SCOTTISH TOURISM RECOVERY TASKFORCE

DEMAND WORKING GROUP

PURPOSE & AGENDA

Purpose: To look at stimulating demand now and beyond Covid-19

Timeframe: Immediate (Six Months) and Mid-Term (Twelve Months)

Agenda: What do we know?

- Summary of consumer and community sentiment
- Issues to consider
- Innovation and Interventions
- Next Steps

WHAT DO WE KNOW?

Tourism contributes significantly to the Scottish economy and is vital to the economic performance and employment of towns, cities, regions and rural communities across the length and breadth of Scotland.

- 17.4 million visitors were attracted to Scotland in 2019, with three and a half million people coming from overseas.

- Total spending by tourists reached £5.7 billion in 2019, and the value of the sector to the wider economy is estimated to be over £10.5 billion.

- Tourism employs 218,000 people, which accounts for more than 8% of Scottish employment across a range of occupations and skills.

VISITOR SENTIMENT TOWARDS TOURISM (1)

VisitScotland, VisitEngland and Visit Wales have commissioned a weekly Covid-19 consumer sentiment tracking survey to understand domestic intent to take overnight short breaks and holidays both within the U.K. and abroad, with particular focus around the current barriers and concerns around travel and how these will evolve over time.

- A **minority** of Britons are confident that they would be able to take a U.K. short break or holiday in June (5% confident) or July (12%). Confidence increases for periods later in the year - for August confidence more than doubles to 25% while September jumps to 40%.
- The **majority** are confident they'd be able to take a U.K. trip between October and December this year (54%) and from January 2021 onwards (72%).

VISITOR SENTIMENT TOWARDS TOURISM (2)

- Reasons for not feeling confident on taking UK breaks
    - ‘Fewer opportunities to eat/drink out’ is the leading reason denting the U.K. publics confidence about travelling between June and September this year (46% of those not confident stating this), followed by ‘restrictions on travel from government (45%) and ‘concerns about catching COVID-19’ (44%).
    - From October onwards, concerns about catching COVID-19 is the leading reason, with 51% of those not confident travelling during this period stating this.
- The **Devon & Cornwall (South West) are significantly more likely than any other part of the U.K. to receive visitors between June and September this year** (21% intending to do so). **Followed by Scotland (12%)** which is one of six regions/nations that generate interest of between 9% and 12% of those planning a domestic trip in this period.
- The South West, **Scotland**, London and The North West look set to be the most popular parts of the U.K. for trips taken from October onwards.

COMMUNITY SENTIMENT TOWARDS TOURISM

VisitScotland Insight has gathered local residents' views on tourism since mid-May, using a consumer panel based on a nationally representative sample. The first 6 weeks' key summaries below covering 18th May to 26th June:

- There is a clear differentiation of local residents' attitudes towards visitors in terms of where those visitors are coming from and their length of stay – they are more comfortable with visitors from Scotland coming to their local area compared to those from elsewhere in the UK or overseas, either for day trips or for a longer stay.
- Sentiment has changed over the last 6 weeks – communities are increasingly comfortable with all visitor types, although there's still a high level of concern in welcoming overseas visitors.
- Communities in the Highlands have the highest level of concern with visitors coming to their area. (The Highlands is seen as the most popular Scottish destination among UK holidaymakers over the next 6 months.)
- Overall, Scotland residents' perceptions of the situation with regards to the pandemic shows that returning to life somewhat 'close to normal' is a long time away.

CONFIDENTIAL

DISCUSSION - SENTIMENT

Summary:

- Scotland is viewed as a potential short break, leisure destination along with South West England by UK consumers.

