HIGHLANDS AND ISLANDS ENTERPRISE

A FRAMEWORK FOR DESTINATION DEVELOPMENT

AMBITIOUS FOR TOURISM CAITHNESS AND NORTH SUTHERLAND

STRATEGIC SUMMARY

(April 2011)

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AMBITIOUS FOR TOURISM CAITHNESS AND NORTH SUTHERLAND

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A INTRODUCTION

Ambitious for Tourism Caithness and North Sutherland development programme led by Highlands and Islands Enterprise (HIE) aims to support ambitious Caithness and North Sutherland businesses and enterprises to make more of resources and assets to deliver a high quality visitor experience.

HIE in partnership with other public agencies, industry organisations and communities across Caithness and North Sutherland (CNS) has, over January to March 2011, delivered Phase 1 of 'Ambitious for Tourism Caithness and North Sutherland' (henceforth referred to as ATCNS) delivering aims 1 and 2 of the overarching ATCNS programme:

1. An appraisal of tourism growth potential / research to inform and support business decision-making;
2. A baseline audit of existing provision of product and services and their current economic impact against which to measure future growth;
3. A more cohesive tourism sector which engages at an operational and strategic level;
4. Added value to existing product with increased return for businesses;
5. A better understanding of the markets and those that offer opportunities, alongside how wider use of technology by businesses can enhance competitiveness; and
6. Increased product offering throughout the year.

Sustainable and collaborative development is at the heart of the ATCNS programme so over the period of Phase 1 events were held in: Helmsdale; Wick; Thurso and Tongue to explore aspects of the tourism experience and offering across CNS. The aims achieved within Phase 1 have been essential to determining the way forward, and to permit informed recommendations to be made to support growth opportunities. Inter agency and inter community debate and discussion have been integral to the Phase 1 process, designed by HIE to ensure that strategic tourism development in CNS is borne out of the ambitions of businesses and communities; reflecting the critical role of these 'agents of change' in achieving sustainable growth.

This document presents a way forward, beyond Phase 1, based on the research and recommendations of Tourism Resources Company (TRC), commissioned by HIE to:

- Facilitate the Phase 1 programme of development sessions across CNS;
- Appraise the current tourism offering in CNS;
- Generate an economic baseline of tourism in CNS; and
- Create a Framework for Tourism Growth in CNS.

The recommendations, set out as a Framework for Tourism Growth, are intended to guide the process of development; recognising and reflecting that there is work to be achieved to support the tourism sector in CNS moving forward from the initial discussions of Phase 1 to a more defined programme of collaborative development activity.

The Framework will therefore set out steps necessary to achieving tourism sector growth in CNS, highlighting the need for a phased approach to be taken with short and longer term objectives mapped out.

The Framework is based on the research undertaken by TRC, in collaboration with the public and private sector, throughout Phase 1. This research underpins the recommendations presented, further enhanced and shaped by TRC's expert understanding of tourism sector development across Scotland.

A sizeable quantity of information, both primary and secondary, has underpinned the Framework. A robust process involving desk based and 'on the ground' research was required to appraise the volume of existing data, intelligence and plans in order to align this to the current offering in the CNS area. It was essential to conduct a degree of consultation to attempt to fill gaps identified within the existing intelligence, relating to tourism in CNS.

The collaboration and contribution of the public and private sector throughout Phase 1 of ATCNS is testament to the appetite for further joint working; highlighting the willingness of the tourism and community sector to work as part of the 'bigger picture' whilst articulating the need and wish to ensure development activity is relevant to the locality in which the business, enterprise or community group is situated. The way forward will be determined collectively by public, private and community stakeholders, considering the recommendations and opportunities presented within the Framework for Tourism Growth set out by TRC.

B THE CURRENT CAITHNESS AND NORTH SUTHERLAND TOURISM SECTOR

B.1 Overview of Supply

A detailed audit of the main tourism facilities and services was completed across the whole study area. The data was presented with a geographic focus to reflect the different 'on the ground' visitor experience offered by the differing settlement focus across the wider area. The data sets included in the main report have utilised the following spatial dimensions:

- Helmsdale / Latheron;
- John O'Groats / Wick;
- Thurso Focus;
- Tongue / Bettyhill / Melvich.

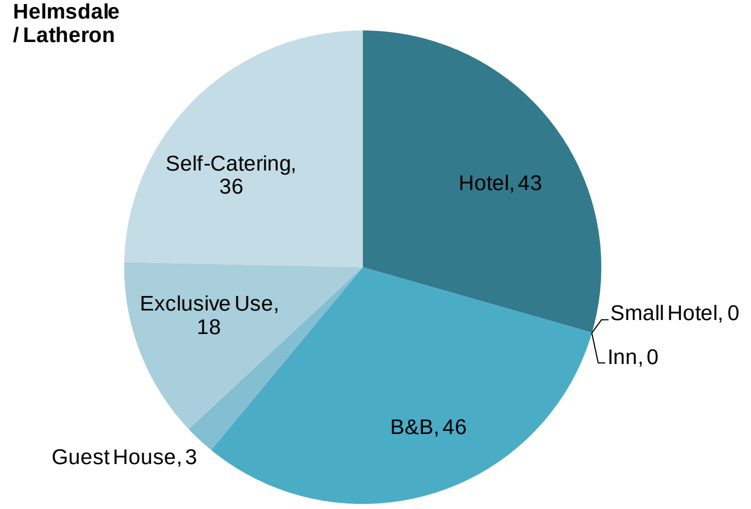
The main report, in its Volume II, provides a detailed breakdown of accommodation, attractions, activities and other visitor infrastructure available in each focus. In terms of the area's important overnight accommodation sector, the pie charts overleaf report the scale of visitor bed stock available in each community.

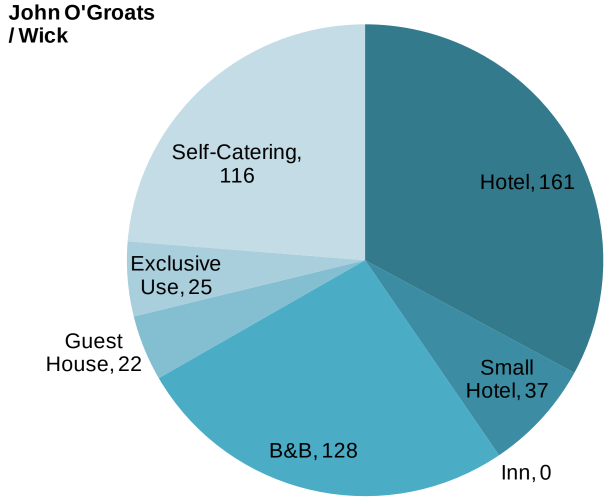
The table below highlights the geographic spread and mix of the area's key tourism attractions by zone across the wider area. The 'actual' content / make-up of each zone are provided in Volume II of the main report.

