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## The future of Scotland's international tourism markets

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### ARTICLE INFO

#### Article history:

Available online 30 November 2008

### ABSTRACT

This paper explains the rationale behind a tourism marketing strategy prepared for Scotland, as an example of a small-nation destination. In 1985, a typical international tourist to Scotland would have been described as 'American, over-50 and interested in heritage', whereas today the typical tourist is 'European, under-35 and interested in culture'. The change can be explained within the context of global tourism trends, which provide an insightful explanation of this transformation. Looking to the future, the prospects up to 2025 are assessed in this paper, based upon future trends and UN WTO projections. Is that future to be based upon arrivals from North America, European or the Rest of the World? Whatever the scenario, a strategy is presented that captures the essence of Scotland's international tourism expectations based upon key drivers and market prospects. In a highly competitive market, Scotland should focus on markets that it can win and that can contribute towards the industry's ambition to grow the economic value of tourism by 50% by the year 2015 through strong branding and a focused marketing proposition.

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### 1. Introduction: what do people do on holiday?

Many influences determine tourism's future. As a result of direct and indirect forces, tourists are making greater demands of the industry. Since the mid-1980s the traditional view of the holiday has developed from the fortnight-long beach holiday to a multiplicity of experiences and events, whether this be a series of short adventure breaks or a 6-month career break travelling around the world.

Studies carried out by Mintel show that the content of holidays is changing [1]. Families are spending more time on activities, although the pool-based holiday is still high on the list of priorities for them. This kind of holiday provides entertainment for children, whilst enabling parents to relax; however, holidays are now perceived as prime family-quality time, something that is reducing in the home. As a result, activity-based breaks are becoming increasingly popular as a means of bonding for families. The number of culture-based holidays is also increasing in popularity—especially amongst the active-retired generation. The recently retired or "empty-nesters" have broken trends by undertaking more adventurous holiday breaks than those of a similar demographic profile in the past. The Baby Boomer generation is living longer, is more affluent, and are taking more holidays than previous generations. However, with the world facing an ageing demographic

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crisis over the next few decades, coupled with funding and financial issues associated with pensions and care, this trend may be short-lived.

Other areas of the traditional tourism industry are changing. Business travellers' habits are evolving in the face of uncertain global economic conditions. Digital communication and teleconferencing allow face-to-face meetings without the expense and inconvenience of travelling. For companies that are tightening their budgets, this is seen as a benefit; however, with the globalisation of the marketplace, the cultural differences of other countries' business dealings and the advantage of being at a meeting in person may lead to the development of specific travel routes and to a decline in others.

Sustainable tourism and eco-tourism are gaining in prominence amongst consumers. Although the ecological impact of air travel is widely accepted, people's desire to travel to remote areas, with the perception of experiencing a natural environment, continues unabated. Travel companies are quickly beginning to understand the relationship which the consumer has with the wider environment and are starting to provide packages which meet these needs [2]. Ongoing factors for travellers are fluctuating fuel prices affecting travel choices and the fear of terrorist attacks; these move the focus of tourism clusters, depending on the current activity in these areas.

What is changing, however, is the content of the holiday product. The importance of new experiences, culture and authenticity summarise the trends that will shape the future of world tourism. The tourist wants to sample the ethnicity of the host destination. Increasing interest in culture, food and sport are shaping the way in which people make their holiday choice. As a society, our leisure time and disposable wealth are increasing and these are the primary catalysts for a growing tourism industry. However, the consumers' perception is one of blurring between increasing work stress and a desire to rejuvenate through experience.

Looking into the future, both mega drivers (i.e. the macro conditions that will shape international tourism) and consumer drivers (that individuals use to shape destination choice) will determine the future shape and scale of tourism [3]. The mega-drivers, shown in Table 1, have been identified by the UNWTO as the principal determinants and influences on the development and growth of tourism activity in the future.

The individual or consumer drivers that shape the tourism proposition and the motivation to travel are identified in Table 2.

