

# Ear to the Ground

Newsletter from  
Tourism Intelligence Scotland  
July 2009 . Issue 1

## How our visitors are reacting to the current economic downturn

### **INSIDE...**

The big picture – people are still going on holiday

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Know what our visitors are thinking

---

Great opportunities for your business

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Emerging ideas in the downturn

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Top Tips for success

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Ear to the Ground – a comment from self caterers

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## We are delighted to issue the first of our newsletters – Ear to the Ground

*Good market intelligence is a key driver of innovation and enterprise. Tourism Intelligence Scotland, a joint venture developed by Scottish Enterprise, VisitScotland and Highlands and Islands Enterprise in partnership with the tourism industry, has been developed in order to stimulate innovation and product development through the use of intelligence.*

Tourism Intelligence Scotland distributes a range of market intelligence resources to Scottish tourism businesses to help grow business and drive innovation. These resources are free to those businesses who have registered their details.

Please register now to be part of Tourism Intelligence Scotland in the future [www.tourism-intelligence.co.uk](http://www.tourism-intelligence.co.uk)

# JULY

## How our visitors are reacting to the current economic downturn

### The big picture – people are still going on holiday

It has been difficult to predict how the economic downturn has influenced Scottish tourism due to its fluctuating nature and many complexities. There are some indications that things are improving but this could also be just an optimistic change of attitude amongst consumers. We certainly know that the picture isn't universally bad and there are a variety of opportunities emerging for Scottish tourism operators. In sectors such as visitor attractions, caravanning, camping and also B&B's, occupancy for the first quarter this year has been particularly good. Self catering too, report excellent forward bookings. In fact, in many instances tourism operators are telling us that this season is shaping up to be particularly promising.

Unlike the last recession, what people *should* be doing is not what they are *actually* doing. Apart from those experiencing a change in circumstance (job loss etc) people are adapting to the current conditions to maintain their lifestyle. Their choices have shifted **but they are still going on holiday.**

The best advice on offer is to think 'value for money' and focus on the **benefits** you can offer visitors, to make your product stand out from the

crowd. And remember, value for money doesn't have to mean cheap! Value can be added in many ways such as providing better information, more linkages, little added extras etc. However excellent quality is essential regardless of the price tag.



### Is the worst over yet?

Looking more closely at the influences of the global economy this month, it appears that the rate of economic decline is beginning to slow down – and although recovery hasn't yet started, some indications are that the worst is over. For North America, Europe and the UK, although there are continuing signs that the economy is stabilising, businesses are still contracting with fear of unemployment continuing, which affects the holiday choices people are making.



## What visitors from our key markets are doing

In the first quarter this year, there was a 14% decrease in the numbers of UK residents going overseas compared to the same time in 2008. This seems to indicate that more people are opting for a holiday at home. As the UK currently makes up 83% of our overall tourism market, this is good news for Scotland. We have a great opportunity to encourage more people to enjoy a holiday in Scotland and to be won over by the fantastic experiences we have on offer, so that they come back and recommend us to others.

However, according to the latest International Passenger Survey figures (IPS May 2009), visitor numbers from overseas to UK, in the first quarter this year, showed a 14% decrease compared to 2008. Scotland showed a 10% decrease over the same period so is faring slightly better than the rest of the UK. Looking at the number of visits from all of our key markets to Scotland in comparison to the UK as a whole, Scotland is generally doing a little better than the rest of the UK. However, we have sometimes presumed that our comparatively weak Sterling would be enough to attract an increase in visitors, but the figures indicate this isn't true. Times are still tough and we need to work even harder to attract visitors by offering great deals and promotions and then delivering great experiences when they are here.

