TIS and the innovation services as well as VisitScotland funds for marketing. In Glasgow for example, promoting TIS through GSWS has resulted in a sharp increase in take up.

Monitoring

10.19 The current monitoring and reporting was considered by consultees to be sufficient. We recognise the difficulties of measuring progress in such a difficult area and given the levels of funding in some areas, for monitoring and reporting to be proportionate. However, given the need for destinations to link activities to SE objectives, it may be appropriate to consider a format that shows progress against this across the six destinations.

10.20 As this evaluation has set out, there are considerable challenges in demonstrating the impact of the work in the destinations. This is not just problematic for evaluation, but also for the destinations themselves.

10.21 There is a difference between the destination and the contribution or difference that SE's activities are making. Our baseline report in 2008 and subsequent updates provided estimates the overall levels of tourism activity in each area. It also recommended putting in place a framework to link destination project activities, outputs and their contribution to SE objectives, including strategic added value. This would include measures specific to the activities in the destination and show how they linked to the overall SE objectives. We also recommended that this should also record measures of "strategic added value". A simple framework was included in the first report

10.22 Destinations should think about identifying their own measures that they feel will be helpful in demonstrating their effectiveness. These could relate to websites and "click throughs", occupancy rates, responses to marketing, specific questions in visitor surveys etc. Part of working as a destination is to look at ways in which partners can bring data together.

Impact

Economic impact

10.23 Estimating the complete economic impact of the destination support is not possible for the reasons outlined in Chapter 6. However, using the survey responses, impact reports and consultations, the measurable impacts are:

- net additional GVA generated for the businesses directly engaged in destination activities is likely to be around £0.5 to £1 million to date.
- net additional GVA generated by the major events supported by SE (and attributed to the support) is around £4.7 million.
- among specific projects including the Highland Fling in Highland Perthshire and the Waterbus in Loch Lomond we estimate are further £300,000 of GVA.

10.24 Taken together our view is that the direct attributable impact of £5.6 to £6.1 million is slightly greater than the total investment made (£5 million). We would also stress that this investment includes a number of projects which have not yet had a chance to have any impact (the Deeside Way has not opened, the events Kitbag is just starting).

10.25 The direct economic impact that can be measured is modest, in part because of the difficulties of linking the activities to new visitors and expenditure, but also because many of

the activities to date have been about building capacity and improving customer experience. There is more evidence of a direct impact in the cities and in St Andrews where the partnership is widely considered to have made good progress (and where partnerships already existed). In the three rural areas, the economic climate has meant that the anticipated investment in new resorts has not happened, and it has taken time to get the DMOs up and running.

10.26 The economic climate for all investments is likely to have limited the "leverage" of the support and this reduces the scale of the impacts (for example even though businesses may know more about their market, or recognise new opportunities they lack the resources and confidence to do anything about it). This is not just an issue for tourism but presumably across other types of business support.

Value for money

10.27 There has been a huge amount delivered across the six destinations in the past four years, and the involvement of a great deal of voluntary time. A lot of this investment has been in building structures and relationships, which would be expected to generate returns over a longer time scale. Working with businesses and communities takes time and does not generate immediate returns. The destinations are working towards very significant cultural shifts which will take years to become embedded, with relatively limited funds. Whether or not this represents value money ultimately depends on how these new partnerships are used in the future. On balance, our view is that the investments have delivered fair value for money and that this is likely to be stronger in the cities and St Andrews and weaker in the rural areas where there are fewer businesses.

Strategic Added Value

10.28 The evidence on quantifiable economic impact of the support only provides part of the picture. Due to nature of the intervention, it is equally (and in some destinations more) important to consider the impact in terms of Strategic Added Value which is a guide to changes in the competency and capacity of the destinations. The survey found half of the businesses think that the support has contributed "a lot" to co-ordination, enthusiasm and commitment, strategic thinking and use of information.

10.29 There was less impact on encouraging private sector leadership or attracting private sector investment. The pattern across all the destinations indicates that the businesses in the cities tended to give higher scores against most of these criteria. As importantly, the investment in each destination has been about putting in place structures and partnerships that can lead development and growth in the future. There are new structures in five of the six destinations and Glasgow is about to introduce a new Glasgow Tourism Leadership group.

10.30 Another important finding was the perception that destination activities have improved customer experiences. This was highlighted by 45% of businesses in our survey. Although this cannot be valued, it will be a factor in generating better reviews and attracting and retaining visitors in the future. It is also an important theme in the 2020 Strategy.

More competitive destinations?

10.31 The contextual economic data for each of the destinations indicate that progress is being made in growing the tourism sectors in the key destinations. Across all six areas from 2008/09 to 2010/11 visitor expenditure rose by 9% in the destinations compared with a fall of 2% in Scotland. Although the number of staying nights fell in the destinations by 2%, the drop was far greater across Scotland which saw a 12% decrease in visitor nights. Both indicators demonstrate that these areas have fared better than the Scottish average (as would have been hoped, with them being the priority tourism destinations admittedly).

10.32 While providing important context these data do not reflect the contribution of the destination support. For this evidence we can use the survey feedback. The large majority of consultees considered that their destination was now more competitive than it was four years ago and that the destination activities had helped. From the business survey, around 70% of businesses considered that the various destination factors had got *better* or *much better* and similar numbers felt that the DMO and/or SE's destination support had contributed to this.

10.33 From the feedback we would argue that Edinburgh, St Andrews, Glasgow and Loch Lomond are now more competitive as a result of the destination support. In Highland Perthshire, progress has been made in actually pulling together the existing tourism associations but it is too early to see any real evidence of the area being recognised as a cohesive destination because the DMO's interaction with individual businesses has been quite limited while the feedback from Deeside was more mixed, suggesting that the impact has been limited. *Generally the destinations are in a better position as a result of the investment than they would have been otherwise. The consultations and survey were clear that the destinations had all changed for the better across all the range of criteria used.*

11. Recommendations

11.1 There are specific conclusions and recommendations for each of the destinations contained in the Annexes. The general ones drawn from the conclusions are set out below:

Programme level

Continue with the destinations approach

- The destination focus remains an appropriate response and is given further support by the emphasis in the Tourism Scotland 2020 Strategy on businesses working together.
- SE should continue support for the six destinations, although there are specific issues to address in each as set out in the destination specific Annexes. However, SE support in Deeside should require a closer relationship or merger with the Cairngorms Business Partnership or Aberdeen DMO.
- The level of resources is appropriate for the scale of the activities in each area. The possible exception would be Glasgow which has a combination of factors that give it the potential to generate greater economic impacts. The Commonwealth Games, Hydro and hotel developments provide major opportunities to grow levels of tourism. Specifically we recommend increasing financial support for GSWS and depending on the development of the new tourism strategy, leading the Mackintosh theme.

Refresh the Destinations Strategy with improved guidance on SE role

- In light of the new Tourism Scotland 2020 Strategy and its emphasis on destination development, we recommend a refreshed SE destination strategy in order to provide more guidance and clarity on the following issues:
  - how and under what circumstances SE will exit and how any new destinations will be included
  - a clearer framework, which sets out how the supported activities are expected to contribute to SE objectives. This should recognise the complex relationship between supporting a partnership and national objectives.

Destination plans

- In light of the evaluation findings, destination plans should consider how activities are expected to have an impact, *how they will know if this has happened* and consider how this will generate new tourism revenue at a *Scottish level*, not a just a local one
- A measurement framework should be developed which uses consistent output and strategic added value indicators as a proxy for progress against

destination objectives (e.g. the number of businesses that have, as a result of destination activities, developed a new product or service, made changes as a result of using market information and customer feedback and the number that are working with other businesses).

Destinations should improve promotion

- Destinations should all carry out annual surveys of members and participants in activities and promote the results.
- They should give a high priority to promoting themselves within the destination, using various PR channels to demonstrate successes. SE should host a session to bring destinations together and look at good examples
- Destination should identify their target market of business customers. How many there are in each category (retail, accommodation etc.) and size. They would then be able to report on market penetration
- SE should develop a clear and consistent way counting and categorising engaged businesses. We suggest three categories; engaged, active and leaders, and that definitions for these are developed.

And improve monitoring

- There has been a tendency to think that the monitoring is a role for SE, but it is just as important for the destinations themselves to show progress. Destinations may want to monitor indicators that are particularly useful locally and which their businesses are interested in.
- In future, destinations should focus on the number of businesses they are working with and how they are changing their behaviour.
- While the tourism baseline measurement should continue, destinations should develop their own local destination indicators to demonstrate progress locally. These could relate to websites and "click throughs", occupancy rates, Trip Advisor reviews, responses to marketing and use of more visitor surveys. Specifically, destinations should be able to monitor occupancy rates locally.
- Websites and related technology are increasingly important for a number of reasons. The destination website is increasingly the main driver of all its activity both externally and internally. The DMOs and Partnerships could work together to develop good practice, share ideas and set up consistent monitoring indicators.

Work with the destinations to recruit high calibre destination managers

- Where external project managers are appointed, we recommend that within destination plans there must be sufficient funding to attract strong candidates and that SE are involved in their appointment given their importance to all the aspects of the destination.

Encourage closer collaboration between destinations

- There should be just two SROs overseeing the six destinations. This would encourage more consistency, comparability and sharing
- There should be more regular formal sessions to bring together the SMO/Partnership managers and others across the six destinations

Destinations

Edinburgh

- Ensure alignment with Marketing Edinburgh – partners need to be clear on ETAG role and to ensure that the wider sector understand its role. It will be particularly important for ETAG to distinguish itself from what Marketing Edinburgh does in terms of tourism promotion.
- Ensure the support is broadened out to the wider sector - the effectiveness of ETAG's activities in supporting the wider sector will clearly be limited if it only continues to support 'the converted' (i.e. those businesses already coming along to events and workshops). It would be helpful for ETAG to maintain a database (rather than just listings) that highlights which businesses or organisations have been supported and at what event. This would then allow ETAG to demonstrate the number of new businesses being supported each year.
- Consider new ways of engaging with all sub-sectors - more targeted activity relevant to bars and restaurants and to a lesser extent the accommodation sector should be considered in order to increase interest.
- Maintain momentum from strategy development work – the production of the new Edinburgh Tourism 2020 Strategy was highlighted as a key strength of ETAG, however, there is a risk that the momentum could be lost and the group need to ensure that interest and engagement is maintained
- Continue to make the case for tourism investment - even if ETAG has an advocacy rather than lobbying remit, it still has an important role to play in terms of raising the profile of tourism as a priority sector for the city and making the economic case for further investment in tourism infrastructure.
- Continue focus on technology events - the business feedback indicated the ETAG's technology tourism events have been particularly well received. It would therefore seem appropriate to continue to focus on this area of activity in the future and ensure that businesses looking for more advanced support are referred to other relevant SE ICT programmes. There are also clear linkages with the upcoming City of Edinburgh Council's Connected Capital programme.

Glasgow

- The Commonwealth Games, the Hydro, hotel developments and other events supported by the Marketing Bureau provide opportunities to grow levels of tourism

which SE can support. SE should consider increasing its funding for the specific projects identified below.

- The first would be to build on the support for GSWS. This is a key initiative for Glasgow in the run up to the 2014. GSWS is currently undertaking a review of its activities and funding options, but it is an initiative that SE could exploit further, particularly given its direct link to businesses.
- The second area that consultees felt could be taken forward was Mackintosh. This has the potential to be a stronger offer than it is and could attract international visitors. SE has supported the Mackintosh Group for a number of years, but depending on the conclusions of the new Strategy, this is an asset that requires more serious investment and promotion
- SE's partnership work on the strategy, research and collaboration are also very valuable and should be maintained as are the technology and sustainability workshops.
- Finally, there is some confusion over SE's destination role in Glasgow and how it fits with the rest of SE and partners. This seems to be more of an issue in Glasgow than elsewhere because of the other partners involved and their relationships with businesses. However the new plan is developed the destination role in Glasgow, in relation to others, should be clarified and communicated.

St Andrews

- Continue to explore alternative sources of funding - the Partnership has done a lot to demonstrate its value and to identify other forms of funding. SE has approved funding for the next two and a half years, which provides time to investigate other sources including a BID.
- SE should continue to contribute funding to core costs - given the influence that it gives SE in an important tourism destination, providing the core costs for the Partnership is good value.
- Align local activity with national objectives where possible/appropriate - SE should continue to encourage activities that *broaden out the benefits* of St Andrews to the rest of Fife (and elsewhere) and also activities that contribute more to *national* rather than local economic impact.
- Improve links and knowledge sharing with other destinations - the Partnership has been a good model and this experience should be shared more widely with other destinations. For example the structure of the SAP Board means that its purpose and successes are disseminated to a number of sectors which is a useful PR.

Loch Lomond

- Ensure greater buy-in to existing marketing activity - although the DMO now has around 150 members, the numbers involved in the marketing campaigns have, up until now, been quite modest with around 30-40 participating. The development of

case studies and testimonials on the benefits of being involved in these campaigns would help attract more interest.

- Ensure a greater focus on developing the sector in addition to marketing - the focus of DMO appears to have been mainly on marketing activity. More needs to be done in the areas of product and skills development and this will require a more joined-up approach from SE and the National Park Authority. SE's support for DMOs should focus mainly on developing the businesses within the sector rather than helping with marketing.

- Increase efforts to accelerate development of West Riverside site - there is a perception amongst local stakeholders that SE could have progressed development at this site quicker than has happened. This should be a priority not only from SE's perspective but also in terms of securing investment and supporting economic development in the Loch Lomond destination.

- Consider other tourism infrastructure projects - focusing on the projects identified by stakeholders, such as new paths and cycling facilities, would help SE bring businesses together, beyond the marketing role of the DMO.

Highland Perthshire

- Encourage stronger leadership from the DMO Board – the Board is currently made up of the five tourism associations there needs to be clearer leadership from the DMO Board in terms of setting out a programme of activity that will help them achieve their strategic objectives.

- Ensure wider engagement - the awareness of the DMO amongst local businesses is extremely limited. For the DMO to increase its influence there needs to be more promotion within the destination. More key attractions need to be brought in to the DMO and there are some major food and drink employers and retailers who are involved in tourism that could bring fresh thinking and new approaches to the DMO.

- More marketing activity – whilst this DMO activity is required to secure buy-in from businesses but it cannot be directly funded by SE and would need to be funded through other sources such as the VisitScotland Growth Fund. The DMO needs to be careful not to duplicate the work done as part of the Big Tree Country initiative

- Developer closer links between DMO activity and new projects - DMO activity needs to be closely aligned to new tourism projects and use these to demonstrate the benefits for members – for example working with the redevelopment of Pitlochry's Festival Theatre and proposals for a new mountain bike centre

- Improve cross-referral between DMO and the Council – particularly in the support provided to individual tourism businesses

- SE should use other programmes and initiatives to support the destination – improve the links between the sector teams and the destinations and consider how could adopt a more flexible criteria with regards to tourism Account Managed businesses because of the spillover benefits they can bring to a local economy.

Royal Deeside

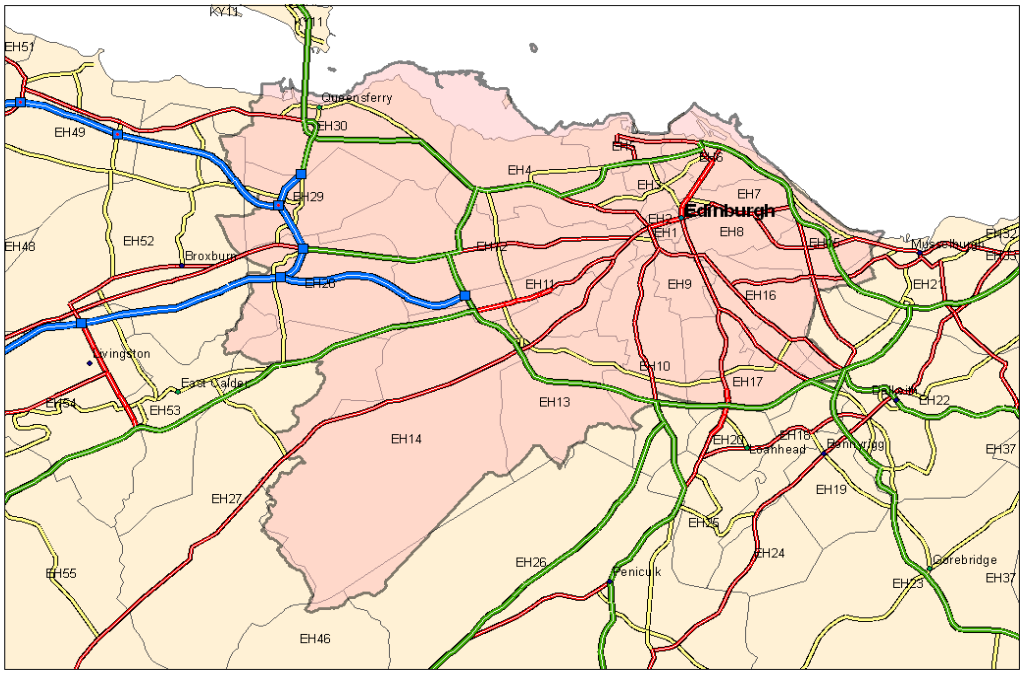
- Resolve issues of overlap with Cairngorms Business Partnership - given the scale of the DMO we recommend that it develops a closer relationship or merger. Without this there is confusion over the two organisations and Deeside lacks the scale to generate the benefits needed to produce the return that SE needs.
- Now that the admin and structures have been addressed, the DMO now needs to demonstrate to members and potential members what is being achieved, using case examples, press releases and other media to promote themselves.
- Ensure greater understanding of the market for DMO support - an assessment of the business population, who will participate and the potential for growth, would help clarify the scale of the task.
- Look at improving monitoring tourism activity in the destination – use members to share occupancy data to understand the market, visitor feedback etc.
- Align local activity with national objectives where possible/appropriate - Need to set out a stronger link to national SE objectives of growing GVA and how activities will contribute to this.
- Prioritise a small number of activities that can generate the greatest impact - in the past there have been too many objectives given the scale of funding. It will be important to focus on a small number of activities, make them clear and measure the impact.

Annex A: Edinburgh

Local context

A.1 The first of the destinations that we discuss is Edinburgh. For monitoring purposes, it was agreed that we should use the local authority boundaries for the destination (Figure A.1). As stated in previous updates, Edinburgh as Scotland's capital city is often regarded as a gateway for visitors (especially overseas) to other parts of the country. The city's annual festivals have global profile and bring in many overseas visitors during the summer and Christmas periods. Edinburgh is therefore likely to have a wider impact on tourism spend in Scotland (it is one of the main reasons they come here but then go on to visit other areas).

Table11-1: Geographic definition of Edinburgh



Source: SQW

A.2 The tourism sector has continued to perform well over the last 3-4 years notwithstanding the difficult economic conditions. There have been significant investments in attractions such as the National Museum for Scotland and the National Portrait Gallery, and venues such as the Assembly Rooms and the Edinburgh International Conference Centre have been or are being redeveloped. Edinburgh Airport has also invested in refurbishment and expansion and has increased its number of passengers.

A.3 Based on SQW's destinations monitoring, total staying visitor expenditure has increased from around £800 million in 2007/08 up to £900 million in 2010/11. Although the total staying nights figure is up marginally over the three years, the number of staying nights in commercial accommodation (i.e. excluding an estimate of those visiting friends and relatives) has increased by nearly a million as shown below.

Table A-1: SQW estimates of key tourism figures for Edinburgh

	2008	2010	2011
Total visitor spend (£m)	804.84	816.46	899.87
Total staying nights (incl VFR)	10,925,000	11,402,000	10,993,000
Total staying nights (excl VFR)	6,234,000	6,559,000	7,178,000

Source: SQW

A.4 The tourism sector contributes significantly Edinburgh economy with 3,500 tourism businesses and organisations including 2,000 accommodation providers. Due to the size of the tourism sector in Edinburgh, there is a broad range of representative bodies and organisations involved in promoting/ supporting tourism in the city.

A.5 One of the key organisations is the Edinburgh Tourism Action Group (ETAG) which SE has supported since it was set up in 2000. ETAG is a voluntary public private partnership that is made up of around 30 organisations on its Full Group. In addition, there is a Steering Group which includes the Chair, Vice Chair, SE, VisitScotland and Marketing Edinburgh. Over the last four years SE has had a more hands-on role in terms of both funding and facilitating the Group. ETAG's role is to bring together the wide range of businesses in the sector and encourage greater collaboration and innovation.

A.6 The last four years have seen significant change in terms of some of the key public sector organisations with changes to the role played by the City of Edinburgh Council (CEC) and VisitScotland. There has also been some disruption and uncertainty with the setting up of DEMA (Destination Edinburgh Marketing Alliance) and more recently Marketing Edinburgh. Although ETAG itself is on its fourth chair in four years, it is one consistent organisation which has supported the sector in a period of much upheaval.

Aims and objectives

A.7 As set out in the 2009 approval paper, SE's role in Destination Edinburgh has been to 'facilitate business leadership, collaboration and innovation to increase overnight stays and visitor spend, the two primary drivers of GVA growth'. It was envisaged that there would be three main areas of activity: innovation and collaboration; festivals and events; and industry leadership.

A.8 The main objectives for the 2009-12 period were to:

- Generate GVA of £2.8 million
- Engage with 1000+ businesses
- Develop 40 new products/ collaborations
- Support four tourism subsector groups
- Develop six cross destination/ sectoral projects.

Main areas of activity and investment

Core destination activity

A.9 SE's destination support in Edinburgh has focused on the funding and management support for ETAG. There are three SE staff members (2.5 FTE) allocated to the delivery of ETAG support. It is important to note that across the six destinations, this is the largest time commitment by SE staff. In Edinburgh, SE decided to deliver the destination support 'in-house' in order to keep a close relationship with the industry which would have been more difficult if they had sub-contracted to a third party. In 2008, there was a three way split in ETAG's funding with VS and CEC. It is now 100% SE funded.

A.10 Under the umbrella of ETAG, SE has been involved in developing and maintaining the ETAG website and running networking events, workshops and conferences. Events have included business briefings, 'Technology Tuesdays' and social media workshops. SE has also promoted and delivered existing SE products through ETAG, for example Tourism Innovation workshops and Listening to Our Visitors workshops.

A.11 SE's destinations support has also included providing market intelligence (e.g., Accommodation Survey, Business Opportunity Guides and assessing the economic impact of the Pandas at Edinburgh Zoo) and developing the new Edinburgh 2020 Tourism Strategy. In addition, SE has also provided funding support to Festivals Edinburgh and assisted in the development of the Festivals Passport product. The table below sets out a list of what was planned and what has been achieved in terms of the main activities delivered by SE through Destination Edinburgh.

Table A-2: SE activities – planned vs actual

Planned activities	What has been delivered
Annual ETAG action plan in place to co-ordinate partner activity	Annual action plan and on-going activity monitor in place via ETAG
1000 businesses engaged	1107 contacts on ETAG database and 509 businesses attending ETAG events
18 networking events	19 events delivered
3 ETAG Conferences	3 conferences delivered (400 delegates attending)
New ETAG website developed	Website re-launched 2010 (achieving an average of 1,000 visits per month)
Monitoring and evaluation framework for festivals established	Festivals Impact Study undertaken in 2011 (involved 51 surveys and 15,000 respondent)
Create 4 new travel trade products	One core product delivered - Edinburgh Festivals Passport
4 new technology/festival collaborations	4 completed (partnerships with Creative Scotland via AmbITion, Informatics Centre, Interactive Scotland)
1 new annual event for January to March period	Nuite Blanche pilot project and feasibility study delivered (pilot with 10 events 15,000 attendees)
Encourage take up of existing initiatives:	
• 12 VS Growth Fund applications	• 8 successful applications
• 12 successful TIF applications	• 7 successful applications

Planned activities	What has been delivered
• 9 new products from Tourism Innovation Workshops	• 9 achieved
• 180 businesses attending Listening to Our Visitors	• 150 businesses to date (2 further LTOV events programmed)
• 90 businesses attending food tourism workshops	• 82 businesses (3 separate events)
• 1500 registrations on TIS	• 571 registrations
4 Business groups supported	5 groups supported (Festivals Edinburgh, Capital Group, ETAG, Route Development Forum and Cruise Edinburgh)

Source: SE Stage 5 Review

A.12 In SE's review of Destination Edinburgh carried out in 2012 (Stage 5 Review), it was concluded that most of the original targets on planned activities had been achieved as well as most of the SMART objectives which are shown in the table below.

Table A-3: SE SMART objectives for Destination Edinburgh 2009-12

SMART objectives 2009-12	Achievement
Generate GVA of £2.8 million	Assumed by SE Destination Manager to be in line with SQW's 2009 appraisal[25]
Engage with 1000+ tourism businesses	1107 contacts on ETAG database and 509 businesses attending ETAG events
Develop 40 new products/ collaborations	58 – this figure is based on results from the 2011 ETAG business impact study
Support 4 tourism subsector groups	4 established groups supported and 1 new group
Develop 6 cross destination/ sectoral projects	4 cross sectoral projects – 3 technology and 1 food and drink

Source: SE Stage 5 Review

A.13 In order to measure how ETAG activity was making a difference, ETAG carried out a business survey in 2011. The feedback provided by 79 tourism organisations was very positive. For example, 83% stated that as a result of attending an ETAG event they developed a new business contact and 67% stated that they have made a change to their business or how they operate. Over a third (37%) stated that they have developed collaborations with other businesses and, perhaps most importantly, 70% stated that they have seen some business benefit from ETAG events.

Numbers of businesses supported

A.14 Another important measure of success for this type of intervention is the number of businesses and organisation attending events and workshops, and in particular those that are actively engaged (these are organisations getting involved in a regular basis and therefore it is not unreasonable to assume they are realising some benefits from attending). Based on a list of all ETAG contacts, there are 1367 individual contacts (excluding SE

[25] Although there was no evidence of this GVA impact figure being achieved at the time of the Stage 5 Review, it was suggested by the Destination Manager as part of this evaluation that since the other objectives (activities) had been achieved, it would not be unreasonable to assume that the GVA benefits to businesses would have been in line with the original appraisal. In fact, this estimate of £2.8m GVA related to a 5 year timescale from 2009.

contacts) and 1030 individual business (excluding SE but including around 10 public sector organisations). Based on a list of 'active' contacts from ETAG events held in the last two years, there are currently 340 active contacts (excluding SE contacts) and 200 active businesses (including around 10 public sector organisations). When asked about the change in active businesses over the last four years, SE stated that in 2008 the only active organisations were those involved in the Full Group. This would suggest that the number of active businesses and organisations has increased from 30 to 200 over the past four years.

Supporting SE activity

A.15 There is significant SE activity that supports the destinations work. This includes the one to one support provided to over 15 Account Managed tourism businesses and organisations (including some of the individual festivals) and the funding provided for tourism infrastructure in the city, most notably providing funding for the new Edinburgh Tattoo Grandstand in 2010. SE provided £1.5 million, the Scottish Government also contributed £1.5 million and £3m was provided by the City of Edinburgh Council. The remaining £10 million funding came from the Edinburgh Tattoo itself.

A.16 In 2008/09, SE also provided financial support for the World Cross Country Championships, Golden Oldies Rugby Festival and the Gathering event which was the showcase event of the 2009 Year of Homecoming.

A.17 SE and SDI staff also provide support to inward investors in Edinburgh with the most recent examples being Motel 1 and Tune Hotels. Destination Edinburgh staff have provided market intelligence and also use their networks to signpost investors to relevant contacts in the city.

SE investment in Destination Edinburgh

A.18 In the original approval paper for Destination Edinburgh, SE stated that it would be investing £1.11 million over the four year period. The actual expenditure has been very close to this at £1.09 million. The main change was choosing to invest £60,000 in the development of the Edinburgh Tourism Strategy rather than in national events as was anticipated in 2009. In addition, SE provided £264,000 in funding towards three events: the Gathering, the Golden Oldies Rugby Championships and the World Cross Country Championships (but this investment was not part of the core destinations budget). The table below shows an annual breakdown of expenditure for each of the main areas of activity.

Table A-4: SE investment (£'000s) – destination budget only

Area of activity	2008-09	2009-10	2010-11	2011-12	Total
ETAG Activity	21	36	37	37	131
Thundering Hooves Strategy	0	23	0	0	23
Festivals Edinburgh	50	60	60	70	240
Innovation and Collaboration	106	133	140	133	512
Group Business Development	10	5	6	0	21
Market Intelligence	33	25	25	20	103
Edinburgh Tourism Strategy	0	0	0	60	60

Area of activity	2008-09	2009-10	2010-11	2011-12	Total
SE Total	220	260	305	325	1090
Other events	*244*	*0*	*0*	*0*	*244*
SE Total including other events	464	260	305	325	1,354

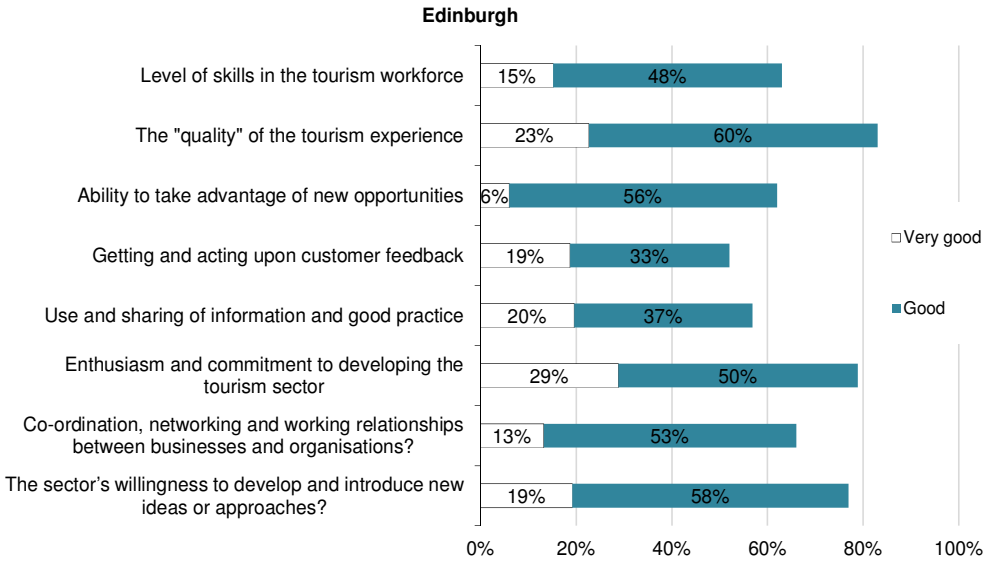
Source: SQW analysis of 2009 approval paper and 2012 Stage 5 review

Survey feedback

A.19 As part of our evaluation, stakeholders and businesses involved in ETAG activity were asked for their views on different aspects of the tourism sector in Edinburgh. As would perhaps be expected due to Edinburgh's profile as the capital and a festival city, the most positive feedback was in relation to the quality of the tourism experience with 83% rating it good or very good.