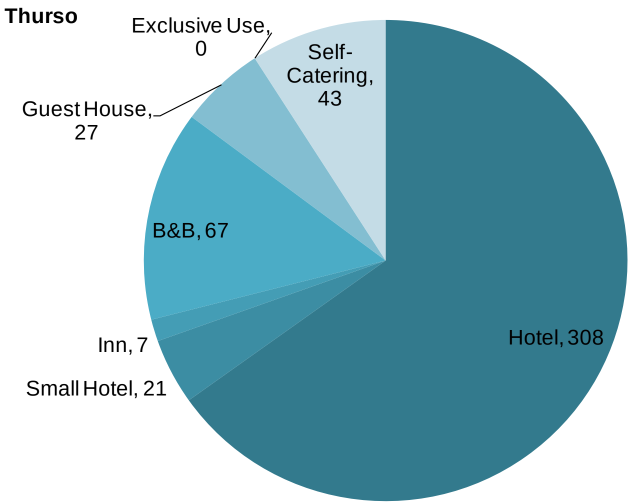
KEY TOURISM ATTRACTORS BY ZONE					
Category	**Total**	**Helmsdale / Latheron**	**John O'Groats / Wick**	**Thurso Focus**	**Tongue / Bettyhill / Melvich**
Activity	21	1	13	7	
Attraction (I)	53	9	33	8	3
Feature (2)	24	4	8	1	11
Fishing	8	1	2	4	1
Sport & Recreation (3)	12	1	5	5	1
Total Attractors	**118**	**16**	**61**	**25**	**16**

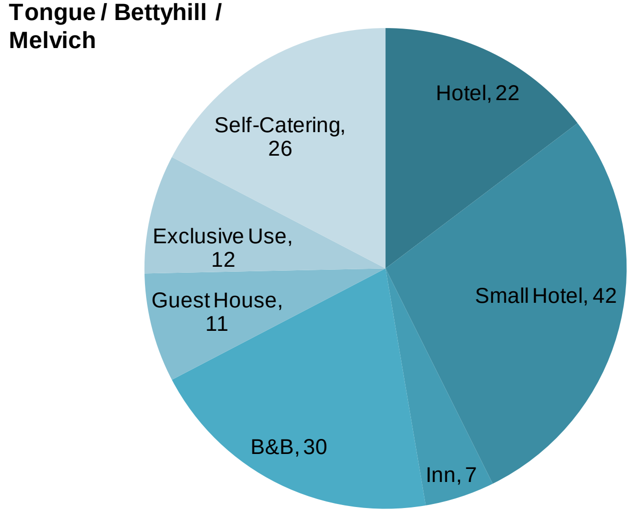
Notes: Classifications are those assumed by TRC for the purpose of this audit. The actual content of each locale are highlighted in Volume II, main report and are in outline:
(1) Mainly built visitor facilities, attractions and museums, etc.
(2) Natural features, etc including viewpoints, etc.
(3) Sports including Recreation centres, swimming pools, tennis, football, etc.

ROOM MIX IN EACH LOCATION









B.2 Overview of Current Market Conditions

At its most basic the market for the study area currently consists of overnight tourists and day visitors. Overnight tourism demand to the area driven by two main sectors: Non-Discretionary Business Tourism; and the Leisure Tourism / Visiting Friends and Relatives (VFR) sector. The actual mix and scale of demand fluctuating across the geography of the area. The main settlements / towns of Wick and Thurso record higher levels of business tourism year-round – predominantly in the midweek period – with leisure tourism in the key summer months / weekends. In other parts of the study area demand is primarily from leisure tourists visiting the area mainly in the peak summer season and in contrast to other parts of the Highlands only modest levels of demand in early spring and later autumn months.

The overnight sectors are added to by the day visitor market (Scottish residents) which unlike other parts of Scotland is limited in CNS in terms of the numbers entering the geography of the area as it is distant from any major centres of population / generating sources / conurbations. This challenge of remoteness and peripherality is one that the sector needs to combat as it curtails demand from certain markets. However, tourists passing through the area en route elsewhere, or entering from neighbouring areas for a day trip whilst on holidays, are evident (Orkney-bound traffic is particularly in evidence). In the main leisure demand is peaking during the summer months.

The area attracts a domestic Scottish market on short breaks and main holidays, including some young families and middle and older age profiles, independents and couples. The profile of the destination and key locations like John O'Groats and the Royal associations of Castle of Mey also attract certain markets from England and overseas on main / second holidays.

The coach / group tour market is also in evidence, albeit not as much as elsewhere in the Highlands but this is considered to be a function of bed space supply and seasonality of support infrastructure.

Official statistics of current overnight demand levels, and profile, at the 'local' level is unfortunately not readily available however TRC conducted extensive research for this study to provide a demand / economic baseline of tourism activity in the area – this information is presented in the main report.

Statistics surrounding day visit levels are not available as this data is not officially gathered by any agency. However it is understood that VisitScotland are embarking on a Day Visitor Survey across Scotland in the coming year.

Like many destinations the area is seeing its markets changing and evolving. This calls for the destination product to evolve in tandem. This is an issue in CNS where it is evident in the accommodation sector, for example where there is a shortfall in certain products and quality of offering eg self-catering / smaller scale resort facilities / those with supporting leisure facilities, etc (see recommendations).

Future target markets and the changing needs of existing sectors are discussed more fully in the report. These have influenced the development recommendations included in the study. These recommendations will ultimately help evolve and inform a Destination Development Plan that is needed going forward – see recommendations.

B.3 Destination Key Strengths and Weaknesses

The consultancy review and the feedback received from the audiences at each of the workshop events in Phase 1 suggest that the following factors are affecting growth. The area's key strengths, weaknesses and issues negatively affecting growth potential, when viewed through the eyes of the markets are presented below.

Strengths of the Current Destination Experience

- John O'Groats Icon
- Orkney Visitors
- Remote / Quiet / Tranquil / Mysterious / Wilderness / Seclusion
- Located within 'Highlands' - A Recognised Destination
- Land & Seascapes / Coast
- Caithness Stone
- Royal Connections
- Surfing / O'Neil
- Fishing
- Game Sports
- 3rd Sector Active in Area
- Diversity of Wildlife
- Geology / Geopark
- History (Clearances & Norse)
- Archaeology
- Sailing
- Dunnet Head / RSPB
- Telford
- Single Track Roads
- Food & Drink
- Renewables
- Astronomy / Dark Skies
- Culture / Music

Product / Destination Shortfalls – Weaknesses and Issues Curtailing Growth

- Lack of Clear Identity / Consumer Perceptions Vague
- Remoteness / Accessibility
- Seasonality / Sustainability
- Self-imposed Short Season
- Tourism Information Provision
- Marketing & Promotion (Budgets & Messages)
- Competition (External & Internal)
- Quality of Destination Images (Picture Library Available)
- Transport (Cost, Time, Integration, Availability)
- Parochialism / Distrust / In-Fighting / Lack of 'One Voice'
- John O'Groats (Quality & Existing Perceptions
- Skills Shortages / Availability of Training Locally
- Retail Availability / Self Imposed Closure Times, etc
- Small Scale Events / Viability and Ability to Maintain Provision
- Links, Communications, Structure to Deliver a Cohesive Competent Destination are Lacking – No Forum of Focus for Sector)
- Cohesion & Collaboration between Public & Private Sector
- Lack of Ability to Identify / Understand Business Opportunities Within Much of the Sector
- Difficult to Attract Inward Investment
- All Talk, No Action / Disillusion – Repeated Attempts at Delivering Change in Sector have Produced Few Wins
- Better Focus on 'Key' Markets & their Needs (Lack of Agreement on Markets)
- Lack of Ambition in certain Sectors of the Supply Market
- Support Services re Business Tourism – Infrastructure & Services to Support Discretionary Business, etc
- Technological Changes -
- Connectivity

B.4 Conclusion

A perusal of the product offering indicates that there are a range of attractions, activities, facilities and services. However closer inspection suggests that in certain aspects there are some notable gaps in current provision. These gaps becoming more accentuated when they are viewed against emerging trends nationally and internationally in terms of market needs / wants and product evolution. These factors have influenced the recommendations for product development included in the report.

C THE FUTURE

C.1 Factors Affecting Future Growth

The main factors affecting any destination's growth is its ability to deliver what the market wants at a price it is willing to pay. This calls for CNS to consider emerging trends in products and markets as well as evolving competitor destinations. CNS must then ensure its own offering is balanced / gaps filled to dovetail with the markets needs and wants.