Sandie Dawe, chief executive of VisitBritain, commented:

*"The IPS (May 2009) figures illustrate the continuing challenges of maintaining Britain's popularity as a destination in the face of the global economic downturn and increasing competition from rival destinations. Although these are traditionally lower months for inbound tourism, we know that a weak pound is not sufficient in itself to offset the full impact of the recession on international travel".*

When recovery does finally come, we can expect to see countries such as Canada, Germany and France being in a stronger position to recover more quickly. This is largely due to their relatively lower mortgage/credit card borrowing. Countries such as the UK, USA, Spain and Italy are expected to take longer as their borrowings have traditionally been higher.

## Sterling is getting stronger again

After its mammoth slump, Sterling has begun to pick itself up and has increased more than 10% since the beginning of the year against many of the world's leading currencies. The UK has become a good value destination for Europeans recently, but with Sterling getting stronger, this value advantage is decreasing for them. However, according to research, from VisitBritain, Europeans and other short haul visitors are less influenced by exchange rates than they are by how much disposable income they have. People are looking for the best holiday choice that they can afford and might be interested in trying out new destinations and experiences that offer great value, regardless of exchange rates.

Despite the currency fluctuations, it is anticipated that Sterling is likely to remain competitive against the currencies of our core markets for the foreseeable future.



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*"Nineteen out of twenty customers are tourists so we accept Euros when they don't have Sterling.*

*"Money is money, especially in the current climate, and it would be silly to turn business away."*

John Morrison Kilt Makers, Edinburgh

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## Holidays are a necessity not a luxury

In a report from VisitBritain, on attitudes to the downturn, a survey of 1000 consumers was carried out - first in October 2008 and then in March 2009. These were the results;

- 62% have started to feel the pinch (*up from 54%*)
- It is felt to be worse for some groups than others:
  - › *families –66% (up from 61%)*
  - › *lower socio-economic groups –67% (up from 62%)*
  - › *Among Londoners (up to 66% from 56%)*
- Most feel the worst is yet to come
- 80% think it's going to get worse before it gets better (no change)
- The general feeling is not completely desperate – they think that there is light at the end of the tunnel
- 69% think the economy will start to recover within next 2 years (was 73%)
- BUT life goes on and they should still seek to enjoy it

It has been well publicised that during 2008 and 2009, the number of trips that people are making to Scotland is generally down. Edinburgh has been bucking this trend a little, with BAA reporting an increase in passengers arriving to Edinburgh particularly compared to Glasgow and Aberdeen. Hotel occupancy too has been strong in Edinburgh compared to many other European cities, but we need to remember that rates were cut to achieve this.

VisitScotland also report that both the number of nights and spend is up. This suggests that people are taking fewer trips but are looking to experience more while they are away. Day trips too, have increased and there has been increased popularity in Visitor Attractions in the first four months this year. The Visitor Attractions Barometer records an increase of 1.5% compared to the same time in 2008.

## Finding the best value holiday my money can buy

Even though their holiday choices may have been tailored to a budget, visitors still want to make the most of their holiday and are happy to spend money to make their experiences truly memorable. We need to make sure that visitors always have enough information on the choices available and a good range of great offers to be attracted by.

For consumers, holidays are still seen as a necessity rather than a luxury, so are less likely to be cut out than other more everyday purchases. It would seem that a holiday fund is 'ring fenced' within an overall household budget and choices are made on the best value for money that this fund can afford. It may be, for instance, that a family of 4 from Newcastle would look at options and realise that they would get more for their money this year by travelling by car to Scotland to a 5 star self catering cottage, than they would be taking a lesser gîte in a lesser area in France perhaps. **It is all about choices and increased perceived value** at the end of the day. Businesses who offer good value, excellent quality and excellent customer service are standing out in the marketplace above their competitors and are **thriving** not just surviving in this downturn.

In looking for this 'value', visitors are also waiting until the last minute to book, to see what last minute deals and offers they can benefit from. They still want to find the best experience that their budget will allow and look hard to find it. This means that for tourism operators there is a huge opportunity to give people many reasons to visit at a specific time. Offer last minute deals and look to see what else is going on in your area, so that you can develop packages and promotions around these.