## 2. Serendipity and cycles

History has a tendency to repeat itself. In fact, if big, new ideas in business are examined critically, it will be found that they have been present in Scottish tourism for a long time. For example, in 1810 Sir Walter Scott's poem, 'The Lady of the Lake', triggered a rush of visitors to the Trossachs. Nowadays, the trigger could be Harry Potter or 'The Da Vinci Code'. Scotland was known as a sporting playground in the 19th century, whether fishing, deerstalking or mountaineering. Today, it is still known for those sports—and many more. 'Scotland for Health' was based upon the hydros of Crieff, Peebles and Craigmackhart today, it is the spas and the great outdoors which attract visitors. In Victorian and Edwardian times, steamships on the Clyde took day visitors from Glasgow to Arran; today planes bring the tourists from many countries to Scotland [4]. Scotland has long been an attraction for the international visitor, with the motivation being more than tartan, whisky and short bread. As early as 1772 according to the *Weekly Magazine* [5], "it has become fashionable to make a tour for Scotland for some weeks or months."

Today, there are concerns about terrorism and war, but that is nothing new. Scotland has always been perceived as a safe destination, according to Durie [6], in contrast to Ireland and other parts of Europe, which were regarded as being barbaric

**Table 1**  
Global mega tourism drivers—economic and political.

<i>Prosperity and affordability</i>
According to research by the Future Foundation, consumers perceive holidays as the number-one luxury product. Consumers desire holidays more than houses, fast cars, perfumes and designer clothes [12]. The desire for holidays has been driven by affordability and prosperity [13]. This pattern of economic behaviour is happening in many countries all over the world; over the next two decades the middle classes of China, India and Eastern Europe will become the travelers of tomorrow.
<i>Accessibility</i>
The tourists' world is shrinking because of technological advances. The advent of the internet allows the tourist to choose a destination anywhere in the world—and even beyond! Space tourism is becoming a modern reality. Travel is much easier today, with more direct flights between countries and the declining cost in real terms; the yield per passenger per airline kilometre is the lowest since statistics were first recorded [14]. Today, visa restrictions are fewer and the world is accessible to many in the developed countries.
<i>Events</i>
With the worldwide expansion of tourism destinations, the individual consumer is increasingly exposed to or influenced by events, whether they be sporting successes or environmental disasters, or arbitrary acts of terrorism. Much depends on how the negative events are dealt with by the countries concerned. Increasingly, it has been shown that US tourists are suffering from "American Angst" which means that they prefer to stay at home or visit only those foreign destinations which are perceived to be pro-American [15].
<i>Globalisation and competition</i>
Globalisation and localisation are two concurrent but apparently conflicting developments whereby the world has become increasingly polarised between the macro and the micro. All countries are integrally locked into the global economy and no destination can succeed without operating in all major established and emerging markets. In response to the globalisation of economies and cultures, people are looking to their countries to establish a stronger sense of national identity. Overall, the openness of the world economy means that the tourist has more choice of destination and increased competition means better value for their money.

**Table 2**

Consumer drivers of tourism—motivations and opportunities.

*Anxiety society, health and safety*

It is the general perception within the UK society that a major terrorist event will occur in the next few years [16]. A 'backdrop' of anxiety presents the consumer with two courses of action. Fear leads to risk-minimisation and perceived dangers are avoided. As complacency takes over, consumers develop an attitude of "whatever will happen, will happen", opening a wider choice of experiences.

*Longevity*

There is a continuing trend of aging populations in the developed economies. The opportunity in the future, is for highly mobile, mature consumers with high disposable incomes, seeking an experience-based holiday. With this comes contracting workforces with fewer younger, wage-earning workers and, ultimately, pension-payment constraints, and altering the perceptions of the composition of household.

*Image and brand*

Destinations will become a fashion accessory, with the traveller increasingly adopting this attitude as a fundamental principle for the choice of holiday. Furthermore, brands and images will become more important in the future as destination choice will be shaped by the values that the consumer holds. Destination brand values will have to be trustworthy, ethical and sustainable [17].

*Technology*

The tourist of tomorrow will be better informed, have a wider choice and be able to purchase holidays in an instant, all driven by technology, whether it be the internet, travel videos on demand or online bookings.