Key to setting a destination development framework for the study area is the need to identify the market opportunities available to the wider destination and each of its host locations / settlements. In parallel, an understanding of the changes taking place locally, regionally, nationally and internationally in markets and their requirements and demands are also paramount. Awareness of what product evolution is also taking place; driving and creating new demand in other destinations in Scotland and world-wide is also key to planning for the future.

Discussions have been held about the target markets of those currently active in the sector across CNS. TRC also brought specialist knowledge and experience to the study to help identify future markets for CNS. (Identification of targets and needs, when married to the current destination experiences and supply situation, highlights where the strategic market and product development needs / growth opportunities lie).

A discussion of some of the main market changes taking place that will influence the future success / growth or otherwise of the study area is more fully detailed in the main report. These include global trends impacting on consumer behaviour through to demographic and lifestyle changes affecting the market's buying decisions. Added to these are the changes taking place in product / destination offering such as the rise of boutique hotels, resort developments, extreme activities etc.

C.2 Future Market Opportunities

The full report includes further discussion on what are anticipated to be the market sectors that offer CNS opportunities in the future. These are anticipated to fluctuate in terms of scale and strength of opportunity across the different settlements / communities of the wider area, reflecting their current offering, visitor type and experiences available.

Detailed discussion surrounding markets will ultimately form the focus of later studies including the recommended production of marketing and promotional documents.

Future market opportunities fall into a number of different categories, many already evidenced in the area. However, of note for CNS in the future are the trends that indicate the leisure markets are moving towards buying 'experiences' and 'authenticity' influencing choice of destination in the future. This factor presents opportunities for CNS given its strengths in terms of extremes of environment and its culture and heritage.

Business tourism in the area is also likely to change in the future as decommissioning at Dounreay proceeds. However, potentially the renewables sector will bring in a whole new raft of business tourism personnel during construction / servicing phases.

It is important to appreciate the potential future markets for each of the different settlements. The different communities under review are not homogenous and each has appeal in a range of markets, not all similar. These local differences have been considered by the team, have informed recommendations included in the main report and will influence the finer grain of later development plans for each locale. This points to the need for a Destination Development Plan that will reflect this spatial / local dimension.

The profiling of markets included in the main report has used a 'segmentation' analysis that includes a mix of traditionally, widely accepted, classification / profiles and terminologies now used by VisitScotland. The segmentation analysis used by VisitScotland is outlined in Volume II of the main report.

Markets that offer opportunities in the future are similar to present at the broadest generic levels:

- **tourists (those staying overnight); and**
- **day visitors to the area.**

The main drivers currently and potentially in the future of overnight tourism to the wider area are Leisure Tourism and Non-Discretionary Business Tourism with some Discretionary Business sectors. The 'target' markets that the destination will potentially seek to attract in the future need to be confirmed and enshrined in a marketing and promotional strategy and plan as recommended later.

The following sources of demand are anticipated in the future. (Demand will include individual travellers and those travelling in parties / family groups / tour groups, etc).

DOMESTIC TOURISTS *(see VisitScotland Segmentation Analysis)*

Leisure Tourists

In the main it is anticipated domestic leisure tourism will come from Scotland as well as English regions mirroring the markets targeted by VisitScotland:

English Domestic

- Affluent Southern Explorers;
- Younger Domestic Explorers;
- Mature Devotees;
- Affluent Active Devotees.

Scotland

- Short Breaks and main holidays from various Scottish location;
- Short Breaks from within the Highlands region also an important source.

Business Tourists

- Non-Discretionary (Public Agencies, NHS, Dounreay generated in the main with the wider commercial sectors also in evidence);
- Limited discretionary demand (team building / training and conference related).

OVERSEAS INTERNATIONAL TOURISTS

Leisure Tourists

- Traditional[1] International Markets:
- New[2] International Markets (to a lesser extent):

Business Tourists

- Non-Discretionary Dounreay / Renewables and Extraction industries-related in the main);
- Limited discretionary demand. (If in future the area evolves as a significant base for Renewables and evolves a Centre of Excellence then there is potential for markets to be attracted to use the area as a base for learning re conferences, training etc).

OTHER SECTORS OF DEMAND

Day Visitors

This sector does not utilise the accommodation stock, it is made up of demand from:

- Scottish Residents mainly from other parts of the Highlands and from within the area itself;
- Overnight Tourists Resident Elsewhere Outside the Area making day visit excursions into or through the Area (see segmentation profile above re this sector);

Holiday Home Sectors

Semi-Resident Markets.

The segmentation analysis above is but one way of describing the market. During the Phase 1 roadshow events local stakeholders categorised markets that they perceived to offered opportunities under a different set of headings suggesting the following were targets. (In the final analysis which ever is adopted it needs to be understood by all so that promotional messages and product development by all those active in the sector are rallying round a clear list of aims / objectives and targets).

[1] Tourists from traditional / mature generating countries for Scotland ie US, Western Europe etc.

[2] Emerging markets – Eastern Europe, Far East / Asia to a much lesser extent in the immediate future though the End to Enders are evident in this sector.

Other ways of classifying potential future sectors of demand have been offered and they include:

- Business Tourists
- Non-Discretionary Business Tourism
- Young / Extreme Sports (inc Surfers)
- 'Self-Catering' – see Tribing, Events, Repeat Visits
- 'Older' 55+
- John O'Groats / End to End
- Grand Tour (Highlands)
- Orkney-Related
- Events
- Lifelong Learning
- Cruise Market (Main & Niche)
- Sailing Market
- Activities (Walking, Surfing, Wildlife, Fishing, Equestrian)
- Eco-Tourism
- VFR

C.3 <u>Market Fit / Aligning Future Destination Appeal – Market Opportunities</u>

The matrix overleaf profiles what are suggested by the consultants at this time to be the 'relative' strength of market opportunity, in different sectors, across the geography of the study area. The matrix also indicates the relative strength of each part of the study area against the others. This table is intended to encourage debate as it will provide a backdrop to settlement development and the recommended Destination Development Plan in dues course.

The matrix appraises the market opportunities for each settlement foci both now and potentially in the future. When the needs of the different sectors are viewed against the current destination offerings it helps highlight the potential shortfall / gaps in existing services and facilities. This analysis then helps identify the development opportunities at the overall destination and sub-destination level. Opportunities are explained more fully in the main report.

FUTURE MARKET FIT – RELATIVE STRENGTH OF MARKET APPEAL					
Market Sector	**Helmsdale / Latheron**	**John O'Groats / Wick**	**Thurso Focus**	**Tongue / Bettyhill / Melvich**	**Consultants Assessment of Overall Area**
LEISURE TOURISM (OVERNIGHT – EXCLUDING FISHING AND FIELD SPORTS)					
VISITSCOTLAND MARKETS					
Affluent Southern Explorers	3	3/4	3	3/4	3/4
Young Domestic Explorers (Families)	1/2	3	3	1/2	2/3
Young Domestic Explorers (Singles / Couples)	3	4	4	4	3/4
Mature Devotees Inc Bus / Coach Tours	3	4/5	4/5	3	3/4
Affluent Active Devotees	3/4	2/3	2/3	2	2/3
TRADITIONAL FOREIGN / OVERSEAS MARKETS					
Northern EU (Germany Holland and other foreign / overseas markets including N America) – touring overnights]	3/4	4	3/4	4	3
Emerging Overseas Markets	1/2	2/3	2	1/2	1/2
DAY VISITORS					
Bus / Tour Groups Passing Through	2/3	4/5	4/5	1/2	2
Bus / Tour Groups as Day Destination	2/3	5	3/4	1/2	2/3
Independent Scottish Residents on Leisure Day Trip from Outside Area	3/4	1/2	1/2	2/3	2/3
Independent Tourists from Outside Area Making Day Trip to Destination (Domestic and Overseas)	3/4	2/3	2	3/4	3
Independent Tourists from Outside Area Passing Through (Domestic and Overseas)	1/2	3	4	1/2	2/3
Independent Specialists / Activity Day Trips (Scottish Residents and Tourist from Outside Area)	2	3	3	2	2/3
VISITING FRIENDS AND RELATIVES (VFR)[3]					
VFR	2	4	5	1	3
BUSINESS TOURISTS					
Non Discretionary	2/3	4	5	1	4
Discretionary	1	3	4	2	1/2

Note: 1 = weak and 5 = strong
Non-Discretionary Leisure ie Field Sports and Fishing also exist (demand driven by location of Fish and Game).