A.20 There was a similarly positive response in relation to enthusiasm and commitment to developing the sector (with 79% stating good or very good). Feedback on using customer feedback and sharing good practice was not quite so positive relative to other aspects.

Figure A-2: Current assessment of the tourism sector in Edinburgh?

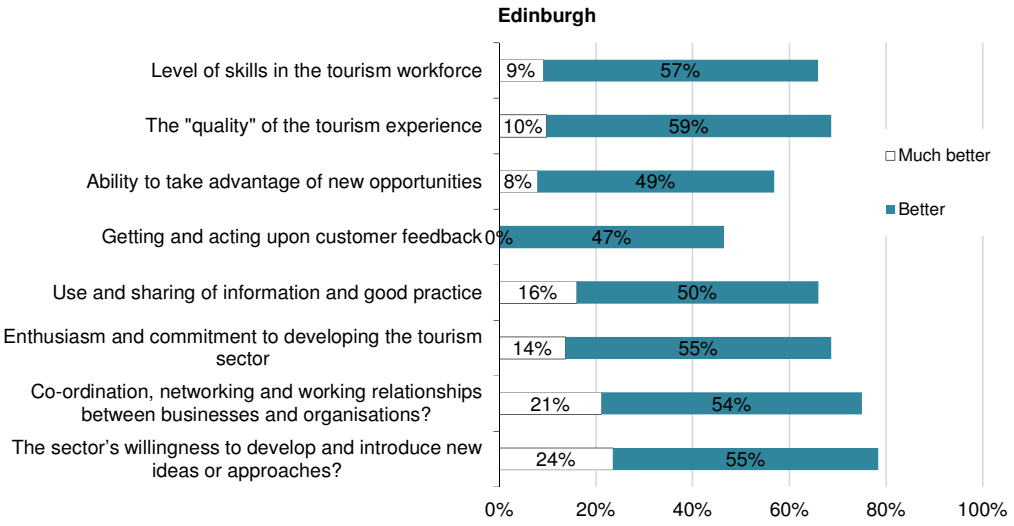


Source: SQW/IBP Survey – base 55

A.21 In terms of how these different aspects have changed over the past four years, the most positive improvements have been in the sector's willingness to develop new ideas (79% saying it was either better or much better than four years ago) and approaches and coordination and networking (75%). Consultees were not quite so positive in terms of change in the use of customer feedback (47% stating it was better or much better) and the ability of the sector to exploit new opportunities (57%).

A.22 Overall, the changes were all very positive with more than half of respondents believing there had been improvements in all aspects with the exception of the use of customer feedback.

Figure A-3: Perceived changes in the tourism sector over the last four years



Source: SQW/IBP Survey – base 55

A.23 The business survey asked for views on different activities that SE and ETAG have been involved in over the past four years. The table below summarises the feedback in relation to the different areas of activities. The most positive scoring (and also based on the highest number of responses was for the ETAG website, the ETAG networking events/ business briefings and the Technology events.

Table A-5: Business feedback on areas of ETAG/ SE activity

Activity	No. of businesses	Av. score (1-5)	Example of comments from businesses
ETAG website	20	4.1	"Helped me keep abreast of my competitors" "Not only for subject matter but good for networking too"
ETAG conferences	19	3.7	"Speakers were variable, unprepared, waffle" "Good for networking, not beneficial for business" "Keep up to date with what's going on in the City"
ETAG networking events/ business briefings	17	4	"Open doors was great. Conference was good, no follow up though" "Excellent information"
Technology Tuesday or Social Media events	20	4	"Very interesting speaker" "Inspiring, and keeps me informed" "Didn't get a lot out of it"
Market intelligence reports	13	3.7	"They were not for us, more for smaller business" "Visitor survey was most useful to see what trends were coming forward"
Edinburgh Tourism Strategy 2020	6	3.2	"Not enough time to get involved" "Good to have a plan of attack"
Edinburgh Festivals Passport	3	3.5	"Inclusive but difficult to implement" "It introduced us to a new way of looking at things"

Source: SQW/IBP survey

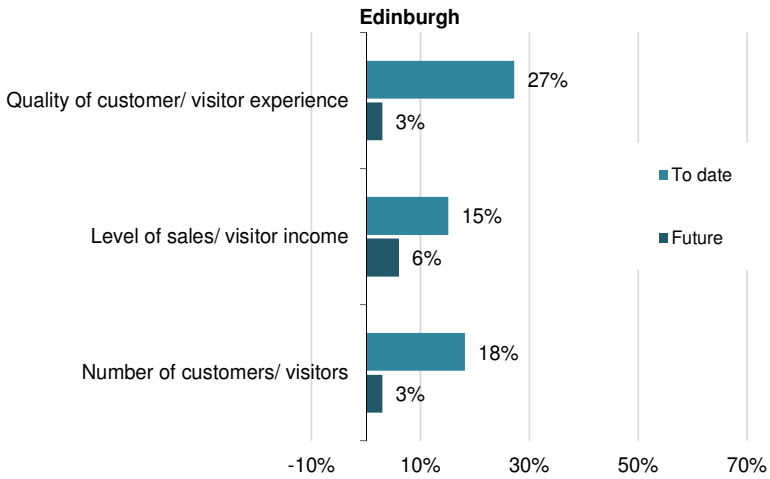
A.24 Based on their participation in any/all of these activities, survey respondents were asked how if these had led to any changes in behaviour. The graph below shows that over half (52%) believed that the activities had led to some benefits (most common benefit highlighted was help with collaboration and help with improving marketing and promotion).

Figure A-4: Business changes following participation in ETAG/SE activities

Source: SQW/IBP Survey – base 33

A.25 Over a quarter (27%) stated that there had been an impact in terms of improving the quality of customer/ visitor experience as a result of SE/ETAG support. Just under a fifth (18%) believed it had an impact on the number of customers/ visitors and 15% stated there was an impact on the level of sales. One business estimated that around £2,000 in annual sales was attributable to the support provided. A very small proportion (between 3% and 6%) believed that the activities undertaken so far would generate impact in the future.

Figure A-5: Impact on organisation performance to date and future

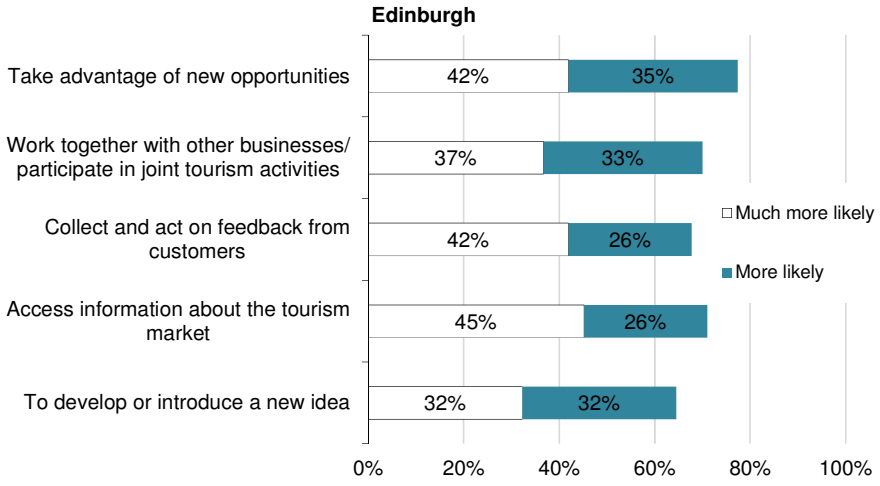


Source: SQW/IBP Survey – base 33

A.26 Much of the support provided by SE and ETAG was aimed at changing attitudes and behaviour within tourism businesses. According to the survey, nearly half of businesses (45%) stated that they were much more likely to access information on the tourism market

compared with four years ago. Over 40% said they were much more likely to be able to take advantage of new opportunities and collect customer feedback.

Figure A-6: Changes in business attitudes



Source: SQW/IBP Survey – base 33

Qualitative feedback

Strengths

A.27 Overall, stakeholders were very positive on the importance of ETAG to help improve the tourism sector in Edinburgh. There was general agreement that the group has evolved and matured over time (it was first set up in 2000) and is now well recognised and trusted both within the city and at the Scottish level.

A.28 Most of those stakeholders that have been involved with ETAG since the beginning commented that in recent years, the group has become stronger and more effective. This was said to be partly down to increased levels of trust amongst partners and partly due to the more hands on role that SE have taken in managing and coordinating the work of ETAG since 2008 (staff resources for facilitating ETAG has increased from one SE staff member to three (2.5 FTE).

A.29 Consultees highlighted the importance of SE's contribution to ETAG, with many stating that the group would not exist without the coordination, facilitation and secretariat roles that SE staff provide to ETAG. According to one consultee, 'businesses simply would not have the time to take on this role'. There was also feedback complementing the input from individual SE staff in terms of their commitment, enthusiasm and knowledge of the sector in Edinburgh.

A.30 It was stated that ETAG brings together a wide range of industry organisations and sub-sectors. It was felt that the buy-in to the development of the new Edinburgh Tourism Strategy demonstrated the reach of ETAG across different parts of the sector. For many, the development of the strategy was highlighted as a good example of the additionality of SE's support (through ETAG). Without their input in to the strategy process, it was felt that a

strategy may still have been developed but would not have had the same level of rigour or evidence base sitting behind it.

A.31 According to stakeholders particularly useful ETAG activities have been:

- Technology events – consultees were aware of the popularity of these events and there were some examples where stakeholders' organisations have benefited in terms of making more effective use of social media, changes to their website etc. This area of activity was highlighted as a good example where SE has brought together their knowledge about two very different sectors (ICT and tourism).
- Business Opportunity Guides – examples were provided where organisations have been able to use these when approaching tourism businesses in order to make better use of Edinburgh's existing assets (Festivals, City of Literature). Some people stated that 'this type of resource was the envy of other cities' and really helped to raise the bar.
- The on-going support for Festivals Edinburgh was also highlighted as an important area of work. This has involved funding of £60k to support Festivals Edinburgh's marketing strategy and development of the Festivals Passport. This product in itself has not been quite as successful as anticipated so far but has helped to improve the way the travel trade works with the individual festivals. SE's support for the new Tattoo stands was said to be particularly important both in terms of the funding but also in encouraging the Scottish Government to view the project being of national significance. SE and the Scottish Government both provided £1.5 million each and City of Edinburgh Council provided £3 million towards the overall cost of £16 million.

Weaknesses

A.32 The main perceived area of weakness in terms of the destination approach in Edinburgh is the extent to which the wider industry understands the role of ETAG relative to other organisations and groups in the sector, most notably Marketing Edinburgh. From a number of consultees there is still a feeling that public sector organisations tend to work in silos and are perhaps protective of their own particular areas of activities (and justifying their own investment).

A.33 Admittedly some saw no difficulty in understanding ETAG's remit in encouraging collaboration within the sector compared to Marketing Edinburgh's role in promoting and marketing the city (promoting tourism in the city is only one part of its remit to promote Edinburgh as a place to visit, invest, live, work and study).

A.34 However, there were some who stated that there remains some confusion partly because of the number of organisations involved in the sector but also because of the scale of organisation changes in setting up Marketing Edinburgh. One consultee made the point that ETAG needs to wait and see what Marketing Edinburgh actually do before ETAG works out how to make the distinction in roles clear to the industry. Discussion with the ETAG Full Group confirmed that there is some degree of overlap in terms of the organisations brought

together by ETAG and Marketing Edinburgh. This is something that will need to be managed once Marketing Edinburgh's activity programme becomes clearer.

A.35 There was some further feedback suggesting ETAG needs to be clearer on its role more generally. One consultee stated that ETAG is not clear itself on whether it is there to be a lobbying organisation or advocacy organisation i.e. the extent to which it is looking to influence legislation. Discussion with the Full Group seemed to suggest that due to the different interests across the sector, ETAG can only ever be an advocacy group. Some were of the view that ETAG would benefit from more leadership from the private sector but it was acknowledged that this is difficult when it is a voluntary group and difficult to ask business leaders to give up more of their time (but one consultee suggested that as long as SE are driving ETAG there is no need for the private sector to increase its input).

A.36 Although there is generally good representation at ETAG events from most parts of the sector, there has been more limited involvement from the bars and restaurants sector and even with the accommodation sector engagement has been 'patchy'. The point was made that attempts have been made to engage with all parts of the industry. However, there was also an acknowledgement that in the future ETAG needs to target more activity at these 'harder to engage' sectors.

Overall

A.37 Based on the feedback from stakeholders and businesses, the general view is that Edinburgh is now more competent, illustrated by the increased level of collaboration. The city is also believed to be a more competitive destination due to the investment in new attractions and hotel accommodation. There was a common view that over the last four years Edinburgh has progressed from being compared with other UK cities to being benchmarked with other small European cities. It was stated that there has long been a problem of complacency within Edinburgh's tourism sector – this has now changed and there is more awareness of the need to improve in order to compete globally.

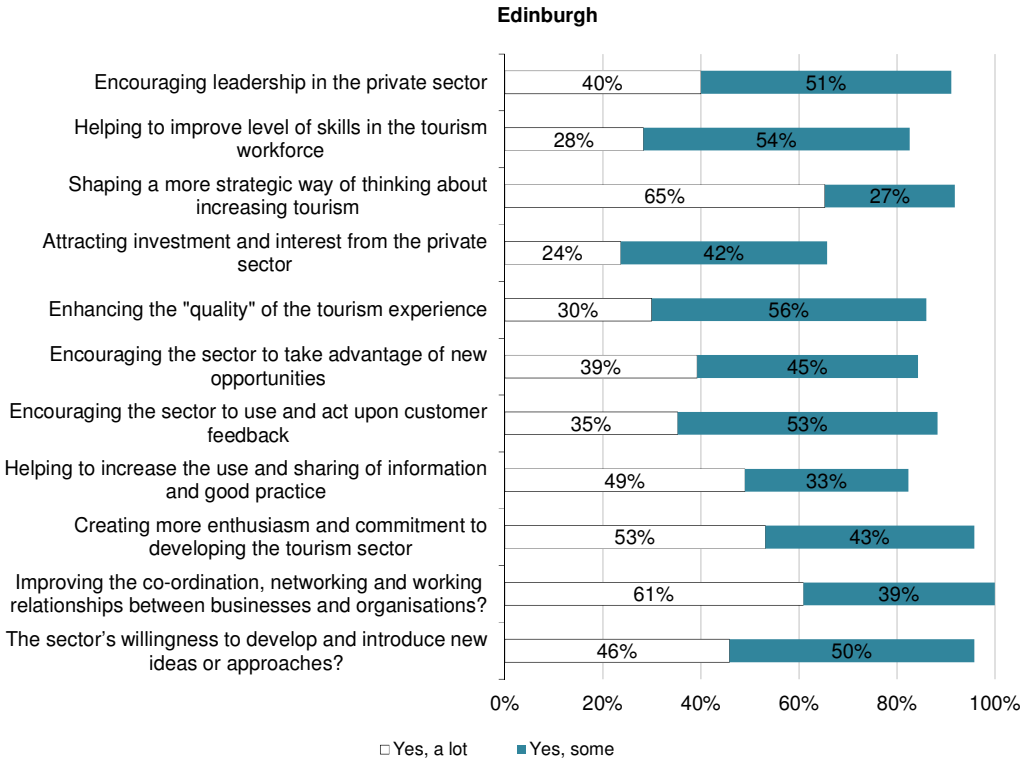
Impact of SE's support

Strategic Added Value

A.38 Both business and stakeholders were asked about the overall 'strategic added value' of the support provided by ETAG and SE. Nearly two thirds believed that ETAG and SE had contributed 'a lot' to helping to shape a more strategic way of thinking about tourism. Over 60% stated that they had made 'a lot' of contribution in terms of improving networking and coordination (with all respondents stating there had been some contribution).

A.39 The lowest contribution from ETAG and SE related to leverage of private sector investment two thirds saying there had been some contribution (actually still quite high but noticeably lower than all the other areas of impact). Many consultees did not see this as being a key role for ETAG and stated that SDI and the City of Edinburgh Council had this as part of their remit, rather than ETAG. This is one example of the difficulties in being able to draw a line around the SE activity that contributes to the destinations support.

Figure A-7: Strategic added value of the support



Source: SQW/IBP Survey – base 55

A.40 Discussions with stakeholders highlighted various examples of strategic added value from the support provided by SE/ETAG. In terms of influence and shaping the activities of other organisations, the main examples were in terms of developing the new tourism strategy. It was suggested that ETAG has helped to raise awareness within the City of Edinburgh Council and the Scottish Government of the economic importance of tourism for Edinburgh and Scotland's economy. A couple of consultees specifically mentioned the important role of SE staff in making the case for Scottish Government funding for the new Edinburgh Tattoo Grandstand. By regularly bringing together all the key tourism organisations, ETAG has also ensured a more joined-up approach, minimising the potential for duplication.

A.41 The feedback clearly demonstrated that ETAG and SE have played an important role in encouraging strategic leadership within the industry. This was highlighted as a particular challenge due to the disparate nature of the sector (pulling together a wide range of public and private sector organisations involved in various parts of the tourism industry). It was stated that the collective voice of the whole sector is much more powerful than the different sub-sectors. The development and now implementation of the new tourism strategy has and will help and more strategic approach to supporting the tourism sector in the city.

A.42 A number of consultees highlighted the example of the Ash Cloud crisis in 2010 where having ETAG helped the tourism sector respond at short notice. It was reported that the relationships and trust built up through ETAG helped Edinburgh Airport work with hotel operators in the city to offer discounts to the huge numbers of passengers stranded due to cancelled flights. This cooperation will have provided a positive impression on those visitors affected by the crisis.

A.43 Another important aspect of strategic added value is leverage. However, the work of ETAG has been less about investing in major projects so this has been more limited. Nevertheless, it was highlighted that this has happened to some extent in terms of the time commitment from members of the Full group in developing the strategy and sitting on working groups.

Examples of economic impact

ETAG activity

A.44 Overall, stakeholders and businesses found it very difficult to give examples of where ETAG's work is likely to have directly led to quantifiable economic impact. Generally, it was easier for people to identify with SE's wider support for specific projects such as investing in the Tattoo stands, the EICC expansion and through supporting cultural/ sporting events in the city. It was also stated that SE has supported the development of the festivals and festival infrastructure and this will then have translated in to some additional visitor spending. However, in order to provide some sense of scale of potential impact we set out some examples of economic impact generated by SE's support for Destination Edinburgh.

A.45 Through ETAG, SE has provided support to encourage collaboration and networking. It has also delivered a range of events and workshops that has provided businesses with a range of advice and guidance on how to improve their performance. In the survey of 'active' ETAG businesses, there were questions on business benefits and impact. Over a half (52%) of businesses reported benefits and nearly a fifth reported either an increase in visitors/ customers or increase in sales. Only one business could quantify the impact and this was estimated at around £2,000 in annual sales generated as a result of ETAG and SE support. Based on the current figure of 200 active ETAG businesses, if we were to assume that 52% had benefited by around £2,000 in additional sales, this would mean that ETAG events were helping to generate around £208,000 in gross new sales each year. As described in 6.14 in the main report, there is likely to be a reasonably high level of displacement at a Scotland level. Typically displacement is estimated to be around 50-75% for tourism marketing[26]. Using the mid-point of 62.5%, gives a net GVA of £78,000.

A.46 GVA effect ratios can be applied to increases in output to give GVA values (which include the multiplier effects)[27]. The type II GVA effect multiplier is 0.86 for Hotels, Catering, Pubs etc (SIC 92). This gives £67,000 net GVA. This is an illustration of the potential scale of impact of the destination support in Edinburgh. We have set out our assessment of the economic impact across the six destinations in the main part of the report (using feedback from a larger population of businesses).

Support for Festivals Edinburgh

A.47 The main area where stakeholders believed it would be most likely to see economic impact from SE support was through its support for Festivals Edinburgh. Over the last four years, SE has provided around £60,000 per year in funding to Festivals Edinburgh. However, around £1 million is spent by the public sector each year by City of Edinburgh Council, Scottish

[26] VisitEngland, Tourism Marketing Displacement, 2012
[27] Multipliers – type II GVA effect multipliers were selected from Scottish Government input-output tables (2007) for the tourism sector (SIC 92 Hotels, Catering, Pubs etc)

Government, Creative Scotland, VisitScotland and Festivals Edinburgh. Therefore SE's contribution is around 6% of all public sector funding. According to the Festivals Impact Study, in 2010 Edinburgh's festivals generated net additional output of £245 million to the Edinburgh economy and £261m in Scotland[28]. A GVA figure can be arrived at using an average turnover to GVA ratio for tourism businesses of 54%[29]. This would then represent GVA of £132 million for Edinburgh's economy and £141 million at the Scotland level. If we were to assume that public sector contributed to 5% of this overall impact, this would be worth £6.6 million GVA for Edinburgh and £7.1 million GVA for Scotland[30].

A.48 Based on SE's annual contribution of 6% of all public sector funding (through the funding for Festivals Edinburgh,), around £396,000 of GVA for Edinburgh's economy (and £426,000 for Scotland) can be attributed to SE each year. This is arguably a conservative estimate taking into account the additional support provided by SE for the new Tattoo stand and Account Management support for individual festivals.

Support for other events

A.49 SE provided financial support for three additional events held in Edinburgh. Firstly, it supported the Golden Oldies Rugby Festival held in September 2008. According to EventScotland, the economic impact was £4.8 million in Edinburgh and £6.45 million in Scotland with around 3000 players and supporters spending a week in Edinburgh. Using the same turnover to GVA ratio as earlier this would represent £2.6 million GVA for Edinburgh and £3.5 GVA for the Scottish economy. SE provided £84,000 out of total public sector funding of £379,000. Based on this contribution, around £570,000 in GVA can be attributed to SE's investment.

A.50 Another event supported by SE was the World Cross Country Championships in Edinburgh in January 2009. It is understood that SE's funding contribution matched the £60,000 provided in 2008 which represented 6% of the public sector funding. An economic impact study of the 2008 championships estimated that it generated £2.16 million of net additional GVA for the Edinburgh economy and £3.07 million for the Scottish economy[31]. Assuming the economic impact was roughly in line with the 2008 event, it is possible to say that SE's contribution of £60,000 will have generated around £130,000 in net additional GVA for the Edinburgh economy and £184,000 in GVA for the Scottish economy.

A.51 SE also provided funding to the Gathering held in 2009. According to an economic impact study by EKOS[32] of the event it received £500,000 in public sector support funding including £100,000 from SE (20% of public sector support). The impact study reported that the event generated net additional GVA of £5.3 million at the Edinburgh level; and £5.6 million at the Scottish level. Based on a contribution of £100,000, around £1.06 million in GVA for the Edinburgh economy can be attributed to SE's investment and £1.12 in GVA for the Scottish economy.

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[28] BOP (2011), Edinburgh Festivals Impact Study
[29] Scottish Annual Business Statistics 2010 - using SIC 55-56 for Edinburgh. Because the figures from BOP already include multiplier effects, this output to GVA ratio is used rather than the GVA effect ratios used in the main report.
[30] In the context of 7% annual increase in economic impact (comparing with the previous SQW report from 2005), attributing 5% of the Festivals impact on the economy to public sector support and promotion would not be unreasonable
[31] EKOS (2008), Economic Impact and Attendee Evaluation of World Cross Country Championship 2008
[32] EKOS (2009), The Gathering Economic Impact Assessment

Conclusions

A.52 Overall, the destinations approach appears to be working well in Edinburgh. Nearly all of the planned activities and targets have been met. Over 1,000 tourism businesses and organisations have been supported including 200 that are considered more active (attending at least three events each year). A lot of the events and workshops have been well received and ETAG has led on the development of a new strategy for Edinburgh.

A.53 Based on the qualitative feedback from stakeholders and businesses, ETAG and SE are generally viewed as adding value and providing an important mechanism for supporting and developing the tourism sector. Compared to four years ago, stakeholders believe that even in the context of the economic downturn Edinburgh as a destination is more competent and more competitive.

A.54 Nearly all stakeholders are keen that ETAG continues with SE support. There is no support for increasing private sector contribution to ETAG activity (in addition to the contributions for events and the annual conference). Most stakeholders believe that SE has an important role to play both in terms of support ETAG and its support for tourism infrastructure projects as and when required.

Recommendations

A.55 The model of in-house delivery is proving to be effective and it is recommended that SE continue on this same basis. However, there are some suggested changes to improve awareness of ETAG's role and its effectiveness in reaching out to the broader tourism sector. These recommendations are described below.

- Ensure alignment with Marketing Edinburgh – partners need to be clear on ETAG role and to ensure that the wider sector understand its role. It will be particularly important for ETAG to distinguish itself from what Marketing Edinburgh does in terms of tourism promotion.
- Ensure the support is broadened out to the wider sector - the effectiveness of ETAG's activities in supporting the wider sector will clearly be limited if it only continues to support 'the converted' (i.e. those businesses already coming along to events and workshops). It would be helpful for ETAG to maintain a database (rather than just listings) that highlights which businesses or organisations have been supported and at what event. This would then allow ETAG to demonstrate the number of new businesses being supported each year.
- Consider new ways of engaging with all sub-sectors - more targeted activity relevant to bars and restaurants and to a lesser extent the accommodation sector should be considered in order to increase interest.
- Maintain momentum from strategy development work – the production of the new Edinburgh Tourism 2020 Strategy was highlighted as a key strength of ETAG, however, there is a risk that the momentum could be lost and the group need to ensure that interest and engagement is maintained

- Continue to make the case for tourism investment - even if ETAG has an advocacy rather than lobbying remit, it still has an important role to play in terms of raising the profile of tourism as a priority sector for the city and making the economic case for further investment in tourism infrastructure.

- Continue focus on technology events - the business feedback indicated the ETAG's technology tourism events have been particularly well received. It would therefore seem appropriate to continue to focus on this area of activity in the future and ensure that businesses looking for more advanced support are referred to other relevant SE ICT programmes. There are also clear linkages with the upcoming City of Edinburgh Council's Connected Capital programme.

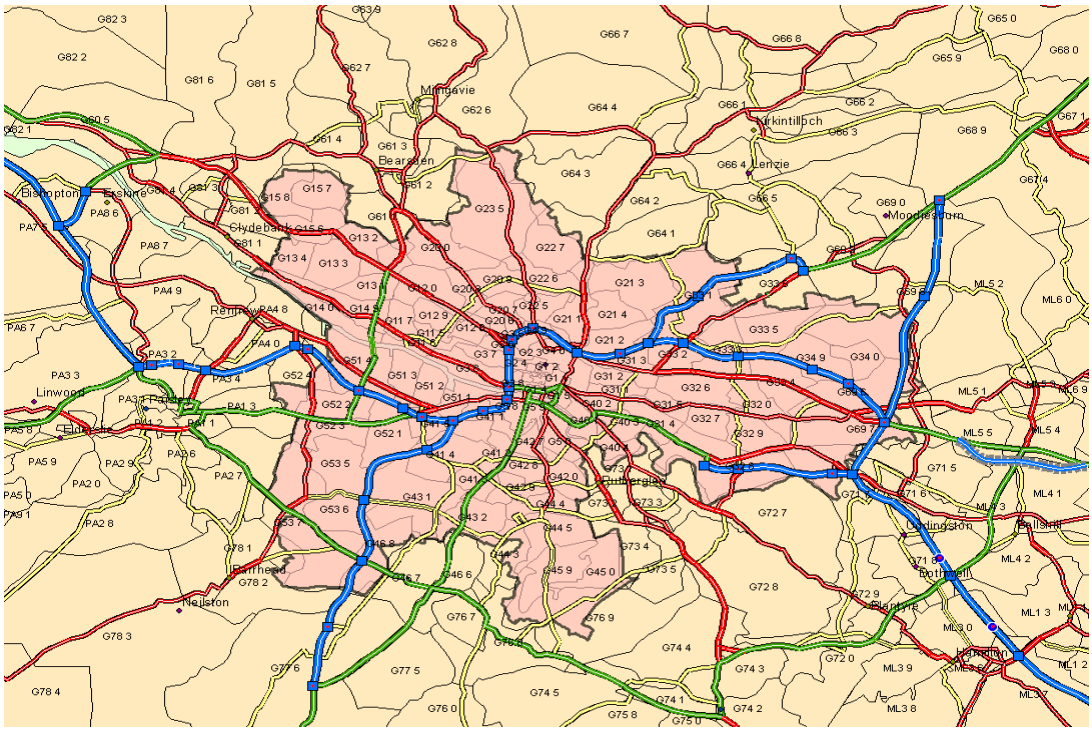
Annex B: Glasgow

Local context

B.1 As is the case with Edinburgh, for Glasgow we have used the local authority boundary (Figure B.1). Glasgow is Scotland's largest city and therefore has a vital role in contributing to the national tourism strategy. The city has particular strengths in business tourism (with large conference facilities including the Scottish Exhibition and Conference Centre and new Hydro Arena), a range of visitor attractions and strong retail offering.

B.2 Similar to Edinburgh, Glasgow will have a strong influence on attracting visitors who then go on to visit other tourism destinations – the most obvious example being the Loch Lomond and Trossachs National Park.