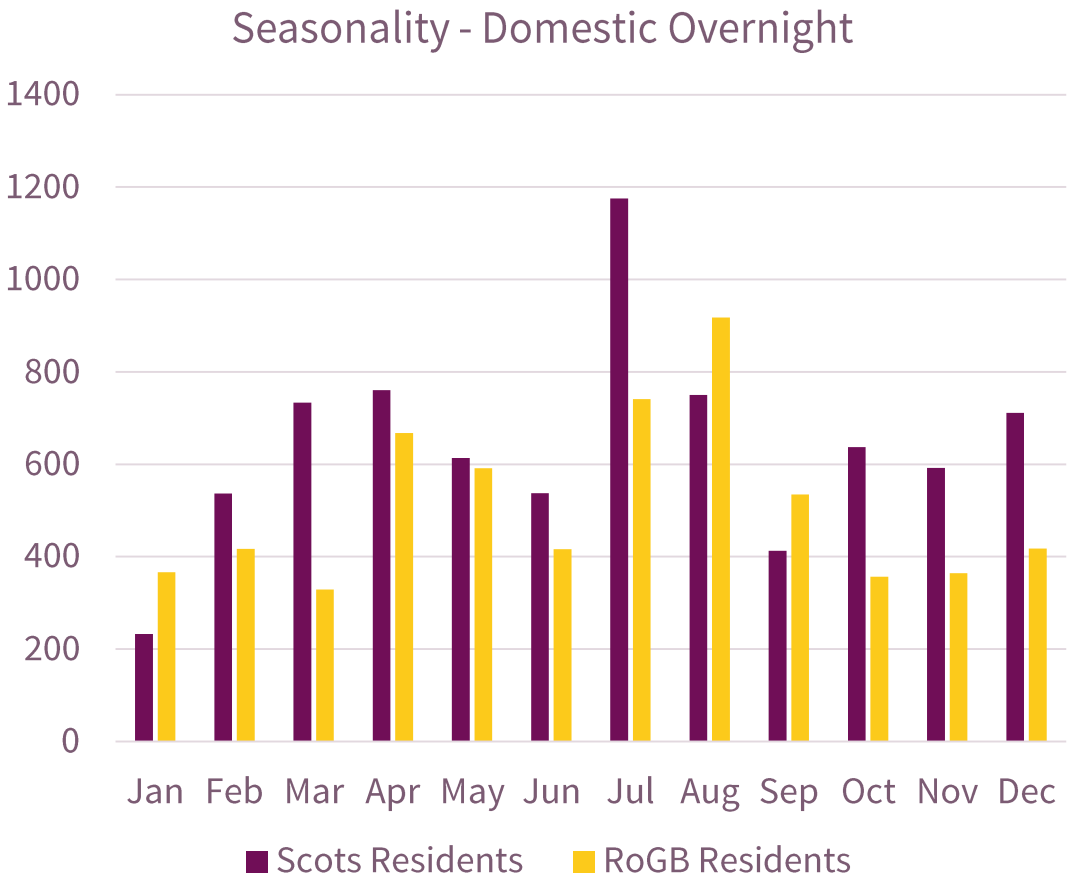
- Early, confident adopters are likely to travel during summer. Expectation of greater travel during September / October. Majority travelling from 2021.