[3] Is a function of resident population size

C.4 Conclusion

The 'destination experience' within the study area / CNS needs to aim at better satisfying existing markets (exceeding expectations) and attracting new markets in future by providing what they want in the form of both attractors and support services / infrastructure. The markets offering opportunities have been identified.

The aim of this document is to help identify the next steps in ensuring that the strategic 'product engineering' that needs to take place to ensure the positioning of the destination and its offering is better aligned with these opportunities. The detail of how that is achieved, building on existing or creating new facilities and promotion as appropriate, is to be fully discussed and consensus reached (see recommendations for the creation of am industry Leadership Model and the creation of a Destination Development Plan that would confirm development projects and their location).

The findings of this Phase 1 work provides guidance to all those interested in unlocking the market opportunities available to the destination. The main recommendations included in this report are to bring the sector to the point where it can make the right decision about its future development by better balancing the tourism offering; help reposition the area in the marketplace; and thereby stimulate further economic growth. The recommendations are geared at helping the destination move towards being a 'competent destination' ie one that fully meets the needs of its markets and is structured in a way that it can achieve and sustain a viable tourism sector by being dynamic and alive to the needs of the consumer.

Certain shortfalls currently exist within the sector and more are anticipated to manifest themselves in the future. These are already evident shortcomings, eg within the accommodation sector, where disengagement with evolving market needs and product trends is already apparent. This divergence highlights the need for new products and services, and for improvements to the quality of the current experience. Product development in CNS is but one aspect alongside a need for better destination management / leadership; and marketing and promotion improving CNS's ability to compete with other evolving destinations in a changing world.

D A FRAMEWORK FOR TOURISM GROWTH – UNLOCKING THE POTENTIAL

D.1 The Aspiration

A more successful tourism sector in CNS would be one that:

- Increased the Volume and Value of Tourism;
- Created Employment;
- Ensured Sustainability of the Sector;
- Engaged and Empower Business and Resident Communities;
- Facilitated by:
  - Building on Market Opportunities;
  - Extending Season;
  - Extending Spending Opportunities.

The work concluded by TRC in Phase 1 of HIE's ATCNS programme has helped identify, at a high level, the different forms of intervention that can be given to help CNS's tourism sector grow. These all fall under what can be called 'Destination Management Issues'. This is where a wider, more cohesive destination approach can help drive real step transformational change within a sector where there is currently real industry dissatisfaction with the existing position.

In order to move forward, there is the need for certain early activities, actions and steps to be taken to produce change – these are discussed below and in the main report.

D.2 Key Issues / Recommendations

The tourism sector in CNS has ambitions for the future. What is clear from the analysis thus far is that the current offering is, in places, at odds with market trends. However certain investment is planned which will improve the offering both in terms of supply and quality.

Anecdotal evidence of slippage in the quality of products and services is also evident, to an extent, borne out by the consultants' review and the Phase 1 events. These factors, when set alongside the market's expectations indicates a growing potential mismatch between supply and evolving demand exacerbated in cases by seasonality issues. This suggests opportunities for investment exist.

There are a number of issues running in tandem with these supply issues re the wider study area's 'shortfall' in product offering. These include the quality and price point of that supply; as well as 'spatial' issues surrounding supply. Other factors also at work negatively are: lack of destination awareness and profile in the marketplace re marketing and promotion of the destination. The structure of the sector ie leadership and partnerships, following a common direction of travel informed by joined up thinking is also currently lacking.

At a strategic level, the consultants, and the conclusions of the participants at the various workshop groups hosted during Phase 1 point to a number of key issues that need to be addressed. These all revolve around 'Destination Management' which encapsulates two main aspects affecting future success. It is around these that TRC's main recommendations for the future revolve. They include:

I Structure of the Sector; and
II Strategic Plans.

These are discussed more fully below and in the main report.

I Structure of the Sector

A key finding of Phase 1 was the fragmentation evident within the local tourism economy. Currently there is no single organisation or structure providing leadership and direction or forming a rallying point around which all those with a vested interest in the sector's future can congregate. There are also no clear, integrated, communication channels or opportunities for dialogue between all those active and with a vested interest in the health of the sector. This vacuum and frustration with conflicting priorities and duplication, is one that the participants during Phase 1 highlighted as causing the most difficulties going forward and unlocking opportunities.

There are a plethora of organisations and bodies active in and around the periphery of the sector and there is confusion over the role played by many. Apparent duplication / overlap and failure to provide joined up thinking or to enhance and coordinate individual effort and budgets to produce real impact is causing real frustration locally and across the study area. There is considerable dissatisfaction across the sector with this lack of ability to come together.

Phase 1 produced a clear consensus that there was no appetite for the creation of 'another' organisation to take a lead in the area. There was, however a willingness to support the evolution of an existing body or bodies into one truly representative of the sector.

Key to a successful structure will be one that;

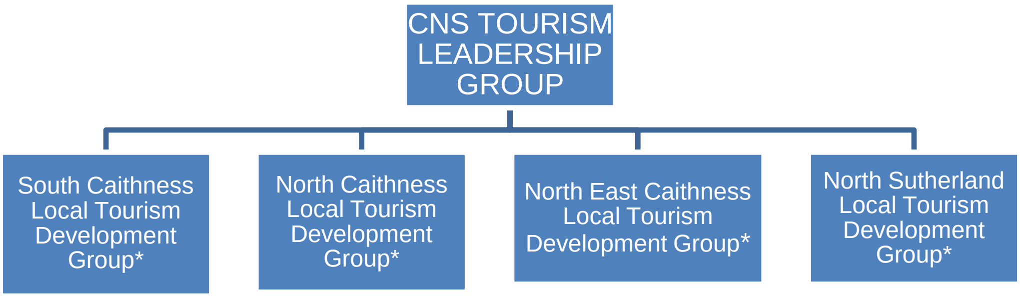
- Emerges and has overarching representation from all parts of the tourism community (public, private, 3rd sector, community) – this needs to build on existing and evolve opportunities perhaps to form a social enterprise?
- Captures local passion and does not stifle it; and
- Is clearly understood and is a transparent structure which demonstrates and articulates early wins.

Phase 1 also saw a unanimous call for an 'integrated structure' that was linked to a strong plan for the area – A Destination Development Plan. (See later).

The leadership structure of the sector is an issue that needs to be addressed immediately so that other strategic priorities and recommendations can be confirmed and progressed as a matter of urgency. Early discussions suggest that in the short term a wider audience needs to be brought together to work out and confirm a 'structure' for going forward. (The Phase 1 work of the ATCNS programme which has brought the wider industry, communities and agencies together will provide a valuable basis on which to build).

As a matter of urgency therefore the destination must address the issues surrounding leadership and structure of its tourism industry. This needs to be tackled in the next few months. Without an agreed leadership and structural model in place it will be impossible for the area and the different communities to start moving towards creating, adopting, and delivering strategic plans to grow the sector.

In its most simplistic format a structure along the following lines could emerge:



(* Each potentially mirroring the geography of the different zones used in this study).

In each case 'make up' of the bodies to be agreed but it is envisaged each would include a range of public, private and community stakeholders. Broad representation in each, both 'leadership ' and 'locale' providing a structure that would help the diverse area evolve plans for the future and have delivery vehicles at grassroots and area-wide level to progress strategic aims and goals).