Table11-2: Geographic definition of Glasgow



Source: SQW

B.3 Since 2008 the number of visitors and their expenditure has fallen slightly. Based on SQW's estimates expenditure has fallen 4% from £511 million in 2008 to £490 million in 2010/11. The VisitScotland figures for Glasgow show a fall of 8% from £620 million to £568 million to 2011. This compares with a similar fall in national visitor expenditure of 3%.

B.4 One of the reasons for this fall is a very sharp decline reported in the national tourism surveys in the number of tourists Visiting Friends and Relatives (VFR). This is shown in Table11-3. If this is excluded, the number of visitors has actually grown by 4%. In 2011, based on VisitScotland figures, the number of visitor nights in Glasgow has fallen further, although the proportion of VFR has increased.

Table11-3: SQW estimates of tourist expenditure in Glasgow

	2008 baseline exercise	2010 update	2011 update
Total tourism expenditure	£511 million	£518 million	£490 million
Total staying nights (incl VFR)	7,706,000	7,038,000	6,702,000
Total staying nights (excl VFR)	3,283,000	3,211,000	3,401,000

Source: SQW 2011

B.5 Despite the fall in expenditure, the city is starting a period during which the major investment is expected to start to pay off. The Riverside museum opened in 2011, work on 2014 venues has started and the Hydro Arena at SECC will open in 2013. It is estimated that some £335m investment has been made in the city since the original Destination Glasgow approval, including £200m private sector investment in new hotel provision, and an estimated further £600m private sector planned investment by 2014.

B.6 Glasgow was also nominated as one of Tripadvisor's 10 "Destinations on the rise" in Europe[33] in 2012. It was the highest rank of the four UK destinations which also include Manchester, Liverpool and Belfast. Tripadavisor said that:

> *Glasgow may well be enjoying additional interest as the city readies itself to host the 2014 Commonwealth Games. Whatever the reason, Glasgow's position as the UK's number one destination on the rise is sure to be good news for the Scottish city.*

B.7 Our consultations indicated that businesses and public sector partners are optimistic about the next few years.

Aims and objectives

B.8 The Destination Glasgow Programme objectives are to provide "a valuable co-ordinating link between different SE functions - Sector delivery, SDI, products, account management, infrastructure – all of which play an important part in achieving Glasgow's overall growth ambitions. It also provides a key link between SE and the wider tourism business base helping tourism businesses tap into a wide range of SE and partner support, products and services".

B.9 It will do this through sub projects providing a mechanism to embed the principles of use of customer intelligence, product & idea development, collaboration, technology development, sustainable development and leadership, management and service quality.

[33] http://www.tripadvisor.co.uk/TravelersChoice-DestinationsontheRise-cTop10-g4#6

Table B-2: Glasgow objectives and progress

Objectives at Approval	Progress to Date (April 2012)
Deliver an industry led service initiative engaging a minimum of 300 Glasgow Tourism business leaders by 2012.	850 business leaders engaged 381 Businesses engaged 128 courses delivered, over 2600 delegates 10,000 staff committed to undertaking Glasgow Weclomes programme
Support 9 collaborative groups by 2012	8 Collaborative groups supported
Support the introduction of 10 new tourism related products by 2012	6 innovation workshops delivered 6 products supported
5 Strategic Major events, leveraging a minimum of £5m investment from the public and private sector	3 existing events and 2 new events supported Estimated £5m leveraged Development of event business engagement toolkit

Source: SE

B.10 Against these objectives the destination has done reasonably well, meeting the engagement target thanks mainly to GSWS, supporting just short of the target of collaborative groups and the number of events it had targeted. It was well short of the 10 new tourism products that it hoped to achieve. These are "activity" targets rather than outcomes. However, against these targets delivery has been good. The relevant SE target is the number of businesses assisted which is the 381 through GSWS.

Main areas of activity and investment

Core destination activity

B.11 SE's destination support in Glasgow does not work directly with a business group, in the same way as the other destinations. Instead it is part of a team. There are three SE staff members involved for various amounts of time over the period of the evaluation, although there have been a number of project manager changes during the period of the evaluation.

B.12 The main strand of support has been through Glasgow Service with Style, which was launched in 2010, replacing the Business Services Initiative. The initiative is officially recognised as a 2014 legacy project and is able to use the "games legacy for Glasgow" logo. It has developed as a key partnership project for SE with a lot of positive feedback. The destination has provided support for both the Merchant City and Mackintosh collaboration groups. These were legacy projects which were reviewed last year and were awarded further, reduced funding for 18 months. Work to develop a Clyde Tourism Group was not taken forward, but the destination has worked closely with Clyde Waterfront team to develop Familiarisation courses and raise awareness.

B.13 Over the period covered by the evaluation SE's support has shifted from being a core funder to influencing and supporting wider business engagement to help maximise opportunities from major events. Events funded include Celtic Connections, Piping Live, GI Festival, World Pipe Bands and the MOBO awards. In line with SE's new approach, a Major Events Toolkit has been developed and funded, and will be hosted by GCMB. This provides support to

businesses seeking to take advantage of major events, with the initial focus on the Commonwealth Games, but plans to roll out more widely in Scotland.

B.14 Changes in the Project manager impacted on the delivery of some of the innovation work. These changes have impacted on relationships and there have been lessons in maintaining stability and consistency. The change in SRO for Glasgow has also had an impact and brought a new perspective and tourism experience which has had a positive impact on the programme and relationships.

B.15 There have been a number of innovation workshops. For some areas these have been delivered by other partners. The Destination Glasgow Innovation theme now focusses on technology, sustainability and customer feedback. The technology element uses the experience of Edinburgh to deliver Tech Thursday events. The first sustainability event was held earlier this year and aims to encourage businesses to recognise the benefits of working towards some form of accreditation. The customer feedback events have used LTOV and the Glasgow Visitor Survey.

B.16 The final strand of activity has been in Partnership research. SE has supported the accommodation audit, occupancy forecaster and the Glasgow Visitors Survey. There has been progress in making this research more accessible and this has been disseminated through a new Collaborative group. SE is also leading the Glasgow Tourism Strategy review.

Table B-3: SE activities – planned vs actual

Planned activities	What has been delivered
Glasgow Service with Style,	• 381 Businesses engaged • 128 courses delivered, over 2600 delegates • 10,000 staff committed to undertaking Glasgow Welcomes programme
Product Development- Mackintosh, Merchant City and Clyde Tourism Products Support 9 collaborative groups by 2012	8 Collaborative groups supported
Events - supporting Major Events identified by the Strategic Major Events Forum with greatest impact on the economy. 5 Strategic Major events, leveraging a minimum of £5m investment from the public and private sector	3 existing events and 2 new events supported (MOBO, WPBC, Estimated £5m leveraged (based on independent economic impact studies) Development of event business engagement toolkit to go live next year
Innovation – utilising existing SE products including technology and social media, LTOV; innovation and collaboration and sustainability. Support the introduction of 10 new tourism related products by 2012	6 innovation workshops delivered 6 products supported
Partnership Research to provide market intelligence to inform strategy	Engaging with Glasgow Economic Commission work, supporting SE's representative on this group. Completion of the Strategy review Supporting Glasgow Tourism Strategy group to take GEC findings to develop a fresh action plan and targets Links with other SE initiatives in Glasgow and regular meetings Introduced sharing of research outputs across tourism stakeholders

SE investment vs what was planned

B.17 From the approval in 2009, there has been a significant change in the shape and scale of the programme. From an original budget of almost £1.5 million, the actual expenditure after three years was just over £800,000. Some of the original budget has been carried forward, supporting projects to March 2013, but this is still projected to be well under budget.

B.18 There has been much less spent on the existing collaborative groups and the Clyde Tourism support has not been required. There has been a significant reduction in the support for major events and on innovation. The budgets for Service with Style and the Partnership Research have been met, with the savings from elsewhere allowing the programme to continue for a further year.

B.19 The change in the shape of the programme fits with our own understanding of what has been working, with a stronger emphasis on the GSWS, and with declining support for the Merchant City and Mackintosh.

Table B-4: Approved and actual expenditure 2009 - 2012

SE investment	Approved spend 2009/10 – 2011/12	Actual spend 2009/10 – 2011/12	Carried forward to 2013	Projected 2009/10 – 2012/13
Merchant City	£ 100,000	£ 50,000	£ 21,000	£ 71,000
Mackintosh	£ 100,000	£ 50,000	£ 20,000	£ 70,000
Clyde Tourism	£ 180,000	£ 29,000	£ 20,000	£ 49,000
GTSI/GSWS	£ 340,000	£ 320,000	£ 140,000	£ 460,000
Major Events	£ 575,000	£ 271,000	£ 80,000	£ 351,000
Innovation	£ 100,000	£ 37,000	£ 47,000	£ 84,000
Partnership Research	£ 55,000	£ 58,000	£ 30,000	£ 88,000
Total	**£ 1,450,000**	**£ 815,000**	**£ 358,000**	**£ 1,173,000**

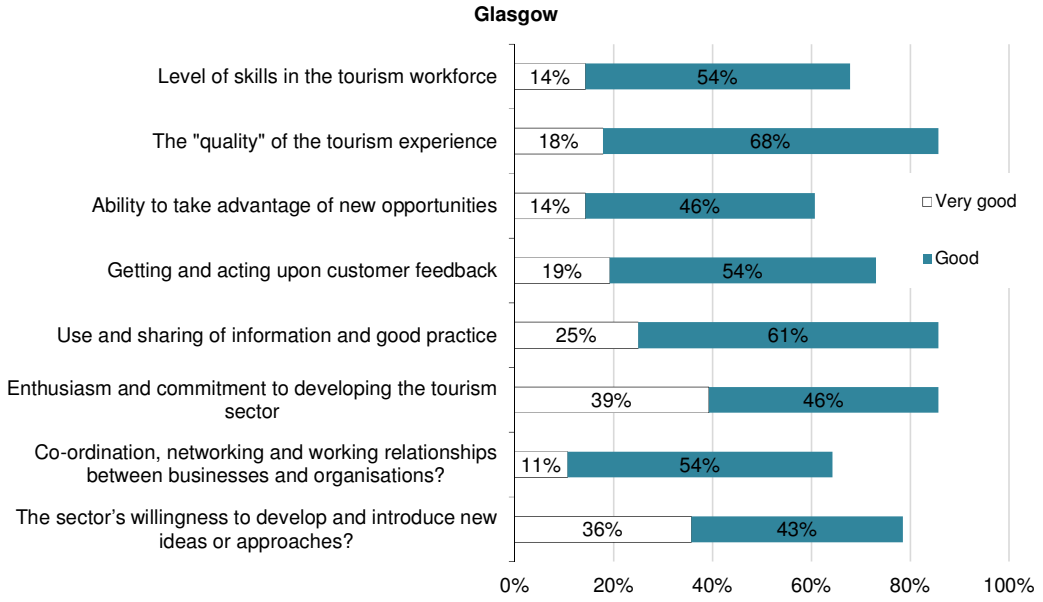
Source: SQW from SE data

Survey feedback

B.20 In Glasgow the business survey gathered responses from 21 businesses and a further eight stakeholders that provided scores for the questions on current conditions. These were identified as the most active businesses participating in the destination activities.

B.21 Businesses and partners generally assessed the current condition of the destination factors as very good or good. The scores are higher than the average for survey across all the destinations and reflect the positive views of those interviewed. There are some variations. The enthusiasm and commitment to developing the sector and willingness to develop and introduce new ideas were both considered to be very good by almost 40% of the sample.

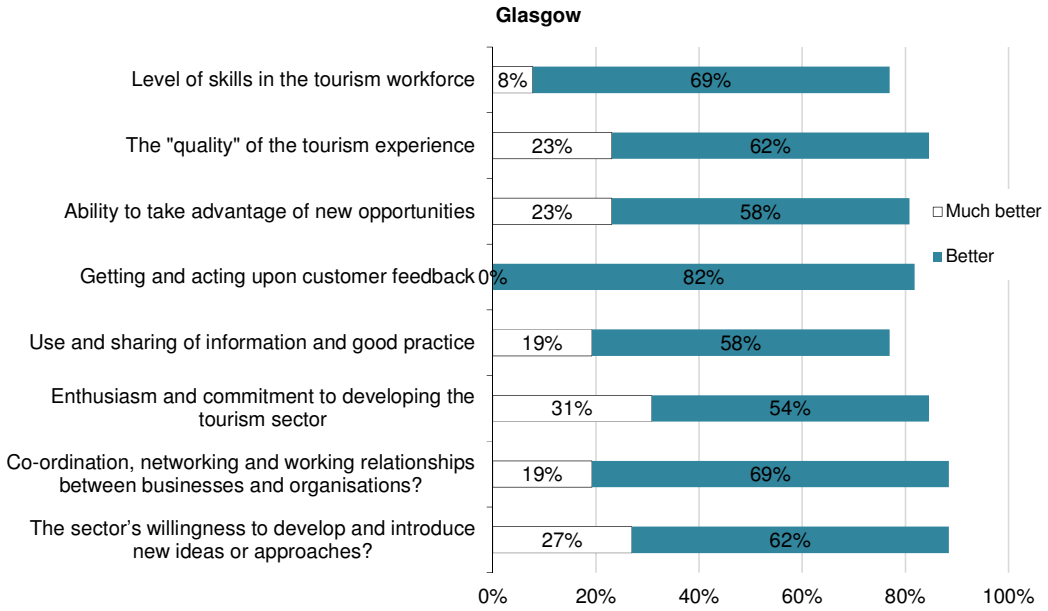
Figure B-1: Current assessment of the tourism sector



Source: SQW/IBP Survey – base 29

B.22 The perceived change in these aspects are shown in Figure B-2. Although around 80% thought there had been improvements in most aspects over the past four years, the areas that had improved the most were, again, enthusiasm and commitment to developing the sector and willingness to develop and introduce new ideas. The scores were generally above the average for the sample as a whole.

Figure B-2: Perceived changes in the tourism sector over the last four years



Source: SQW/IBP Survey – base 29

Business feedback on DMO/SE activities

B.23 The feedback from those that participated in the range of activities supported through GSWS and Destination Glasgow were mostly very positive. Scores and comments area shown below. GSWS training received the highest score, while the sustainability seminars, which have only just started had a lower response and score. There were some useful comments and a sample is shown in the Table.

Table B-5: Business feedback on SE activities

Activity	Average score (1=not useful, 5= extremely useful)	Comments
Participated in any training activities through GSWS	4.3	• Opened my eyes on how important tourism was rather than the training • More aware of tourism industry
Seminars or presentations	4.2	• Hearing people at the top, talk, was very interesting • A lot of hospitality, but ethos of customer care is transferable • Pretty inspiring
Innovation events and seminars supported by Scottish Enterprise	4.0	• Social media very important • Technology Thursday events were very much targeted to novices. Waste of time. LTOV was excellent though • Don't do breakfast meetings, restaurant workers don't function at that time
Participated in any Tours (e.g. Clyde Waterfront, Merchant City, Mackintosh)	4.0	• We have 23 nationalities working here, so this gives them a great background to the city and breeds confidence • Allows front of house staff to learn new things. This also makes them feel appreciated
Network events	3.9	• Always good listening to speakers and sharing good practice • Invaluable to share information. Facilitates discussion • usually inspirational. this year's annual event a bit lack lustre
Sustainable Glasgow Tourism Partnership supported by Scottish Enterprise?	3.6	• Just starting to get involved • Opened my eyes up to sustainability

Source: SQW/IBP Survey

B.24 Businesses were asked to indicate the changes they had made as a result of participating in GSWS and/or other Destination Glasgow activities. The two major areas of impact are "encouraged my organisation to undertake more staff training" and "helping to raise the quality of the visitor experience". Both are strongly influenced by participation in GSWS. There were a range of other business effects, around 40% had made better use of customer feedback, improved their marketing and collaborated with other tourism businesses. There was less impact on developing new products or services.

Figure B-3: Business changes following participation in SE activities

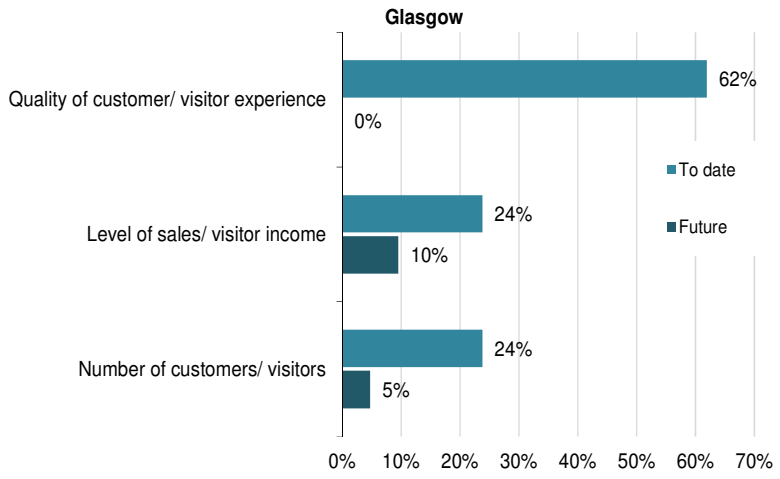
Source: SQW/IBP Survey – base 21

Impact of changes

B.25 The impact of these changes on performance has mostly been on the quality of customer service. Sixty two per cent had improved this to date compared with around a quarter that had seen increases in sales or income and a quarter that reported increases in customers.

B.26 Several of these businesses provided estimates of the scale of the increases that they attributed to the support through GSWS and Destination Glasgow.

Figure B-4: Impact on organisation performance to date and future



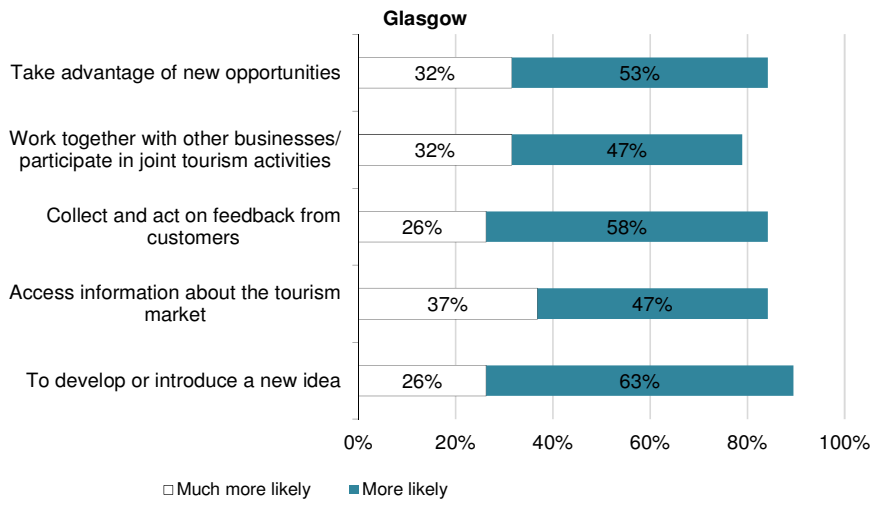
Source: SQW/IBP Survey – base 21

Changes in business attitudes

B.27 There were fairly positive scores in terms of whether participation in these activities had led to changes in the businesses attitudes. Around 80% were now more likely to develop a new idea, access information on their markets, use customer feedback, work together and take advantage of new opportunities. Of these the biggest impact was on the 37% that were

"much more likely" to access information and 32% "much more likely" to work together and take advantage of new opportunities.

Figure B-5: Changes in business attitudes



Source: SQW/IBP Survey – base 21

Qualitative feedback

B.28 Overall the feedback on the interventions of Destination Glasgow was positive. SE's role was described as "on board the ship rather than as captain". There is a strong Team Glasgow ethos among the city's partners and each has role to play. In this sense the SE Destination role is quite different from other destinations where it leads in bringing partners and businesses together. In particular, the Glasgow City Marketing Bureau has a strong relationship with businesses. It is a Glasgow (rather than a national) organisation and this was considered to give it more credibility with the city's businesses. GCMB has a higher profile and leads the promotion of the city. In comparison SE's destination role is much lower key.

B.29 The main messages from partner consultees were twofold:

- that there was an opportunity for SE to be bolder. Stakeholders felt that SE's work in Glasgow should focus more on supporting several key projects – specifically investing more in GSWS, taking a lead in developing Mackintosh and funding events. The destination support is relatively small scale for the city and there is an opportunity to achieve more
- there should be more clarity over the destination role, relative to other SE activities.

B.30 Of all the activities, GSWS stands out as a real success. The feedback on what has been achieved was very positive, but it was also seen as a major opportunity for Scottish Enterprise to do more. There were also comments on the need for it to be freshened up and its importance in the run up to CWG and its legacy.

B.31 GSWS is now working on a longer term plan, which includes funding and will set out a refreshed plan and a tighter structure. As importantly for Scottish Enterprise, GSWS has also been the main link for engaging businesses in their wider range of activities. For example, participation in the Tourism Intelligence Scotland (TIS) has historically been low in Glasgow. Promoting TIS through GSWS has resulted in a sharp increase in membership. It is also used to promote the innovation, sustainability and customer feedback workshops delivered by SE. However, as GSWS develops, its role as SE's main link to tourism businesses in Glasgow must be maintained.

B.32 Most consultees recognised the importance of SE's role in taking the strategy refresh forward. Without them this would not have happened as effectively, and as a result SE has been in a position to influence this. There was and still is a role for SE to take an objective and strategic role in understanding what the city needs.

B.33 We found that because the SE's destination role in Glasgow is as one partner within an established team, the focus tends to be on funding of "projects" rather than on the enabling role it plays elsewhere.

B.34 Partners would like to see SE taking a stronger role, specifically consultees mentioned directly working with businesses (providing advice and funding to take advantage of new opportunities), developing GSWS and/or developing the Mackintosh product. Several consultees felt that there was a risk of spreading activity too thinly in Glasgow.

B.35 However the destination work is taken forward, several consultees felt that the role was not clearly articulated and that there was some confusion between SE's infrastructure activities in the city and the destination role. The portfolio of support is linked to the action plan which all partners signed up to, but there may be some confusion as there were some legacy projects that were approved as SE Glasgow. It will be important in the new plan to clarify the principles of the destination role, the rationale for its content and its fit with other parts of SE and other partners in the city. This should spell out why support is available for some activities and not others. The plan should be communicated clearly to external partners.

B.36 The specific interventions were considered to be good, although in some cases they have been fairly small scale. Neither the Merchant City and Mackintosh groups would have been able to make much progress without SE support and despite some issues around changes in the project manager, they have been able to develop. The evaluations of these concluded that further gradually reducing support was required to enable the group put in place plans for longer term sustainability.

B.37 The events kitbag was welcomed and considered a good idea, as has the promise of being rolled out nationally. It backs up the city's focus on major events and should enable businesses to get the most of them.

Changes in the destination – more competent/competitive?

B.38 There was no doubt that Glasgow as a destination is now both more competitive and competent than it was four years ago, and that SE's Destination support has played a part in that. Most obviously this has been through GSWS, while some of the other work has been lower profile, so limited feedback from businesses. In fact the business impact results for Glasgow were the most positive of all the destinations.

B.39 At one level the growth in tourism assets in the city, new hotels, attractions, the Hydro Arena, Commonwealth Games and other events, coupled with the role of GCMB and partners, has led to a lot of optimism among consultees and the businesses responding to the survey. In contrast tourism expenditure in the city declined from 2008 (partly because of the fall in the number of VFR visits). Even so, the view is that Glasgow is in a better position in relation to all the elements covered in the survey such as willingness to collaborate, innovate, skills and strategic thinking.

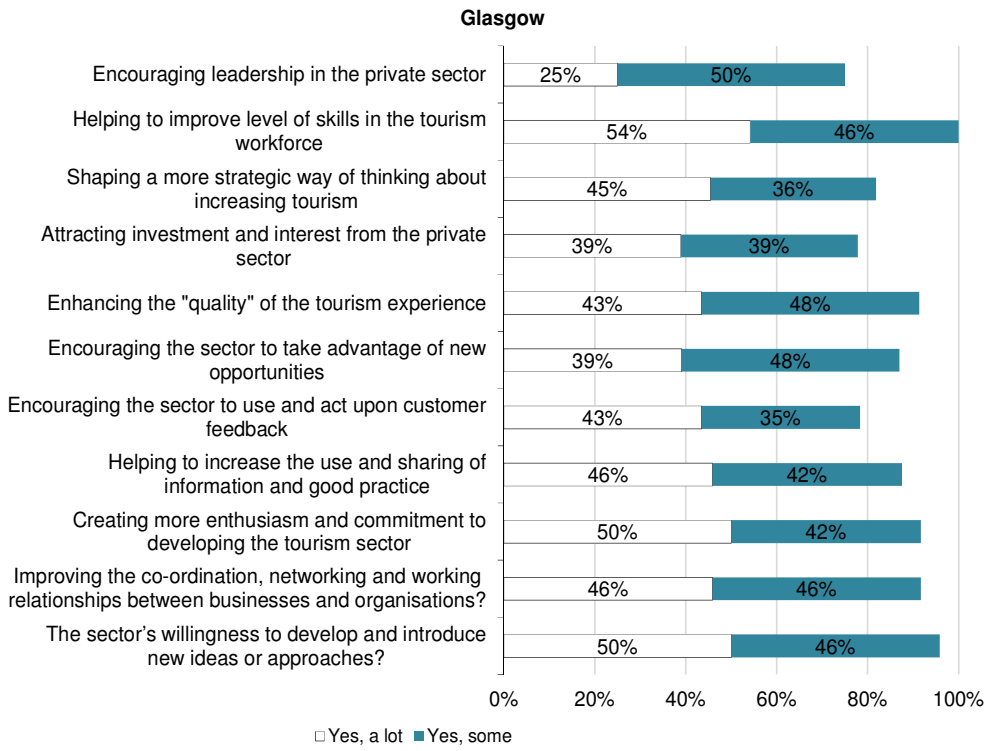
B.40 A further indication of progress is the Tripadvisor ranking in the top 10 "Destinations on the rise" in Europe in 2012, described earlier. This reflects improving feedback from travellers which directly reflects the city's competitive position.

Impact of SE's support

Strategic Added Value

B.41 The survey asked businesses to indicate the contribution that SE's Destination Glasgow and GSWS has made to a range of "strategic" aspects of the way the tourism sector operates. The influence of GSWS is obvious in the high scores for the contribution to the "level of skills in the workforce", and also the "quality of the tourism experience", but it would be fair to say that around half of all the businesses interviewed considered that the GSWS and SE destination work has contributed "a lot" to most of these aspects of tourism performance. The only exception was around encouraging leadership in the private sector. These figures are above the averages across the six destinations.

Figure B-6: Strategic added value of the support



Source: SQW/IBP Survey – base 29

Economic impact

B.42 It is not possible to provide a definitive estimate of economic impact across all the activities. In part because unlike other types of business support, much of the benefit is not captured by the businesses interviewed. At the highest level, tourism expenditure in Glasgow has fallen between 2008 and 2011. However, this does not directly reflect the destination interventions that have been made.

Events

B.43 The clearest evidence of impacts is through the events that have been supported. These have included Celtic Connections, Piping Live, GI Festival, World Pipe Bands and the MOBO awards. There have been impact studies of some of these events and the results are summarised in Table11-2.

Table11-4: Glasgow major events supported by SE

Major events	Reported expenditure for Scotland (£ millions)	SQW estimated GVA Economic impacts[34] (£ millions)	SE contribution	SE contribution as a % of all public sector support	Attributed impacts
Celtic Connections[35]	11.9	5.6	15,000	3%	195,000
MOBO awards[36]	0.3	0.1	60,000	12%	14,160
World Pipe Band Championships[37]	10.7	5.0	50,000	15%	769,000
Piping Live[38]	1.4	0.7	30,000	14%	100,000
River Festival[39]	0.6	0.3	35,000	18%	46,000
Total	**24.9**	**11.7**	**190,000**		**1,124,000**

Source: Various, see footnotes

B.44 Across the events, around £25 million of additional visitor expenditure was generated between 2008 and 2010, through the support of these events, generating around £12 million of GVA. SE's contribution, based on its proportion of public sector funding, averages about 12%. Applying these percentages to the GVA impacts gives a total of £1.1 million from an investment of £190,000.

B.45 SE's contribution to the funding has declined over the past three years and replaced by EventScotland support. SE's focus has moved from events to focus on working with

[34] SQW's Destination Tourism Baseline Update produced in 2012, constructed estimates of the ratio between turnover and GVA for the business sectors where tourists spend most money. Across the Local Authority areas that are closest to the Destinations the average turnover to GVA ratio was 47%.
[35] Glasgow Grows Audiences (2010) Celtic Connections Economic Impact
[36] Ashbrook (2009) Final Report Economic Impact Assessment Mobo Awards 2009
[37] Ashbrook (2011) Final Report Evaluation: World Pipe Band Championships 2010
[38] Ashbrook (2010) Final Report (Final Draft) Evaluation: Piping Live 2010
[39] Ashbrook (2008) Draft Report Evaluation: Glasgow River Festival – the Ashbroook analysis does not provide an impact figure for Scotland. We have used the SQW 2005 impact study to calculate the ratio of Glasgow to Scotland impacts and applied this to the 2008 results.

businesses and helping them make the most of the opportunities that events (and other investments) bring.

B.46 The economic impacts of events are useful because they are more readily calculated than other forms of business support. However, it is worth bearing in mind that events can only be successful where the destination has positioned itself to attract them and has invested in building it up, often over several years.

GSWS

B.47 Estimating the impact from GSWS is also difficult. As the survey demonstrates the main impacts are reported as improvements to customer service rather than in new visits, spending and income. From GSWS's own survey around 75% of the businesses responding reported that they had changed some aspect of their behaviour as a result of participating. 15% reported that staff turnover levels had improved, and 71% claimed that their business had benefited from their involvement.

B.48 In total GSWS reports that over 3,200 individuals have participated in the initiative, representing almost 400 businesses attending 150 events.