So the main message is that although things are tough and belts have to be tightened, people remain optimistic and want to carry on enjoying their life. Attitudes are changing and people are making different choices. **The key to success is to know who your customers are and why they are attracted by what you offer.** Then make sure you deliver magical experiences for them so that they will come back and also recommend you to others.



One recent accolade for Scotland was to be named in May as Britain's holiday destination of choice for global visitors. According to the monthly Travel Hotspots Barometer from [Expedia.co.uk](http://Expedia.co.uk), online searches for the country have increased by a staggering 203% compared to the same time last year. [Travel Hotspots](#)



Loch Na Keal, Isle of Mull. P. Tomkins

## The weather and other influencers

The weather is forecast to be a good summer with above average temperatures and not as wet as 2007 and 2008. With more people considering a holiday at home this year instead of flying to the sun, this will be an important factor to changing their mind forever about how lovely a holiday at home can be. However with this opportunity there is also a challenge - if they are disappointed in the service and experiences on offer, we may equally lose them forever. Their expectations will be high and so there is a big opportunity to really delight and show the wealth of excellent experiences available on their doorstep that they never knew about.

Fuel prices are currently over £1 a litre and as the global economic conditions eventually recover, it is likely we will see spikes in fuel prices due to increased activity and a higher fuel demand, which may in turn reduce car traffic a little. Another influence to keep a watch on is the spread of swine flu. So far there is little or no impact reported to Scottish tourism but with the continued spreading, this could change.

David Smythe of Association of Scotland's Self Caterers comments that his sector seems to be in an optimistic mood, with 75% of ASSC respondents claiming 2009 bookings are as good as, or better than 2008. For 2009, over 81% of his members said that forward bookings were as good as or better than in the 2008.

David considers that despite early optimism, 2009 will nevertheless be a challenging year for self-catering, particularly early season and the short-break market. One of the hidden challenges is that with a different market now being attracted to self catering accommodation, businesses have to be even more diligent in delivering fantastic experiences. They must listen to visitors to ensure they provide the very best experience possible to impress these new customers. David also advises self-caterers to keep closely in touch with their previous visitors, making sure all marketing is up-to-date. He believes that a great tool for businesses to keep in touch with visitors is social networking sites such as Facebook, Twitter etc. (for more information on how to use these go to the further reading section of [www.tourisminnovation.com](http://www.tourisminnovation.com)).

*"My personal belief is that the Americans will tend to stay at home. Scotland can't rely on the US market this year and we are going to have to re-establish ourselves pricewise to be more committed to looking for European sources of demand. The UK is our biggest market and we have got to keep and grow that."*

David Smythe, Association of Self Caterers [www.assc.co.uk](http://www.assc.co.uk)



## Know what our visitors are thinking

We need to remember that everyone is being affected by the downturn and that our visitors will be making similar choices to us, to ensure that life goes on and they have a holiday they feel they deserve. Choices will involve a shift in attitude such as, trimming discretionary spending, reducing the number of holidays, spending more holidays at home and seeking out the best deals and offers.

For some of our international visitors these choices are having an impact on their intention to visit Scotland. There are significant differences by country, with the US hardest hit by the downturn, and Germans so far least worried, but you need to look more closely at the individuals within these countries to determine their particular attitudes and situation. For more information go to [www.tourism-intelligence.co.uk](http://www.tourism-intelligence.co.uk) and download

the guides; 'Scottish Tourism in the Future' and 'Knowing our Markets....Scotland's Visitors'.

However, we can't predict customer activity through a country type alone, as the choices people make depend on their budget, aspirations as well as their demographic. It all depends on your situation and attitude as to what your choice might be. The over 35's have already been through a recession and they know that by living within their means (less borrowing) they will be OK. The under 25's (who have not experienced this) are still keen to spend on credit and have not altered their holiday patterns much at all. For them, after 10 years of consumerism, it is hard to change their attitude when they know little else.