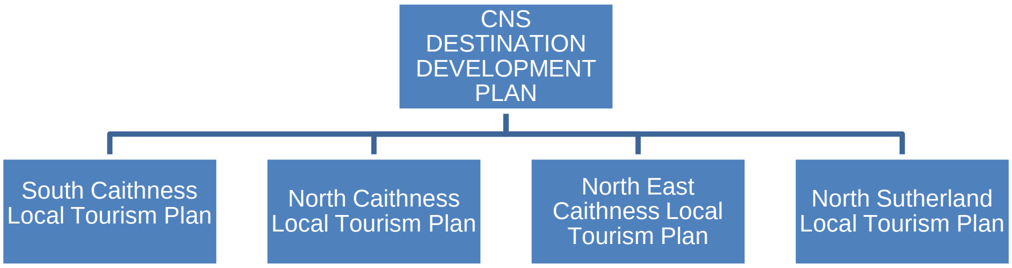
II Strategic Plans

At present there is no detailed, comprehensive and cohesive plan for the tourism sector in CNS. Strategic well thought out plans and priorities need to be put in place as a blueprint to guide the undoubted ambition and groundswell across CNS to grow the tourism economy. This sees the need for a comprehensive destination plan to be evolved that both informs, and is informed by, a series of 'community' or local plans. The overarching plan to be evolved and confirmed by the CNS Tourism Leadership Group. Local plans for each of the zones to be evolved by the individual community / foci across the area's wider geography. Here again the four communities used for this study could be adopted as those that will make up the 'structural and planning focus' of the sector. These local tourism development plans will be prepared by local groups and will feed into, and be informed by, the strategic Destination Development Plan. In this way the aspirations and ambitions of the different communities can be captured in the Local Development Plans. If necessary at some point some form of rationalisation and prioritisation of local ambitions may have to be undertaken to ensure a fit with the agreed destination development.

This will see two levels of linked planning:

- An overarching Destination Development Plan; and
- Local Tourism Development Plans.

The preparation of these Plans should also be progressed as a matter of urgency. However the reality of the fast approaching peak tourism season of 2011 will potentially see the need for this aspect of work to take place late in 2011. It is hoped with detailed Plans to be in place by late 2011 / early 2012. The various Plans reflecting the sectors agreed structure. (For example).



A generic format will see both the Destination Development Plan and Local Tourism Plans evolve to provide direction to activities aimed at addressing the full range of issues affecting the growth of the tourism sector. These factors including:

- Product Offering;
- Skills (Vocational, Management and Leadership);
- Communications and Promotion; and
- Market Intelligence / Monitoring and Evaluation.

Each is discussed in more detail and have been classified for the purpose of this study and the recommendations for the future Plans under the following themes:

- Product and Services Development;
- Business and Skills Development;
- Communications – Marketing and Promotion; and
- Ongoing Industry Monitoring and Evaluation.

Recommendations for each theme have been captured in the Framework for Tourism Growth and are discussed in more detail in the main report. (A fuller list of potential activities / actions and interventions was drawn together from the outcomes of the various Phase 1 local events – see Volume II of main report – these providing potentially the start point for the Local Tourism Plans).

All the findings and development suggestions of the Phase 1 programme were reviewed by the consultants with the final workshop participants and a 'short list' prepared of prioritised activities aimed at delivering early change. These are highlighted below. These and the other findings will in the fullness of time inform the creation of the area's Destination Development Plan and the Local Tourism Plans.

D.3 Product and Services Development – Key Findings & Recommendations

The audit of the existing destination offering when laid alongside future target markets suggests there are service gaps and products that need to be addressed. The following have emerged as the main priorities, presented in no particular order.

Products and services cover the whole mix from overnight accommodation to attractions and activities. Across the wider geography in individual settlements, the study review clearly highlights the need for different enhancements in the various locales. Confirming the 'detail' of such will be the subject of the next phase of the ATCNS programme (see the preparation of a detailed Destination Development Plan and Local Tourism Plans). Notable at this time is the need for new and improved accommodation products. Also, the retail and food & beverage sectors are in need of attention in terms of quality and availability.

Recommended Priorities for Product and Services Development

- A key priority by all involved in the Phase I is seen as being the creation of local tourism plans that reflect the development and market opportunities for the different settlement foci / locales across the study area – these are envisaged as informing, and being informed by, the overarching Destination Development Plan for the whole study area;
- New 'attractions' and attractors – reasons for visits need to be created and existing improved;

- The overnight accommodation offerings need to be better aligned with emerging market needs and competitive products elsewhere – eg resorts / boutique properties / residential training facilities / education activities / outward bound bunkhouses etc – where commercial viability can be ascertained;
- A calendar of events / new out of season events need to be created;
- More to be made of local food and its provenance;
- Transport issues affecting the destination need to be addressed (see access, frequency, cost, integration, etc);
- Basic visitor infrastructure re toilet provision, etc needs to be addressed.

D.4 Business Skills Development – Key Findings and Recommendations

Business and skills development are those issues associated with grassroots operators of tourism oriented business and services eg accommodation, food and beverage, retail, attractions and activity providers, etc. The review suggests a number of areas where there was need for change. Opportunities presented themselves that if tackled could lead to an improved visitor offering and more viable, sustainable and profitable operations. Business and skills development needs identified by Phase 1 and the consultants review highlighted such issues as vocational, management and leadership skills; business management and monitoring. The prioritised opportunities and recommendation for the future identified, include those listed below.

Recommended Priorities for Business Skills Development

- Vocational skills / Service skills improvements / Customer care;
- Business management skills (Business practice – financial planning, monitoring financial and trading performance, financial management; quality management);
- Leadership Skills (Business Leadership and Sectoral Leadership);
- Business Skills – Appraisal of Opportunities and how to unlock niche opportunities and understand, assess and implement investment strategies.

D.5 Communications – Marketing & Promotion – Key Findings & Recommendations

Discussions reveal a broad consensus that all 'communications' issues associated with CNS's tourism sector are in need of review. This includes marketing and promotion that is consumer facing through to communication within and across the sector. A comprehensive plan needs to evolve if opportunities are to be capitalised upon. The plan and its contents and direction of travel understood adopted, and agreed by all ensuring critical mass in collective marketing messages is gained and success achieved. Marketing and promotion of the destination is of paramount importance if success is to be achieved – a factor highlighted by Phase 1. Communication issues are also about the internal dialogue across the wider geography of the area and between different sectors of the tourism economy. Poor communications are a major factor affecting the study area's current ability to successfully unlock opportunities. Key priorities are identified below.

<u>Recommended Priorities for Marketing and Promotion</u>

- The number one priority by all participants in Phase 1 was seen as the need for the area to 'find' and confirm its 'identity'. There is a strategic need to seek a position in the marketplace and for that to be confirmed by communication messages / product development and marketing in light of the target markets identified. This will emanate from an informed marketing strategy – see below. [When, and if appropriate, this can build on work and marketing assets already developed by other organisations in the area];
- Following on from destination identity seen as the number one priority by those participating in the Phase 1 events was the call for the destination to create a strong marketing strategy that had the buy in of the whole sector. A strategy that articulates the full communications and promotional plan both external and internal is required. Such a strategy and plan to clearly confirm: destination identity; target markets; messages and tools to be employed alongside the actions required / product development to confirm the destination's identity and raise awareness in the markets of relevance;

- A clear plan with funding resources / revenue strategies in place to support activities needs to evolve. At the same time, a destination approach and confirmed message can be 'picked up on' and followed by all those operating in the area, and in each locale, in their own marketing activities. This will ensure the collective noise of individual business and community marketing is 'on message' and will add to the proactive push to raise awareness of the destination;
- It is strongly recommended by the consultants, to inform said marketing strategy, that early on consumer research external to the destination should be considered. This is research to assess the levels of awareness and perceptions external markets have of the CNS area. It will be important to confirm at an early future date what potential markets perceive the destination to be. For the purposes of this study a certain 'destination geography' has evolved ie CNS – however it is crucial to understand how the external markets perceive the destination and its geography which is strategically important going forward. As such some initial consumer research will be important to inform future actions including how the destination positions and promotes itself.

