

Tourism



Overview of tourism in the Highlands and Islands

The tourism industry is crucial to the economy of the Highlands and Islands, and proportionally more so than in the rest of Scotland. The sector includes a wide range of accommodation establishments; visitor attractions; restaurants, bars and take-away food shops; travel agencies and tour operators; libraries; and sporting and other recreational activities. Most visitors come to the area because of its natural and cultural heritage, and to participate in outdoor activities such as walking and cycling. The sector is affected by seasonality, and challenges include encouraging dispersal of tourism to outlying as well as honeypot areas. Tourism in the area is heavily reliant on the UK market, although visitors from the important overseas market, which has been recovering in Scotland since 2001, tend to stay slightly longer and spend relatively more per trip.

Employment

- The tourism sector employed over 23,800 (excluding self-employed) in the Highlands and Islands in 2005, representing 13% of all employment in the area and around 17,000 FTEs.¹
- 11% of tourism employment in Scotland is in the Highlands and Islands.²
- Typical full-time hourly pay (excluding overtime) of employees in the tourism sector was £6.74 in the Highlands and Islands in April 2006, 32% lower than the typical full-time weekly wage of £9.91 across all sectors.³

Business units

- The tourism sector in the Highlands and Islands includes around 2,600 individual businesses.⁴
- 79% of tourism businesses in the Highlands and Islands employ 1-10 people, and 93% employ fewer than 25 people.⁵

Output

- Around 2.7m overnight trips (13.6m bednights) are made to the Highlands and Islands in 2005, generating around £750m in visitor expenditure.⁶
- Gross output of the tourism sector in the Highlands and Islands in 2004 was £735m.⁷
- Total Gross Value Added (GVA) from tourism in the Highlands and Islands in 2004 was £394m, or £16,800 per employee (compared with GVA per employee across all industries in Scotland of £42,200).^{8 (page 2)}

¹ ABI 2005 (excludes self-employed). The sector includes SIC industry codes 551-554, 633, and 925-927

² ABI 2005 (excludes self-employed)

³ Source: Annual survey of hours and earnings (ASHE) 2006, ONS

⁴ ABI 2005 (excludes self-employed)

⁵ ABI 2005 (excludes self-employed). 83% of all industries in the Highlands and Islands (cf 80% in Scotland) employ 1-10 employees, and 93% in the Highlands and Islands (cf 91% in Scotland) employ fewer than 25 people

⁶ Data refers to Highlands and Islands of Scotland (excluding Argyll and Moray) for 2005. Figures for the HIE area are no longer available for 2005 (source: VisitScotland). UK tourism survey methodology was revised in 2005 so figures are not comparable with previous years.

⁷ ABI/2 Scottish Executive 2006 (excludes self-employed)

Visitor spend and profile

- UK residents comprised around 80% of trips (2.2m) to the Highlands and Islands in 2005, staying on average 5 nights per trip and spending £602m in total (£55 per night).⁹
- Overseas residents comprised around 20% of trips (0.5m), staying on average 5.3 nights per trip and spending £157m (£58 per night).¹⁰
- 73% of trips to the Highlands and Islands were for holiday purposes in 2005. Visiting friends and relatives (non-holiday) accounted for 11% of trips, business trips for 13%, and other types of trips for 3%.¹¹
- The main UK markets to the area are from Scotland (58%) and England (39%).¹²
- The main overseas markets to the area come from the USA, Canada and Europe.¹³
- 42% of UK trips and 66% of overseas trips to the area in 2005 were made between July and September, compared with 31% and 46% respectively in Scotland overall.¹⁴

Product markets

- The five most popular visitor attractions in the Highlands and Islands in 2005 were Eilean Donan Castle (257,240 visits), Urquhart Castle (237,920), CairnGorm Mountain Railway (162,702), Nevis Range (155,301), and James Pringle Weavers of Inverness (141,250).¹⁵
- The most popular activities visitors participate in include general sightseeing, walking, visiting castles or monuments etc, and visiting museums/art galleries.¹⁶
- The most popular accommodation types for the overseas market are hotels/guesthouses (used by 35% of visitors) and bed and breakfasts (used by 24%).¹⁷
- The most popular accommodation types for the UK market are self-catering (used by 28% of visitors) and hotels/guesthouses (used by 23%).¹⁸
- There is increasing awareness in the trade of the need to grow tourism sustainably,¹⁹ and a growing interest among consumers in wildlife and nature-based tourism.²⁰