*Environment*

Growing awareness of social and environmental issues is increasing in the consumer market place. This is leading to conflict between conscience and the desire to travel. The provision of sustainable travel products aims to bridge the gap between these two states. However, the consumer will untimely decide which factor is of greater importance.

*Individualism*

A main challenge to marketing tourism destinations will be the increasing diversification of interests, tastes and demands. The availability of products on supply and the range of demand will lead to a split in provision, with mainstream products being provided to the majority and – through the use of technology – smaller-scale, micro-marketing to target individuals and provide highly tailored products to meet their requirements.

*Time pressures*

With changing work practices and a blurring of traditional boundaries between work and leisure, the trend is increasingly towards escapism and indulgence. Several shorter breaks are replacing the established long break as greater pressure is put on time and there is increasing stress in the workplace.

*The movement from an experience economy to authenticity*

The industrialised world is in transition from the service to the experience economy. As this economy matures, the desire for authenticity emerges, a trend based on the real world rather than on something that is artificial.

*Perceptions of luxury*

Luxury is becoming less about materialism and more about enrichment and time. The consumer is increasingly aware of the importance of luxury as a concept of fulfilment. Destinations are adapting to this demand by diversifying into niche areas where the traditional perceptions of luxury and opulence are sharing the market with providers of wellness and remoteness.

and hostile. Scotland was a place where young men could not fall into sexual temptation, thanks to the rule of the Kirk, and travellers were unlikely to be robbed. As wars ravished Europe between 1790 and 1819, the number of grand tours of Scotland grew significantly from 21 to 53 per annum [7]. In modern times, the attraction of Edinburgh as a festival city came about almost by chance. In 1947 eight theatre groups turned up at the first International Edinburgh International Festival; they were turned away, but decided to stage their own shows as a kind of 'fringe' to the official Festival. There was no central box office, no Fringe program and no advance publicity. In 1948 Robert Kemp of the Edinburgh 'Evening News' unwittingly coined the term which was to be applied to what is now a huge event, 'the Fringe' and so the world's largest festival was born and has blossomed [8].

Today's hoteliers complain that there are not enough Americans and that the marketing is not right but this is nothing new. In 1893, it was noted by Durie [6] that the American trade had fallen off considerably. Why? That year the Americans simply stayed at home because the Chicago Exhibition was celebrating the 400th anniversary of Columbus's discovery of America. So there is truth in Hobsbawm's observation that history does repeat itself, as the past is a permanent component of human consciousness and patterns of the future [9]. Many of the drivers and trends that will shape the future have already appeared.

### 3. A changing Scotland—1985 to the present day

Looking at Scotland over the last 20 years, there have been major transformations in all areas of everyday life. Since 1985, the country has experienced a gradual decline in population, primarily as a result of falling birth rates and emigration, although recent immigration has resulted in the population climbing to above 5 million in 2006. In 1985, heavy engineering, steel, coal and oil production were the principal industries in Scotland. Today, Scotland's economy has been transformed into a services-and-knowledge economy, driven by bio-medicine, financial services and tourism. Household disposable income has risen by 150% in real terms since 1985 and participation in higher education increased by 100%. The transformation of Scotland into a modern economy and a devolved state is probably best represented by the opening of the Scottish Parliament in 1999, more than three hundred years after it had been dissolved [10]. Tourism itself is a £4.2 bn industry representing 3% of Scottish income (GVA) and 9% of employment.

A richer society means that its consumers travel more often and that is a reflection of what has happened in Scotland. Between 1985 and 2005, international arrivals tourism to Scotland grew by 92%; however, at the same time, the balance-of-payments deficit between inbound and outbound travel had grown by 200%. This was driven by the Scots' desire for sun and