Aligning Product / Services / Physical Development with the target markets of relevance is paramount and it is through the medium of detailed research and market study, etc that an informed Products and Services Development Strategy as a component of the proposed Destination Development Plan should evolve in future.

D.6 Market Intelligence – Monitoring, Evaluation and Ongoing Planning

At present the level of available data on the performance of the tourism sector in CNS is extremely limited. Much information on performance is anecdotal as the main market intelligence data available it that produced at the Highland Region level. This study, however, made attempts to plot the performance of the accommodation sector to provide a baseline for the study. However in future more up to date information is needed about sectoral performance to help monitor change, progress and growth in the sector. This has a two-fold purpose – one to plot that future activities and interventions are delivering positive change the other to provide information for operators / investors that can help ensure investment, marketing and promotion decisions and investment are made wisely against a backdrop of knowledge.

D.7 Consolidated Framework for Growth (Action Plan)

The conclusions emanating from the Phase 1 workshops conducted and facilitated by TRC have been discussed previously. These findings, in turn, informed by the consultancy's own knowledge of the tourism sector were used to create a range of recommendations for the future of the CNS Destination. Issues, strategic responses and areas that require attention in the short, medium and longer term have been brought together and preliminary actions highlighted in a consolidated Framework for Tourism Growth.

The Framework for Tourism Growth is built around two key aspects as indicated earlier: Structure and Plans. The focus of the framework recommendations are:

FRAMEWORK FOR TOURISM GROWTH

STRUCTURE

- **Form Leadership Group and Confirm Structure of Destination Management and Development Model.**
- **Form Local Tourism Development Groups (to be part of Destination Model).**

STRATEGIC PLANS

- **Creation of a Caithness and North Sutherland Destination Development Plan with four main components:**
  - Product and Services Development;
  - Business and Skills development;
  - Communications and Marketing; and
  - Market Intelligence / Monitoring and Evaluation / Ongoing Planning.
- **[Destination Plan informing and being informed by four Local Tourism Development Plans].**

It is clear that if progress is to be made, a less fragmented and haphazard approach to the destination's future needs to be taken. The first key step is the need for a leadership model and structure for the sector to be agreed.

Destination and Local Plans also need to be created, as a priority, with clearly defined targets, actions, timelines and a spatial dimension reflecting local needs and opportunities. Roles and responsibilities for delivery also need to be highlighted and potential resources identified to facilitate delivery. A clear plan evolving that will provide a road map for the future ie a CNS Destination Development Plan providing solutions to the issues identified. The CNS Destination Development Plan, the rallying point around which all can assemble and ensure that the public, private and 3rd sectors are all moving in the same direction and that pooled resources and activity will provide greater impact than the sum of the parts. The emergence of a Plan in the near future is crucial to ensure the current momentum and goodwill built up by Phase 1 of the ATCNS programme is harnessed. Early wins must now be demonstrated.

The current position is taken as at April 2011 and a development timeframe of five to 10 years is envisaged as that being needed to produce significant change. Destination positioning is not something that happens overnight but is achievable if differentiation and awareness can be created. It takes alignment of market and products, promotion, time and commitment to change perceptions and offerings. It is anticipated that real significant economic impact from change will be achieved over the longer timeframe particularly in the leisure sector of the tourism economy. That said the hoped for growth in 'renewables' taking over from the nuclear industry as the main driver of business tourism in the area is likely to follow similar time lines.

Moving the destination forward and setting targets for specific activities, by necessity, will involve prioritisation to meet the real world of time and resource availability. At present there is no leadership body in place so discussion of specific development projects and delivery milestones is somewhat premature.

It is envisaged that at this time, until a structure, leadership vehicle and Destination Development Plan and Local Tourism Plans are in place that HIE will continue to champion and lead in ensuring that the preliminary work involved in creating structure and plans is implemented. The tables on pages 27 to 32 present the key actions the study team recommend be progressed. These are presented under each of the key areas of activity previously discussed and initial time lines identified.

In the framework tables the key recommendations and actions are highlighted; suggested timeframes set to help focus and prioritise the activities that need to be progressed. The consultancy team have also made some indicative suggestions as to which agency or group might ‘lead’ a particular activity – working in tandem with others who will provide support in moving the task along. The lead will ‘project manage’ the activity, with the help from a range of supporters or indeed in certain aspects external specialist consultancy input.

The following framework tables are presented as an Action Plan for the CNS Destination. In addition a table of activities is provided that outlines the parallel actions that need to be undertaken at the local levels in creating the four Local Tourism Development Plans for each of the community foci / sub-destinations.

CAITHNESS AND NORTH SUTHERLAND DESTINATION ACTION PLAN – (STRUCTURE AND MANAGEMENT)			
AIM / KEY RECOMMENDATION	**KEY ACTIONS**	**TIMEFRAME**	**LEAD / DELIVERY PARTNERS**
FORMATION OF A LEADERSHIP GROUP AND ORGANISATIONAL STRUCTURE FOR THE CNS TOURISM SECTOR.	Confirm destination management structure going forward highlighting strategic roles and responsibilities is crucial. See relationship between Leadership and Local Tourism Development Groups. Invite to a facilitated workshop summit representatives from across the whole tourism sector / all those with a vested interest (public and private bodies) to discuss and evolve a model for a Destination Development / Management Organisation body to take forward the tourism sector in CNS (or the 'destination geography' as agreed).	Complete Immediately (ASAP).	HIE / Representatives of those participating in Phase 1 and others.
CREATION OF CONSOLIDATED 'DESTINATION DEVELOPMENT PLAN' FOR TOURISM IN CNS.	The CNS Destination Development Plan to incorporate separate Plans for: Product and Services Development; Business and Skills Development; Communications; and Monitoring and Evaluation. In each case highlighting timeframes, roles and responsibilities for delivery across all aspects of Destination Management. (See parallel Local Plans). Detailed product development proposals will be highlighted and plan would encapsulate recommendations for new accommodation models, attractions and physical facilities as deemed appropriate. Ensure link to evolving update to the National Tourism Framework for Change and Highland Area Tourism Plan. CNS Tourism Leadership Group to work with others and the various communities / Local Tourism Development Groups to create a detailed, consolidated Destination Development Plan covering all aspects. Plan informed by, and informing, Local Tourism Development Plans. (This process will involve a degree of managing aspirations and local ambitions into a sustainable area-wide Plan – Plan to build on the findings of Phase 1 work of the ATCNS programme).	Complete Medium Term (Oct 2011-Early 2012) .	CNS Tourism Leadership Group / Local Tourism Development Groups.

CAITHNESS AND NORTH SUTHERLAND DESTINATION ACTION PLAN – (PRODUCT AND SERVICES DEVELOPMENT)

KEY RECOMMENDATION	TIMEFRAME	LEAD / DELIVERY PARTNERS -
CREATE A PRODUCT AND SERVICES DEVELOPMENT PLAN Create a Plan that highlights physical development opportunities / needs across the geography of CNS for inclusion within consolidated Destination Development Plan. Build on the community consultation work of Phase 1 and marry future market opportunities to destination offering to ensure each locale / settlement focus evolves physical product / services that will help it retain and build new market share. The Plan should evolve under a spatial dimension and needs to appraise and prioritise development options. (Will inform and be informed by Local Tourism Plans – see later).	Complete Medium Term (Oct 2011-Early 2012)	CNS Tourism Leadership Group / Local Tourism Development Groups.

