
Economic Perspective 3

OVERSEAS TOURISM TO SCOTLAND

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This paper examines the importance of overseas tourism to Scotland and goes on to discuss how Scotland's potential as an international destination might be further exploited, considering, inter alia, the respective roles of the Scottish Tourist Board (STB) and the British Tourist Authority (BTA).

The nature of overseas tourism to Scotland

Analysis of 1985 data from the Department of Employment's **International Passenger Survey (IPS)** and the British Tourist Authority's **Overseas Visitors Survey (OVS)** enables a detailed market profile to be constructed of Scotland's international tourist influx.¹

In 1985 over 14 million overseas visitors came to the UK. Contrary to popular myth, the group package tour is not the norm. Most visitors made their own travel and accommodation arrangements (78%) and most came alone, or with a single companion (59%). They were mostly leisure tourists: in 1985 61% were holidaymakers and another 22% were visiting friends and relatives. Business and educational travellers made up the remainder. Almost two-thirds (65%) were on a repeat visit, a proportion which has risen steadily over the past decade and has significance in that repeat trips are more likely to include travel to places outside London.

Roughly one-tenth of all foreign visitors to the UK stayed in Scotland during 1985. In the main they came to Scotland as part of a wider UK tour: only one quarter (27%) confined themselves to Scotland and

most (73%) were attracted to some or other part(s) of England. The essentially British/UK nature of most overseas tourist trips to Scotland is further emphasised by access and transport arrangements. Although three quarters of foreign tourists to Scotland left the UK by air, only 11% of these used Glasgow or Prestwick as opposed to the 83% leaving via Heathrow or Gatwick. Those using sea links all used ports of departure based in the South of England.

Table 1 Overseas tourism to Scotland
1979-1986

| | Trips (millions) | Nights (millions) | Expenditure (£m) |
|------|---------------------|----------------------|---------------------|
| 1979 | 1.12 | 12.6 | 167 |
| 1980 | 1.13 | 12.4 | 185 |
| 1981 | 0.97 | 11.2 | 168 |
| 1982 | 1.05 | 12.0 | 205 |
| 1983 | 1.14 | 12.1 | 244 |
| 1984 | 1.12 | 12.0 | 275 |
| 1985 | 1.28 | 13.8 | 319 |
| 1986 | 1.23 | 13.0 | 320 |

Source: IPS

In terms of volume, Table 1 shows that overseas tourism to Scotland recorded its best-ever year in 1985, with IPS returns showing a year-on increase in trips and nights of 12.5% and 15% respectively. Spending also topped the £300 million mark for the first time ever. It appears, too, that Scotland escaped the worst effects of the downturn last year in overseas traffic to the UK occasioned by Chernobyl, the Libyan bombing and other terrorist incidents. Only a 4% drop in trips is indicated as having occurred, not-

Table 2 Overseas tourism to Scotland by country of origin, 1985

| | Trips | | | Expenditure | | |
|-----------------------------|---------|----------|-----------------|-------------|--------------|---------|
| | ('000)* | % share+ | (% share 1980)+ | (£m)++ | per trip £** | % share |
| USA | 395 | 33 | 22 | 100 | 253 | 33 |
| Canada | 110 | 9 | 8 | 28 | 255 | 9 |
| West Germany | 112 | 9 | 11 | 15 | 136 | 5 |
| France | 64 | 5 | 9 | 11 | 165 | 3 |
| Italy | 34 | 3 | 4 | 9 | 261 | 3 |
| Netherlands | 44 | 4 | 7 | 7 | 164 | 2 |
| Rest of EEC | 22 | 4 | 5 | 8 | 383 | 3 |
| Rest of Europe (ie non-EEC) | 121 | 10 | 12 | 26 | 215 | 8 |
| Australia | 105 | 9 | 8 | 23 | 219 | 8 |
| South Africa | 20 | 2 | 2 | 6 | 285 | 2 |
| Japan | 9 | 1 | 1 | 1 | 146 | <1 |
| Saudi Arabia | 20 | 2 | 1 | 18 | 84 | 6 |
| Rest of World | 121 | 10 | 10 | 52 | 435 | 17 |