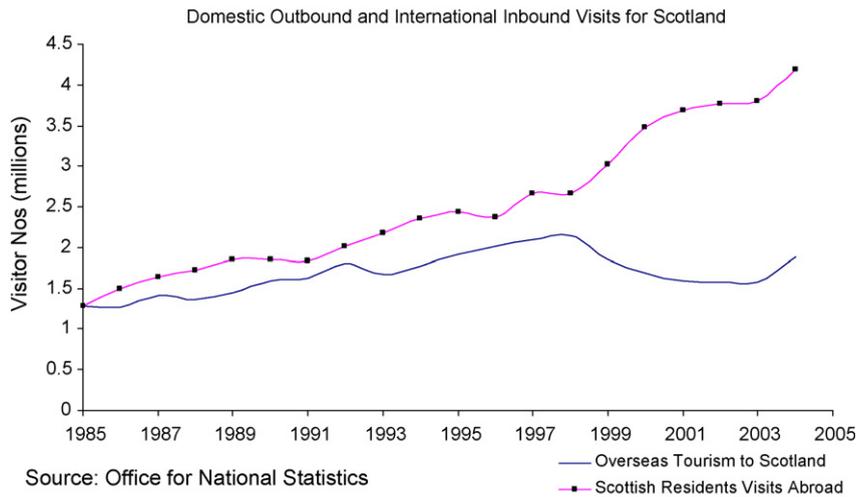


Fig. 1. Domestic outbound and international inbound visits to Scotland.

Table 3

Scotland's international tourism revenue by country: source ONS [19].

Rank	1985	Share %	Revenue £m	1995	Share %	Revenue £m	2005	Share %	Revenue £m
1	USA	46	195	USA	27	211	USA	16	195
2	Canada	13	55	Germany	13	102	Germany	11	131
3	Germany	7	30	Australia	6	43	Australia	8	92
4	Australia	5	23	Canada	5	42	Canada	7	90
5	France	4	19	France	5	41	Italy	6	75
6	Italy	4	18	Italy	5	35	Spain	6	69
7	Netherlands	3	13	Japan	4	34	Ireland	5	59
8	Switzerland	1	6	Spain	3	21	Sweden	4	48
9	Spain	1	6	Netherlands	2	18	France	4	44
10	Belgium	1	5	Switzerland	2	16	Switzerland	3	33
	Others	12	50	Other	33	274	Other	30	372
	Total	100	419	Total	100	837	Total	100	1208

sand, budget flights and the wish to visit faraway places. As societies all over the world get richer, their citizens want new experiences and that trend is found in Scotland just as it is in other countries. Fig. 1 highlights the number of the numbers for both domestic outbound and international inbound visitors to Scotland.

Today, Scotland cannot rely only on domestic markets; it is important to look to international tourists who tend to stay longer and spend twice as much as domestic UK visitors. Scotland's main domestic markets are Scotland, North of England, London and the South of England. These markets represented 71% of revenue and 86% of trips. Scotland's main overseas markets are North America, Ireland and Germany.

#### 4. Scotland's position in world tourism

Currently Scotland's share of world tourism international arrivals is only 0.23%.<sup>3</sup> From 1985 to 2005 the number of international trips and expenditure has gradually increased. However, the spend per trip has declined, with the average night's expenditure in 2005 similar to its 1985 level. This supports the suggestion that consumers are increasing the number of breaks they take and, in the search for value for money; they are sourcing their own flights and accommodation. It is also a reflection of the type of holiday taken by international visitors to Scotland. In 1985, the typical overseas tourist was American, over-50, interested in heritage, and would stay for 10.7 nights, whereas in 2005 the typical international visitor was European, under-35, interested in culture, and stayed 10.2 nights. Scotland, just like the rest of world, has experienced diversification in the type of visitor profile; today there are many more visitors from India, China and Russia—in 1985 they were a rarity.

<sup>3</sup> If arrivals from the rest of the UK were to be included, that figure would rise to 1.49%. When Scotland is compared to China's capital, Beijing, the scale of the competition becomes obvious. Beijing hosted 3.6 million overseas tourists in 2005; overseas visitors to Scotland in 2005 numbered 2.5 million [18], almost one and a half times fewer than Beijing [11].