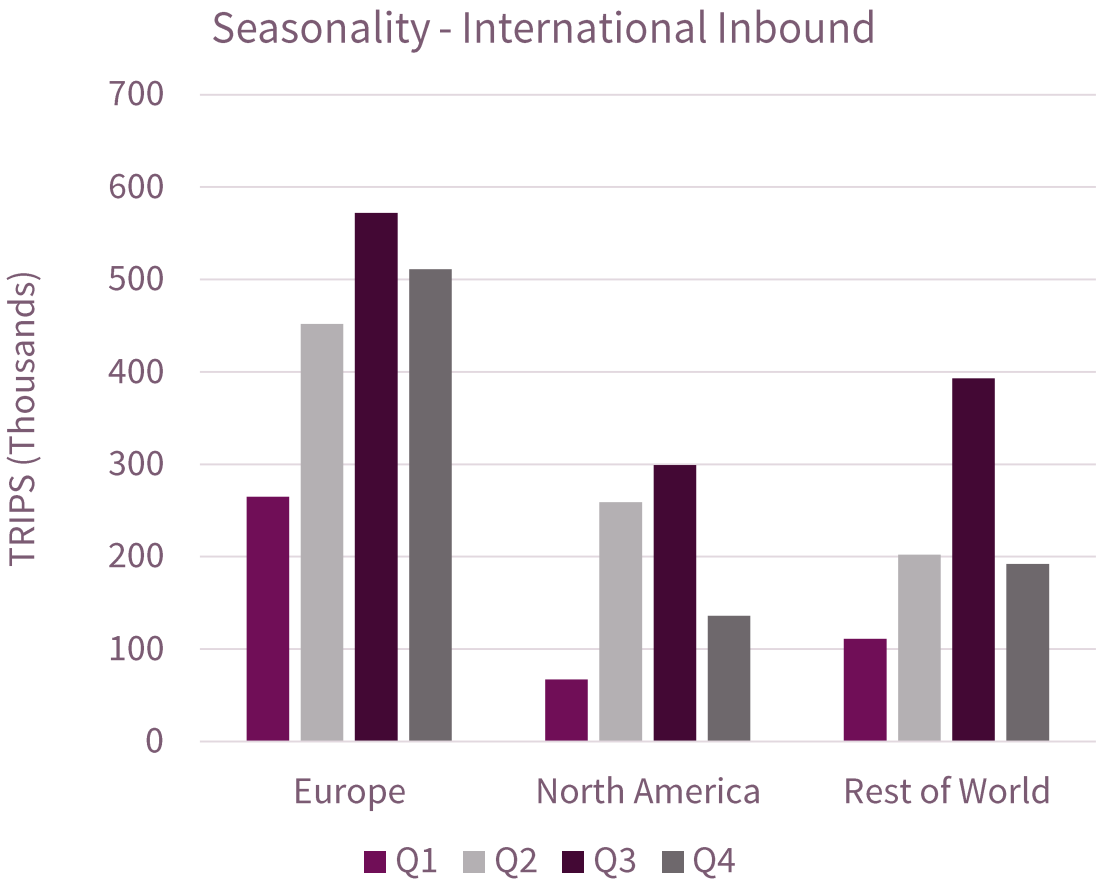
- Community Sentiment reserved but softening with concerns over visitors from markets growing by distance of travel to destination

MARKET SHARE

Geographical Market (correct 2019)	Market Size (Trips)	% Share of All Trips	% Share of Overnight Trips
Day Trips	134 million	90.6%	-
Scots Residents Overnight Holidays	5.7 million	3.9%	40.8%
Rest of GB Residents Overnight Holidays	4.8 million	3.2%	34.4%
Short Haul International	1.8 million	1.2%	12.9%
Long Haul (North America)	761,000	0.5%	5.5%
Long Haul (Rest of World)	898,000	0.6%	6.4%