Issue	Impact
<b>Concerns about job security</b>	People who are concerned about job prospects will be less likely to take lots of short breaks for fear of looking uncommitted at work. The fear of losing a job is much more likely to influence holiday choices than actually losing a job.
<b>Short breaks/ meals out</b>	As this is discretionary spending, people are more likely to cut back.
<b>Going on holiday</b>	Holidays are still seen as a necessary household expense and so a main holiday at least will still be taken. Younger couples without kids are more likely to choose a foreign holiday and those with families are more likely to book a holiday in the UK and perhaps in Scotland if they haven't yet been.
<b>I've got to get away from it all</b>	For all groups of people, there will come a time when they are fed up with cutting back and are likely to book a last minute weekend break if there is a good offer available.
<b>Looking and booking</b>	People will shop around more, looking for best value for money and good deals and packages. They are more likely to search on the internet and then go directly to the business to book.
<b>Who to trust</b>	Visitors are loyal to businesses they trust and therefore building strong relationships with existing customers is vital. This is a time for 'farming' rather than 'hunting'. Finding ways to bring existing customers back and focus on building relationships and making them feel special. Only when you know that your core product delights your core market in good numbers, should you look for new customers and new products. Budget brand hotels such as Travelodge report an increase in sales because they offer a reliable quality and good value for money and have built a sizeable, trusted following that is continually growing. They know who their customers are and ensure that they give them what they want.
<b>What else do we get?</b>	In these price conscious times, people want added value such as additional offers, promotional packages, joint deals etc. Businesses can't address the current economic challenges alone so partnership working within your local area is essential. Identify who else attracts your customers in your area and develop joint packages and promotions.
<b>Business trips</b>	Businesses are opting for cheaper, trusted hotels. Overnight conferences are now often being reduced to day conferences to save costs. Are there local businesses who might consider having a day conference with you, rather than going further afield? What could you offer them to make it attractive?
<b>How far do we need to go to get away?</b>	Not far! People are more likely to be attracted to an offer of a short break or experience within their local area than ever before. This is an excellent time to encourage more of your local market to visit you.



## Great opportunities for your business

Regular surveys are being conducted in Scotland amongst tourism business operators by VisitScotland, Scottish Tourism Forum and others, to gauge their optimism and current business levels. These are the results of a VisitScotland survey;

- Since the start of 2009, trade levels have been mixed with 37% of operators reporting that they are good as opposed to 33% saying poor with 30% replying average.
- Looking ahead towards the summer, business conditions are seen as slightly more favourable, with 58% being optimistic, as opposed to 42% stating that conditions could be challenging.

Fact	Opportunity for you
<b>The shift to favour domestic tourism is likely to continue.</b>	If people enjoy the experience and are inspired by what is on offer, they are more likely to return and recommend you.
<b>Strong advance bookings for 4/5 star self catering accommodation.</b>	There is an increase in people who are looking for this type of experience for their main holiday. Consider what you can offer/do to add to this type of experience.
<b>Leisure visitors are waiting until the last moment for a better deal.</b>	Businesses need to think about offering the right deal at the right time – consider what local events you can collaborate with and be creative/intuitive about the types of deals that you develop.
<b>The difference between the last recession and this one is the low interest rates. This means that this time around, people are still able to spend money on the extras while on holiday.</b>	Make sure that visitors are given lots of opportunities to spend more while they are here. If someone in your area offers authentic crafts/produce or other products, consider collaborating with them to sell on their behalf to your visitors too.
<b>People are researching online to find a better value deal and they will spend a considerable amount of time and research to ensure they find it.</b>	Keep your website up to date and make sure you clearly advertise special offers/deals and seasonal promotions. Make it easy for them to find you!
<b>The weather outlook is forecast to be good this summer.</b>	If this happens, people will enjoy having made the choice to remain in the UK for their main holiday and may repeat it in future years. Make sure that you deliver a fantastic experience for them, get their feedback, keep in touch and encourage their return.
<b>New types of customers are now considering a holiday in Scotland due to economic considerations.</b>	Know who your customers are – if the number of people who are usually attracted to your business is declining, consider loyalty schemes or targeting a different market. Keep a close eye on the different types of customers who come to you and whether they are changing. Make sure you offer what your visitors want.
<b>Green issues are rising in popularity but these are often more driven by saving money rather than the planet.</b>	Advertise your green credentials and highlight the cost savings from, your 'green actions'.
<b>Business travel is a lot less buoyant than leisure travel as businesses are cutting back/downgrading on all aspects of associated spend.</b>	Consider offering 'day' conferences and think 'regional' in your marketing. This way your offers can be attractive to locally based businesses who are trying to cut costs.
<b>There are some indications that we are at the turning point in the recession.</b>	Now is the time to lay foundations for recovery and for the industry to work together. Develop an understanding of how your markets may have changed and then identify who you can collaborate with for the future.