**Table 4**  
Scotland's international arrivals by country: source ONS [19].

Rank	1985	Share %	Arrivals (000)	1995	Share %	Arrivals (000)	2005	Share %	Arrivals (000)
1	USA	31	395	USA	21	406	USA	14	344
2	Germany	9	112	Germany	13	237	Germany	12	285
3	Canada	9	110	France	9	155	Canada	8	181
4	Australia	8	105	Canada	7	124	Ireland	7	156
5	France	5	64	Australia	6	114	France	6	144
6	Netherlands	3	44	Italy	4	78	Australia	6	133
7	Italy	3	34	Netherlands	3	60	Sweden	5	131
8	Spain	2	24	Spain	3	50	Italy	5	122
9	Switzerland	2	21	Japan	3	46	Spain	5	121
10	Belgium	2	20	Belgium	3	46	Netherlands	4	95
	Others	27	352	Other	31	372	Other	28	680
	Total	100	1280	Total	100	1920	Total	100	2392

In 1985 the USA, Canada, Germany and provided 65% of all revenue from international arrivals to Scotland (see Table 3). Since then these top three countries' share of revenue has fallen to 35%. In 1985 the USA provided 46% of all revenues; today it provides only 16%. However, this decline is masked by the fact that overall international revenues have increased from £0.4 bn in 1985 to £1.2 bn in 2005, driven mainly by European arrivals. Looking at arrival numbers for the period 1985–2005, the top three nations by rank are the same as revenue (see Table 4). The percentage share of arrivals for the three fell from 49% in 1985 (31% USA) to 34% in 2005 (14% USA). For the remaining seven places in the top ten, the countries have changed over the 20 years. The advent of budget airlines and changes in national economies propelled Ireland from outside the top ten countries for arrivals to fourth by 2005.<sup>4</sup>

Since 1985 Scotland's international markets have changed. The destination has diversified and enhanced the product from a 'whisky, tartan and shortbread' image to one of a 'human, dramatic and enduring' image [4]. The challenge for Scotland, which already offers a wide range of products, is that other destinations in the future will offer the same product but cheaper. Competition for the international tourist will be fierce and Scotland needs to position itself in a way that is based upon the product offerings of authenticity, culture, new experiences and business tourism. In an environment where potentially every country of the world has a tourism proposition, it is important for VisitScotland (the national tourism organisation responsible for marketing Scotland) to decide where its international tourism prospects lie. The future of international markets depends on how Scotland positions itself as a Must Visit–Must Return destination, clearly focused on markets and propositions that can contribute towards the tourism industry's ambition to grow tourism revenues by 50% by the year 2015.

## 5. Scenarios for the future of tourism in Scotland

Two scenarios have been constructed, based upon current and adjusted trends, which look at how the profile of international arrivals could change. In a European context, the World Tourism Organisation predicts an annual growth rate of 3.0% for Europe over the period 1995–2020, just over a percentage point below the global rate of 4.1%. Consequently, the overall share of arrivals to Europe is expected to decrease over the forecasted period, from 59.8% in 1995 to 45.9% in 2020. Europe will lose market-share to the Middle East, Africa and South Asia. At a sub-regional level within Europe, the growth rate for Northern Europe (which includes Scotland) is expected to be 3.8%.

### 5.1. Scenario 1—Hello America, hello world

In scenario 1, the outlook for Scotland is based upon the WTO forecasts for UK tourism [11], with an annual growth rate of 3.3% per annum (see Table 5). Driving this growth are arrivals from America and Europe. European arrivals will show strong growth from the Nordic countries, Ireland and Germany. The largest growth market will continue to be North America at 3.9% (USA and Canada), accounting for 25.2% of all arrivals in 2025. In this scenario, the past is an extrapolation into the future.

### 5.2. Scenario 2—Goodbye America, hello world

In scenario 2, a fundamental shift occurs in which a continued decline in North American arrivals has a significant impact on Scottish tourism (see Table 6). This decline is driven by the North American travellers' interest in South America and the Caribbean rather than Europe—which is a reflection of WTO travel patterns [11]. The –1.3% decline rate

<sup>4</sup> Comparing the UK to Scotland in terms of overseas tourism (see Fig. 1), the trend in visits and spending is similar. Scotland has been affected by the same factors that UK tourism has in terms of the Asian financial crisis, the Gulf conflicts and the SARS epidemic. However, Scottish tourism has benefited in other ways in comparison with the UK as a whole, e.g. Edinburgh's hosting of the European Summit in 1992 and the film "Braveheart" in 1995.