Workforce/skills

- Tourism jobs in the Highlands and Islands are more likely than average to be part-time (57%) and held by females (63%).²¹
- Staff recruitment and retention is a major issue due to low wages, seasonality of employment and lack of affordable housing in many areas.²²
- Many vacancies are being filled by migrant workers, particularly from Eastern Europe, with communication/language barriers a challenge.²³
- HIE and People 1st/Springboard Scotland are working to drive up customer service quality in the industry through various training programmes such as Hospitality Assured, including at managerial level.²⁴

⁸ ABI/2 Scottish Executive 2006 (excludes self-employed)

⁹ Data for Highlands and Islands of Scotland, 2005 (VisitScotland)

¹⁰ Data for Highlands and Islands of Scotland, 2005 (VisitScotland)

¹¹ Data for Highlands and Islands of Scotland, 2005 (VisitScotland)

¹² Tourism in Highlands of Scotland 2005 factsheet (VisitScotland)

¹³ Tourism in Highlands of Scotland 2005 factsheet (VisitScotland)

¹⁴ Tourism in Highlands of Scotland 2005 factsheet (VisitScotland)

¹⁵ Scottish visitor attraction monitor 2005 (Moffat Centre/VisitScotland)

¹⁶ Highlands visitor survey 2002-03 (George Street Research Ltd, 2003)

¹⁷ Tourism in Highlands of Scotland 2005 factsheet (VisitScotland)

¹⁸ Tourism in Highlands of Scotland 2005 factsheet (VisitScotland)

¹⁹ Scottish Tourism: The next decade – a tourism framework for change (Scottish Executive, March 2006)

²⁰ Economic impact of outdoor and environment-related recreation in the Highlands and Islands (George Street Research/Jones Economics, 2003-04)

²¹ ABI 2005 (excludes self-employed). 37% of all jobs in the Highlands and Islands are part-time, and 53% are held by females

²² Highland area tourism partnership plan draft, 2006

²³ Outer Hebrides area tourism partnership plan April 2006-March 2009; Highland area tourism partnership plan draft, 2006

²⁴ HIE tourism skills strategy 2006

SWOT analysis

The following analysis illustrates the main issues facing the development of the tourism sector in the Highlands and Islands.

Strengths

- Quality of natural, built and cultural heritage offering many opportunities for tourism
- Diversity of product on offer and range of events for participants and visitors – broad appeal
- Highlands and Islands is a world-renowned brand
- Many examples of best practice/innovation in industry
- High level of repeat visits
- Increasing number of flight routes to the area

Weaknesses

- Negative image of industry among potential recruits leading to continuing shortage of staff
- Seasonal employment can lead to low motivation to train and invest in staff
- Access into and around the area can be a limiting factor – lack of transport integration
- Value for money sometimes lacking
- Geographical remoteness from overseas markets

Opportunities

- Further growth in areas such as heritage, genealogy and Gaelic-related tourism, wildlife tourism, cruise market and sporting/outdoor activities
- Opportunities to increase demand through improving quality of service, value for money and overall experience
- Build on Scottish Year of Highland Culture in 2007, making more of arts, music and culture
- Increased collaboration between tourism providers to improve information exchange
- Growing international markets, such as China
- Maximise business opportunities presented by e-technology

Threats

- Consumer sensitivity to issues around environmental sustainability could limit growth if not managed correctly²⁵
- Competition from other countries, especially after EU enlargement
- The sector is vulnerable to shocks such as foot and mouth, terrorism or economic changes such as unfavourable exchange rates
- Diversity of accommodation threatened by decline in small, independent providers and growth of accommodation chains

²⁵ 'Scottish Tourism: The next decade – a tourism framework for change' aims to grow tourism revenues in Scotland by 50% to 2015 (Scottish Executive, March 2006)

Priorities for action

- Support and implement area tourism partnership plans throughout area – implement the national tourism strategy by intensifying focus on market intelligence and innovation; customer experience; sustainability; and infrastructural development.
- Business leadership and productivity – inspire business attitude changes and develop leadership and management skills by implementing support programmes.
- World class destination development – develop HIE Network strategy to embody long-term commitment to destination development and collaborative working.
- Internationalisation – encourage destination development organisations, collaborative groups and individual businesses to have a global perspective, working with Scottish Development International.