B.49 Four businesses in our own survey were able to provide quantified estimates of the financial difference that they attribute to the Programme. These were £5,000, £20,000, £25,000 and £100,000, a total of £150,000 from a sample of 24 businesses. However, some of this business may have been displaced from other businesses, but it also excludes additional expenditure that new visitors would make in other establishments. The largest case was hotel group and presumably if they attracted additional visitors, these people would have spent the same again in other businesses in the city.

B.50 There is not a sufficient number of cases to extrapolate to the 400 assisted cases, but these examples suggest that where it has made a difference, the potential values can be quite high. It is likely that the additional expenditure generated, and the GVA created would exceed the investment made by SE.

Mackintosh and Merchant City

B.51 Mackintosh is a major asset to Glasgow tourism and the group has been supported for four years. SQW produced an economic impact appraisal for the group based on the number and types of tourists visiting the Mackintosh attractions. The recent evaluation of Mackintosh does not provide further estimates and comments that the monitoring data on the types of visitors and their expenditure has not been collected.

B.52 Our report in 2007 estimated around 223,000 visits to the Mackintosh attractions, excluding Kelvingrove. The 2011 evaluation estimated around 214,000 in 2010, a fall of 4%. This is partly explained by some periods of closure and the economic climate. Even so, it is difficult to agree with the 2011 evaluation which concludes that there has been an increase in visitor numbers. It can be argued that without the Group these numbers may have fallen further although without the monitoring that was identified in the approval paper, we do not know whether these numbers represent any change in the number of people visiting Glasgow because of Mackintosh, and whether the objectives set out have been met. It is probably fair to assume that there has not been the impact anticipated.

B.53 Merchant City faces a similar challenge in estimating the contribution that the support has made. The strongest evidence is in the increase in visitor footfall which has grown and the increasing use of social media which the MCTMC have worked hard to develop and promote. The evaluation points to the number of businesses that are paying membership to MCTMC as evidence of "market adjustment"; that businesses are recognising the value of the services it is offering.

Conclusions

B.54 Glasgow represents a core part of tourism in Scotland. With new assets such as the Clyde Waterfront, the Hydro Arena, new hotels, and with the Commonwealth Games and other events visiting the city, there is real potential to attract new visitors to Scotland. Of all the destinations, it is one where additional investment could be merited.

B.55 SE has made a lot of progress with most of elements of the programme. However, because there is already a strong partnership in the city, SE's role needs to have a different focus from other destinations. .

B.56 Thinking about SE's overall objective of attracting additional tourism revenue to Scotland rather than displacing it from elsewhere, Glasgow offers the scale of attractions, activities and marketing support that mean that it can make a big contribution.

Recommendations

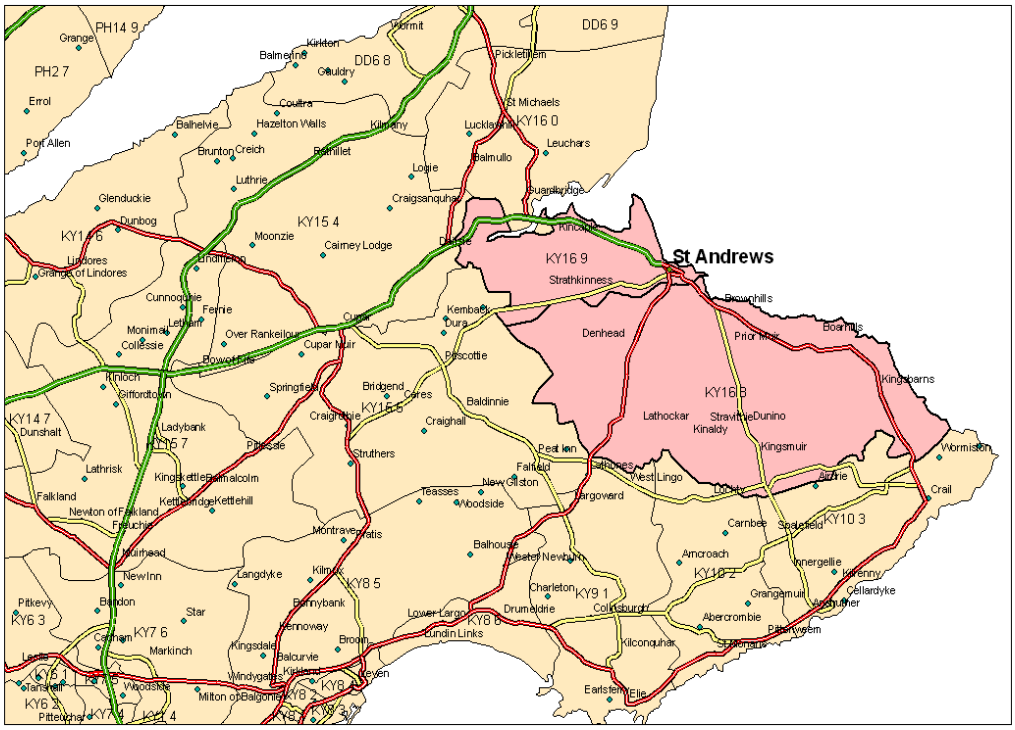
- The Commonwealth Games, the Hydro, hotel developments and other events supported by the Marketing Bureau provide opportunities to grow levels of tourism which SE can support. SE should consider increasing its funding for the specific projects identified below.
- The first would be to build on the support for GSWS. This is a key initiative for Glasgow in the run up to the 2014. GSWS is currently undertaking a review of its activities and funding options, but it is an initiative that SE could exploit further, particularly given its direct link to businesses.
- The second area that consultees felt could be taken forward was Mackintosh. This has the potential to be a stronger offer than it is and could attract international visitors. SE has supported the Mackintosh Group for a number of years, but depending on the conclusions of the new Strategy, this is an asset that requires more serious investment and promotion
- SE's partnership work on the strategy, research and collaboration are also very valuable and should be maintained as are the technology and sustainability workshops.
- Finally, there is some confusion over SE's destination role in Glasgow and how it fits with the rest of SE and partners. This seems to be more of an issue in Glasgow than elsewhere because of the other partners involved and their relationships with businesses. However the new plan is developed the destination role in Glasgow, in relation to others, should be clarified and communicated.

Annex C: St Andrews

Local context

C.1 St Andrews is of national importance as the home of golf, hosting a range of major golf events including the Open and Dunhill Links Championships. It is also home to Scotland's oldest university. It offers a range of high quality attractions that include its heritage, natural environment, places to stay and food and drink. The postal districts selected for St Andrews and its immediate surroundings are shown below (Figure C.1).

Table11-5: Geographic definition of St Andrews



Source: SQW

C.2 St Andrews appeared in Tripadvisor's top 10 UK destinations in 2011[40] (along with Edinburgh and Inverness), although it is not included in 2012. It is also the most expensive UK destination. Hotels.com[41], quotes an average hotel price of £143 a night (a fall of 12% from 2010 when the Open was held). This figure is almost 50% higher than the Edinburgh average.

C.3 Although investment slowed in 2009 and early 2010, there has been renewed activity with the launch of the Hamilton Grand project, around £20M (completion in 2013); and 2 further hotel developments in St Andrews (£12M – Hotel Du Vin & The Scores) which will increase 3 and 4 star room numbers by around 50 by 2012. Retail and catering has seen strong growth

[40] http://tripadvisoruk.blogspot.co.uk/2011/05/tripadvisor-reveals-worlds-best.html
[41] http://press.hotels.com/en-gb/press/st-andrews-becomes-most-expensive-place-for-hotels-in-the-uk/

with around 12 new businesses being opened since 2009. There are also proposals for a new Premier Inn and Marks and Spencer in the town.

C.4 Tourism has grown significantly in St Andrews over the past four years. SQW's estimates of tourism expenditure have grown from £85 million in 2008 to £108 million in 2011. This represents an increase of 25%, double the national growth rate of 11%.

Table11-6: SQW estimates of tourist expenditure in St Andrews

	2008 baseline exercise	2010 update	2011 update
Total staying tourism expenditure	**£84.5 million**	**£103.6 million**	**£107.8 million**
Total staying nights (incl VFR)	1,122,000	1,130,000	1,245,000
Total staying nights (excl VFR)	1,059,000	1,059,000	1,175,000

Source: SQW baseline 2011

Aims and objectives

C.5 In the approval in 2009 SE planned a targeted series of activity through this programme which would respond directly to industry & visitor needs; growing economic impact whilst building on existing public & private sector investment. SE's activity would be delivered collaboratively as part of the SAP strategic approach. The programme's quantified objectives and what has been achieved were reported in SE's Stage 5 paper (Table C-2) and some new achievements have also been added.

Table C-2: St Andrews Targets and outcomes to mid-2011

Sub Heading	Target	Achieved to date
SE to support the innovation/development of new concepts in line with key products in St Andrews	2 new events	• Crail Food Festival • St Andrews Festival of Golf • St Andrews Voices • St Andrews Food & Drink Festival
Support for development of existing events	1 existing event	• St Andrews Festival
Where SE has had a financial and / or time input to the development	3 new products or services	5 new products/services • Destination web portal & all linked social media channels for St Andrews • A destination visitor feedback tool • Online booking engine for B&B's • Coordinated local food & drink product offering through local events (Fife Food Network) • Brighter St Andrews
Support to develop strategically &/or deliver new activity	4 groups	5 + groups supported • SAP board (which includes B&B Assoc; Hotels Assoc & Merchants Assoc) • St Andrews Golf Development Group • Fife Golf Tourism Partnership • Fife food Network • Fife Tourism Partnership

Sub Heading	Target	Achieved to date
St Andrews Skills Academy to target tourism & hospitality businesses in the destination	300 individuals	490 individuals trained
VQ's achieved at Level 2 or above		4

Source: SE

Main areas of activity and investment

C.6 Destination St Andrews investment has primarily been through the St Andrews Partnership. The main investment has been in running of the Partnership itself. This was formed following an extensive business consultation. The Board now has broad representation from across the tourism related sectors in the town. The SE support has exceeded all the targets set in the SE approval. Including support for 5 events, development of a number of new products and services such as the web portal, booking service, customer feedback tool, Brighter St Andrews and food and drink related support. SE has supported five tourism related groups and, through the Skills Academy, has trained almost 500 people.

C.7 St Andrews won a Creative Place award of £150,000 and has introduced a number of off-season events including a food and drink festival funded for 3 years, the St Andrews Festival, and St Andrews Voices. There has also been support for the Fife Food Network, hosting of the Fife Tourism Conference (130 business delegates). Last year SAP supported the Royal Wedding Breakfast and this year the refurbishment of the Martyrs' Monument.

C.8 In addition, 60 businesses have undertaken LTOV workshops and there were examples from the survey and consultations of visitor feedback being used to improved business efficiency, service and products offered. A new promotional plan has been developed. The visitor survey has been supported. The Innovation Toolkit sessions have led to activity in areas such as food and tourism, while Social Media workshops and service training has been delivered to tourism retailers and B&B sectors and the Partnership has contributed to development of new visitor signage.

What has been spent

C.9 The original approval in 2009 was for £330,000 over two years. In practice, the same budget was extended by six months to October 2011. A new approval was agreed taking support up to March 2014. The actual figures show less spend on the Golf Development group, product development and event development, with more on the project manager and customer feedback. The new approval is more flexible with only three headings with the majority of funding allocated to Destination Development which includes the costs of the project manager. Overall this represents almost the same level of funding as for the past two and half years, excluding the Skills Academy

Table C-3: Approved and actual expenditure 2009 – 2012 (£000s)

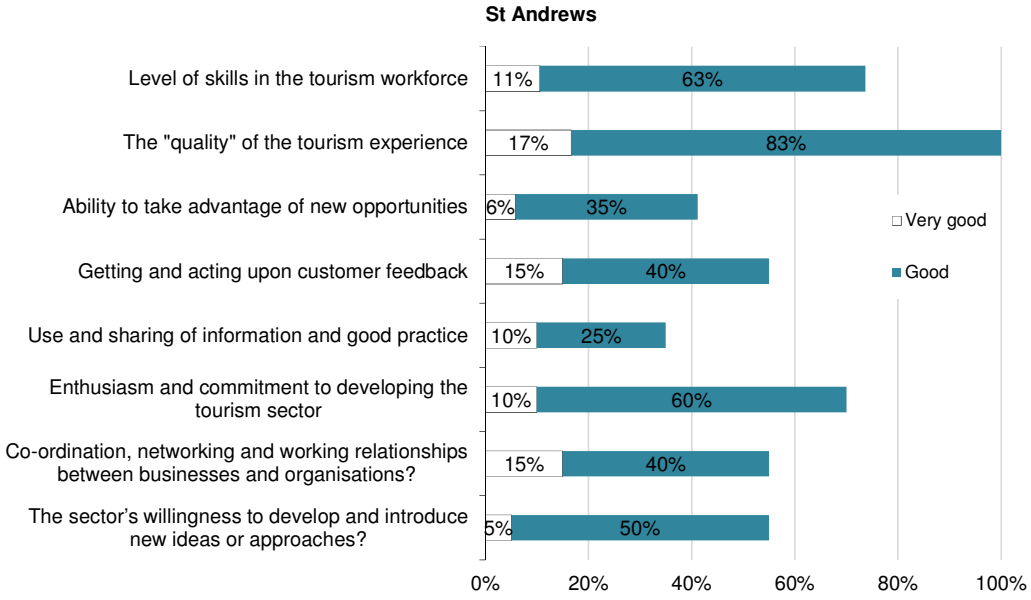
SE investment	Approved spend 2008/09 – 2010/11	Actual spend 2008/09 – 2010/11	Approved 2011 - 2014
Golf Development Group	20	12	-
Product Development	70	45	76
Visitor Interpretation	20	20	-
Customer Feedback	20	30	-
Project Manager	80	110	-
Market Intelligence	20	20	-
Destination Development	60	60	214
Event Development	40	21	-
Industry development	-	-	60
SE SAP Total	330	318	350
SAWC	205	205	0
St Andrews Skills Academy (funded through separate approval)	177	177	0
Total Destination	**712**	**700**	**350**

Source: SE

Survey feedback

C.10 The assessment of conditions in the tourism sector in St Andrews is broadly positive, although the balance of "very good" to good" is slightly lower than the destination average. The quality of the experience, is where the businesses and partners felt St Andrews was strongest, along with skills in the workforce. There are lower scores for the willingness to introduce new ideas and in taking advantage of new opportunities. The scores broadly fit the perception that quality is high, but businesses are naturally more traditional.

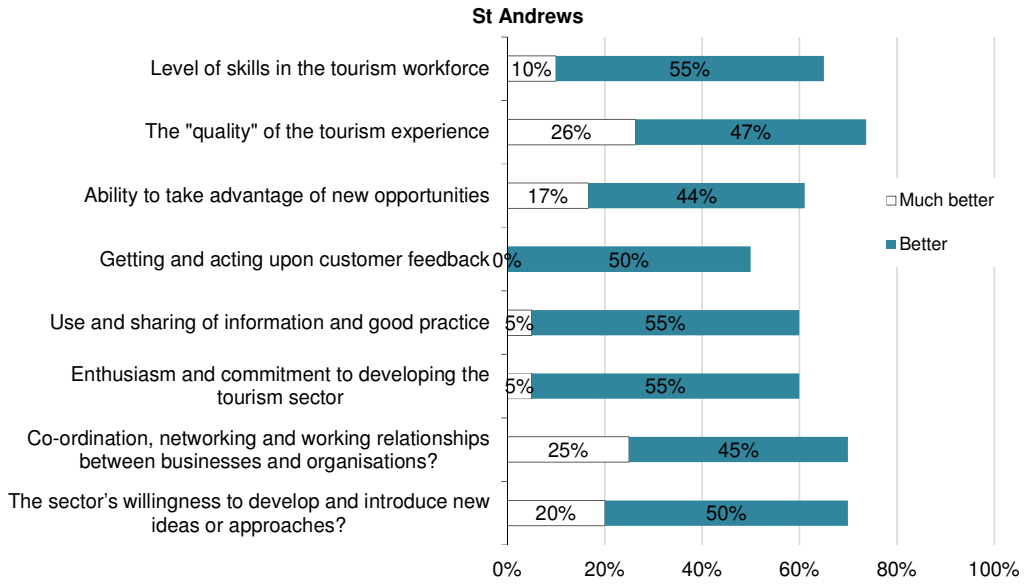
Figure C-1: Current assessment of the tourism sector



Source: SQW/IBP Survey – base 20

C.11 The pattern of changes over the past four years follows a similar pattern. The quality of the tourism experience was considered to be "much better" by more than a quarter of those responding, but a similar number felt that co-ordination and networking was also much better, presumably a reflection of the St Andrews Partnership. There were other important improvements in the willingness to develop and introduce new ideas, but weaker change in the use of information and customer feedback.

Figure C-2: Perceived changes in the tourism sector over the last four years



Source: SQW/IBP Survey – base 20

C.12 Even with relatively few scores, the Table below provides feedback on some of the areas of activity supported through SAP and SE. Networking activities had been attended by the largest number and scored relatively well. The score for the web portal and use of social

media channels seems low and several comments suggest that the level has been too basic. The feedback is limited and not clear whether it relates to the website itself or other tools, but it may be worth following this up.

C.13 Training activities scored well, both in the survey and anecdotally, however the feedback on the research elements was weaker, with businesses reporting that it reaffirmed their own approaches

Table C-4: Business feedback on areas of activity

Activity	No. of businesses	Av. score (1-5)	Comment
Participated in any Network events?	9	3.8	They allow you to integrate with the others Useful to meet other businesses. Find out what is going on in area Keep in the loop. Done a bit of liaising with other local businesses Always get something from them
Participated in the web portal or used social media channels	8	3.3	Didn't work quite the way I hoped Social media has become much more important Beyond the basic level would be good A bit basic for us Nothing relevant to our business
Participated in any of the innovation events and seminars	5	3.5	Good information and lets you meet other business owners Been to a few. How to get better exposure and new routes to markets Networking is important. Always learn something
Participated in Training activities?	5	4.3	Instigated some changes within our business. Asking for feedback in a different way Some were ok. Some are aimed too low Has been really useful
Used the destination visitor feedback tool/visitor survey or accommodation supply & demand research	5	3.2	Helped and re-affirmed our approach For marketing research. Backs up own research We have our own feedback
Used the St Andrews Skills Academy	4	4.0	Shame the funding was pulled Was excellent
Benefited from coordinated local food & drink activities	4	3.8	Just started to get involved fully Useful to be considered
Participated in any of The Brighter St Andrews	4	3.3	Not as successful as hoped Just a contribution. Wasn't expecting anything else Never heard of it

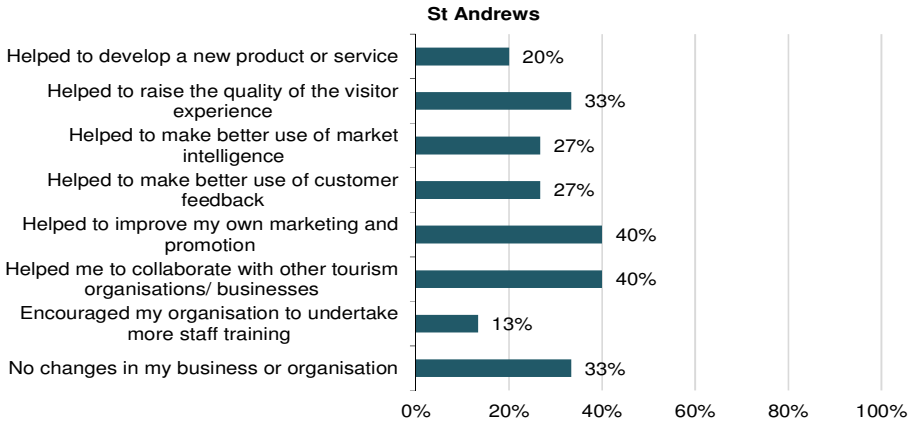
Source: SQW/IBP survey

C.14 The survey asked businesses to identify the types of changes that they had made as a result of SAP and SE supported activities. It asked specifically about types of activities that SE aims

to influence. Two third of businesses considered that SAP and SE activity had made a difference to them in some way.

C.15 Specifically, 40% of the businesses reported that the activities had helped them to collaborate with other businesses and organisations, and 40% also reported that it had helped them with their own marketing and promotion. A third felt that it had helped them to raise the quality of the visitor experience and more than a quarter that it had influenced how they use market intelligence and customer feedback.

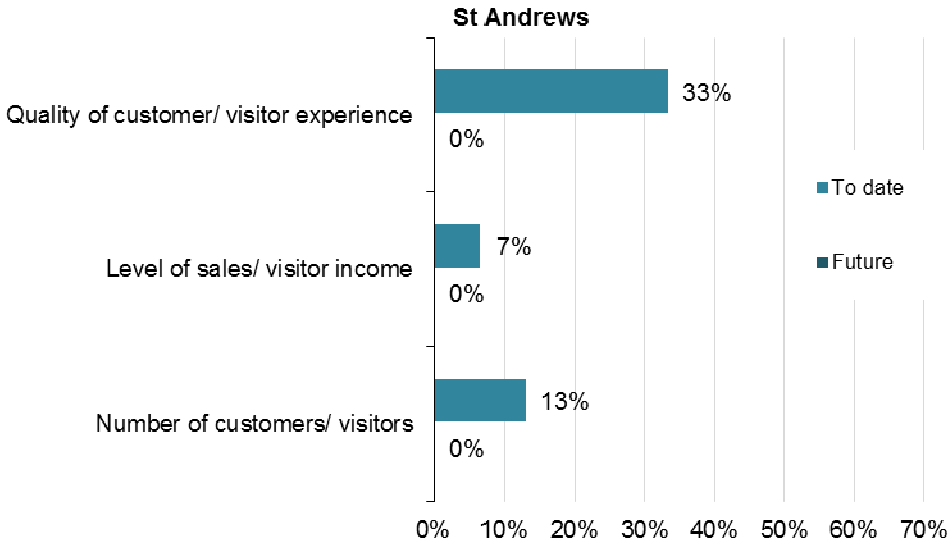
Figure C-3: Business changes following participation in SAP/SE activities



Source: SQW/IBP Survey – base 15

C.16 Businesses were then asked whether these changes had made a difference to their performance. A third reported that these actions had led to improvements in the visitor experience they offered, 13% that there had been an increase in visitors to their business and 7% considered that this had led to an increase in their levels of sales or visitor income. Given the nature of the support provided it is difficult to link visitor numbers to changes collaboration and use of market intelligence. It is important to recognise that this relates only to the performance of their own businesses, not the wider destination.

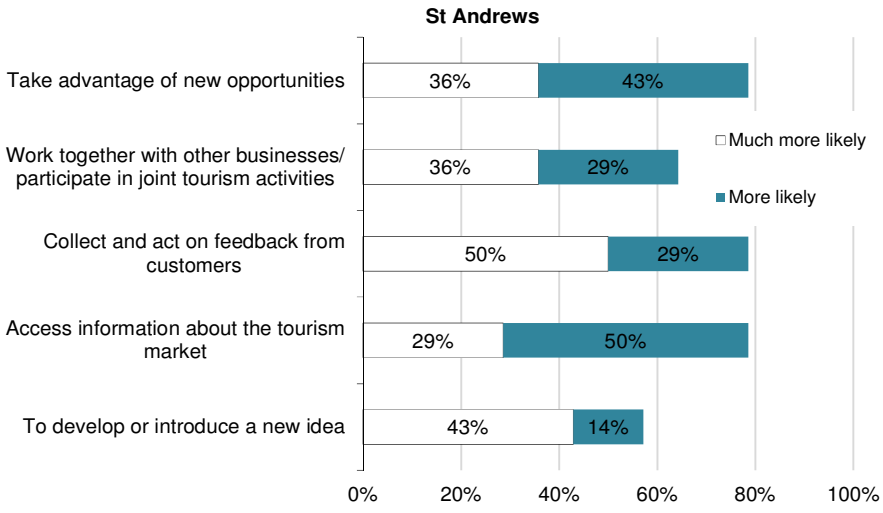
Figure C-4: Impact on organisation performance to date and future



Source: SQW/IBP Survey – base 15

C.17 There have been significant changes in business attitudes as a result of the SAP and SE Destination support. Half of the businesses are now much more likely to collect and act on feedback, and 43% much more likely to develop and introduce new ideas. Taken together with "more likely", around 75% of those responding have changed their attitude in some way towards stronger destination related activity. For example, almost 80% are more likely to collect and act on feedback from customers, access market information and take advantage of new opportunities.

Figure C-5: Changes in business attitudes



Source: SQW/IBP Survey – base 15

Qualitative feedback

C.18 The feedback from consultations was very positive. The St Andrews Partnership was unanimously considered to be an improvement on St Andrews World Class. After a bumpy journey it has built much stronger engagement in the town. It has brought different sectors

together in a way that was not happening before and the general view was that as it matures it has become increasingly effective.

C.19 Consultees felt that St Andrews is weathering the storm better than most and the SAP has been part of the reason.

C.20 The project manager's style has been a big help in getting people involved and the continuity of role has been important, even though it meant some continuing association with SAWC. It has been important to have a face for the destination and the project manager has been able to do this.

C.21 Consultees talked about how much more "joined up" the different elements that make up the tourism sector now were. Several mention that sectors and organisations would now consider each other in how they worked and in what they wanted to do. They know and trust each other more and as one consultee said "less cliques mean fewer problems".

C.22 The feedback indicated considerable "market adjustment". Those involved in the Partnership are well aware of the benefits of working together. Even so, there is a long way to go before it could be privately funded, if ever. The members of the Partnership are all well aware of the need to develop their own sources of funding and there have been a number of options investigated including the potential for a BID, while they have piloted Brighter St Andrews and worked with partners to provide web content. It was clear that partners were very keen to find alternative sources of funding and avoid dependence on the public sector.

C.23 Related to this is the importance of demonstrating a longer term funding position in order to secure stronger business buy-in. Several consultees were concerned that there was a perception that these types of network were supported for two or three years and then abandoned. With long lead times for specific projects this can act as a disincentive for businesses to become involved.

C.24 One element of SAP's approach that has been different to other destinations has been the weight placed on "community" as opposed to purely business or economic development. This has been critical n broadening support and overcoming previous perceptions of SAWC. Consultees felt that working with a wider range of partners that support heritage and community projects has helped build credibility – for example the renovation of the Martyrs Monument. SE has understood this and allowed the Partnership latitude. As a result it has built a broader base. This has been reflected in the take up of "Brighter St Andrews".

C.25 Several consultees believed that SE's support and the Partnership should be considering Fife more widely. The question raised was; could it generate a greater economic impact by doing more to encourage the dispersal of visitors and activities outside St Andrews?. This is probably of less interest to businesses in the town and too much emphasis on this wider role would risk losing them. It is a balance that the Partnership has to find, with SE guidance.

C.26 The strength of the partnership was the highlight of the destination activities supported, although there was also good feedback on some of the other elements. Although the Skills academy has now lost momentum, there was evidence of a legacy, in the development of training at one organisation. Other activities were well received; the Tourism Information Service (TIS) was described as "invaluable" and feedback on the "Listening to our visitors"

training was also very positive. The Crail Food Festival and Fife Food Network support were also considered successful, although no quantification of impacts.

C.27 Marketing and promotion has been an important part of the mix. It draws in businesses and helps reinforce the co-ordination messages. Securing the address www.StAndrews.co.uk from VisitScotland has been important and allowed the web-site to build up traffic.

Changes in the destination – more competent/competitive?

C.28 A combination of the consultations and survey indicate that the SE support has had a significant impact on both the competitiveness and competency of the destination. Consultees rated the "quality" of the tourism experience as particularly important and that this has continued to improve over the past four years. The tourism figures support this view with a significant increase over this period.

C.29 The results of the survey show that around three quarters of the businesses and consultees felt that the Partnership had contributed "some" or "a lot" to some of the indicators of competitiveness, specifically better co-ordination, use of customer feedback. Our own assessment, based on the range of ideas and activities supported and the operation of the Partnership is that St Andrews is in much better shape to continue to benefit from tourism.

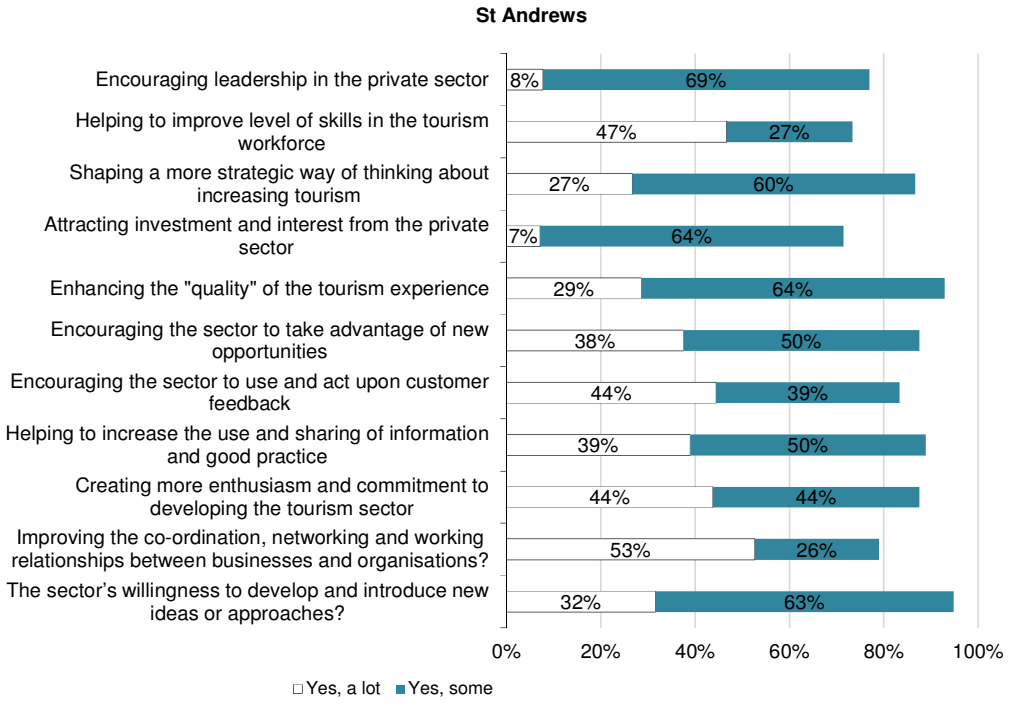
Impact of SE's support

Strategic Added Value

C.30 Consultees and businesses were asked to rate the contribution of SAP and SE support to the tourism sector. Around 50% of everyone interviewed considered that they had contributed "a lot" to improving co-ordination, to improving the level of skills in the workforce, creating enthusiasm and commitment and using customer feedback. The scores were much lower for attracting investment from the private sector and in encouraging private sector leadership.