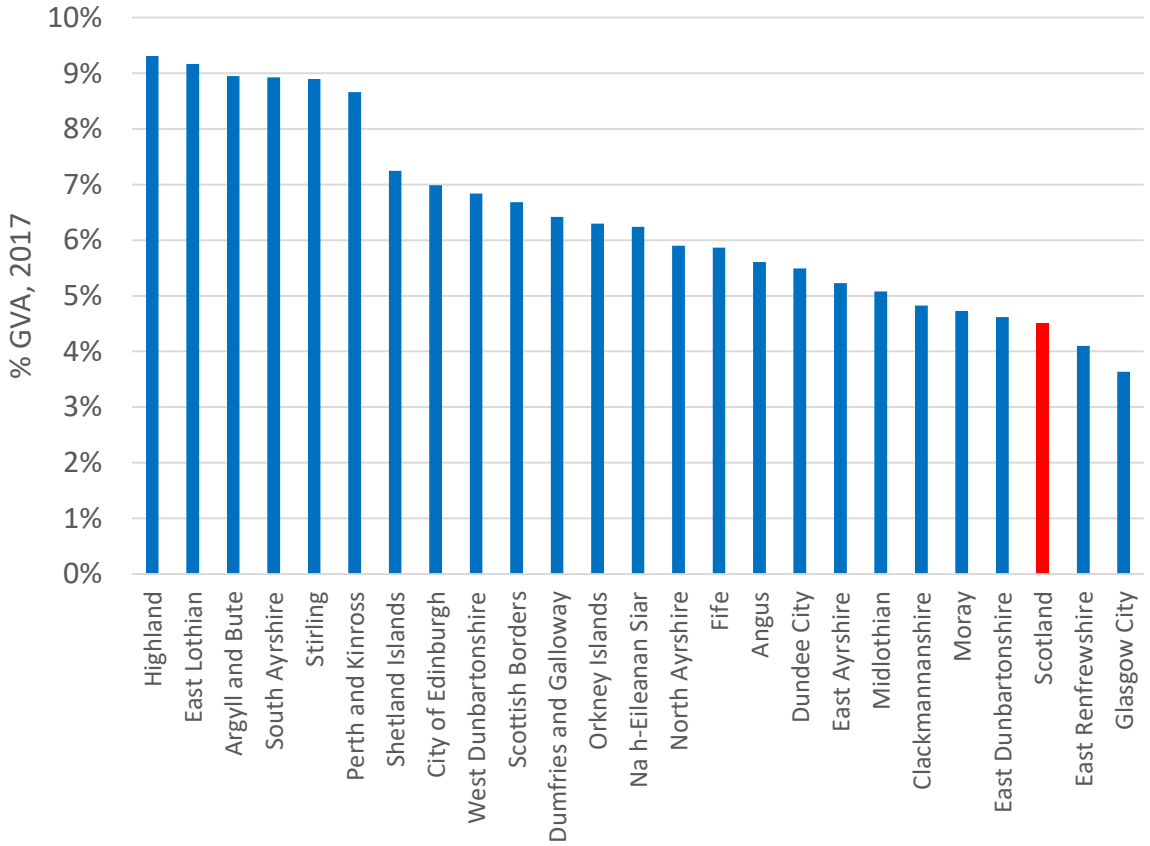
SEASONALITY



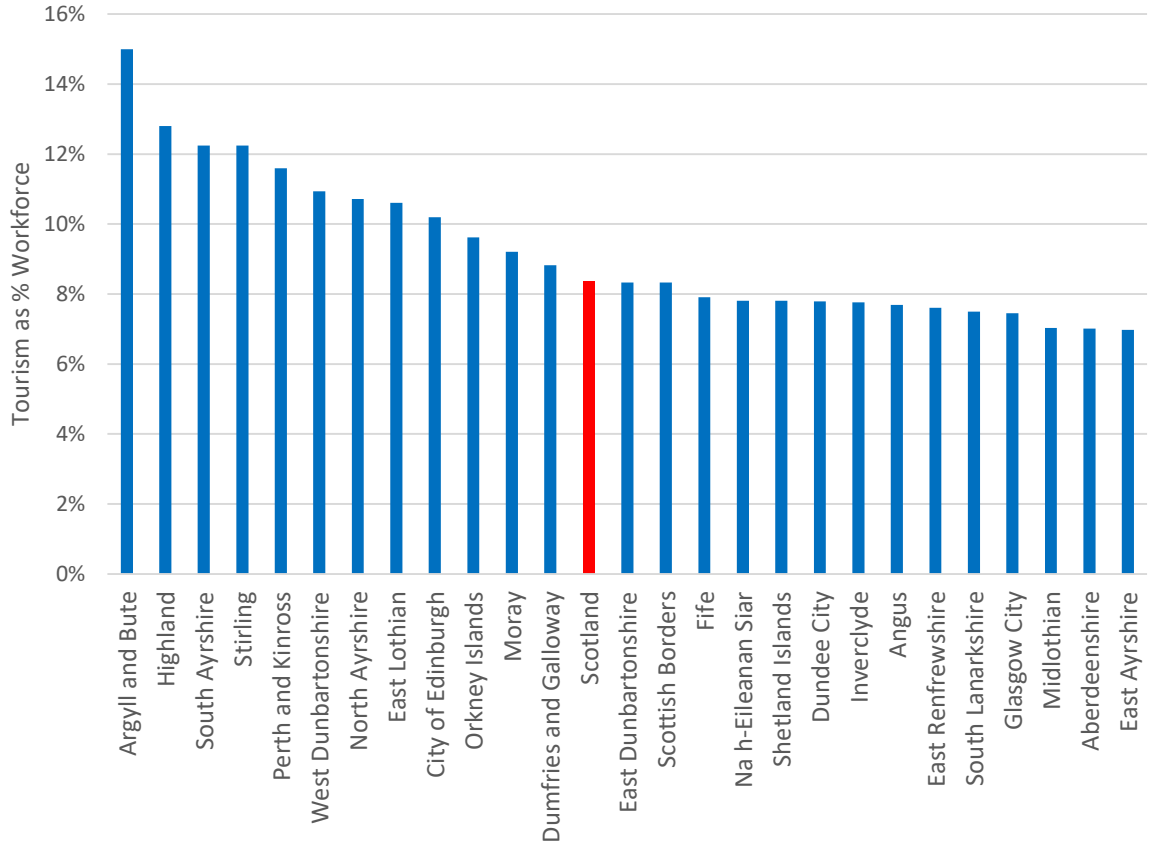


GEOGRAPHICAL PRIORITISATION

Sustainable Tourism Contribution to Selected LA GVA, 2017



Employment Share in Sustainable Tourism Sector, Selected LAs, 2018



MARKET PRIORITISATION (EXPERIMENTAL)

TOP 5 MARKETS IN EACH PARAMETER

CONSUMER BEHAVIOUR

- For the summer period, countryside/village and traditional coastal/seaside town destinations continue to lead with 33% and 32% shares respectively. Cities are again promoted into joint second place for trips scheduled from October.
- For the June-September period, we continue to see a broadly even split between the leading four accommodation types, although from October, hotels/motels/inns are significantly more likely to attract visitors.
- Of the reassurances people are seeking in order to feel comfortable staying in a hotel, measures to reduce contamination (e.g. hand sanitisers and enhanced cleaning regimes) lead, although the single most cited factor is for them to offer the provision of free cancellations.
- As restrictions lift, outdoor areas and activities (e.g. beaches, trails, theme parks) look set to attract higher than usual levels of visitors than normal, while predominantly indoor activities/venues (e.g. restaurants, spas, museums, galleries) are likely to face a lengthier period of subdued demand.

DISCUSSION - ISSUES

Summary:

- Domestic Markets account for majority of visitors. Market potential within European regions.