* Rounded to nearest '000

+ Rounded to nearest whole number

** Rounded to nearest £ sterling

++ Rounded to nearest million £ sterling

Source: IPS

Table 3 Overseas tourism to Scotland by region/locality, 1985

| | Trips ('000) | 1985 Nights ('000) | Expend. (£m) | Nights 1979-84 ('000) | | | | | |
|-------------------------------|--------------|--------------------|--------------|-----------------------|------|------|------|------|------|
| | | | | '84 | '83 | '82 | '81 | '80 | '79 |
| Borders | 30 | 200 | 4 | 100 | 200 | 200 | 100 | 200 | 100 |
| Central | 50 | 400 | 9 | 400 | 400 | 300 | 500 | 600 | 600 |
| Dumfries & Galloway | 40 | 200 | 4 | 200 | 300 | 200 | 200 | 300 | 300 |
| Fife | 70 | 500 | 14 | 600 | 400 | 500 | 600 | 500 | 400 |
| Grampian | 150 | 1500 | 33 | 1300 | 1100 | 1300 | 900 | 1200 | 1100 |
| Highlands & Islands | 370 | 2000 | 41 | 1800 | 1400 | 1500 | 1500 | 1600 | 1800 |
| Lothian (excluding Edinburgh) | 20 | 200 | 6 | 200 | 200 | 200 | 300 | 200 | 300 |
| Edinburgh | 680 | 3800 | 95 | 3200 | 3400 | 2700 | 2700 | 330 | 3400 |
| Strathclyde (excl. Glasgow) | 190 | 1600 | 39 | 600 | 500 | 1100 | 1700 | 1800 | 1600 |
| Glasgow | 260 | 2400 | 49 | 1500 | 2100 | 2100 | 1500 | 1700 | 1700 |
| Tayside | 130 | 1000 | 22 | 800 | 1000 | 800 | 800 | 900 | 1000 |
| Other | 20 | 100 | 2 | 200 | 200 | 200 | 400 | 200 | 200 |

NB The total number of trips as measured here (2.01 million) is greater than the gross number of overseas visitors to Scotland (1.28 million) due to tourists staying in more than one region/locality.

withstanding the sometimes dramatic impact felt by individual operators.² The conventional wisdom amongst tourist industry leaders is that the events of 1986 represent a temporary hiccup. Therefore the STB, faced with a GB holiday market that in overall terms is mature and showing signs of decline, gives prominence to overseas markets in its own "business plan".³ The latter document draws attention to the fact that the average spend per trip of an overseas visitor is approximately two and a half times that of his domestic counterpart, and states that the available data indicate "that most - if not all - of Scotland's real tourism growth in the 1980s has been coming from overseas".⁴

In this respect, arguably the most striking characteristic of the overseas tourism movement to Scotland is its reliance on North American markets. Table 2 reveals that the United States and Canada accounted for 42% of all arrivals in 1985. The USA is by far the most important individual country source, a dependence which has increased proportionately during the current decade - from approximately two-fifths to one-third of the grand total (see Table 2) - and which is more pronounced than is the case for either England or Wales. In 1985 the North American market generated 40% of Scotland's foreign tourism earnings and accounted for nearly one out of every ten pounds of its total tourism turnover.

By way of contrast, the trend in staying visits to Scotland from European countries shows a decline overall between 1980-1985: collectively EEC and non-EEC nations generated 35% of foreign visits to Scotland in 1985 compared with 48% in 1980 (see Table 2). This is especially marked in relation to France and it is somewhat surprising to discover that in 1985 only some 4% of French tourists to the UK visited Scotland. Moreover, a BTA guide to the French market suggests that Scotland has a strongly positive image amongst the French:

"Despite the attraction of rural Britain to the French there is not a very high degree of knowledge about the regions. Scotland is an area frequently mentioned as desirable to visit but other areas are little known especially among those who have never visited the country".⁵

Outside Europe, residents of English-speaking countries show an above-average propensity to visit Scotland. Of visitors to the UK from Australia and South Africa in 1985, an estimated 12% and 5% stayed in Scotland. Tourism from Japan to Britain is expanding rapidly but is centred overwhelmingly on London because of the latter's position as Europe's leading financial centre and gateway for the high-volume round-Europe tours. The latter typically involve:

"...short stops in London of 0-2 nights and very little out of London travel. Groups usually arrive in the early morning and do a Windsor tour before checking into a hotel. The rest of their stay is a tightly controlled programme of organised and commissionable shopping and city sightseeing".⁶

In such circumstances, it is not surprising that Scotland has hardly begun to penetrate this fast-developing market.