C.31 Overall around 80% believe the Partnership's has contributed some, or a lot, to the way the tourism industry operates in St Andrews. These are positive results, although from a relatively small sample. There remain a number of businesses (10%) that have not seen any benefit and do not believe the Partnership and SE support has had any impact.

Figure C-6: Strategic added value of the support



Source: SQW/IBP Survey – base 20

Examples of economic impact

C.32 No consultees or businesses in the survey were able to quantify the impact of engaging with SAP or through SE's Destination support. The benefits were described as being mostly through improvements in customer experience, and "reducing risks during the downturn". A better understanding of what each other is doing has helped businesses to work together.

C.33 At a high level, tourism expenditure in St Andrews is estimated to have grown significantly in comparison with the national picture. St. Andrews was in the top ten UK destinations according to Trip Advisor (2011) and the UK's most expensive town for hotel accommodation (2011). The SQW baseline suggests that the value of tourism grew from £85 million in 2008 to £108 million in 2011.

C.34 It is not possible to quantify a specific proportion of this to the SE support, but given the positive feedback around most of the activities and for the Partnership itself, we would expect that it has made some contribution.

C.35 The Partnership has engaging with over 200 businesses including product groups in golf; food & tourism; town centre development & funding. However, the feedback suggests that the "direct" effects on the businesses have been fairly modest are not high. One consultee suggested that in order to justify around £100 membership from which they would look for additional sales of around £1000. If half the businesses felt that around £100 membership is worthwhile, this would imply they consider themselves £100,000 better off.

C.36 There was also no impact information from any of the other initiatives, however, the positive feedback generated suggests that businesses must feel it has been worthwhile, although they cannot quantify it. Around 60 businesses undertaken LTOV workshops and there were

examples of visitor feedback being used to improved business efficiency; service and products offered. The Skills Academy provided training for almost 500 individuals, which certainly had some impact on customer service and experience. The events too may have brought in additional visitors, although we do not know the proportion from outside Scotland.

C.37 Taking together the growth of visitor expenditure, the positive feedback on SAP and the other elements of SE support, it is reasonable to conclude that the investment in St Andrews has made a positive net contribution to the destination.

Conclusions

C.38 The St Andrews Partnership was one of the strongest partnerships across the destinations and would not have been achieved without SE support. Even though every destination is different it offers some important lessons:

- The project manager's role has been critical; it brought continuity and provided a known contact for the sector. SE was involved in the recruitment process which required getting the support of the Group. Given the importance of the role, SE should always be involved in recruitment given their financial contribution.
- It has worked hard to bring in representatives from all the sectors in the tourism industry. Getting wider community support and not just focussing on business has enabled the Partnership to build more credibility and support, which makes it easier to do things.
- St Andrews is ahead of other SE destinations and has made good progress, but at what point should support end. Consultees were concerned about relying on public funding (not least because of its uncertainties) were keen to look at ways to raise more private income.
- Tourism in Fife is about reducing seasonality, for example through autumn events, but SE should think through what proportion of these are visitors from outside Scotland. This might be good for businesses in St Andrews, but could be at the expense of day trips elsewhere. As with many other elements of destination management, the role is about balancing these interests and identifying where they align.
- There is a lot of experience in SAP and this could be shared more widely across the destinations and their partnerships. More regular (6 monthly) formal sessions could be set up to exchange some of this experience.

C.39 SE has approved funding for the next two and a half years, which provides more time for SAP to identify alternative sources of funding including the potential for a tourism-related BID. Given the evidence of the role that SAP is playing, it makes sense to continue to provide core support.

Recommendations:

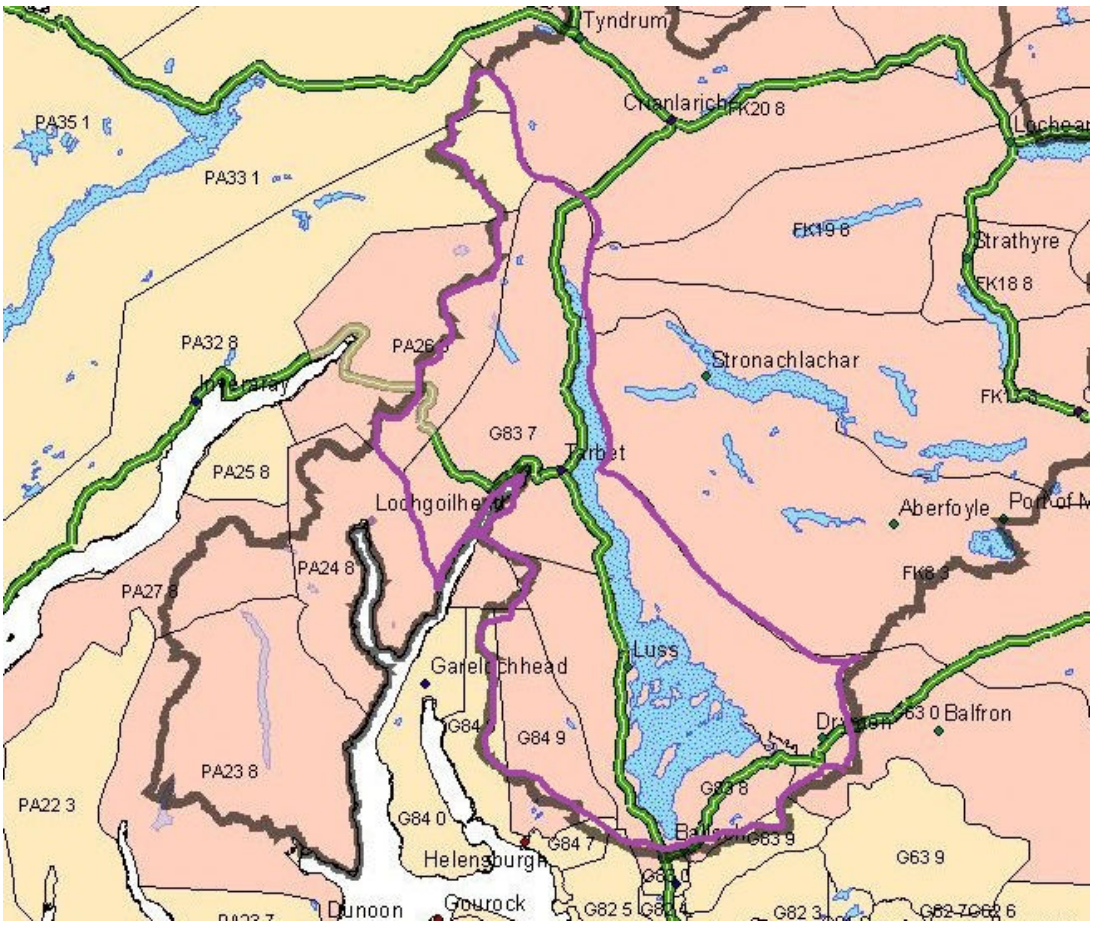
- Continue to explore alternative sources of funding - the Partnership has done a lot to demonstrate its value and to identify other forms of funding. SE has approved funding for the next two and a half years, which provides time to investigate other sources including a BID.
- SE should continue to contribute funding to core costs - given the influence that it gives SE in an important tourism destination, providing the core costs for the Partnership is good value.
- Align local activity with national objectives where possible/appropriate - SE should continue to encourage activities that *broaden out the benefits* of St Andrews to the rest of Fife (and elsewhere) and also activities that contribute more to *national* rather than local economic impact.
- Improve links and knowledge sharing with other destinations - the Partnership has been a good model and this experience should be shared more widely with other destinations. For example the structure of the SAP Board means that its purpose and successes are disseminated to a number of sectors which is a useful PR.

Annex D: Loch Lomond

Local context

D.1 The Loch Lomond destination now covers a much smaller area than originally. Figure D.1 shows the National Park boundary and the Loch Lomond section (around the Loch) that the destination focuses on.

Table11-7: Loch Lomond destination and



D.2 Based on SQW's destinations monitoring, total staying visitor expenditure in Loch Lomond and the Trossachs National Park has increased from around £155 million in 2007/08 up to £162 million in 2010/11. The total staying nights figure is down marginally over the three years, as is the number of staying nights in commercial accommodation (i.e. excluding an estimate of those visiting friends and relatives). It should be noted that SE's priority destination is Loch Lomond area only.

Table D-1: SQW estimates of key tourism figures for Loch Lomond and the Trossachs

	2008	2010	2011
Total visitor spend (£m)	155.41	138.58	162.48
Total staying nights (incl VFR)	2,925,000	2,467,000	2,841,000
Total staying nights (excl VFR)	2,806,000	2,329,000	2,746,000

Source: SQW

D.3 Although there would appear to have been some fluctuations in local tourism figures, there has been significant private sector investment in the Loch Lomond area which has improved the tourism product. Between 2008-11, there has been around £75 million in private sector investment including a £15 million 135 room hotel at Ardgartan, (near Arrochar), £3 million spent on the Loch Lomond Arms in Luss, £1 million invested at the Buchanan Arms in Drymen and a new £6 million conference centre at Ardoch. Over the past four years there has been noticeable improvements in the physical infrastructure in the National Park area e.g. improvements to signage, better toilet facilities at Luss and upgrading of jetties around the loch.

Aims and objectives

D.4 Initially approval was sought in May 2009 for £1.28 million of SE investment which would be used across the Loch Lomond and Trossachs National Park (LLTNP) area. However, SE decided to scale this down to focus its investment and activity in the Loch Lomond area. Even after these changes, the SE approval paper from September 2009 still referred to 'Destination Loch Lomond and Trossachs Development Programme' and the long term objectives also seem to relate to the wider geographic area:

- Strengthen the position of Loch Lomond as an international tourism destination
- Deliver 60% growth in tourism revenues
- Increase accommodation capacity by some 950 hotel bedrooms by 2015
- Increase overnight visitor expenditure by 55% and day visit spend by 30%
- Convert more day visitors to overnight stays
- Contribute to increasing annual GVA to around £93 million by 2015.

D.5 There are a number of issues with trying to assess progress against the above objectives. Firstly, the timescale relates to the period up to 2015 and so it is too early to judge performance. From SQW's latest baseline update[42], GVA generated by staying visitors in the LLTNP area increased from £66.7 million using 2008 baseline up to £76 million in the 2011 update. Assuming similar annual growth between 2011 and 2015, the value of GVA will fall short of the £93 million target (perhaps not surprising considering the continuing economic difficulties). Other data on commercial bed spaces and visitor expenditure (which can be used as a proxy for business revenues) from the SQW destination monitoring also suggests the objectives are unlikely to be met by 2015.

[42] SQW (2012), Tourism Destinations Economic Baseline Update

D.6 The 2009 approval paper also sets out the aims of the destinations approach in Loch Lomond. In the table below we compare these aims with what was reported in terms of progress in the 2011 approval paper (for continuation of SE funding).

Table D-2: Progress against objectives

Aims of the destination approach (from Sept 2009 approval paper)	Progress against these aims (as described in June 2011 approval paper)
To support the industry taking a leadership role and working as a coordinated destination, change the way the Loch is used for business and visitor benefit;	At the National Park level, a group of over 20 significant business people meeting quarterly to discuss issues of strategic importance to the Park Destination Organisation (Love Loch Lomond) constituted for the Loch Lomond area in November 2010. Manager for LLL recruited on a 2 year contract commencing May 2011. Brand for LLL and website created (www.lovelochlomond.com) LLL 2 year action plan has been written by the industry
Open up sustainable transport and visitor management solutions	Successful pilot in 2010 of 2 waterbus routes on Loch Lomond attracting 6000 visitors in 6 weeks. 4 new non subsidised services in 2011 will be privately operated. National Park successful in accessing £300k Scottish Government investment in piers upgrades around the Loch which has been completed
Provide new visitor experiences and products in and around the water	'Business in the Park' toolkit launched by the National Park to support local businesses with National Park information for their customers. Includes photo gallery, 'Top 10' things to do and see unique to the Park, downloadable maps, case studies, green tourism ideas, and media tips
Act as a catalyst for private sector development	Visionary Tarbet masterplan developed by David Moulsdale (Optical Express) Re-marketing of the West Riverside, Balloch development site for leisure uses

Source: SE approval papers

D.7 As we go on to describe in the main areas of activity, the first three objectives described above have broadly been achieved. Although activity has taken place in trying to encourage private sector development (particularly in the Balloch/ South Loch Lomond area) this has yet to generate results and so the fourth objective remains work in progress.

Main areas of activity and investment

D.8 Much of SE's activity has involved setting up a new DMO, Love Loch Lomond, which was created in November 2010. This has involved setting up the DMO website, developing the DMO Strategy and Action Plan, and helping to organise networking events. A board was set up for the DMO involving local businesses with SE, VisitScotland, West Dunbartonshire Council and Friends of Loch Lomond all represented as observers. In May 2011, the DMO recruited a part-time development manager and there is second part-time member of staff responsible for social media. In terms of internal SE staff resource, this amounts to 0.2 FTE from the Destination team and 0.2FTE from the Business Infrastructure team.

D.9 The DMO Action Plan is based around three themes: Marketing, sales and networking (e.g. developing marketing campaigns with support from VisitScotland's Growth Fund, attending

VisitScotland Expo); Improving the visitor experience (e.g. organising TIS, LTOV workshops, delivering the Visitor Payback and Service Initiatives with the National Park Authority); and Governance and Funding.

D.10 The development of the Loch Lomond Waterbus project has also been an important area of activity. A pilot six week waterbus service was introduced in the summer of 2010 with SE providing financial support to two operators. This ferry service was in addition to the existing cruise services which operated on the loch and attracted 6,700 passengers. Following the pilot, the Waterbus services are now operated without subsidy and are used by around 10,000 passengers each year.

D.11 SE's business infrastructure team has invested in new pontoons to support the development of further water-based tourism and has also upgraded in riverside paths in the Balloch area. There has also been a lot of work done in terms of strategy development and master-planning in Balloch, South Loch Lomond and Tarbet. This has led to the production of Loch Lomond Shores Action Plan, Balloch Square Master Plan, and Tarbet Master Plan. SE has actively been seeking to attract a hotel developer for a site it owns at West Riverside near Balloch. Originally, it was hoped that some of this activity would have helped to secure private sector investment. In fact, this investment has yet to come through but is expected over the next 1-2 years.

D.12 The table below outlines some of the LLL activity over the last 18 months. Whilst the AGM can attract around 60 local businesses, the number of businesses actively getting involved in marketing campaigns tends to be around 30-40.

Table D-3: Examples of LLL activity and recent progress

- Between May 2011 and September 2012, LLL membership grew from 60 to 120 with an additional 30 free listings
- LLL website hits have grown from around 7,000 hits per months to over 25,000 per month in 18 months
- Around 35 businesses got directly involved in our 2012 spring marketing campaign in conjunction with VisitScotland
- 35 businesses attended the LLL Summer Garden Party June 2012
- 15 businesses attended a social media training session in early 2012
- Around 45 businesses (as of late September) directly involved in the 2012 autumn marketing campaign in conjunction with VisitScotland
- Around 60 businesses attended the AGMs in November 2011 and November 2012
- Between 10 and 15 businesses typically involved in regular familiarisation trips
- 597 LLL Facebook fans (achieved over last 12 months)
- 1,626 LLL Twitter followers (achieved over last 12 months)

Source: LLL DMO

SE investment

D.13 Over the years, SE has invested significant amounts in the Loch Lomond destination. For example, an estimated £30 million was invested in Lomond Shores in Balloch prior to its opening in 2002 and this continues to attract 1 million visitors to the area each year.

D.14 During the first year of the evaluation period there was some uncertainty regarding the amount of funding that SE would be investing for the following three years. Initially approval was sought for £1.28 million of SE investment which would be used across the Loch Lomond and Trossachs area. SE decided to scale this down to focus its investment and activity in the Loch Lomond area. In the four year period, around £440,000 has been spent by SE in the

Loch Lomond area. Some of this investment includes spend by the Business Infrastructure team.

Table D-4: SE investment (£'000s) – destination budget only

Area of activity	2008-09	2009-10	2010-11	2011-12	Total
Branding and marketing	30				30
Business growth & development:	30				30
DMO set up and operation (incl. website)		55	50	55	160
Water connectivity and access		30	20	15	65
Loch Lomond Shores & Balloch strategy/ feasibility work		75		10	85
Tarbet masterplan work		20	25	10	55
National Park Service Initiative				10	10
Our Park Visitor Payback				5	5
Total	60	180	95	105	440

Source: SQW analysis of 2008, 2009 and 20011 approval papers

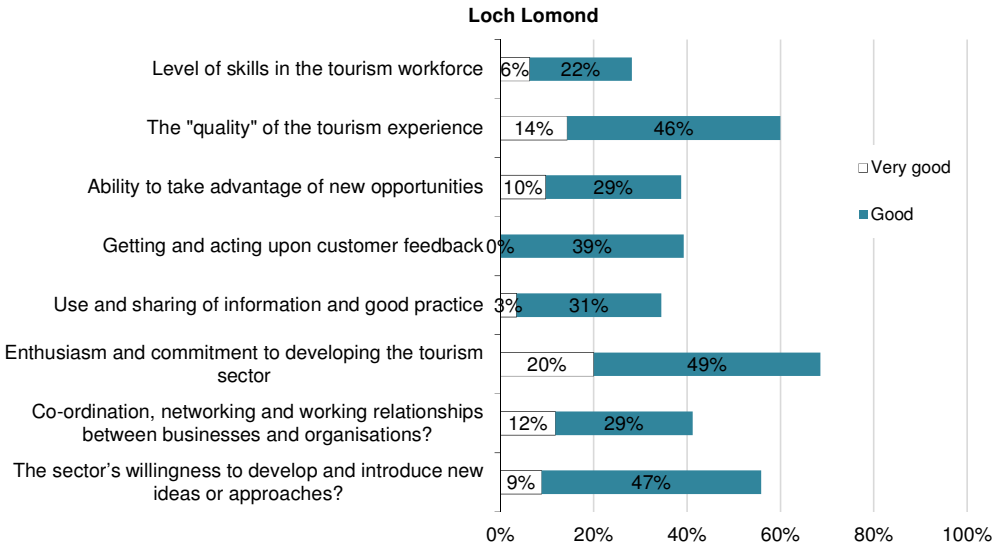
Supporting activity

D.15 In addition to the destinations activity, SE provides support to 8 Account Managed tourism businesses. It has also supported local events such as the Get Active and Loch Lomond Food and Drink Festivals. In terms of attracting visitor spend into the area both of these events were found to have relatively low economic impact (more detail on these events is set out in the section on examples of economic impact). The destination and business infrastructure staff also work closely with SDI colleagues to assess any inward investment opportunities.

Survey feedback

D.16 As part of our evaluation, stakeholders and businesses involved in SE and LLL activity were asked for their views on different aspects of the tourism sector in Loch Lomond. The most positive feedback was in relation to the enthusiasm and commitment to developing the sector (with 69% rating it good or very good). The quality of the tourism experience was also very positive (with 60% saying it was good or very good) and willingness to develop new ideas and approaches (56%). The feedback on workforce skills and sharing good practice was not quite so positive relative to other aspects.

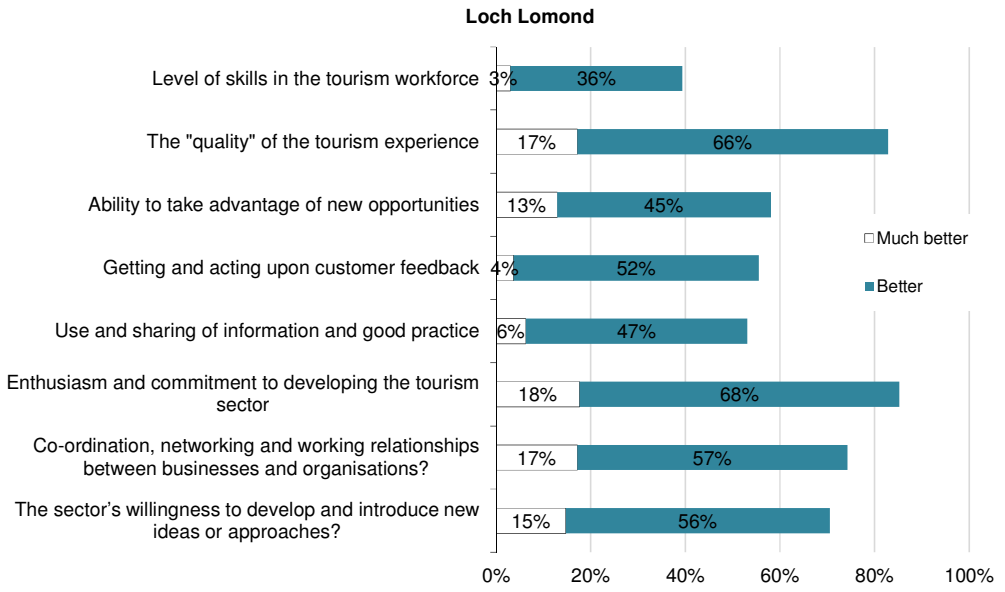
Figure D-2: Current assessment of the tourism sector in Loch Lomond



Source: SQW/IBP Survey – base 36

D.17 In terms of how these different aspects have changed over the past four years, the greatest improvements have been in the sector's enthusiasm and commitment to developing the sector (86% saying it is better or much better) and the quality of the tourism experience (83%).

Figure D-3: Perceived changes in the tourism sector over the last four years



Source: SQW/IBP Survey – base 36

D.18 The business survey asked for views on different activities that SE and LLL have been involved in over the past four years. The table below summarises the feedback in relation to the different areas of activities. The most positive scoring would appear to be in relation to

the one to one support provided by the DMO and the Our Park Visitor Payback initiative[43] although in both cases the feedback is from a small number of businesses. It is interesting to note that the highest numbers of responses relate to the DMO's marketing activity. This is perhaps not surprising since much of the DMO's activity has focused on marketing the area but does seem to be slightly at odds with SE's original aim of supporting Destination Management Organisations rather than Destination Marketing Organisations.

Table D-5: Business feedback on DMO/SE activities

Activity	No. of businesses	Average score (1=not useful, 5= extremely useful)	Comment
Love Loch Lomond DMO website	22	3.3	"Wonderful idea. A vehicle for our business to be promoted" "Too complicated. Not user friendly" "It has improved but not making a dent yet. Other local players doing it better so far. Get more enquiries from other sites"
DMO networking/ workshop events	15	3.7	"Same faces at all the events" "Networking is always useful, and it's good to keep up-to-date with new means of marketing, etc." "We are a voluntary organisation - attending events is difficult"
One-to-one support from Love Loch Lomond DMO	6	4	"Marketing advice has proved useful for off-season advertising" "Got a couple of videos done for website. Critical for development"
Market intelligence reports	7	3.4	"Show where enquiries are coming from and where they are from. It helps with marketing and targeting" "Helps confirm your feelings"
Marketing materials	16	3.9	"They focus the area very well. Easy and straightforward to use" "We have almost no budget for this, so "piggybacking" on to LLL is helpful" "Dated in appearance"
'OUR park' visitor payback scheme	4	4	"There's a place for it, just not a good time. People are squeezed enough in my sector."
Customer service training workshops	5	3.7	"Good to refresh my skills. I wasn't the only person that wasn't a park ranger. Not enough take up of it from local business"
Loch Lomond Waterbus project	4	3.7	"Brought visitors to our low level trail who would otherwise not have come" "No great incentive for people to use it. Workers were very poor here"
Master-planning activity in Balloch and	7	3.4	"Focus not entirely on tourism. Good talking shop. Not convinced things are

[43] This is a voluntary scheme which allows businesses' customers to donate funds which are then used for local projects to enhance the natural, cultural and outdoor recreational assets. It is based on a successful initiative in the Lake District

Activity	No. of businesses	Average score (1=not useful, 5= extremely useful)	Comment
Tarbet			implemented. Partly down to money. Some good ideas" "Frustrating not getting information"

Source: SQW/IBP survey

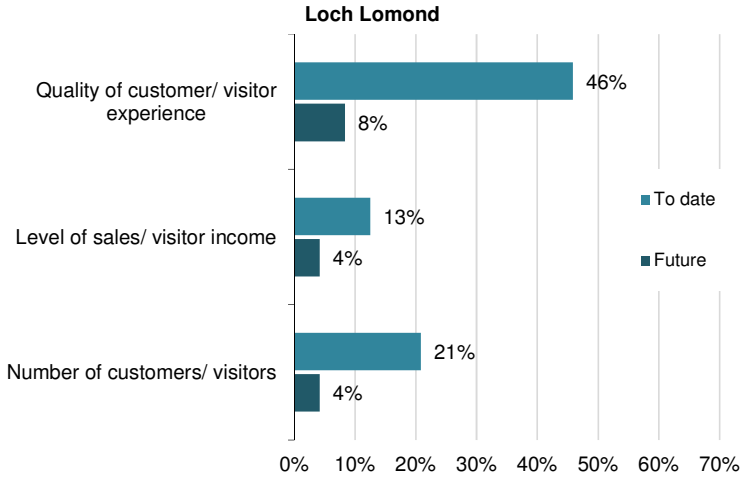
D.19 Based on their participation in any/all of these activities, survey respondents were asked how if these had led to any changes in behaviour. The graph below shows that two thirds of businesses reported some benefits from being involved in the activities. The most common types of benefits were helping to raise the quality of the visitor experience (highlighted by 63% of businesses) and help with collaboration (highlighted by more than half).

Figure D-4: Business changes following participation in LLL/SE activities

Source: SQW/IBP Survey – base 24

D.20 Nearly half of businesses (46%) stated that there had been an impact in terms of improving the quality of customer/ visitor experience as a result of SE/LLL support. Just over a fifth (21%) believed it had an impact on the number of customers/ visitors and 13% stated there was an impact on the level of sales. From the stakeholder consultations there were two examples of quantifiable economic benefit generated primarily by the Waterbus project.

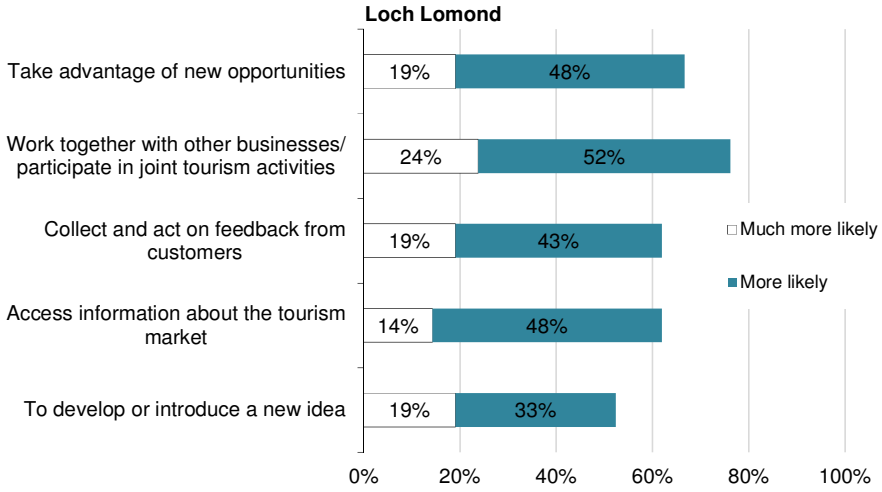
Figure D-5: Impact on organisation performance to date and future



Source: SQW/IBP Survey – base 24

D.21 Nearly three quarters of businesses stated that they were now more likely to work together with other businesses compared to four years ago (including 24% who were much more likely). Two thirds of businesses stated that they were more likely to take advantage of new opportunities (including 19% who were much more likely).

Figure D-6: Changes in business attitudes



Source: SQW/IBP Survey – base 24

Qualitative feedback

Strengths

D.22 The main strength of SE's support over the last four years was believed to be the Waterbus project. It has helped to raise the profile of the area, specifically reinforcing the untapped opportunities around water-based tourism and has helped to bring in new visitors as highlighted by two local businesses. The project was also viewed as a good example of partnership between SE and the National Park Authority.

D.23 Two businesses consulted as part of the evaluation have noticed a huge impact from the introduction of the Waterbus service in terms of the numbers of customers and level of business turnover. It is also having a positive impact in terms of opening up different areas by improving access. New attractions and food and drink establishments located close to stopping points for the Waterbus are reported to be in the planning pipeline which will further enhance the tourism offering.

D.24 Setting up the DMO was also seen an important achievement and is viewed positively in terms of providing a mechanism for more collaboration between local businesses. Many consultees spoke of a significant change in mind-set within the local tourism sector and highlighted the important role that Love Loch Lomond is playing in encouraging greater collaboration and a more strategic approach to developing tourism, particularly in terms of joint marketing.

D.25 The DMO website was generally thought to be good although some highlighted the need for more of a balance between marketing and business to business (b2b) elements. This is something which the DMO is currently addressing.

D.26 The increase in DMO members within first 18 months from 60 to 120 in the 18 months since the development manager was recruited was seen as a good illustration of increased interest and buy-in to collaboration and destination development. Although many consultees highlighted that with the DMO only being set up in 2010, it remains early days, but there seems to be more willingness and ability to promote the Loch Lomond destination rather than just promoting their own business. Improved knowledge of the local product has been helped by the DMO familiarisation trips.