KEY ACTIONS

Action – Identify opportunities and plans for new accommodation, enhanced attractions and activities etc.

Action – Create an integrated Calendar of Events (enhancing existing portfolio with, where appropriate, new events) – Consider development of new events particularly out of the main season. Use events as a key component of the marketing and promotional strategy to help raise awareness and confirm identify / position. At the same time events used as a vehicle to extend the season and create appeal and new demand. See links between events and the creation of new and proposed new venues; and Destination Communications and Marketing Strategy.

Action – Lobby for progress in improvements to ‘access’. See transport issues. In the first instance look for early wins re ‘integration’ and frequency of timetables (eg air connections) etc, progressing through to the ‘bigger’ issues re transport costs and wider access, etc.

Action – Build on local ‘food opportunities’ and provenance. Build on growing appeal of, and national focus, on Food Tourism – see links with marketing strategy and plan and sectoral initiatives, locally, Regionally and across Scotland.

Action – Ensure basic visitor infrastructure services are in line with expectations. For example toilets are a basic start but one where there is considerable degree of dissatisfaction within the tourism / wider community – see also visitor services information provision. (See inclusion of visitor information centres / points in future marketing and promotional strategy). Identify roles for sustainable community involvement in provision of such services.

CAITHNESS AND NORTH SUTHERLAND DESTINATION ACTION PLAN – (BUSINESS AND SKILLS DEVELOPMENT)		
KEY RECOMMENDATION **CREATE A CONSOLIDATED BUSINESS AND SKILLS DEVELOPMENT PLAN FOR INCLUSION IN DESTINATION PLAN.** A comprehensive plan for improving skills across the sector – at vocational, management and leadership levels. Revisit any existing strategy / plan and assess in detail current market needs and prepare solutions. (Update on a regular basis). Individual plans for vocational, leadership and management skills as below. Each community to also assess its own needs and plan.	**TIMEFRAME** Complete Medium Term (Oct 2011-Early 2012). Update on ongoing basis to reflect changing nature of workforce.	**LEAD / DELIVERY PARTNERS** CNS Tourism Leadership Group / Local Tourism Development Groups.
KEY ACTIONS **Action –** Create a Vocation Skills Plan (as a key component of above). Revisit existing programmes / plans and update in light of new focus and resources re ATCNS. Service skills, customer care and other vocational skills elements. **Action –** Create a Leadership Skills Action Plan. Put Plan in place for dealing with issues surrounding leadership at business, community and sector level. (Programme of events, learning journeys, courses, etc – see new ways of planning and delivery of same eg St Andrews Skills Academy). **Action –** Create a Plan for Business and Management Skills. Drive improvements in business best practice – individual business and wider sector monitoring; financial management; understanding investment appraisal; how to unlock opportunities, etc – See links to monitoring and evaluation framework recommendations.		

CAITHNESS AND NORTH SUTHERLAND DESTINATION ACTION PLAN – (COMMUNICATIONS / MARKETING AND PROMOTION)		
KEY RECOMMENDATION **CREATE A DESTINATION 'CONSUMER' MARKETING AND COMMUNICATIONS STRATEGY** A consumer facing communications strategy. See identification of: target markets; marketing tools to be employed; roles responsibilities to implement same. Identification of resources and finance to be included in any plan. (Wider Visitor Information Services also to be included).	**TIMEFRAME** Complete Medium Term (Oct 2011-Early 2012)	**LEAD / DELIVERY PARTNERS** CNS Tourism Leadership Group / Local Tourism Development Groups.

KEY ACTIONS

Action – Create and execute a programme of consumer research. Conduct external, primary market research to establish market awareness and views of the destination. Also confirm what the market sees as the geography of the destination. Feed into creation of destination 'identity' and communication / marketing messages to confirm same and raise awareness – see Marketing Strategy.

Action – As part of the wider Destination Plan, create a Communications Strategy for the CNS tourism sector. Develop internal channels of communication across the sector ensuring dissemination of market intelligence / early wins etc and keeping passion, involvement and interest alive. (Networking, events, written communications, publications, etc including disseminating market intelligence).

Action – Packaging and Virtual Product Development. Explore and confirm 'new' ways of packaging area's existing assets as new products for the marketplace – See Events; Archaeology; Culture / Arts; Design / Applied Arts / Crafts / Study and Life Long Learning – packaged as 'products' for sale to attract new markets. Where appropriate within Communication and Marketing Strategy make use of Internet, Apps, etc.

CAITHNESS AND NORTH SUTHERLAND DESTINATION ACTION PLAN – (MONITORING, EVALUATION AND ONGOING PLANNING)		
KEY RECOMMENDATION **GATHER MARKET INTELLIGENCE / MONITOR IMPACT AND EVALUATE PERFORMANCE (MEASUREMENT AND REPORTING STRATEGY).**	**TIMEFRAME** Complete Medium Term (Oct 2011-Early 2012)	**LEAD / DELIVERY PARTNERS** CNS Tourism Leadership Group / Local Tourism Development Groups.
KEY ACTIONS **Action –** Create a 'framework' to monitor change and impacts in the tourism sector. Put in place local and area-wide intelligence gathering models to collate trading and performance data across various products. Regularly track performance and impacts: eg tracking visitor numbers and profiles at attractions – sources of demand; in accommodation operations track room and bed occupancy levels and sources of demand re business / leisure tourism amongst other methods. **Action –** Feed back and disseminate findings on general performances measured to others across CNS re benchmarking their own operations and to help inform business and investment decisions / attract inward investment. Calculation of economic impacts achieved against economic baseline included in this report also collated and communicated back to the sector helping confirm what interventions are proving successful and demonstrating wins.		

CAITHNESS AND NORTH SUTHERLAND DESTINATION LOCAL ACTION PLANS*			
KEY RECOMMENDATION	**KEY ACTIONS**	**TIMEFRAME**	**LEAD / DELIVERY PARTNERS**
Each of the Four Community Foci to Form a Local Tourism Development Group. (Formation of Four Groups).	In line with structure models agreed for the CNS-wide tourism sector form four Local Tourism Development Groups to provide focus and oversee local level planning and activity in the tourism sector. Representation from the four Local Development Groups to sit on the CNS Leadership Group.	Complete Immediately	HIE / Leadership Group / Local Participants of Phase 1 and Others Locally.
Create Four Local Tourism Development Plans.	Each Local Group to draw up its own Local Tourism Development Plan for its area using same 'themes' as the CNS Destination Development Plan. The Groups to prepare a plan highlighting their aspirations and ambitions for their own tourism economy in light of the market opportunities available. If considered appropriate the Local Tourism Development Group can employ HIE / Scottish Enterprise's Tourism Destination Development Guide due out in Summer 2011 to ensure all aspects of destination development and management are covered by the Plan. Plan to reflect: Product and Services Development; Skills; Communications; and the important Monitoring and Evaluation needs at a local level. Plan to be informed by evolving CNS Destination priorities and Plan in turn inform same Destination Plan. Proposals for all aspects to evolve: retail; food and beverage; accommodation; attractions; activities and packaging. [The CNS Tourism Leadership Group will draw together all local plans and aspirations into a consolidated, prioritised area-wide Destination Development Plan for CNS. (In the final analysis there may be need for a certain rationalisation and prioritisation of local ambitions and plans to be undertaken to ensure a fit with the agreed CNS Destination Development Plan and priorities)].	Complete Medium Term (Oct 2011-Early 2012)	Local Tourism Development Groups.