Visitors from Saudi Arabia and the Gulf region are remarkably high spenders: on average they spend approximately £1250 per person per visit to Britain. Traditionally London has been the focus, but in recent years Arabs have begun to venture further afield so that now there are:

"...regular Arab group tours to destinations such as Brighton, Blackpool, Glasgow and the Lake District. ... Independent touring has also begun, particularly to Scotland."

Saudi Arabia is estimated to account for 6% of Scotland's 1985 overseas tourism earnings.

A second salient feature of overseas tourism to Scotland is its spatial concentration - see Table 3. Just over one half (53%) of all international visitors to this country include a stay in Edinburgh, while Glasgow is a destination for nearly one third (29%). Three areas - Edinburgh, Glasgow and the Highlands & Islands absorbed 59% of total overseas bednights. In this respect the trend

figures appear to lend tentative support to the claim that Glasgow is becoming an increasingly favoured haunt of overseas tourists - possibly at the expense of adjacent parts of Strathclyde Region (see Table 3).

To sum up, overseas tourism to Scotland expanded modestly during the first half of the present decade, with the "freak" events of 1986 occasioning an early season slump from which the tourist industry quickly recovered. The formula for growth has been for a small decline in visitors from Europe to be more than offset by a rising throughput of high spending North American tourists. The crucial factor to bear in mind here is that the boom in North American travel to Scotland is something in which Britain as a whole has participated. The 1.7 million US visitors to Britain in 1980 had by 1985 risen by an impressive 86%. Britain's earnings from US travel in that year were greater than those for France and Germany combined which are respectively the second and third most popular European destinations for the US visitor. 8 Canadian visitors to Britain have also spiralled: from 4 million in 1980, trips rose in successive years to record a 63% increase by 1985. Scotland's fortunes as an international tourism destination are, therefore, tied up with those of Britain. As a rising tide of US visitors flocked into the London 'Gateway' between 1980-85, the 'regions' (Scotland included) began to receive a palpable spin-off as Americans and Canadians ventured out of London on visits to Scotland, Wales, Yorkshire and Humberside and other areas.

Potential for further growth?

Scotland's ability further to exploit overseas tourism markets is a complex matter. In a very general sense it has a wealth of scenery, history, culture and imagery to package and sell: the glens, castles, kilts, whisky, golf - the list seems endless. Furthermore, massive emigration from Scotland has resulted in active ethnic links, particularly in the English-speaking countries of North America, Australia, New Zealand and South Africa. It has been estimated that 20 million Americans have some sort of Scottish ethnic connection. The sense in which existing levels of market

penetration appear only to be scratching the surface is indicated by the fact that the 3 million or so Americans who travelled to Britain in 1985 represented only 1.3% of the resident population. The key overseas growth markets identified by STB in its business plan are:- North America, Scandinavia, Germany, Switzerland, Holland and Austria. In addition Australia and Japan are identified as "longer-term" growth prospects.¹⁰

In assessing Scotland's growth prospects as an international tourism destination, there is an important set of contextual considerations to take into account.

First, it is the case that factors in the general business environment exert a profound influence on the volume and value of Scotland's overseas tourism. Factors such as energy prices, exchange rates, political uncertainties, the state of consumer spending in the principal countries generating international tourism movements and so on, combine to create upturns and downturns.

Secondly, it is extremely difficult (and costly) to reach and influence potential customers overseas. American visitors to Britain are spread across 28 States, albeit that five provide approximately half the influx (California, New York, Texas, Florida and New Jersey). Even in the case of US visitors - who are predisposed to use travel companies to book their overseas tours and can therefore be reached through agents - BTA still estimate that:

- over 80% of US travellers to Europe decide which countries they are going to visit before seeing a travel agent.
- over 70% of those who decide on their destination(s) before seeing a travel agent have also decided how much time they would spend in each country. 11

BTA are also able to estimate that only around one quarter (27%) of overseas visitors to Britain had consulted literature obtained from the Authority

prior to their arrival.¹²

previously.

Thirdly, there is exceptionally fierce competition between countries for the international traveller. For instance, direct advertising expenditure by selected national tourist offices in the USA is shown in Table 4. Relatively speaking, the BTA expenditure of £0.6 million is clearly less than lavish.¹³

The overseas marketing of Scottish tourism

Partly because of uncontrollable exogenous influences on the flow of inward tourists, it is practically impossible to assess with certainty the effectiveness of the overseas marketing conducted by national tourist offices. Its effects are also difficult to disentangle from those which stem from the promotional programmes undertaken by carriers, hotel groups and the like. And as we have seen, promotional influences rarely dictate consumers decisions to buy overseas leisure and business trips. Evaluation of certain specific marketing schemes conducted by national tourist offices show that they can be highly effective,¹⁴ but no such evaluation is possible taking the majority of elements which comprise the annual marketing campaign as a whole. Put at its simplest, one cannot 'know' what would have happened if the activity and the expenditure had not taken place.