Weaknesses

D.27 As highlighted earlier, initially SE planned to prioritise the whole National Park area and then decided to focus its investment only on the Loch Lomond area where it believed that it would ensure a better return on investment in terms of economic impact. The discussions with stakeholders highlighted a fair degree of confusion about the different geographies. The fact that following the creation of the Love Loch Lomond DMO, the National Park Authority then created a destination group has also added to the confusion.

D.28 There are clearly quite strong differences of opinion in terms of what is the 'destination' – some feeling that the designation of a National Park would in itself seem to signify a tourism destination whilst others suggested it is Loch Lomond which is the main attraction for visitors and so this is where SE should focus its resources. In recent years it would seem as though there have been some tensions between SE and the National Park Authority about who should be doing what, although we understand that there has been a closer more productive relationship in recent months and an improved understanding of each other's remits.

D.29 Although Love Loch Lomond now has around 150 members, the numbers involved in the marketing campaigns have, up until now, been quite modest with around 30-40 participating. There was also some anecdotal feedback suggesting the amount of business being generated by the website has been quite low (perhaps one of the reasons take-up of the campaigns has been low). The caveat for all of this of course that the DMO development

manager has only been in post for 18 months and so it will take a bit more time to generate wider interest.

D.30 There were some concerns that the DMO and SE's support has so far focused too much on marketing and not enough has been delivered in terms of product and skills development. Where SE has been involved in these areas it has provided small amounts of funding to the National Park Authority to support their initiatives such as the Our Park Visitor Payback initiative and the National Park Service Initiative. Although the Service Initiative delivered support to over 100 businesses in 2012, it was highlighted that only a third were actually businesses and the vast majority were in fact National Park rangers.

D.31 Although there has been some private sector development taking place in the destination, none of it has been supported directly by SE. There was a perceptions amongst some stakeholders that SE has been quite slow in agreeing a developer for its own West Riverside site with one consultee stating 'eight years of consultancy fees but little to show for it'. This contrast to the positive comments regarding the significance of SE's investment of £30 million in Lomond Shores in Balloch 10 years ago which continues to attract 1 million visitors each year.

Overall

D.32 Stakeholders believed that the area is more competent from the perspective that there appears to be more collaboration and a gradual change in mind-sets re the need to work together to develop the product and promote the area. One consultee specifically highlighted that some of the more active members such as World of Golf, Lomond Shores, Oak Tree Inn, Cruise Loch Lomond, Can You Experience are all trying new things and working more closely together. It was also generally believed to be more competitive mainly because of the improvements made to major accommodation providers, improvements made to infrastructure including the introduction of the Waterbus.

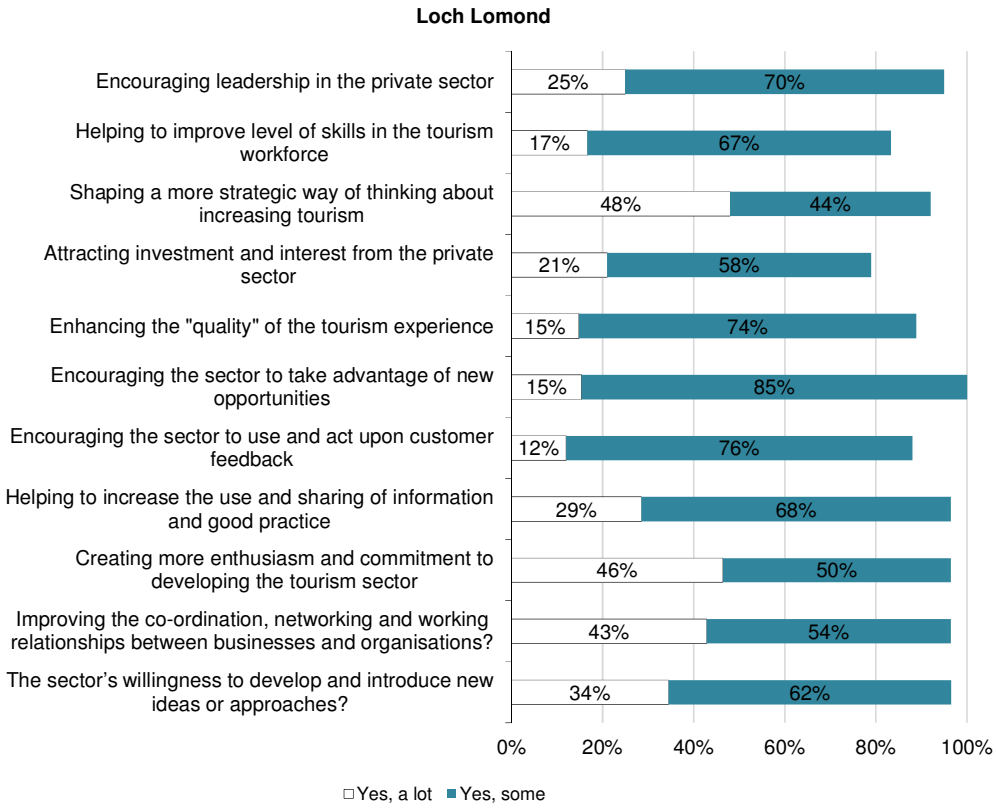
Impact of SE's support

Strategic Added Value

D.33 Both business and stakeholders were asked about the overall 'strategic added value' of the support provided by LLL and SE. All (100%) respondents stated that there had been some contribution to encouraging the sector to take advantage of new opportunities, but within this figure it should be noted that the 15% stating 'a lot' was lower than some other aspects.

D.34 In terms of where SE/LLL has had 'a lot' of contribution, the most positive responses were in terms of shaping a more strategic way of thinking (48%), creating more enthusiasm (46%) and improving networking and coordination (43%). Compared to other aspects, there was seen to be less contribution in terms of attracting investment to the area.

Figure D-7: Strategic added value of the support



Source: SQW/IBP Survey – base 36

Examples of economic impact

D.35 Two thirds of businesses reported some benefits from being involved in the support provided by SE and the DMO. Just under half reported impact in terms of improvements to the visitor experience and around a fifth thought that it had resulted in additional visitor numbers. However, when it came to asking about quantifying the impact, there was one respondent in the business survey who estimated that the range of SE support had contributed to around £20,000 of additional sales but then went on to say that most of the benefits would have been received anyway.

D.36 Furthermore in the case of most stakeholders, it was not possible to estimate the economic impact of the networking and marketing support that has been provided through the creation of the Love Loch Lomond DMO. The general view is that it is too early to measure any impact from its activity. However there were two notable examples who reported impact primarily on the basis of a discreet tourism project, to introduce a Waterbus service to Loch Lomond (a joint project between SE and the National Park Authority). One business attributed around £30,000 in annual sales as a result of the Waterbus project and for the other business the impact was even higher at £100,000 in additional sales. In both cases, it was stated that none of these benefits would have been realised without SE's support.

D.37 Other examples of economic impact can be seen in SE's support for local events in Loch Lomond which continued in 2008/09 but then came to an end. One event was the Get Active Festival. An economic impact study was undertaken of the 2007 event which showed that SE invested around £24,000 in staging the event and it generated net additional visitor

expenditure of around £17,400 for the Dunbartonshire economy and £3,500 at the Scottish level[44]. It is not unreasonable to assume that the 2008 event will have generated a similar low level of economic impact.

Conclusions

D.38 Over the four years, SE has invested around £440,000 in Destination Loch Lomond but within this figure around a third has been spent on strategies, feasibility studies and master-planning much of which has yet to come to any physical developments. Much of the ambition to increase tourism GVA as outlined in the original approval paper links to SE having some involvement in attracting new private sector development and new hotel capacity. This activity has not happened as yet but is expected to come through in the near future Therefore the remaining destination funding has been around £90,000 a year which has effectively funded the setting up and running of a DMO and the support for the introduction of the Waterbus service.

D.39 The Waterbus project has undoubtedly been successful now attracting around 10,000 passengers and operated on a fully commercial basis. It has clearly opened up access to new parts of the park and is acting as a catalyst for further water based developments. Although still early days for the DMO, the feedback suggests that based on the modest levels of investment being put in, it has already helped to encourage collaboration and enthusiasm amongst most of the key players in the local tourism sector.

D.40 Although the DMO already receives some contribution from members in terms of annual subscriptions, this remains a relatively minor contribution to overall costs. It is clear that without SE's support the DMO would not have been set up. Although there were a couple of businesses who would be prepared to increase their contribution (marginally), there was agreement that the DMO will continue to require SE support for the next couple of years at least as it investigates alternative funding models (e.g. it is already considering online advertising). With a core group of businesses already committing their time, it was stated that it would be unreasonable and unrealistic to expect businesses to volunteer more time to actually run and facilitate the DMO, a role which is seen as fundamental to its success.

Recommendations

D.41 The main recommendations in relation to SE's destinations activity in Loch Lomond based on the feedback from consultations and the business survey are set out below.

- Ensure greater buy-in to existing marketing activity - although the DMO now has around 150 members, the numbers involved in the marketing campaigns have, up until now, been quite modest with around 30-40 participating. The development of case studies and testimonials on the benefits of being involved in these campaigns would help attract more interest.
- Ensure a greater focus on developing the sector in addition to marketing - the focus of DMO appears to have been mainly on marketing activity. More needs to be done

[44] EKOS (2007), Get Active Loch Lomond Festival: Event Evaluation

in the areas of product and skills development and this will require a more joined-up approach from SE and the National Park Authority. SE's support for DMOs should focus mainly on developing the businesses within the sector rather than helping with marketing.

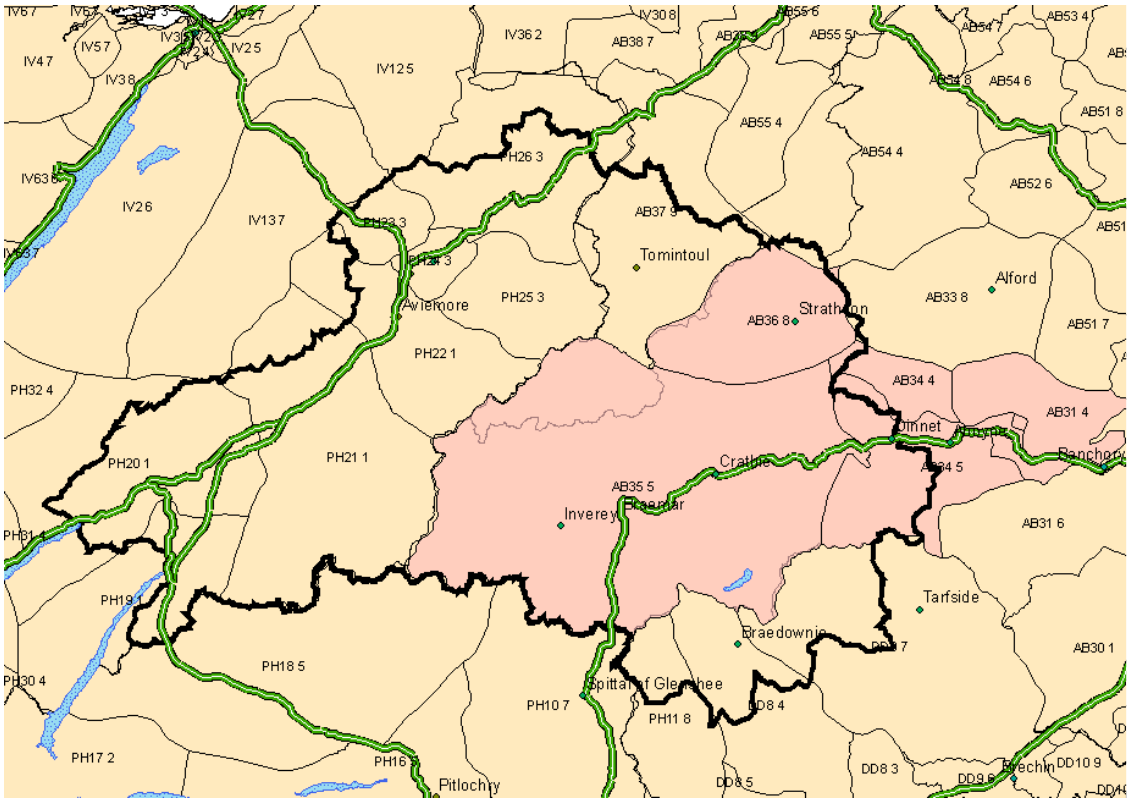
- Increase efforts to accelerate development of West Riverside site - there is a perception amongst local stakeholders that SE could have progressed development at this site quicker than has happened. This should be a priority not only from SE's perspective but also in terms of securing investment and supporting economic development in the Loch Lomond destination.
- Consider other tourism infrastructure projects - focusing on the projects identified by stakeholders, such as new paths and cycling facilities, would help SE bring businesses together, beyond the marketing role of the DMO.

Annex E: Royal Deeside

Local context

E.1 Royal Deeside covers the East and South of the Cairngorms National Park and continues further east along Deeside and through Aboyne. It essentially covers the Dee valley and the A93 from Braemar and east to Banchory. This is a rural area but with relatively little tourism resort development. The postal districts used for the analysis are: AB31 4; AB34 4; AB34 5; AB35 5; and AB36 8. These are shown in the map below along with the boundary of the Cairngorms National Park.

Table11-8: Geographic definition of Royal Deeside and the Cairngorms



Source: SQW

Main tourism developments over last four years

E.2 Although the original plan for the destination stressed the importance of improving accommodation and attracting new investment, there has been relatively little tourism development in the area since 2008. The destination plan set out "stimulating private sector investment in accommodation and tourism facilities" as a key output and SE has invested in research to identify potential sites. However, the financial crisis and subsequent recession made attracting new investors much more difficult.

E.3 In general the past few years have seen a continuing shift from serviced accommodation to non-serviced. The accommodation audit undertaken by TRC in 2011 found that, over the past six years, while the number of rooms available in the Deeside area had increased by almost 400, there had been a fall in serviced accommodation and a significant increase in

non-serviced rooms. The transition of the Hilton Craigendarroch Hotel to self-catering timeshare is the highest profile example. Feedback from consultees is that the area continues to need higher quality accommodation and investment to attract new visitors and support activities.

E.4 The only method of measuring the value and volume of tourism in Royal Deeside is by using accommodation stock and occupancy rates to estimate the number of bed nights in the area. Because little or no occupancy data was supplied by accommodation businesses in for the Scottish Accommodation Occupancy Survey, the estimates have been based on the occupancy figures collected by TRC as part of their study in 2011 (they also noted the difficulties they had in gathering information).

E.5 The figures suggest that the value of staying tourists has grown from £44 million to £50 million, an increase of 14% (compared with the national increase of 11%). This is due to the expansion in self-catering accommodation and assumptions on occupancy.

Table E-1: Estimates of visitor expenditure

	Total expenditure made by staying visitors £m		
	2007 baseline	**2009 update**	**2011 update**
Total visitor spend (£m)	43.6	42.4	49.5
Total staying nights (incl VFR)	844,000	825,000	870,000
Total staying nights (excl VFR)	740,000	771,000	807,000

Source: SQW data 2008 – 2011

Aims and objectives

E.6 The Royal Deeside and Cairngorms plan 2009-2012 was approved for expenditure of £1.23 million. Royal Deeside and Cairngorms was identified by SE as a key destination and the plan sets out how the support will be delivered and what will be achieved. The plan focusses on the DMO and product development with a third of the funding earmarked for the Deeside Way and around £200,000 for resort/accommodation support. The original plan envisaged contributing to a growth in tourism of 3% to 6% a year.

E.7 Most of the objectives, in terms of *activities* have been completed, for example, numbers of events, attracting 100 members, business events and workshops, marketing activities, however the measure of tourism growth requires data to 2012, which is not available yet and will include Deeside Way. Growth in tourism is also hampered by the lack of investment in new resort development relative to what had been anticipated. While the figures suggest overall growth, it does not necessarily reflect the role of the DMO.

Activities

E.8 The DMO has been the link to the delivery of many of SE's initiatives including innovation workshops, social networking, marketing and LTOV. Unusually, the destination funding also included one-to-one business support for 19 businesses. The DMO developed the Royal Deeside Larder brand which is used to promote all the food and drink activities in the area and was awarded VisitScotland Challenge funding which was used to develop its web based marketing.

E.9 An accommodation market review and subsequent analysis made clear the importance of attracting new high quality accommodation development to Deeside. This was an important theme for SE in 2008 and several feasibility studies were supported. However, deteriorating market conditions have meant that there has been limited progress in new developments. It is estimated that the destination has increased bed spaces by 384 (around 10% of the total stock) in the last 2 years (mostly non-serviced).

E.10 A number of food initiatives were developed and delivered, including Tanalonga, the Venison Festival, Dine on Deeside and Deelicious magazine. The Enchanted Glen in 2009 attracted 4,000 visitors and the Enchanted Castle in 2011 attracted over 7,000 visitors and generated media coverage including ITV Daybreak and STV News.

E.11 Support was provided for the costs of a development officer for the Dee Fish Initiative. This is a project which brings together unsold capacity of fishing beats and has been very successful, becoming self-funding and linking tourism services in Deeside. SE has also funded the Deeside Way which is due to be completed in 2013. This is a combined 45 mile pedestrian/cycleway between Aberdeen and Ballater. Once it is officially open (2013) it should provide opportunities for Deeside businesses to use the route to help attract visitors, although no appraisal has been done which quantifies the number or profile of potential visitors.

E.12 A programme to support the refurbishment of Victorian frontages in Aboyne was started and is now being delivered through Mid Deeside Development Trust.

E.13 The themes and the activities delivered through the SE Destination support are set out in the Table below

Table E-2: Deeside themes and activities delivered

Theme	Activities
DMO management & product development	19 businesses engaged action plans developed and in 13 cases completed
	Various Web development projects supported including Members section
	Marketing plan
	Creation and development of The Deeside Larder Brand
	New website launched 2009
	24 Monthly What's on Guides (Web based)
	2 Annual What's on Guides (Web based)
	Tanalonga Sept 2010;
	Venison Festival 2010 & 2011
	4 x Deelicious Magazine2010
	Dine on Deeside 2011
	Deeside Sessions 2010 & 2011
	Top Ten walks (Web based)
	Visitor Itineraries (Web based)
	23 workshops delivered training 460 individuals. Topics covered LTOV, SE Web Development, SE Marketing, Social media, 9 businesses engaged with Dove/ Customer feedback
	Innovation session Oct 2009
	11 Business 2 Business meetings delivered with 326 businesses attending.

Theme	Activities
Support for Dee Fish initiative	Generated £100,000 in revenues for the River through profits from whisky sponsorship. 8 new fishing huts and toilet facilities installed on beats. Web traffic up 2 million visitors from Feb to Oct 2011 a 33% increase on last year
Research	Accommodation audit and action plan completed March 2010, several areas of opportunity identified with action commenced on some projects. Report produced that influenced the subsequent range of Food events delivered by the DMO Report produced, activity working group formed. Report delivered Sept 2011 issues feed into new strategy and business plan.
Events	2009 - Enchanted Glen, 4,000 visitors 2010 - Enchanted Castle cancelled due to bad weather. 2011 - Enchanted Castle delivered in November and extended from 3 to 4 nights. Visitor numbers reached over 7000.exceeding target of 6000 Tanalonga 2010 Venison Festival 2010 & 2011 Dine on Deeside 2010
Deeside Way	Penultimate section completed this year and full route to be completed in 2013, which should create new opportunities for businesses in the area.
Resort & Accommodation development	Preliminary appraisal of potential resort development opportunity near Aboyne completed, potentially viable opportunity for the development of a significant scale resort 3 businesses assisted with accommodation development feasibilities to date, but progression constrained by current financial climate
Victorian Frontage Restoration	Mid-Deeside Ltd appointed April 2011 to project manage an application for LEADER funding to match private sector contributions on behalf of interested businesses.

Source: SQW Adapted from SE papers

SE investment vs what was planned

E.14 The Table below sets out the planned and actual expenditure between 2009 and 2012. The actual spend was almost £1 million, below the £1.2 million planned. The resort and accommodation support was significantly less than anticipated given the economic conditions and the Victorian frontage project has had a much lower take up than expected. Spend on the Deeside Way has also been less than budgeted.

E.15 There is now a new approval in place providing support of £380K over the next three years. Essentially, the new approval covers the operation of the DMO and some support for accommodation development, but without the Deeside Way and Victorian frontage restoration, there is a reduction of around a third.

Table E-3: Deeside destination expenditure

(£ 000s)	Planned expenditure 2009 - 2012	Actual 2009 -2012	Approved 2012 - 2015
DMO management & product development	490	490	330
Resort and Accommodation	190	47	50
Victorian frontage restoration	60	17	0
Deeside Way	490	412	0
SE Total	**1230**	**966966**	**380**

Source: SE data

Survey feedback

E.16 The survey, from a list of the RDCDMO membership, generated responses from 19 businesses.

Current conditions

E.17 The survey asked businesses to rate the current tourism conditions in Deeside. The highest score is for quality (77% considered it to be good or very good) and use and sharing information. The lower scores were around the sector's willingness to develop new ideas, using feedback and the ability to take advantage of new opportunities. Generally the scores were slightly less positively than the average for all destinations.

Figure E-1: Current assessment of the tourism sector

Source: SQW/IBP Survey – base 19

E.18 All aspects had improved over the past four years. Specifically, the enthusiasm and commitment in the sector and its willingness to introduce new ideas and approaches.

Change was weaker around the use of customer feedback, skills and changes in the quality of visitor experience.

Figure E-2: Perceived changes in the tourism sector over the last four years

Source: SQW/IBP Survey – base 19

E.19 Businesses were asked to score and comment on the activities supported by the DMO and SE. The website and networking had been used by most respondents and the scores were fairly mixed. The networking was useful and Dee Fish scored well. The events also scored well although the comments were more mixed. Feedback on the marketing activities was lower.

Table E-4: Business feedback on areas of activity

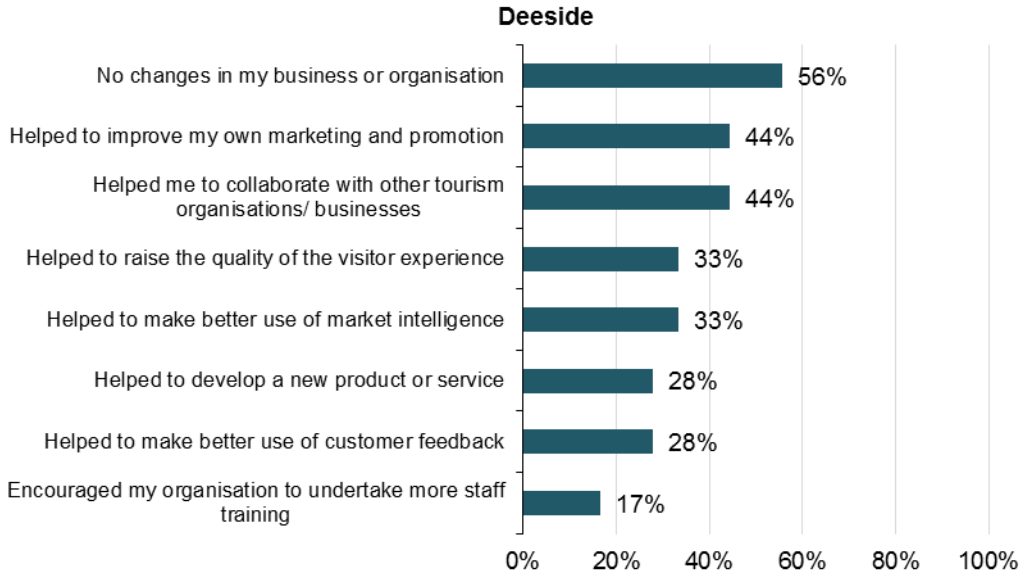
Activity	No. of businesses	Average score (1=not useful, 5= extremely useful)	Comment
DMO website	14	3.5	Useful for visitor itineraries Have been able to easily update our profile, check out events, activities and intelligence CBP more useful, what's on It's not generated much business for us Probably does not impact our business
DMO networking events? (e.g. Business to Business meetings, Listening to Our Visitors, workshops)	13	3.7	Networking is the best part B&B Hilton (May), nothing new, not relevant. Workshops more useful Some relevant, some not Not worth it You meet new people and learn new things It didn't do much for us

Activity	No. of businesses	Average score (1=not useful, 5= extremely useful)	Comment
			Provides factual quality information
Market intelligence and research reports e.g. outcomes of workshop on food tourism or with activity providers	9	3.3	Already know information as we provided it It showed that there is a long way to go It gives a few trends No effect Relevant reports were good and local info of particular interest
Events or related activities e.g. Venison festival, Tanalonga, Enchanted Festival)	7	4.0	Interesting, but no use Generated publicity Used as a vehicle to increase custom Was not relevant to our business
Dee Fish activities	4	4.0	Direct access to fishers and brings fishermen It's a very good system Getting customers to the area
Development of the Deeside Way	2	4.0	Deeside is further down the valley, not too close to us Very few people use it, just locals
Victorian Frontage Restoration	4	3.3	Initiative is good but there should be some coordination of local traders
Marketing activities (e.g. Brochures, Larder brand and other food initiatives)?	11	3.1	Didn't get anything from it We've had one or two visitors, but it's not had time to grow More aware of what's out there No benefits, no guidance I was involved in Activities Forum but it did not take off Using their E-Flyer service

Source: SQW/IBP survey

E.20 Deeside has a fairly high percentage of the businesses that did not feel that participating in the activities had resulted in any changes in behaviour (55%). Of those that had made changes, most were in relation to greater collaboration and helping to improve their own marketing.

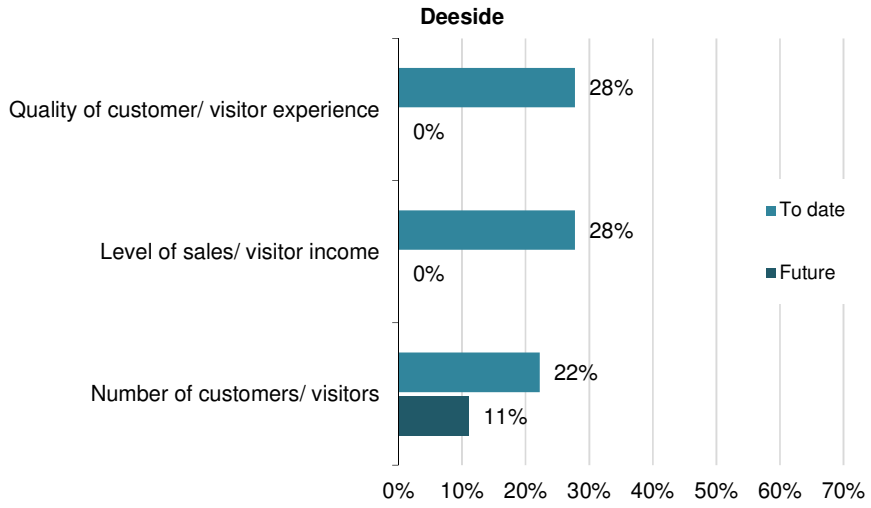
Figure E-3: Business changes following participation in DMO/SE activities



Source: SQW/IBP Survey – base 18

E.21 As a result of these changes in behaviour, around a fifth to a quarter of businesses considered that this had impacted on the number of customers/visitors and on levels of sales or income. These figures are slightly higher than the result for all destinations. A higher proportion believed that this had resulted in a better quality customer experience.

Figure E-4: Impact on organisation performance to date and future

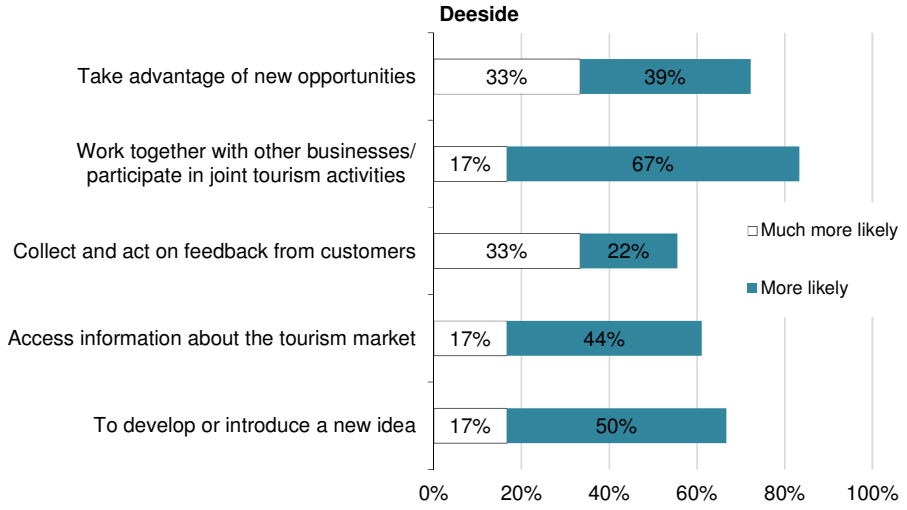


Source: SQW/IBP Survey – base 18

E.22 In terms of their own business outlook, a third felt that they were "much more likely" to take advantage of new opportunities as a result of the DMO and SE, and to collect and act on customer feedback. The impact on intentions to use information on the tourism market and to work together, were weaker. Between 15% and 30% reported that they were much more

likely to act differently as a result of the interventions. Across the DMO membership this is around 10 to 20 businesses.

Figure E-5: Changes in business attitudes



Source: SQW/IBP Survey – base 18

Qualitative feedback

E.23 Although the feedback from consultees was mixed, there was a consensus that progress had been slow. Views differed more significantly on how effective the DMO could be in the future.

E.24 There has been progress in bringing businesses together, examples of joint work and good workshops/sessions. The events have generated good publicity, raised the profile of Royal Deeside and had some impact on increasing referrals between businesses. However, the DMO has faced a lot of challenges. One of the core strands of SE's work in Deeside was increasing the quality of accommodation and attracting investment and this has stalled in the recession.