- Trust, Safety and reassurance are high priorities for visitors.
- Sustainability – Visitors are preferring their own cars / transport over public transport.
- Rural Regions have higher tourism contribution to jobs & economy - also where higher concerns over tourism by communities exists.
- Capacity & Product Availability – concerns for visitors and businesses.
- Will demand affect pricing and flexibility?
- Rural / Cities mix disparity?

INTERNATIONAL POLICY RESPONSES

FISCAL

Cross-cutting measures:

- Exemption, reduction and/or deferrals of taxes and other social contributions for companies, in most cases targeted specifically at SMEs;
- Emergency economic funds and assistance to SMEs, (in some cases, facilitated through partnerships with financial institutions);
- Investment programmes;
- Deferral or discount in the payment of utility expenses to businesses and self-employed workers;
- Social safety net such as food, means of individual protection and other essentials for socially vulnerable and high-risk groups, including those with disabilities, and transportation.

Tourism specific measures:

- Exemption, deferral (up to six months) and reduction (up to 50%) of tourism related taxes to businesses in the travel, hospitality and other tourism related activities such as environment protection fee, tourism licenses, tourism marketing taxes, visa fees, capital gain taxes;
- Economic assistance for SMEs in tourism;
- Discount on utilities expenses for businesses;
- Cash flow assistance to travel agencies.