Table 4 Tourism advertising expenditure in USA by selected national tourist offices - 1985

| | £m |
|-----------|------|
| Canada | 12.5 |
| Mexico | 7.3 |
| Bermuda | 5.7 |
| Australia | 4.0 |
| Bahamas | 2.8 |
| Jamaica | 2.7 |
| Spain | 1.3 |
| Israel | 1.0 |
| Ireland | 0.7 |
| BTA | 0.6 |
| France | 0.5 |

The significance of the above set of considerations are that they represent 'givens' over which Scotland, and the public and private organisations within it, have little or no control. Factors relating to the general business environment over the years 1980-85 made the UK an attractive destination for overseas tourists, but they may equally over the five years 1985-90 cause the number of overseas visitors to Great Britain (and therefore Scotland) to fall. A similar cyclical pattern characterised the period 1976-82: external factors leading to price competitiveness topped off by the Jubilee celebrations occasioned an exceptional upsurge in foreign tourism to Britain between 1976-78. As this price competitiveness lessened, a sustained fall-off in numbers then occurred between 1979-82. It is a salutary exercise to remind ourselves that in Scotland the volume of overseas tourists received in 1977 (13.6 million bednights) was greater than that achieved last year and only marginally short of the "record" 13.8 million bednights generated in the year

Despite its rather intangible nature, there is still a strong case for having state financed national tourist offices engaging in destination marketing abroad. It is significant that nearly all other countries with any pretence to a tourism industry judge it worthwhile to put public monies into overseas marketing. It would be surprising if, when carried out professionally, this did not at the margins influence or modify underlying tourism trends as well as put over a set of messages and information which would not otherwise be promoted. Scotland is currently being marketed overseas by two national tourist offices, BTA and STB. The evolution of this Janus-headed arrangement needs to be briefly recounted. Before 1969, action to influence inward tourism was in the hands of the voluntary British Travel Association. The 1969 Development of Tourism Act was a conscious attempt on the part of national government to improve the balance of payments by securing a bigger share of the expanding tourism market. Initially promotional activity was channelled exclusively through the British Tourist Authority (the revamped British Travel Association), the

three country tourist boards for England, Scotland and Wales being restricted to domestic marketing and financial assistance programmes which would aid product development. A commitment to afford STB an additional overseas marketing role was first aired in the Scottish Devolution Bill, resurfacing shortly after as a pledge in the 1983 election manifesto of the Scottish Tory party. Subsequently the Tourism (Overseas Promotion) (Scotland) Act became law on 14 May 1984. It enabled STB to supplement BTA promotion of Scotland by undertaking its own marketing programme overseas. The money to be spent was pegged initially at £200,000 (418,000 1986/87), and each and every scheme of work proposed necessitated BTA consultation and the approval of the Secretary of State for Scotland.

STB activity overseas for 1986/87 was focused on "the traditional markets of the United States, Canada, Scandinavia and Northern Europe, while exploring the potential of the Japanese and Australian markets."¹⁵ In these countries packaged holiday products and other specific information were distributed direct to the overseas travel trade at fairs, sales missions and so forth. The monies are not therefore being spent on "soft-sell" advertising designed to create awareness. A major initiative has been the American Network of Specialist Counsellors on Travel to Scotland (AMNET/SCOTS). This involves the formation of a group of North American travel agents who will sell Scottish holidays direct to the American public, with prime target locations being Houston, Minneapolis, Boston, San Francisco, and Baltimore. Plans exist to extend this network to 1000+ agents, some of whom will be outside the five prime areas.

Criticisms of the 1984 Act and subsequent STB activity under it are basically fourfold. First, the meagre size of the budget. Secondly the system of consultation and approval designed to eliminate potential waste and duplication between STB and BTA is cumbersome and time-consuming. Thirdly, it has been suggested that the proportion of staff travel to overall costs is disproportionately high, with a senior BTA executive suggesting 25%¹⁶. Fourthly, there is concern that now Scotland has a direct overseas presence, BTA efforts on behalf of Scotland will be lessened. In

this respect the BTA's present Chairman, Duncan Bluck, had this to say when he appeared before a House of Commons Select Committee in 1985:-

"(Mr McCrindle) The Scottish Tourist Board and the Wales Tourist Board have had given to them..... a greater entitlement actually to go and do a bit of inducing of their own. If that is the case and they are able to make a powerful marketing effort towards attracting trade to Scotland or Wales, it that not unfair to England?"