**Table 5**

Scenario 1—Hello America, hello world.

Forecast of international inbound tourism, to Scotland by regions international tourist arrivals by tourist receiving regions (thousand)						
	Base year	Forecasts		Avg. annual growth rate (%)	Market share (%)	
	2005	2015	2025	2005–2025	2015	2025
North America	525	804	1190	3.9	23.5	25.2
Europe	1400	2130	2933	3.5	62.3	62.2
Rest of the World	467	486	592	1.2	14.2	12.5
World	2392	3420	4715	3.3	100	100

reflects what happened with North America arrivals to the UK and to Scotland between 1985 and 1991. Other key drivers to shape this scenario would be a long-term realignment of the US dollar against the British pound and the Euro. This realignment would be driven primarily by current account and fiscal deficits in the USA and the liberalisation of China's Yuen. Ethnic mix in the USA would also impact on the inbound traffic, in particular the Visiting Friends and Relatives market as Scotland is mainly a white—European country with a low ethnic mix. This does not reflect the ethnic mix of the USA today.

Some of the decline in North America markets would be offset by increased arrivals from the rest of the world, in particular China and India. These could become the most important regions for international arrivals to Scotland by 2025, representing 31% of market-share and 1.4 bn arrivals. In this scenario, growth in arrivals from Europe should remain constant over the next 20 years, accounting for approximately 55% of the total arrivals.

## 6. Strategy

International visitors to Scotland stay longer and spend more compared to UK visitors. For every £1 spent on international marketing, European campaigns return £15 and American campaigns £30 on the initial investment. Strategies for international tourism focus on tactical opportunity ('The Da Vinci Code') to building up long-term, strategic relationships (tartan week). Strategies include direct marketing (advertising campaigns), travel-trade relationships (exhibitions) or partnerships (VisitBritain). Combined, VisitScotland has developed a focused tourism strategy based on clearly identified markets and products.

### 6.1. What are marketing priorities?

The short-term market priorities for Scotland are USA, Germany and Ireland, because these markets represented 32% of total spend in 2005. Secondary markets include Canada, Spain, the Netherlands, France and Sweden (see Table 4). These countries are where the future volume and value for Scottish tourism will come. In the emerging markets of China, India and Russia marketing activity is concentrated on the travel trade and public relations, for example trade shows and familiarisation trips for travel writers. Market investment also correlates to direct access from these markets, whether this be Delta flights to Edinburgh or joint initiatives with Ryan Airways in the German market.

### 6.2. How does strategy vary from country to country?

Each market is different and it is important, therefore, to map product proposition against tourists' desires. For example, European visitors tend to stay for shorter periods compared to travellers from North America; therefore, they are more likely to be interested in city breaks. Within European markets the length of stay and purpose varies. A typical German, on average, stays for 9.24 nights, whereas a French visitor stays for 6.4 nights. This positions Scotland in the German market with a product portfolio of touring, city breaks, walking, golf and business tourism. Whilst in the Spanish market the focus is on touring and business travel. USA visitors stay on average for 7.9 nights and spend £567 per trip in real terms; the product portfolio focus is on touring, golf and ancestral tourism.

**Table 6**

Scenario 2—Goodbye America, hello world.

Forecasts of international inbound tourism, to Scotland by regions international tourist arrivals by tourist receiving regions (thousand)						
	Base year	Forecasts		Avg. annual growth rate (%)	Market share (%)	
	2005	2015	2025	2005–2025	2015	2025
North America	525	597	680	−1.3	18.7	14.7
Europe	1400	1881	2529	3.0	58.7	54.6
Rest of the World	467	724	1424	5.1	22.6	30.7
World	2392	3202	4633	2.8	100	100

### 6.3. What are the key messages?

In a competitive environment, where every country has a tourism proposition, it is important in all media campaigns to focus on Scotland's uniqueness, whether this be the tranquillity of the islands or the authenticity of the products, such as whisky, regional food or tartan. Research tells us that tourists want to know what they can do in the destination, whether walking in the Highlands or participation in mountain biking sports in Fort William or searching for their 'roots'. Building on the concepts of authenticity, today's travellers want to engage with local communities. For example, an American traveller interested in his past wants to find distant relatives or visit the school where his ancestors were educated. Therefore, all media campaigns focus on 'uniqueness', 'authenticity', 'how to do Scotland' and 'social engagement'.