## Emerging ideas in the downturn

**Trike Tours Scotland** has developed a new product, Ancestral Tours, to link into Homecoming 2009. The Edinburgh based firm is offering tailor made ancestral itineraries to allow chauffeur driven travel, enabling visitors to trace their ancestors' routes in a unique way. Trike Tours Scotland is the first chauffeur driven trike tour which offers some of the hippest ways to see Scotland's magnificent scenery. They supply all the leather jackets and integrated headsets (so customers can listen to the music of the clans, Scottish bagpipes, or the poetry of Robert Burns). During the ancestral tour they also provide complimentary tea/coffee, Scottish shortbread and a dram of whisky.

[www.triketoursscotland.com](http://www.triketoursscotland.com)

**Couch Surfing** is a new idea that is doing remarkably well all over the world. With over 1,000,000 users, people can register on their website to become a host, a surfer or both. The idea is that people can stay with you for nothing. Their mission is "Couch Surfing seeks to internationally network people and places, create educational exchanges, raise collective consciousness, spread tolerance, and facilitate cultural understanding".



[www.couchsurfing.com](http://www.couchsurfing.com)

**The Townhouse Collection** is offering "Queue Jump" tickets to Edinburgh Castle to add value for their visitors. [Get your 'Queue Jump' tickets here.](#) They also feature lots of packages on their website together with robust up-to-date information on a variety of attractions, e.g. 'Art Lovers' escape package details current and future exhibitions, opening hours, free bus service to the Galleries etc. [www.townhousecompany.com](http://www.townhousecompany.com)

**Morton of Pitmilly** have a list of "101 things to do" in and around St Andrews & Fife, [Download pdf.](#) This gives their visitors even more reason to stay longer and to spend more in the area. [www.pitmilly.co.uk](http://www.pitmilly.co.uk)

### Pay what you want hotels and restaurants

The newly opened Ibis Singapore Bencollen, a 538-room economy hotel in the heart of Singapore is running a pay-what-you-want competition during a designated portion of each day, which is announced on the hotel's website. Interested consumers simply sign up as members and make a bid for the price they would like to pay during one of the announced promotion times. If they're one of the first to bid, they can win a night at the hotel at exactly the price they offered.

Pay-what-you-want schemes have become popular with one of the first from the music industry when Radiohead made the decision to let consumers choose their price for its 'In Rainbows' album. The schemes have become a way for brands to be generous and they attract lots of goodwill and attention. One to try out in your next promotion....?