(Mr Bluck) Yes, I would agree that it is".¹⁷

Currently the British Tourist Authority promotes Scotland along with the rest of Great Britain and to this end maintains over 26 offices abroad. About 80% of the BTA's annual budget is spent directly on advertising and promotion and its targeted direct marketing spend for 1987/88 is £21million. An estimated 20% - circa £4million - is related directly or indirectly to the selling of Scottish products.¹⁸ BTA activity overseas is undertaken in approximately fifty countries according to a formal plan which appraises specific markets in terms of opportunities and constraints, and relates these to available tourist products.¹⁹ Amongst national tourist offices, the Authority is widely regarded for its professionalism and "commercial" orientation. Over half its total marketing spend comes from non-Exchequer sources (ie. joint schemes with the tourist trade, sales of publications).

Conclusion

As the old voluntary Scottish Tourist Board recognised some twenty years ago, there is much to be said for marketing a tourist destination "through one address only". The political realities of a quasi-federal Britain make some sort of compromise system inevitable: the one forged by the 1969 Development of Tourism Act established a principle of demarcation whereby BTA concentrated on overseas marketing, with the tourist boards for England, Scotland and Wales being responsible for encouraging product development and promotion of home tourism

markets. The 1984 Tourism (Overseas Promotion) (Scotland) Act broke with this principle and split up the overseas promotional effort. However, the supplementary STB effort can at present have only a minuscule impact on the fiercely competitive international market place. Inevitably it is perceived as failing to meet Scotland's real needs.

The British Tourist Authority remains the principal state mechanism for promoting Scottish tourist products overseas. As the foregoing analysis has demonstrated, international tourism to Scotland is quintessentially a British phenomenon. There is a commercial as well as geographical logic to an all-British selling mechanism. To meet the legitimate national aspirations of the Scots, however, there is much to be said for strengthening the role of Scottish interests within BTA. In the lapsed devolution bill there was a proposal that the BTA board (of which the STB Chairman is already ex officio a member) should be changed so as to comprise a membership which gave control of the Authority to the three country tourist boards. This offers the promise of really giving the Scots a greater say in the overseas marketing situation.

Bibliography and notes

1. The IPS data for 1985 is based on approximately 40,000 interviews with overseas visitors as they left the UK at the end of their visits.
2. Certain hotels were badly exposed. One group - Norsist Hotels - with its 1026 bedrooms located mainly in the Scottish Highlands and Islands and substantially reliant on US coach tours traded very poorly. This paved the way in November 1986 for its acquisition by Pleasurama for £10.5million.
3. Scottish Tourist Board, Business Plan, the Board, 1987.
4. Ibid, p.5.
5. British Tourist Authority, France : A BTA Market Guide, 1987, the Authority, 1987, p.5.
6. British Tourist Authority, Japan: A BTA Market Guide, the Authority, 1987, p.9
7. British Tourist Authority, The Gulf States: A BTA Market Guide, the Authority, 1987, p.7
8. British Tourist Authority, USA: A BTA Market Guide, the Authority, 1987, p.11
9. Ibid. p.4.
10. Scottish Tourist Board, op.cit.,p.18.
11. British Tourist Authority, USA: A BTA Market Guide, p.11.
12. British Tourist Authority/English Tourist Board, Overseas Visitor Survey 1985, The Authority/Board, 1986, pp.32-34.
13. The figures have been supplied by BTA.
14. See a series of reports produced for British Tourist Authority by McIntock Mann & Whinney Murray in 1972.
15. Scottish Tourist Board, 18th Annual Report 1986/87, The Board, 1987, p.7.
16. House of Commons, Committee on Welsh Affairs, Tourism in Wales, Session 1985-86, Minutes of Evidence, Wednesday 4 December, 1985, HC 49-111, pp.202-3.
17. Refer: House of Commons, Trade and Industry Committee, Tourism in the UK, Session 1984-85, Minutes of Evidence, 30 January 1985, HC 172, paragraph 320.
18. Refer: House of Commons, Committee on Welsh Affairs, ibid.
19. British Tourist Authority, Marketing Plan 1987/88, The Authority, 1987.