### 6.4. How to decide which markets to campaign in?

Marketing campaigns focus on the brand support within which Scotland is positioned as a 'dramatic, human and enduring' destination. Campaigns can be either thematic, event-led or based on the launch of a new route. For example, during the summer of 2003, focus-group research in New York, San Francisco, Chicago and Boston into Scotland's brand relationship with the American consumer found that the special ties between Scotland and the US mean that a sense of 'kinship' further enhances what is already a highly credible proposition. Whilst US visitors look for a cultural immersion during their trip, they seek a 'social engagement' with the Scottish people even more. Americans have a positive perception of Scotland, but in the focus groups they struggled to say what they would do once they got here. Research also found out that, whilst American visitors want to encounter the famous icons of Scotland (kilts, bagpipes, castles), it is important to explain the distinctive 'Scottishness', which is more motivating, for example, the people; the mountains; our heroes and our legends; the castles, the unique built heritage and World Heritage site status in Orkney, Edinburgh and New Lanark. As a consequence of the research, VisitScotland spent £1.5 m in 2004 to promote Scotland in such a way as to show the 'social engagement' potential and outline specific itinerary proposals likely to be of interest to Americans.

### 6.5. How to target high-spending, activity-based tourists?

In 2000, VisitScotland spent £80,000 on direct-marketing golf campaigns; in 2004 that figure had increased to £1,000,000. Golf in Scotland has a special quality; it is known as 'the home of golf', it has several world-class, famous courses and also a myriad of 'hidden gems'. Visitors spend £400 to £1000 per trip depending on the country of origin. With direct flights between Scotland and Sweden providing easy accessibility a new golf market has opened up. Swedish golfers have only a limited season because of their climate and the golf enthusiast has to travel to play golf early and late in the season. Sweden is a nation of golfers, with some 554,293 registered golfers, more than any other country. Marketing activity has focused on direct mail shots or press inserts into specialist golf publications such as 'Svensk Golf'.<sup>5</sup>

### 6.6. How to prepare for the long term?

Decisions about the long term are based upon return on investment (ROI); at present, for every £1 spent on international marketing, European campaigns achieve £15 and American campaigns £30. In order to decide on how much to invest in each market, a number of tools such as econometric forecasts, demand analysis, and scenario building, are used. Econometrics, shows how exchange rates or disposal incomes are likely to change over specific time periods in different countries.<sup>6</sup> Scenario planning envisions the profile of the future tourist and what activities he or she may be interested in. Whether this is the trend of 'new experiences' converted into James Bond-style holidays or luxury travel converted into Gleneagles as a Monte Carlo-style casino is questionable. Scenario-planning also allows the organisation to develop blue-sky thinking, which is essential in a competitive environment. Another useful technique is measuring the 'scale of opportunity'. Using market segmentation, analysis of existing niche products, i.e. golf, the variables that drive that market are identified, such as demographics, country of origin and levels of disposal incomes. By implementing these drivers, forecasts can be made of future volume and value, dependent on the changing variables. Econometrics, scenario-planning and market segmentation combined, provide a robust and helpful understanding of long-term needs.

### 6.7. How will the mega and consumer drivers shape Scotland's international tourism future?

The drivers and trends shown in Tables 1 and 2 present both an opportunity and a threat; the most important consequence is deciding what Scotland's position is and deciding which markets and consumers we want to – and can –

<sup>5</sup> A specialist website has been constructed ([www.visitscotland.se/golf](http://www.visitscotland.se/golf)) and competitions organised, with prizes at leading golf resorts. The target audience for this campaign is male golfers, aged between 26 and 65, with above-average incomes, who take a golf holiday trip at least once a year, and who want to play on top-quality courses.