E.25 The difficulties were compounded by the role of the previous manager. Ex-board members were frustrated by the lack of progress and did not consider it had delivered as planned. Over the last few years there had been an increasing sense that the DMO was not making much difference and was hindered by issues around the manager's role and the structure. Businesses did not seem convinced that it was generating new trade.

E.26 The current board are of the view that they are now making progress ("green shoots"). There is more interest in what they are doing and membership has increased. The focus has been on getting the DMO into a position where it can start to work more effectively.

E.27 A key to getting support is demonstrating the value that the DMO brings. There needs to be more done to convince businesses that they are delivering value. More local (self) publicity would help generate interest.

E.28 Resources are very limited and The DMO also believes that their resources are becoming too limited to be able to make a significant difference.

E.29 While the events that have been supported have been successful, they were perceived as being more "local" or regional and it would take a long time to reach national significance. Four per cent of those attending Enchanted Castle used accommodation in the area, for example.

E.30 Consultees raised the issue of whether there were enough businesses that really wanted to grow. Most are small and find it difficult to find the time or resources to invest and this will limit the potential impact that SE can have. Is there the scale, or enthusiasm for this type of activity. Many of the consultations seemed be members out of duty rather than because of the potential benefits.

E.31 The relationship with the Cairngorms Business Partnership is another complicating factor. Views among consultees were divided between those that felt that the DMO should merge with the CBP and those that believed it was important to retain a Deeside DMO. The formation of the Aberdeen DMO gives another partner to potentially work with.

E.32 Dee Fish has been a success, raising the profile of the river and generating additional business for Deeside. Despite its importance to Deeside, and the potential to provide links and join up activity, it was not a member of the DMO.

E.33 The DMO is now delivering its services through a team working part time, rather than a single DMO manager, which they have not been able to find.

E.34 The research has been useful and conclusions on accommodation do seem to have informed businesses thinking. The problem has been the lack of investment to follow this up.

E.35 The Deeside Way is regarded as a good project which will be an asset for the area, but there has not been a lot of interest yet from businesses.

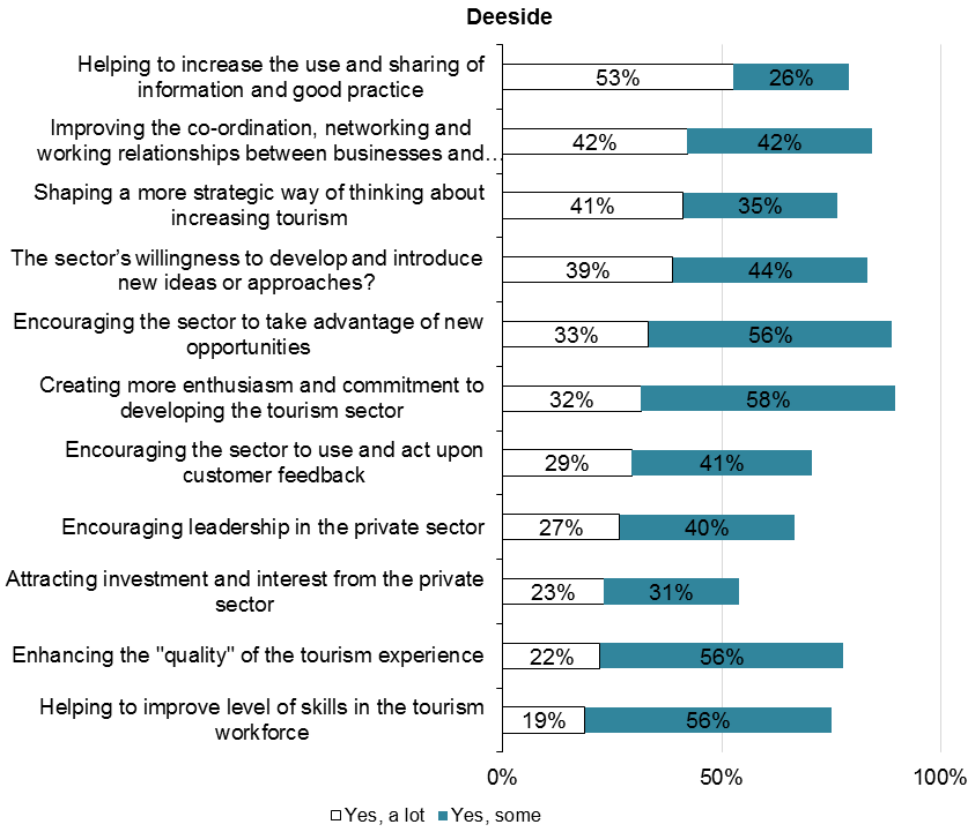
E.36 Most consultees felt that there had been progress, just not much, and while it is a more competent and competitive destination than when the project started, there has not been the scale of change that the plan and the DMO itself envisaged at the start of the process.

Impact of SE's support

Strategic Added Value

E.37 The areas where SE and the DMO have contributed to the development of the destination are in relation to increasing the use and sharing of information, improving networking and more strategic thinking. Around a third to a half of the businesses considered that it had contributed "a lot" to these. It has been weaker in contributing to the "quality" of the destination, skills and attracting investment.

Figure E-6: Strategic added value of the support



Source: SQW/IBP Survey – base 19

Examples of economic impact

E.38 It has grown from 40 members to 100, and now has around 85. Around a quarter reported some change in the number of visitors and income. Three of the businesses in the survey provide quantification of the impact. Of these, two are around £1,500 and one £15,000.

E.39 Event evaluations suggest that the number of people attending from outside the area or staying overnight is relatively small. Dine on Deeside evaluation reported that "businesses did not see a marked increase in turnover during the two weeks". The evaluations show that 5.8% of 5,000 visitors to Enchanted Glen in 2008 were from outside Scotland. This would represent 290 visitors staying overnight. Another evaluation found that 3% of 7,600 at Enchanted Castle in 2011 were from outside Scotland. This would represent 228 staying visitors from outside Scotland.

E.40 Taken together this gives 518 visitors. Attributing the average for Aberdeen and Grampian expenditure per person per night (£60 per person) gives a £31,000 in additional expenditure.

E.41 This additional activity will also have knock on "multiplier" effects on suppliers and as a result of the profits and wages that are paid as these are recycled through the economy. The Scottish Government produce GVA effect ratios which can be applied to increases in output

to give GVA values (which include the multiplier effects)[45]. The type II GVA effect multiplier is 0.86 for Hotels, Catering, Pubs etc (SIC 92).

E.42 Applying this ratio gives net additional GVA to Scotland of just less than £27,000 from these events.

E.43 75 pieces of media coverage were generated by the Venison Festival in 2010 and the same in 2011. 10 businesses participating reported increased turnover.

E.44 The initial resort/accommodation plan was based on seven projects, each assumed to create 40 new bed spaces. In practice, as a result of the market, the feasibility studies have not led directly to significant new accommodation development – although there are estimated to be 384 new bedspaces in Royal Deeside[46] and evidence of some upgrading of accommodation.

E.45 The Deeside Way is currently used, but anecdotally this is mostly by local people and day trips. The opportunity to increase tourism numbers will increase significantly when it is finished and marketed, but to date the economic impact will be small.

Conclusions

E.46 The consultations made clear the challenges that the DMO has faced. Development has been much slower than anticipated and some consultees did not think it had made much difference at all. Most, however, would agree that some progress had been made. There was a bit more collaboration, although this was seen as being patchy. A number of consultees still felt that businesses were not convinced of the benefits of the DMO and there were concerns about whether the destination has the business base it needs to deliver the scale of activity required to make the investment worthwhile.

E.47 Perhaps more than other destinations, the recession and the difficulties in attracting accommodation development have affected the potential impacts. In light of the consultations, the survey results are reasonably positive. However, these are likely to be the most engaged businesses. Taking this into account the direct economic impacts over the past four years are likely to be modest, given the amount of investment.

Recommendations

E.48 Looking ahead, the most pressing issues are:

- Resolve issues of overlap with Cairngorms Business Partnership - given the scale of the DMO we recommend that it develops a closer relationship or merger. Without this there is confusion over the two organisations and Deeside lacks the scale to generate the benefits needed to produce the return that SE needs.

[45] Multipliers – type II GVA effect multipliers were selected from Scottish Government input-output tables (2007) for the tourism sector (SIC 92 Hotels, Catering, Pubs etc)
[46] Data from TRC Accommodation Audit 2010

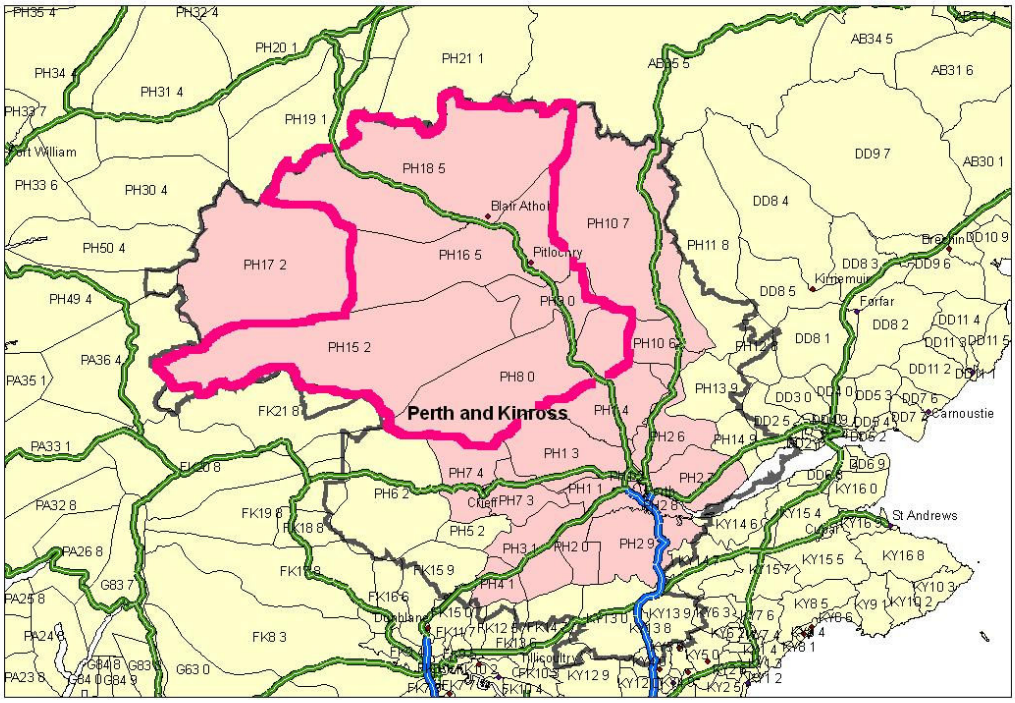
- Now that the admin and structures have been addressed, the DMO now needs to demonstrate to members and potential members what is being achieved, using case examples, press releases and other media to promote themselves.
- Ensure greater understanding of the market for DMO support - an assessment of the business population, who will participate and the potential for growth, would help clarify the scale of the task.
- Look at improving monitoring tourism activity in the destination – use members to share occupancy data to understand the market, visitor feedback etc, for example.
- Align local activity with national objectives where possible/appropriate - Need to set out a stronger link to national SE objectives of growing GVA and how activities will contribute to this.
- Prioritise a small number of activities that can generate the greatest impact - in the past there have been too many objectives given the scale of funding. It will be important to focus on a small number of activities, make them clear and measure the impact.

Annex F: Highland Perthshire

Local context

F.1 The geographic definition of Destination Perthshire was changed between the initial baseline work and the last update from 2010. It now also covers the following five postal sectors: PH8, PH9, PH15, PH16, and PH18. This area is illustrated below (Figure F-1).

Table F-1: Geographic definition of Perthshire



Source: SQW

F.2 Based on SQW's destinations monitoring, total staying visitor expenditure in Highland Perthshire has increased from around £89 million in 2007/08 up to £121 million in 2010/11. The total staying nights figure has increased significantly over the three year period from 1.7 million to nearly 2 million. This reflects a recent increase in the supply of bed spaces in the area which in itself reflects positively on the tourism performance of the destination.

Table F-1: SQW estimates of key tourism figures for Highland Perthshire

	2008	2010	2011
Total visitor spend (£m)	88.96	101.18	121.46
Total staying nights (incl VFR)	1,713,000	1,772,000	1,993,000
Total staying nights (excl VFR)	1,622,000	1,666,000	1,933,000

Source: SQW

F.3 The DMO Highland Perthshire Ltd has been operational for two years now. In the two years prior there was a lot of discussion between SE and various partners about the geographic

coverage of the destination. Originally, the destination was going to cover the whole of Perthshire but due to the number of partner organisations, SE decided it would focus its investment and support on Highland Perthshire. This decision caused some tensions with local stakeholders in other parts of Perthshire. The focus of the DMO right from the start was to help coordinate local partners to come together and jointly promote their destination. When the DMO was set up, there were existing tourism groups in the area: Blair Atholl Tourist Association; Dunkeld & Birnam Tourism Association; Explore Aberfeldy, the Pitlochry Partnership and Rannoch & Tummel Tourism Association (combined membership of over 400 businesses)

F.4 During the last four years there has been limited private sector investment with developments such as Taymouth Castle stalling due to the recession and access to finance. The proposed Gateway Centre at Blair Atholl has also been delayed because of funding problems. There have been some additional self-catering units at Mains of Taymouth but proposals for a budget hotel in Pitlochry have come up against significant local objection.

Aims and objectives

F.5 The aims of the Destination Perthshire strategy as highlighted in the 2009 and 2010 approval papers are:

- To stimulate stronger industry ownership and responsibility for the delivery of the industry strategy
- To stimulate business growth by working with companies within geographical destination and product areas to develop tourism products with genuine international competitive advantage in the key areas of activity tourism, food/ whisky and based around the natural environment
- To attract inward investment tourism propositions, particularly resort development, timeshare, fractional ownership, etc to deliver a higher value and higher quality tourism accommodation.

Main areas of activity and investment

F.6 The main activities have involved setting up and then supporting the Highland Perthshire DMO which was established in March 2010. Since then a new DMO website (www.highlandperthshire.org) has been created and a strategy and action plan has been developed. The three main themes of the strategy are: brand awareness, product cohesion and presentation; skills, best practice, and collaboration; and infrastructure and product development.

F.7 The DMO has one full-time development manager and one other part-time support post. In terms of internal SE staff resource, this amounts to 0.4 FTE which accounts for attending DMO meetings and providing on-going support to the DMO development manager.

F.8 The DMO has organised networking events and provided one to one advice to local businesses and tourism groups. A joint marketing booklet was produced and SE and the DMO have provided various market intelligence reports (e.g. Highland Perthshire Visitor

Survey and Accommodation Survey). The DMO has been actively helping to promote Highland Perthshire as a cycling destination by working with Highland Perthshire Cycling to develop cycling route cards and cycling hubs.

F.9 In terms of developing new tourism products for Highland Perthshire, SE has supported Highland Fling to open a bungee jump attraction at Killiecrankie. SE is also providing on-going support to the Pitlochry Festival Theatre development (recently providing funding for a feasibility study). Over the last four years, SE has also supported the work of Perth and Kinross Countryside Trust and has provided funding for Big Tree Country, some new path networks, visitor interpretation and local events.

SE investment

F.10 It is understood that there was no expenditure in relation to Destination Highland Perthshire in 2008/09 due to on-going discussions about the geographic coverage of the DMO. In the subsequent three years, the total SE investment has been £287,000 which includes the consultation and development work carried out in 2009/10 and then the costs associated with setting up and running the DMO and its activity. Overall expenditure has been in line with anticipated expenditure as set out in the 2010 approval paper.

Table F-2: SE investment (£'000s) – destination budget only

Area of activity	2008-09	2009-10	2010-11	2011-12	Total
DMO Management and activity support	0	59	100	128	287
SE Total	0	59	100	128	287

Source: SE 2010 approval paper

Numbers of businesses supported

F.11 Based on our consultations, it was suggested that there are 40-50 'active' members of Highland Perthshire including 10-20 particularly involved in the cycling work.

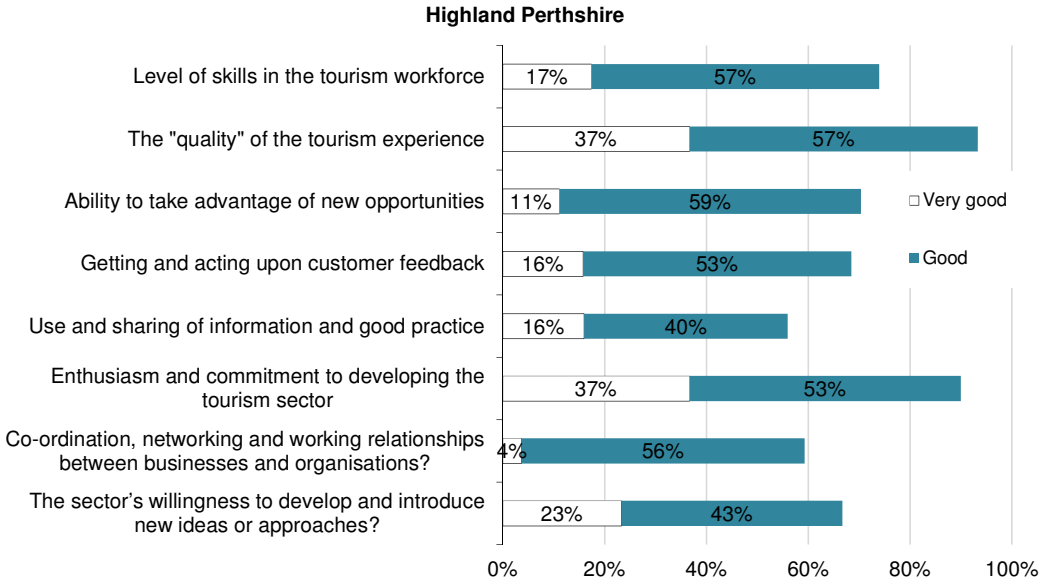
Supporting activity

F.12 In addition to the destinations activity, SE provides support to three Account Managed tourism businesses in Highland Perthshire (Highland Fling, Nae Limits and Pitlochry Festival Theatre). In 2010 SE provided support towards the set-up costs of a company and also provided £100,000 to the Big Tree Country initiative between 2005 and 2008 (out of total investment of £1.8 million).

Survey feedback

F.13 Stakeholders and businesses involved in the local tourism sector were asked for their views on different aspects of the sector in Highland Perthshire. The most positive feedback was in relation to the quality of the tourism experience with 94% stating it was either good or very good. A similar proportion of respondents (90%) believed the enthusiasm and commitment was either good or very good.

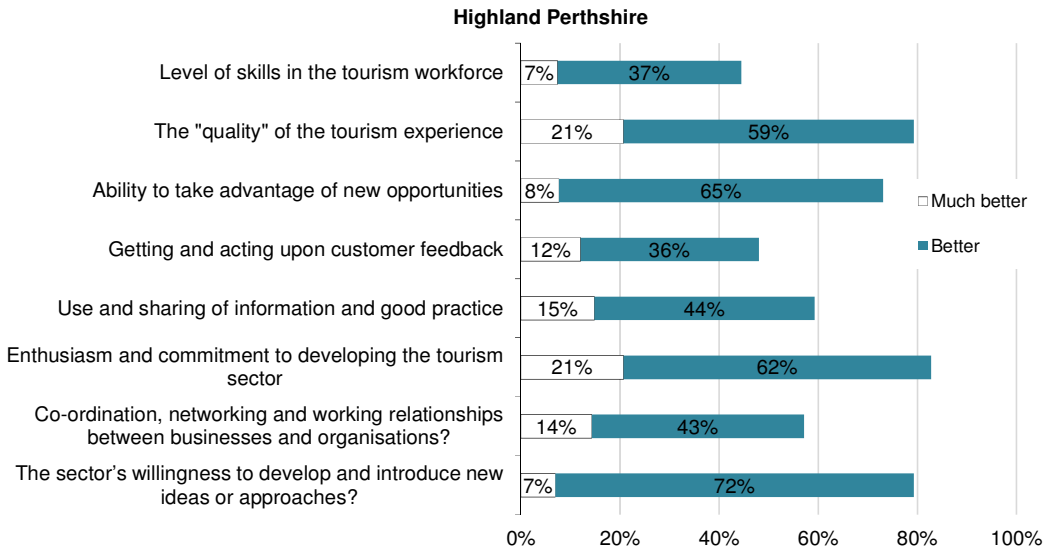
Figure F-2: Current assessment of the tourism sector in Highland Perthshire



Source: SQW/IBP Survey – base 32

F.14 In terms of how these different aspects have changed over the past four years, the greatest improvements have been in the sector's enthusiasm and commitment (83% saying it is better or much better compared to four years ago), the quality of the tourism experience (80%), and willingness to develop new ideas and approaches and coordination and networking (79%).

Figure F-3: Perceived changes in the tourism sector over the last four years



Source: SQW/IBP Survey – base 32

F.15 The business survey asked for views on different activities that SE and the Highland Perthshire DMO have been involved in over the past four years. The table below summarises the feedback in relation to the different areas of activities. The most positive feedback is in relation to the one-to-one support from the DMO demonstrating that where

businesses know about the DMO and have received direct support this has been very well received.

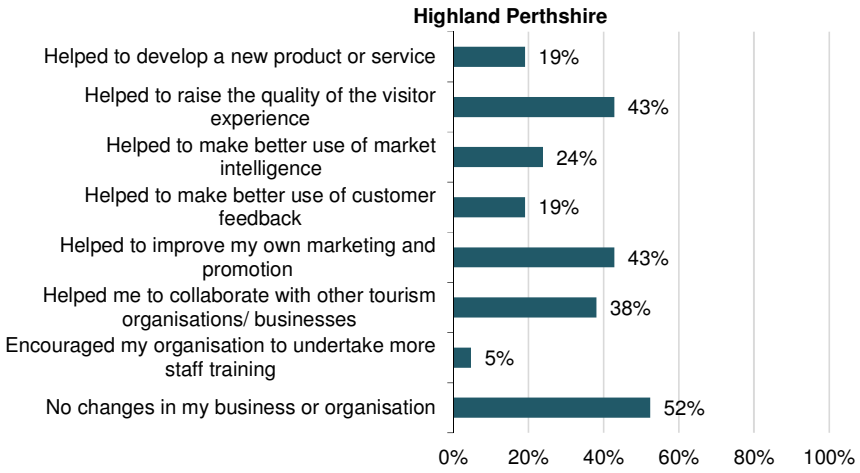
Table F-3: Business feedback on DMO/SE activities

Activity	No. of businesses	Average score (1=not useful, 5= extremely useful)	Comment
Highland Perthshire DMO website	17	3.4	"We're on it, but haven't seen any benefit" "It could be better, more visually appealing" "Useful, easy to navigate. Just haven't had enough time to do more"
Highland Perthshire DMO workshops	6	3.6	"Very enthusiastic. Lots of stuff on our to do list" "Gets us involved more with small local businesses"
One-to-one support from Highland Perthshire DMO	11	4.2	"Always at end of phone to help when required" "They know how to help me – the support is tailored to develop my product"
Market intelligence reports	13	3.5	"Let us get information we would not normally have been able to" "Most of it was known already"
Joint Marketing Booklet	12	3.5	"Handy to mail out" "Nice brochure"
Development of cycling route cards and cycling hubs	7	3.2	"Part of a damage limitation exercise team. Initially these were very poorly done" "Looking to promote them in future"

Source: SQW/IBP survey

F.16 Based on their participation in any/all of these activities, survey respondents were asked how if these had led to any changes in behaviour. The graph below shows that 48% believed there have been some benefits to their business or organisation. The most common examples were around helping them to raise the quality of the visitor experience (43%) and helping them to improve their own marketing and promotion (43%)

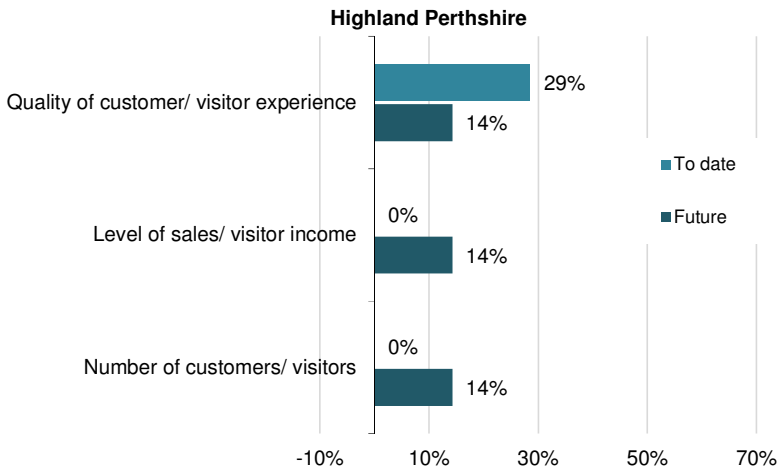
Figure F-4: Business changes following participation in DMO/SE activities



Source: SQW/IBP Survey – base 21

F.17 Just under a third of businesses (29%) stated that there had been an impact in terms of improving the quality of customer/ visitor experience as a result of SE/DMO support. None of the businesses reported any changes to the number of customers/ visitors or level of sales. When asked about future impact, 14% of businesses stated that there would be impacts in quality of customer/ visitor experience, the number of customers/ visitors and level of sales.

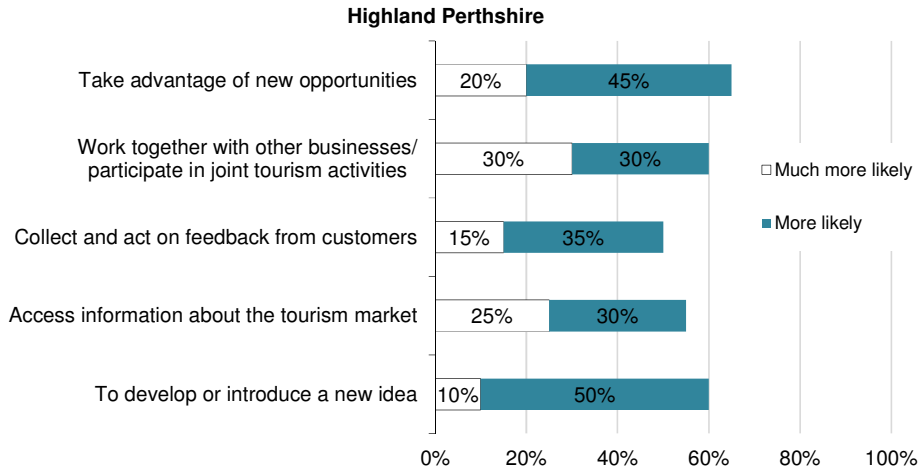
Figure F-5: Impact on organisation performance to date and future



Source: SQW/IBP Survey – base 21

F.18 Looking at businesses' individual attitudes, 65% stated that they are now more likely to take advantage of new opportunities and 60% are now more likely to introduce new ideas or approaches.

Figure F-6: Changes in business attitudes



Source: SQW/IBP Survey – base 21

Qualitative feedback

Strengths

F.19 The main strength of the support provided in Highland Perthshire is the establishment of the DMO and thereby starting to encourage local businesses and organisations to think more strategically. It was highlighted that the first DMO meeting was the first time that all five tourism associations had come together. Based on consultation feedback there appears to be genuine enthusiasm from the five tourism associations that make up the DMO.

F.20 The development of the DMO website was also viewed positively although some highlighted the confusion with another operator using a similar website address. The fact that online content has now been standardised across the DMO and individual tourism association websites was seen as useful in providing consistent quality and presentation of visitor information. The online library of visitor information (details of where to stay and places to visit) has also been made available to individual tourism businesses which has helped them improve their own product. Some highlighted that website development has created a tangible link between the five associations which is seen as a starting point for further collaboration.

F.21 The DMO has worked closely with Perth and Kinross Countryside Trust and Highland Perthshire Cycling in developing the cycling product through improved visitor information (cycling route cards, promoting the Highland Perthshire cycling festival) and working with individual businesses to make them more cyclist-friendly (introducing cycle racks etc.). A significant amount of effort has gone into this area of work and consultees highlighted it as a good example of the DMO supporting product development. Encouraging more cycling (and walking) is seen as an important way of keeping tourists in the area for longer periods and increasing levels of visitor expenditure. Hosting the Etape Caledonia and the Highland Perthshire Cycling Festival is helping to increase the area's profile for cycling tourism.

F.22 The DMO also funded a Visitor Survey in 2011 and this was seen as a useful exercise providing local businesses with a profile of visitors and feedback on the local area as a

destination. This was seen as important in terms of being able to provide something to local businesses that can help them develop/tailor their own product or service. The survey feedback itself was very positive on the quality of the tourism product and experience. It was suggested that the Visitor Survey only happened because of the economies of scale of doing at the research at a destination rather than local level.

F.23 Another strength has been the direct support provided by DMO staff to various tourism groups and associations. The main examples provided were the support provided to the Birks cinema in Aberfeldy in its successful application to the Scottish Rural Development Programme and helping the John Muir Trust to secure £50,000 to help create the Wild Space, a new visitor centre in Pitlochry due to open in 2013. The support that SE provided to Highland Fling was also seen as having a significant impact on the profile of the area for adventure tourism and setting a benchmark for other attractions in the area. Stakeholders have also welcomed the strategic input provided by SE staff through their involvement with Perth and Kinross Countryside Trust and the Area Tourism Partnership.

Weaknesses

F.24 The Highland Perthshire destination brings together five local areas, all of which have their own quite different identity. Many consultees highlighted that although some progress has been made over the last couple of years, the areas still lacks cohesion as a destination. A lot of the feedback suggested that many individual businesses will not identify with the Highland Perthshire 'brand' (and are unlikely to know what geographic area it actually covers). Whilst there is undoubtedly enthusiasm from the five constituent tourism associations, many consultees highlighted that the buy-in from businesses remains quite limited. One consultee suggested that people do not want their destination 'managed'.