MONETARY

Cross-cutting measures:

- Reduction and/or exemption of interest rates;
- Interest rates subsidization (loan waiver, subsidization of certain parts of loan interests by the government);
- Special credit lines (mainly for SMEs and self-employers) and lines financed in cooperation with international financial institutions (e.g. IMF and WB) and other regional development banks;
- Co-financing and refinancing of credit;
- State guarantees for bridging loans used to cover temporary liquidity shortages;
- Access to loans for SMEs (state covers up to 90-100% of credit costs);
- Moratorium on loans;
- Measures to ensure the stability of national; currency and consumer prices.

Tourism specific measures:

- Financial funds for SMEs in tourism such as new loan schemes and preferential conditions for loans;
- Incentive program granted to airlines.

JOBS & SKILLS

Cross-cutting measures:

- Furlough of employees (wages partially supported by the state);
- Direct subsidies for one-person-enterprises and micro-enterprises;
- Grants from the state to businesses of a percentage of the salary fund;
- Extension of layoffs in the case of seasonal workers;
- Reduction and/or deferral of social security contributions' payments;
- Exemption from or compensation of compulsory health insurance obligations;
- Temporary easing of conditions for the use of social insurance funds;
- Providing financial assistance to entrepreneurs for supporting contract employees with the wage level lower than the minimum monthly average salary;
- Cash-transfers for unemployed workers;
- Flexible mechanisms for companies to support employees' costs and reduction of salaries taxes;
- Telework is encouraged, whenever possible and schedule flexibility measures;
- Online training on digital transformation to support companies.

INTERNATIONAL POLICY RESPONSES

MARKET INTELLIGENCE

Cross-cutting measures:

- Internal crisis mechanisms such as National Coordination Committees;
- Informational campaigns;
- Impact/assessment studies.

Tourism specific measures:

- Internal crisis mechanisms such as Committees/ Task Forces/Special Units;
- Communication channels such as digital platforms and others to inform stakeholders in the tourism industry;
- Monitoring data in real time to understand tourism demand and prepare surveys, studies and forecasts;
- Guidelines on the new situation available to businesses and professionals working in the tourism industry;
- Measurement of the impact in the short, medium and long term;
- Campaigns promoting virtual tourism.

PUBLIC/PRIVATE PARTNERSHIP

Tourism specific measures:

- Recovery funds to mitigate the impact in tourism;
- Solidarity funds with private sector donations;
- Committees and other groups that consult and engage with private sector stakeholders;
- Crisis management strategies;
- Platforms available to private sector stakeholders;
- Supporting businesses with investment programmes;
- Support businesses by facilitating their digital presence.

RESTARTING TOURISM

- Vouchers (preferred to reimbursement) for trips and travel packages cancelled due to COVID-19;
- Amendments in contract laws to protect both customers and tour-operators;
- Guidelines and recommendations on concluded tourist package contracts whose implementation is impossible due to COVID-19;
- Health and safety protocols, certifications and labels in tourism establishments (accommodation sector, restaurants, spa and wellness centres, etc.);
- Creation of safety corridors between countries to restart international tourism.

PROMOTOING DOMESTIC TOURISM

- Holiday vouchers for domestic travel;
- Domestic tourism promotion and marketing campaigns;
- Fee waivers on air services charges on domestic airline operations and domestic and regional aviation security charges;
- Co-financing smaller promotional projects and executing projects on the domestic market;
- Product development initiatives;
- Forecast of domestic tourism demand.

https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-06/BFN_V4.pdf

DISCUSSION – INNOVATION & INTERVENTION

Summary:

Destinations globally are implementing a range of measures to support and restart tourism. These include:

- Fiscal and Monetary stimulus from Central Government
- Local and localised funding initiatives

There are also innovative measures from industry and the public sector in terms of new products, marketing driven by intelligence to maximise the opportunities the regional landscape presents.

River Coe, The Highlands