*** ACTIONS THAT NEED TO BE UNDERTAKEN BY EACH OF THE LOCAL TOURISM DEVELOPMENT GROUPS IN PREPARING THEIR OWN LOCAL TOURISM PLANS. FOUR GROUPS / FOUR PLANS TO EVOLVE.**

E CURRENT ECONOMIC IMPACT OF TOURISM IN THE AREA (A BASELINE)

E.1 Background

The work conducted by the consultants in Phase 1 provides a baseline of economic activity generated by those staying overnight CNS – overnight tourism (day trips are not included in this analysis). Overnight tourism is hosted by the commercial sector in a range of different accommodation types but there is also an element of tourism ie those visiting friends and relatives (VFR) that sees overnight visitors residing with family and friends. When calculating the economic baseline it is essential to capture both sectors / types of demand. The baseline of impact was calculated utilising bed stock and population data alongside VisitScotland spend information to inform assessments of the volume and value of overnight visitors to the area. The further detail of the bases of calculation is available in the main research report.

E.2 Commercial Expenditure

From assessments of bed night demand and nights expenditure by leisure and business tourism in the Highlands, the following overnight tourist expenditure is estimated in the commercial sector.

TOTAL TOURIST EXPENDITURE IN COMMERCIAL OPERATIONS	
Type	**Expenditure**
Leisure	£18,268,155
Business	£9,206,158
Total	**£27,474,314**

E.3 VFR Expenditure

Using Highlands-wide ‘ratios’ of VFR bednights generated per head of population, at expenditure levels per nights prevalent in the sector, as highlighted in VisitScotland’s data, suggest the following:

VFR EXPENDITURE	
VFR Bed Nights	207,770
Average Daily Expenditure	£37.37
VFR Expenditure	£7,763,879

The total expenditure is then calculated on the basis of the number of bed nights generated by VFR visitors multiplied by the average daily expenditure. This gives a total of £7,763,879.

E.4 Total Expenditure

The total direct expenditure from the overnight tourism sector in CNS is calculated as £35.2 million.

TOTAL EXPENDITURE	
Type	**Expenditure**
Leisure	£18,268,155
Business	£9,206,158
VFR	£7,763,879
Total	**£35,238,192**

This accounts for 6.2% of all overnight tourism expenditure in the Highlands.

E.5 Conclusion

The total direct expenditure from overnight tourism in CNS is therefore estimated at £35.2 million in the year 2009/10 from data provided by commercial operators to TRC. The above represents the current level of economic activity generated by tourism in the local economy.

At this time this study / report has made no attempt to identify a future growth target or the level of latent potential within the tourism economy if positive change were to be achieved. However, it is anticipated this would come through time and will be included in any future Destination Development Plan.

The methodology employed to arrive at the baseline is detailed in the full report and can be replicated in the future.

F SUMMARY CONCLUSION

The extensive findings of this study have influenced the outcomes and recommendations contained in the main report and this Strategic Summary. The full report also includes a comprehensive audit of the existing destination offer in terms of product and services and identifies that overnight tourism (leisure and business tourists) generates £35.2 million for the local economy.

The ATCNS Phase 1 work identified a range of issues that need to be addressed if the area's tourism economy is to grow. A Framework of recommendations has been prepared and provides a number of actions designed to lead to positive change and foster growth. These have been prepared and built around the findings of an extensive programme of research and consultations. These consultations identifying that many 'ambitions' for the tourism sector in CNS existed but there were a range of issues impacting negatively on the growth potential of the destination. These issues manifest themselves under the collective heading of Destination Management which involves structure of the sector and strategic plans for its future. These factors need to be addressed if growth and success are to be achieved.

The audit itself suggests some divergence in quality and range of offering from that sought by emerging markets and product trends taking place in the wider tourism sector, which if the situation continues, will curtail growth. This highlights a need for investment in product and quality eg new accommodation models – see John O'Groats. Other areas of the tourism economy also require attention including customer service quality and destination awareness.

An overview of the area's current tourism demand clearly indicates there is a strong business tourism demand concentrated in and around Thurso and Wick, both of which also benefit from leisure demand. However, across the rest of the study area's wider geography the leisure sector predominates but is extremely fragile and seasonal posing a major issue for the sustainability of many of the more rural businesses. This sees the need for new 'experiences' that can extend the season and disperse demand over a wider geography to be brought forward.

In the business tourism sector the anticipated and hoped for growth in the renewables sector will be an important factor in the future health of the local tourism economy. However operators servicing and relying on these markets must not remain complacent and quality must improve. Renewables potentially may bring both discretionary and non-discretionary business tourism demand into the area.

Development of the business tourism sector will also prove a chance for the destination to grow its overall tourism economy with potential spin-off leisure demand from the families and friends of those working in the area on contracts, etc. An improvement and growing provision of products to service this sector, if evolved, (accommodation, restaurants and bars, retail attractions, entertainment are reliant also on this sector for their sustainability) will add to the overall destination experience and quality for all visitors. This sustained / bettered offering, in turn potentially, improving local image and quality of life for residents and can also play a role in helping to attract inward investment into other sectors of the economy in what is a virtuous cycle of investment and quality improvements.

A number of specific, strategic issues need to be addressed if growth in the local tourism economy is to be achieved. These are discussed more fully in the main report and include:

- Product and service gaps that need to be filled;
- Duplication, overlap, parochialism and distrust resulting from poor coordination and communication within the sector;
- A lack of a comprehensive destination plan to guide and provide a clear road map for the future of the industry around which all can rally;
- Limited resources / dilution of existing resources and no cohesive plan for key elements of the destination's management and promotion; and
- In conclusion there is no 'structure' that offers direction and leadership that can help take the sector forward.

If growth is to be achieved two key recommendations must be taken forward as a matter of urgency. These are firstly: Creating a structure acceptable to all, for the tourism industry in CNS to provide leadership, communication and delivery models. Secondly there is an urgent need to prepare a comprehensive and cohesive Destination Development Plan for the area that is underpinned by Local Tourism Plans for the communities that make up the wider area.

The destination's market profile and penetration is also an issue of concern and needs to be incorporated into the Plans. The conclusion is that CNS needs to be more strongly positioned, with a clear identity backed up by well-resourced promotional effort linked to product development. In tandem with this and all the other recommendations are those for the sector's skills base both Vocational and Business Skills. These must evolve to help operators and the wider destination meet the challenges.

The wider recommendations emerging from the work are presented in the report as a consolidated development framework ie Action Plan which highlights a range of prioritised activities. These are presented at a CNS level and a generic model provided that will guide the future preparation of the Local Tourism Plans. The Framework for Tourism Growth / Action Plan highlights the main activities that now need to take place and the resources required.

In these times of constrained finances implementing any plans will take time and commitment and change cannot be expected overnight. Financial issues will affect the ability to deliver certain aspirations, specifically projects requiring capital investment in new products. [At some point in the future there may be the need for objective prioritisation to be employed to ensure that the Local Tourism Plans that evolve to reflect local ambitions, when transposed to the destination level some form of reality check and prioritisation may need to take place to ensure a fit with CNS priorities and budget realities. This prioritisation can be undertaken by the CNS Tourism Leadership Group].

In parallel the commercial viability of individual physical projects will also need to be tested and confirmed at the appropriate time. This may need support, when appropriate either from other agencies eg HIE or external help and assistance eg specialist consultancy input if deemed appropriate. This may involve due diligence and financial appraisal of projects that come forward under the Destination or Local Plans including those being championed by operators and communities. (Viability of a project cannot be taken as read simply because an 'ambition' or gap in product exists. Financial appraisals need to be conducted at the appropriate time).

Resourcing of change will be challenging, however the study area has the benefit of access to funding sources to which other parts of the Highlands do not. It is therefore important that a viable and sustainable Destination Development Plan is identified and key projects adopted and approved early on so that funding can be targeted – projects can then be driven forward to help achieve early wins, maintain momentum and start to produce growth.