F.25 There was some criticism about the time it took to get the DMO up and also the way in which the DMO was built up from the existing tourism associations – one consultee described the structure as 'more of a federation than a DMO'. This two tier structure (one which most people thought would always be the case) has made it difficult for the DMO to reach out directly to businesses as it is relying on the tourism associations to do that role. There was also a view that the DMO membership and Board was currently missing some key attractions and food and drink employers (the House of Bruar and distilleries were mentioned specifically) who are also important players in the local tourism sector. It was reinforced by many that destinations need strong representation from the key local attractions.

F.26 It would also seem that progress in promoting the work of the DMO has been restricted by local politics both in terms of criticism from other operators running similar websites and recent difficulties in appointing a new DMO chair. SE is currently acting as interim chair – on one hand, some consultees saw this as a positive in terms of SE taking a more hands-on role, however, others saw this as indicative of the recent problems in securing leadership from the private sector.

F.27 The DMO has so far undertaken some marketing activity (but this has been quite limited), for example the production of a joint marketing booklet, which was distributed to visitor centres around Scotland, and attending VisitScotland Expo in 2012. However many consultees seemed to be frustrated that up until now the DMO has not undertaken any actual

marketing campaigns. However, it is understood that the DMO is currently in the process of applying to VisitScotland for Growth Fund support to undertake marketing campaigns. Whilst most consultees believed the DMO needed to do some marketing, some concerns were raised regarding potential overlap with an existing brand which exists for the area, Big Tree Country. There was confusion about whether the DMO was set up as a management or marketing organisation.

F.28 For some consultees, there was also a sense that progress in developing the destination has been too slow, even taking into account the fact the DMO has only been in existence for two years. It was suggested that there needs to be clearer direction provided by the Board in shaping the work of the DMO and in terms of being able to demonstrate that DMO activities will contribute towards the strategic aims of supporting the development of local tourism businesses.

F.29 It could be said that in the last year or two the DMO has been setting the foundations and that impact will come in the next year or two but with very small numbers of businesses actually getting involved it's hard to see how things will improve – nibbling at the edges at the moment

F.30 It was highlighted that neither SE nor the DMO have had much involvement in attracting new private sector investment to the area but there seemed to be an acknowledgement that this was largely out of their hands as the economic climate worsened and private sector developments were largely put on hold or abandoned.

Overall

F.31 Most consultees believed that Highland Perthshire was putting in the foundations to become a competent destination and that there would be clearer signs of progress over the next two to three years. It was suggested that there are promising signs that some businesses are beginning to think differently and recognising the need to improve quality and customer service.

F.32 There were also mixed views as to whether Highland Perthshire is now a more competitive destination compared to four years. Whilst some argue that it probably is due to the introduction of attractions such as Highland Fling and the continuing success of local events such as Enchanted Forest, Etape Caledonia and Blair Castle Horse Trials, others are more sceptical and suggest that since there has been no major increase in visitors, it probably is not any more competitive.

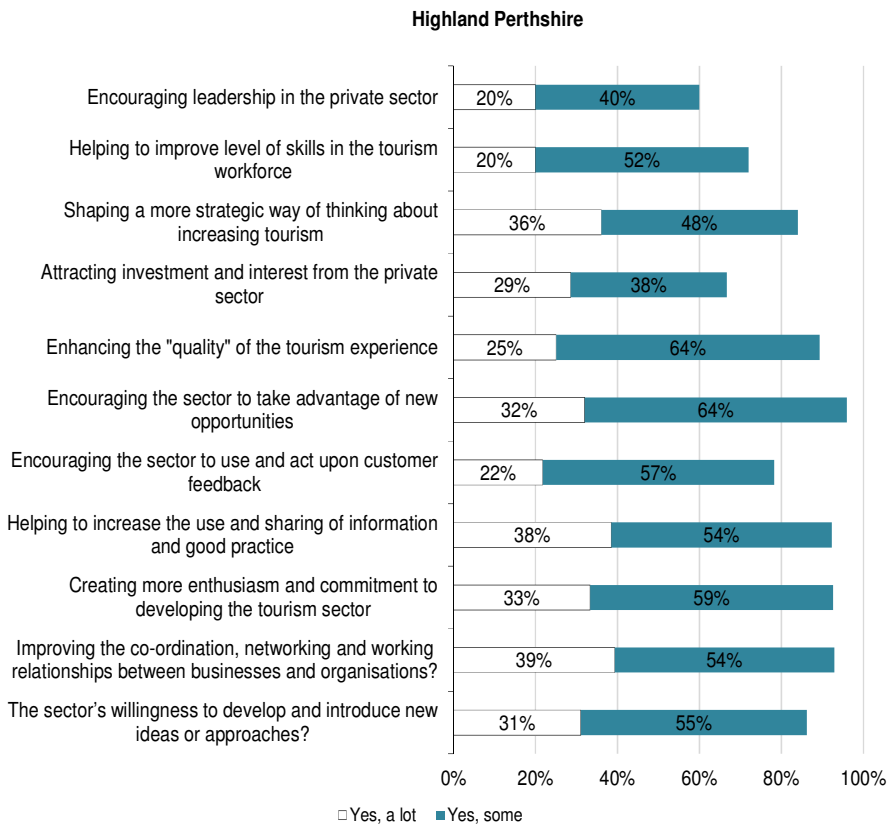
Impact of SE's support

Strategic Added Value

F.33 Both business and stakeholders were asked about the overall 'strategic added value' of the support provided by the DMO and SE. Based on those saying there has been 'a lot' of contribution by SE/DMO, the most positive feedback has been in terms of helping to increase the use and sharing of information and good practice (38% saying 'a lot') and helping to shape a more strategic way of thinking about tourism (36% saying 'a lot').

F.34 The least positive responses were in relation to encouraging leadership (20% stating that SE and the DMO had a lot of contribution) and improving skills in the tourism workforce (also 20%). The relatively low response regarding leadership is perhaps not surprising in light of some of the challenges when bringing together five existing tourism associations.

Figure F-7: Strategic added value of the support



Source: SQW/IBP Survey – base 32

F.35 There are some examples of strategic added value from the support provided by SE and the DMO. The fact that Highland Perthshire is one of the priority destinations is helping to influence decisions to fund certain projects. For example, SE's decisions to fund Highland Fling and a feasibility study for Pitlochry Festival Theatre were approved largely because they had a strategic fit with the destination approach. It was also highlighted that the fact that the Birks cinema in Aberfeldy is located inside the destination possibly helped it get SRDP funding for its redevelopment. There has also been noticeable influence on the Council's support for tourism businesses, encouraging the Council to allocate a business advisor to the destination area and to use, when possible, the DMO offices.

F.36 There are some early signs that the DMO is contributing to strategic leadership. It was stated that across the five tourism associations there is now more awareness and understanding of the benefits of coming together to jointly promote the destination of Highland Perthshire. Up until recently the focus has been mainly on Pitlochry and whilst this remains one of the key locations, more is being done to promote tourism in other areas. Through the DMO approach, it was highlighted that there is now the opportunity to think more strategically in how visitors can be encouraged to stay longer. For example, it is anticipated that DMO will have an important role in promoting the development of a 'cultural triangle' including the

Birks Cinema in Aberfeldy, the Birnam Institute and the redeveloped Pitlochry Festival Theatre.

Examples of economic impact

F.37 Overall, there is so far very limited evidence of economic impact in relation to the destinations activity in Highland Perthshire. The obvious exception is in relation to SE's support for Highland Fling. For a very small number of businesses, the DMO website is helping direct additional interest to individual businesses. However, these businesses could not quantify the impact. It was suggested that the DMO and its website has an important role in promoting local events which then brings more visitors into the area which then generates expenditure with local business. There are estimated to be around 30 actively engaged businesses – if each benefitted to the sum of £1,000 then this would amount to around £30k in turnover each year. However, this only quantifies the direct benefits to the individual businesses. The wider economic impact would need to take into account visitor spend in the wider economy (i.e. not just the spend at the attraction or accommodation provider).

F.38 Website data provided by the DMO in October 2012 showed that the Highland Perthshire online network had around 3,000 out-links (i.e. clicks away from one of the Highland Perthshire branded websites to member business websites). If this was an average month, this would mean around 36,000 enquiries using this route per year. Assuming a conversion rate of 10% and average expenditure per party of around £442 this would equate to £1.59 million in visitor expenditure that could be considered new to the Highland Perthshire economy[47]. Clearly a large proportion of this expenditure would be spent in Highland Perthshire anyway (if visitors were keen to visit they could still use other websites other than the Highland Perthshire websites) but if 10% was attributable to the DMO supported websites then this would represent £159,000 visitor expenditure or just under £90,000 in GVA. Some consideration of displacement of tourism spend from other parts of Scotland would also need to be considered.

F.39 The most obvious route to economic impact from SE's investment in Highland Perthshire is likely to be through its support for Highland Fling. A number of consultees highlighted that due to the nature of the attraction, all the visitors it attracts are new people that would not have been in the area before. These new visitors not only spend money at the attraction but also in the local economy on accommodation, food and drink, transport etc. Figures provided by Highland Fling show that around 5,000 people are doing the jump each year and around 25% of people stay overnight in the local area. Assuming those staying overnight are all from outside Highland Perthshire, they spend £70 on the jump and a further £61 for staying one night (again using the Visitor Survey average for a UK visitor), this would represent £164,000 in additional tourism expenditure or £90,000 GVA for the local economy each year (but once again some of this expenditure is likely to be displaced from other parts of Scotland). The spillover spend from this type of attraction was backed up by feedback from the National Trust for Scotland which has benefited from more visitors coming to Killiecrankie because of Highland Fling.

[47] According to the Visitor Survey, the average spend per party on accommodation is £442. This calculation is only illustrative and was provided by the DMO manager

Conclusions

F.40 As in other destinations, the main focus of SE's support has been the tourism group or in Highland Perthshire's case, the DMO. Setting this up has clearly been a challenge due to issues around the boundary of the destination and the sensitivities around bringing together five existing tourism associations.

F.41 There is general agreement from stakeholders that actually getting the DMO set up was a major achievement and this structure has put in place the foundations for developing the destination and growing the tourism sector. However, at the moment, there would appear to be a relatively small group of businesses that are either aware and/or buying into the destination approach.

F.42 All consultees believed that the setting up of the DMO only happened because of SE's support. Most were also keen that SE continues with its support and confirmed that with businesses already paying for membership of their local tourism association there is no prospect of asking them for additional subscriptions. Many consultees underlined the risk that SE could pull out too soon if comparing the performance of Highland Perthshire DMO to other DMOs (as they are all different and at different stages of maturity).

F.43 It was stated that the strategic approach and a skill/knowledge base that SE brings will continue to be vital. It was also suggested that there remains significant untapped economic development potential in Highland Perthshire.

Recommendations

F.44 The main recommendations in relation to SE's destinations activity in Highland Perthshire based on the feedback from consultations and the business survey are set out below.

- Encourage stronger leadership from the DMO Board – the Board is currently made up of the five tourism associations there needs to be clearer leadership from the DMO Board in terms of setting out a programme of activity that will help them achieve their strategic objectives.
- Ensure wider engagement - the awareness of the DMO amongst local businesses is extremely limited. For the DMO to increase its influence there needs to be more promotion within the destination. More key attractions need to be brought in to the DMO and there are some major food and drink employers and retailers who are involved in tourism that could bring fresh thinking and new approaches to the DMO.
- More marketing activity – whilst this DMO activity is required to secure buy-in from businesses but it cannot be directly funded by SE and would need to be funded through other sources such as the VisitScotland Growth Fund. The DMO needs to be careful not to duplicate the work done as part of the Big Tree Country initiative
- Developer closer links between DMO activity and new projects - DMO activity needs to be closely aligned to new tourism projects and use these to demonstrate the benefits for members – for example working with the redevelopment of Pitlochry's Festival Theatre and proposals for a new mountain bike centre

- Improve cross-referral between DMO and the Council – particularly in the support provided to individual tourism businesses
- SE should use other programmes and initiatives to support the destination – improve the links between the sector teams and the destinations and consider how could adopt a more flexible criteria with regards to tourism Account Managed businesses because of the spillover benefits they can bring to a local economy.

Annex G: Post survey report

G.1 This Annex sets out the survey method used to gather the views and opinions of the businesses and other stakeholders as part of the evaluation.

G.2 Each of the SE destination managers was interviewed at the outset to identify the main issues, the stakeholders that should be consulted and the businesses that had participated in destination activities.

G.3 Lists of these consultees were divided into the three groups of:

- **stakeholders** (usually those directly involved in making decisions about the destination). These people were interviewed either face to face or by telephone by SQW. A total of 113 interviews were conducted across the six destinations
- **active businesses** (a list of the businesses that are active members of the DMO where relevant, had received several assists through a programme such as GSWS, or had attended DMO meetings. A sample of 91 businesses was interviewed by IBP, by telephone.
- **engaged businesses** (a longer list of businesses that have participated in some way in the destination) - these are also businesses that will have had only modest contact with the destination activities i.e. attended one meeting or event at some point over the last four years or are inactive members of a DMO. Where e-mail addresses were available, these businesses were sent an email link to the survey.

G.4 Questionnaires were agreed with each of the SE Destination manager. These included references to the specific activities that had been delivered in the destination over the period of the evaluation

G.5 A further set of consultations was also undertaken with Programme-wide stakeholders that had an overview of the Programme as a whole, for example, VisitScotland, SDI and the SE Programme Director.

Population of businesses

G.6 In order to provide some context to the survey and the number of businesses Table G.1 sets out estimates of the number of bars, restaurants, serviced accommodation operators and visitor attractions in each of the destinations. These figures are intended to be indicative, to put the numbers of engaged and active businesses in context. The most obvious anomaly is Highland Perthshire where the number engaged (which is the numbers that are members of the DMOs that are brought together under Highland Perthshire) is greater than the number of bars, restaurants, serviced accommodation providers and visitor attractions. This is because a large proportion of members provide self-catering.

G.7 There are a number of caveats:

- the restaurants and bars are not necessarily catering for tourists and so may not be relevant for the destination activities.

- the numbers do not include many other types of business that could be considered part of the tourist experience in some places, such as retail and transport.
- the numbers are from the Annual Business Inquiry 2007
- the accommodation figures exclude for serviced accommodation only, as there are many individuals letting single unserviced rooms that are not likely to be tourism "businesses".
- visitor attraction numbers are only those accredited by VisitScotland and are from 2007 data.

G.8 Even so, the figures provide useful context for the destinations' work. The Table also shows the estimated number of engaged and active businesses.

Table G-1: Numbers of tourism businesses

	Edinburgh	Glasgow	St Andrews	Highland Perthshire	Deeside	Loch Lomond
Bars and restaurants*	1577	1621	68	50	21	101
Accommodation**	714	155	88	138	97	267
Visitor Attraction***	109	65	11	47	7	41
TOTAL	**2,202**	**1,924**	**157**	**334**	**125**	**395**
Self-catering						
Estimated engaged	1,000	500	90	400	80	150
Estimated active	200	200	40	40	40	40

**Restaurants and bars based on Experian data 2007*

***Accommodation based on TRC accommodation audits 2010 and includes only serviced accommodation*

****Visitor attraction numbers are from the VisitScotland database of accredited businesses (2007)*

The telephone survey of active businesses

G.9 These interviews were carried out by IBP and targeted 100 businesses (see Table 4.1). These were businesses that the destinations identified as the more active members of the DMO or partnership, or those that have received several assists through a programme (such as GSWS) or attended a number of meetings or workshops. A total of 164 businesses were identified by SQW with the SE managers. Of the target of 100 active businesses, 91 were interviewed. The details are shown in Table G-2.

Table G-2: Telephone survey responses

Destination	Sample provided	Target	Achieved
Edinburgh	37	26	26
Glasgow	39	20	16
St Andrews	12	12	8
Loch Lomond	28	14	14
Deeside	25	14	14
HP	23	14	13
Total	**164**	**100**	**91**

Source: SQW

Email survey

G.10 To ensure that all the relevant businesses had an opportunity to provide feedback, we also carried out an e-survey of the remaining active businesses and those that were members of the DMO. An e-mail version of the questionnaire was prepared and links were sent out by either the SE manager or the destination manager.

G.11 Given the number of emails sent out the response was very poor, particularly in Edinburgh and Glasgow where the numbers should be much higher. There were several explanations for the low level of response. In Glasgow there have been a number of e-surveys related to GSWS seeking feedback on performance. While the length of the questionnaire was also considered to be a disincentive. Some of these businesses may also feel that they have had fairly modest contact with the destinations' activities i.e. attended several meetings or events over the last four years, or may be inactive members of a DMO.

Table G-3 E-survey contacts and responses

	E-survey contacts	Comment	Responses
Edinburgh	76	All contacts taken from list of 'active' organisations	7
Glasgow	130	All contacts taken from GSWS	5
St Andrews	30	Identified by SE project manager	7
Loch Lomond	110	All contacts based on DMO membership	10
Royal Deeside	31	All contacts based on DMO membership	4
Highland Perthshire	307	All contacts based on DMO membership	8
Total	**654**		**41**

Source: SQW e-survey

Overall survey sample

G.12 Table G-4 puts the telephone and email responses used for the analysis together with the estimate of active businesses. We have assumed that the responses are a representative sample of these 560 "active" businesses, rather than the wider group of engaged ones.

G.13 The main questions in the business survey were intended to identify changes in conditions in each of the destinations and to assess the contribution that the DMOs/tourism groups or SE had made to some of the characteristics of tourism that the destinations seek to influence. The survey also considered whether these changes have impacted on the volume or value of tourism for their business and on the customer/visitor experience.

G.14 Questions were tailored for each destination and included references to the specific activities that had been delivered in the destination. It was important throughout to ensure that interviewees understood that SE's role, as some may not have been aware that they supported the DMOs and partnerships.

Table G-4: Telephone and email survey responses

Destination	Estimate of active businesses	Telephone	E-survey	Total
Edinburgh	200	26	7	33
Glasgow	200	16	5	21
St Andrews	40	8	7	15
Loch Lomond	40	14	10	24
Royal Deeside	40	14	4	18
Highland Perthshire	40	13	8	21
Grand Total	560	**91**	**41**	**132**

Representativeness

G.15 The total of active businesses is intended to reflect those that the destinations have worked with a number of times. From the initial lists of businesses, the SE destination managers identified those that were most involved with the destination. These were consulted directly by SQW.

G.16 The sample for the telephone interviews was drawn from the remaining businesses that were considered to be "active". SQW prepared the lists for IBP. These were checked by SE destination managers to remove account managed businesses and others where contacts had changed or should not be approached. The email survey was sent to the remaining businesses where contact details were available. As with all surveys there may be some response-bias as those most interested will tend to respond. This could be for positive or negative reasons.

G.17 To be conservative we have focussed only on the 560 active businesses. In practice, some of the wider "engaged" businesses will also have benefited from the support, but are excluded.

Weighting the survey

G.18 In order to apply the results of the survey to the wider population it is important to weight the results so that they reflect the profile of the population. Because most businesses were in Glasgow and Edinburgh, the interviews with these businesses represent larger numbers than interviews with businesses in the other destinations. The weight for each case is calculated by dividing the number of active businesses in each destination by the number of interviews. This weight is applied to all the cases in each destination.

Confidence intervals

G.19 In total there were 132 cases from a population of 560. At a confidence level of 95%, and assuming a result that divides replies 50/50, the confidence interval is +/- 7.5. This means we are 95% certain that the result lies between 42.5% and 57.5%. For different questions the confidence interval changes. Given the sizes of the samples, the reliability of the results varies for each destination. The results should are more robust for the smaller destinations than the cities where they should be considered as more "indicative". The programme level results fall between the two – not as robust as the smaller destinations, but more reliable than for the cities.

Response rates

G.20 The response rate for the email survey was around 6.5%, which is reasonable for this type of survey. However, the length of the questionnaire and the complex nature of the questions were considered a disincentive. There also seems to be an increasing reluctance of businesses to spend time completing e-surveys that are not very easy. There were also some local factors. In Glasgow, GSWS had recently send out several surveys for feedback. Finally, the survey was asking about often fairly small scale interventions over a four year period. Staff may change and they may not recall the support.

G.21 For evaluations of this nature it is difficult to get the detail we need. Simpler designs, less ambitious questionnaires and greater use of telephone surveys may be necessary in future.

G.22 The telephone survey also had difficulty in getting the target number in Glasgow. Specifically it was difficult to get hold of the right people. This was partly because the businesses in Glasgow tended to be large and the senior managers were frequently unavailable. It may be that some people were less aware of SE's involvement in GSWS and did not link the telephone call with the support they had (although we tried to make sure that they were made aware of the links). Interviewers only get a very short time to introduce the study.

Pattern of Interviews

G.23 The telephone interviews were with businesses and not the public sector. This was done so that the same questionnaire could be used. They covered a subset of the businesses participating in the destination activities.

G.24 Consultations with key public and private stakeholders in each destination and some stakeholders with strategic overview (mix of face to face and telephone) – September/ October 2012. Overall we consulted with 113 individuals and a list is provided as Annex H.

G.25 The consultations were a mix of public and businesses representatives. In each of the destinations they were mostly with the DMO or partnership boards. The additional groups or partners are set out below.

Glasgow

G.26 In Glasgow consultees were the partners on the GSWS advisory committee as well as:

- Mackintosh Heritage Group
- Scottish Enterprise
- Glasgow City Marketing Bureau
- Glasgow City Council
- Skills Development Scotland
- VisitScotland
- Glasgow Hotels Association
- Glasgow Restaurant Association
- Merchant City Tourism & Marketing Co-operative
- Scottish Enterprise
- Glasgow Chamber of Commerce

Edinburgh

G.27 Consultees were mostly with ETAG members and with:

- Edinburgh UNESCO City of Literature Trust
- Essential Edinburgh
- National Museums Scotland
- Scottish Enterprise
- Edinburgh Hotels Association
- Edinburgh World Heritage
- Edinburgh Capital Group
- Festivals Edinburgh
- City of Edinburgh Council
- Marketing Edinburgh/ Convention Edinburgh

G.28 In St Andrews the consultations with mainly with members of the St Andrews Partnership. Others are:

- Scottish Enterprise
- Fife Council
- VisitScotland

Loch Lomond

G.29 Consultees were mostly with the DMO board and:

- Loch Lomond Shores
- West Dunbartonshire Council
- Loch Lomond & Trossachs National Park
- Scottish Enterprise
- Cruise Loch Lomond

Deeside

G.30 Consultations with the DMO board and ex-board as well as:

- Aberdeenshire Council
- Dee Fish
- Scottish Enterprise
- CNPA
- VisitScotland

Highland Perthshire

G.31 Consultations with the DMO board and other DMOs in the areas well as:

- Perth and Kinross Council
- National Trust for Scotland
- Scottish Enterprise
- Aberfeldy Watermill
- Highland Fling
- VisitScotland

Annex H: SE destinations and impact on Tourism Scotland 2020 strategy

H.1 The 2020 Strategy is summarised in five themes which relate very closely to the destination activities.

Table11-9: SE destination impacts and contribution to 2020 strategy

Strategy 2020 actions	Destination contribution
Thoroughly understand your markets and visitors	All destinations have promoted and delivered activities to gather and share information across businesses. Survey found that: • 68% were now more likely to access information about the tourism market. • 885 thought that SE and the DMO had helped to increase the use and sharing of information and good practice
Recognising our assets and turning them into great experiences that meet the needs of these markets	Contribution through innovation and new product sessions, which has led to Direct support for specific products such as Edinburgh Festivals, Tattoo stands, Mackintosh, Merchant City, Highland Fling, the Deeside Way, the Golf Development Group and Fife Food Network in St Andrews. The survey found that: • 65% were more likely to introduce a new idea • 18% had been helped to develop a new product or service
Take advantage of the opportunities our Winning Years bring	Raised awareness of opportunities through destination meetings i.e. Partnership in St Andrews uses meetings to identify opportunities, but also specific projects to support the events such as the "Kitbag", customer service support for events and conferences in Glasgow and in Edinburgh • 74% were now more or much more likely to take advantage of new opportunities • 90% felt that SE and the DMOs had encourage the sector to take advantage of new opportunities and 33% of these considered that it had made "a lot" of difference
Delivering consistent, high quality and authentic experiences with the whole customer journey front of mind	• 88% considered that SE and the DMOs activities had led to an enhancement of the quality of the tourism experience • As a result of the destination support 44% of the businesses thought they had raised the quality of the visitor experience
Collaborating to actively manage the whole customer experience to deliver quality across the board	This is at the heart of the destination work • 93% of businesses considered that the SE destination activities had "some" effect on improving co-ordinating, networking and working relationships. This includes 49% reported that they have had a lot of impact. • 45% had been helped to collaborate as a result of the destination activity • 73% were now more likely to work with other businesses in the future.

Source: SE/SQW

Annex I: List of consultees

I.1 We are grateful to the following stakeholders who participated in the research.

Name	Organisation
Edinburgh	
Ali Bowden	Edinburgh UNESCO City of Literature Trust
Andy Neal	Essential Edinburgh
Catherine Holden	National Museums Scotland
Cathy Malone	Scottish Enterprise
Colin Paton	Edinburgh Hotels Association
David Cochrane	HIT Scotland
David Hicks	Edinburgh World Heritage
Elaine Green	Edinburgh Capital Group
Faith Liddell	Festivals Edinburgh
Gillian Swanney	Scottish Enterprise
Gordon Dewar	Edinburgh Airport
Gordon Robertson	Edinburgh Airport
Graeme Ward	Radical Travel
James McVeigh	Festivals Edinburgh
Jim Galloway	City of Edinburgh Council
Kathleen Brogan	Mercat Tours
Kenneth Wardrop	Independent Tourism Consultant
Lucy Bird	Marketing Edinburgh Ltd
Margaret McLeod	STGA
Margaret McNeil	Scottish Enterprise
Nick Finnigan	Edinburgh Castle
Richard Kington	Edinburgh First
Robin Worsnop	Rabbie's Trail Burners
Ros Lamont	The Audience Business (TAB)
Sue Stuart	Marketing Edinburgh/ Convention Edinburgh
ETAG Full Group	
Glasgow	
Amanda Macmillan	BAA (Glasgow Airport)
Annemarie Burns	Scottish Enterprise
Ben Goedegebuure	SECC
Brian Fulton	CPL Entertainment Group Ltd

Name	Organisation
Caroline Barr	Mackintosh Heritage Group
Derek McCrindle	Scottish Enterprise
Gillian Moffat	Scottish Enterprise
Gordon McIntyre	City of Glasgow College
Joe Aitken	Glasgow City Marketing Bureau
Keri Isdale	Glasgow City Council
Lawrence Durden	Skills Development Scotland
Lindsay Ironside	John Lewis
Liz Buchanan	VisitScotland
Lorna MacRae	Scottish Enterprise
Lynne Pringle	Scottish Enterprise
Mark Barton	Scottish Enterprise
Mark Gallagher	Glasgow Hotels Association
Ryan James	Glasgow Restaurant Association
Sallyann TIndall	Scottish Enterprise
Scott Taylor	Glasgow City Marketing Bureau
Stella Callaghan	GSWS Project Manager
Steven Thomson	Merchant City Tourism & Marketing Co-operative
Stephen Williamson	Scottish Enterprise
Stuart Patrick	Glasgow Chamber of Commerce
Tom Rice	Glasgow City Marketing Bureau
St Andrews	
Aileen Lamb	Scottish Enterprise
Ann Camus	Fife Council
Eric Brown	Scores Hotel
Euan Loudon	St Andrews Links Trust
Jim McArthur	Hardies
Keith Winter	Fife Council
Kevin Keenan	Rusacks Hotel
Linda Anne Beaulier	B&B Association
Patrick Laughlin	St Andrews Partnership
Richard Pinn	VisitScotland
Roddy Yarr	University of St Andrews
Stephen Owen	Ruflets Hotel
Loch Lomond	

Name	Organisation
Annabel Struthers	Luss Estates
Clare Gemmell	Loch Lomond Shores
Craig Mitchell	Macdonald Hotels
Elizabeth Hendry	West Dunbartonshire Council
Gill Robertson	Love Loch Lomond
Gordon Watson	Loch Lomond & Trossachs National Park
James Fraser	Friends of Loch Lomond
Keith Legg	SYHA
Neil Wells	Lochs and Glens
Niall Colquhoun	Lodge on the Loch/ The Inn at Inverbeg
Sallyann Tindall	Scottish Enterprise
Sandy Fraser	Oak Tree Inn
Stuart Cordner	Cruise Loch Lomond
Deeside	
Alan Melrose	Walk Deeside
Alastair Fullwood	Aberdeenshire Council
Claire Bruce	RDCDMO
Donna Maver	DM Training
Garry Marsden	Balmoral Estate
Ken Howie	Deeside Activity Park
Ken Reid	Dee Fish
Lewis Gray	Ballogie Estate
Moira Gash	Classic Abode/Dee tour
Rachel Stewart	Scottish Enterprise
Rebecca Robertson	Glen Davon House
Richard Watt	Cycle Highlands
Robert Armstrong	Aberdeenshire Council
Russell Stevenson	Scottish Enterprise
Sandra Middleton	CNPA
Sara Butterworth	Butterworth
Shona Anderson	VisitScotland
Stewart Adamson	Lochnagar Distillery
Highland Perthshire	
Alan Graham	Perth and Kinross Council
Andrew Bruce-Wootton	Atholl Estates

Name	Organisation
Ben Notley	National Trust for Scotland
Finlay Kerr	Perth and Kinross Council
Jane Dekker	Rannoch Tourism Association
Kevin Bazley	Scottish Enterprise
Kevin Ramage	Aberfeldy Watermill
Murray Trail	Highland Fling
Paul McLennan	Perth and Kinross Countryside Trust
Peter Guthrie	Highland Perthshire
Richard Pinn	VisitScotland
Stephen Baillie	Scottish Enterprise
Other consultees	
Eddie Brogan	Scottish Enterprise
Graeme White	Scottish Enterprise
Ian Davison Porter	BIDS Scotland
Kenneth Clark	Scottish Development International
Riddell Graham	VisitScotland
Susan Watson	Scottish Enterprise