<sup>6</sup> For example, Ireland has been identified as an opportunity because of the rising levels of wealth and the market's proximity to Scotland, whereas the combined fiscal and current account deficits in the USA will impact exchange rates, making Scotland an even more expensive destination for this market.

attract. Scotland cannot be everything to everyone; it is important to decide where we will invest our resources in order to attract visitors and the best ROI. The more likely drivers to shape the future are accessibility to Scotland, both emotional (desire to travel to Scotland) and physical access. Visitors must be able to get here by direct flight and have an emotional connection with the destination. The world will continue to experience events such as terrorist attacks and a human influenza pandemic is very likely to happen; these will result in displacement from one destination to another. Place-based events will be very important. Although Scotland does not have the capacity to host world-class events such as the Olympics or the Football World Cup, secondary-level events will be important, such as the Commonwealth Games.

The importance of Scotland's international cultural festivals cannot be over-estimated. In particular, Edinburgh's International Festival continues to be an icon in an increasingly crowded market-place. The globalisation of the world is an opportunity. Over the next 20 years, the growth of the middle classes in India and China will lead to growth in tourism to Scotland. According to the World Tourism Organisation, Pacific Rim destinations will see a stronger growth compared to European destinations because of proximity.

Scotland can offer niche markets, for example 'Scotland: the Home of Golf' which is rich in authenticity and social cachet for these markets. Affordability and price-sensitivity will continue to shape destination choice, but it is important to understand what visitors will pay more for and translate this into niche products, especially as Scotland will find it difficult to compete with Eastern European destinations in the mass affluence–mass culture world of tomorrow.

Longevity is also an opportunity for Scotland, combined with rising education levels—the experience economy will mature into an authentic experience, where the visitor is looking for experiences that are simple, real, ethical and rooted in the destination. Increased longevity also means family structures will change and multi-generation families will travel together or generations are skipped and grandparents will travel with their grandchildren. There will be fewer children per family and parents will spend more time and money on them as their 'value' increases. Technologies mean that the world is well connected and instantly available to the majority.

Finally, Scotland needs to meet that need through ensuring that the right blend of communication channels is available. This means that the size and shape of the tourist information centre network will change, and, at the same time, simulations and video on demand will become the norm. For example, visitors to St. Andrews will be able to play the Old Course on their seventh-generation games console before they arrive. Increased anxiety in the world means that trust will be an important driver of the future; destinations will have to offer a brand which is emotionally accessible to the consumer and which reflects community values and sustainable tourism practices

## 7. Conclusions

Globalisation means that every country, city and region in the world has a tourism proposition. Scotland has to offer a first-class experience to the visitor. If it achieves this, it can become a first-choice destination for tomorrow's travellers. At present there is a close fit between the consumer trends and Scotland's tourist proposition, such as the desire for new experiences and authenticity. In the short- to medium-term this is a positive factor for international markets. But other destinations will soon catch up, offering similar experiences and probably offering better value for money. Destinations such as Albania may offer a weaker product and lack infrastructure today but not tomorrow. Morocco already offers a comprehensive city-break product in Marrakesh and adventure tourism in the Atlas Mountains and it has an ambition to increase international visitors five-fold by 2010, building new resorts, airports and a rail infrastructure. Dubai is easily accessible from Glasgow. It is the ultimate in conspicuous consumption, lavish seven-star hotels, the finest of restaurants, the world's largest, indoor ski centre, top class golf courses and exciting race meetings.

In order to compete with these destinations, Scotland cannot stand still. It is the ambition of the tourism industry to increase revenues by 50% by the year 2015 and international tourism will play a significant part in that growth strategy. A strong brand, innovative ideas and a first-class experience will shape Scotland as a *Must Visit–Must Return* destination. This means we have to be clever with marketing, know which consumers we want—and, most of all, focus on delivery.

## Acknowledgements

This research paper has been prepared for VisitScotland and the Scottish tourism industry. No representation or warranty is given (expressed or implied) as to its accuracy or the correctness of the information and of the opinions contained in this report. The material should not be regarded as specific advice and no action should be taken with reliance on it. Neither the authors nor VisitScotland accepts any liability whatsoever for any loss or damage in any way or reliance placed upon the material. All of the events and portraits referred to within the scenarios are fictitious or viewed in context.

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