Inn at Lathones



The Acarsaid Hotel and Lodge in Pitlochry

**Inn at Lathones** is offering a "stay for free if you eat" (downloadable voucher from their website), and also a buy 1 get 1 free on their rooms. They also advertise an eye catching "Choose your own meat". The idea behind this is that if you book in advance (and choose your meat!) by Thursday, the local butcher will deliver if for your Sunday roast at Inn at Lathones. [www.theinn.co.uk](http://www.theinn.co.uk)

**The Acarsaid Hotel and Lodge in Pitlochry** has produced its festive programme four months earlier than normal after receiving a record number of inquiries (up 43% on this time last year), for Christmas and New Year 2009. Owner, Clare McLellan said, "Given recent occupancy trends, it's great news, especially for a rural area. By being innovative, understanding our customers and using their feedback properly, we have developed strong customer loyalty, putting us in a healthy position to weather the recession." [www.acarsaidhotel.com](http://www.acarsaidhotel.com)



# Top Tips

for success

- Find other experiences in your area to collaborate with. This way you can offer visitors more to spend their money on and have an even better experience. Also look at ways to add value to your visitor's experience to give people more reason to visit.
- Know who comes to you and why. Listen carefully to their comments and take action. This way you can keep in touch with the changing needs and attitudes of a changing market to be sure you always offer experiences to truly delight people.
- As more people are searching online for last minute deals, keep your website up to date with lots of information so that people can find you easily and quickly see all that you and your area can offer.
- More UK people are opting to holiday at home this year. Remember the UK makes up 83% of our total tourism market so seize the opportunity and deliver an unforgettable experience that they will come back again for.

## Links

<a href="http://www.tourism-intelligence.co.uk">www.tourism-intelligence.co.uk</a>	Tourism Intelligence Scotland - For a range of market intelligence for Scottish tourism businesses Also, 'Opportunities for Growth' series of downloadable guides: - <b>Knowing our Markets...Scotland's Visitors</b> - <b>Scottish Tourism in the Future</b> - <b>Walking Tourism</b>
<a href="http://www.stforum.co.uk">www.stforum.co.uk</a>	Scottish Tourism Forum newsletter for tourism news
<a href="http://www.tourismtrade.org.uk">www.tourismtrade.org.uk</a>	For up to date advice on the economic downturn and other insights from VisitBritain
<a href="http://www.visitscotland.org">www.visitscotland.org</a> <a href="#">Current Economic Situation</a> <a href="#">Tourism Industry Trends</a> <a href="#">Insights Now</a>	For up to date advice on the economic downturn and other insights from VisitScotland



## Ear to the Ground

### This month - a comment from self caterers

The ASSC is currently undertaking a survey on “season to date”. Early results are showing a mixed picture – some reporting more business, some reporting less. Easter was good and the main season is shaping up to be good, however advance bookings for autumn are causing some concern. However, there is a prediction that many people may miss out on an autumn break this year – having a good summer break instead and then starting to think about Christmas.

#### David Smythe says

*“People will always have a summer holiday – they won’t sacrifice a summer break unless in really dire straits. The number of European visitors is down for some businesses. Although the exchange rate is good for them, much of Europe is in a recession too, so job uncertainty may keep a lot of European visitors away.”*

*“The corporate market seems to have been hit harder, as many businesses cut back on travel/accommodation expenditure.”*

*“Overall the self-catering market in Scotland is fairly robust and the picture isn’t looking too bad for this year.”*

We have a variety of ‘Ear to the Ground’ contributors who represent many associations, initiatives and businesses in Scottish tourism. We want to be able to share the latest news and ideas with you on a regular basis.

These people have promised to let us know what is going on at the various tourism network events and gatherings. If you would like to become a Tourism Intelligence ‘**Ear to the Ground contributor**’ please get in touch with us [info@tourism-intelligence.co.uk](mailto:info@tourism-intelligence.co.uk)



The Barend Holiday Village, Dumfries and Galloway, P. Tomkins

Please encourage as many people as you can to register on

**[www.tourism-intelligence.co.uk](http://www.tourism-intelligence.co.uk)**

Look out for the next newsletter coming out in August for more intelligence, trends and top tips on the economic downturn.

*Tourism Intelligence Scotland team*