

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 11 May 2004
(*Afternoon*)

Session 2

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

† 11th Meeting 2004, Session 2

CONVENER

*Richard Lochhead (North East Scotland) (SNP)

DEPUTY CONVENER

*Irene Oldfather (Cunninghame South) (Lab)

COMMITTEE MEMBERS

*Dennis Canavan (Falkirk West) (Ind)

*Mrs Margaret Ewing (Moray) (SNP)

*Phil Gallie (South of Scotland) (Con)

Mr John Home Robertson (East Lothian) (Lab)

Gordon Jackson (Glasgow Govan) (Lab)

*Mr Alasdair Morrison (Western Isles) (Lab)

*Mr Keith Raffan (Mid Scotland and Fife) (LD)

COMMITTEE SUBSTITUTES

Ms Wendy Alexander (Paisley North) (Lab)

Murdo Fraser (Mid Scotland and Fife) (Con)

Nora Radcliffe (Gordon) (LD)

Nicola Sturgeon (Glasgow) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

Jim McFarlane (Scottish Enterprise Edinburgh and Lothians)

Philip Riddle (VisitScotland)

Tom Wright (VisitBritain)

CLERK TO THE COMMITTEE

Stephen Imrie

ASSISTANT CLERKS

Nick Hawthorne

David Simpson

LOCATION

Committee Room 4

† 10th Meeting 2004, Session 2—held in private.

Scottish Parliament

European and External Relations Committee

Tuesday 11 May 2004

(Afternoon)

[THE CONVENER opened the meeting at 14:03]

Promoting Scotland Worldwide Inquiry

The Convener (Richard Lochhead): I welcome everyone to the 11th meeting of the European and External Relations Committee in 2004.

I will kick off with apologies. John Home Robertson is in Palestine at the moment and so clearly is unable to make it. I am unaware of any substitute coming in his place.

Item 1 on our agenda is further oral evidence in our inquiry into promoting Scotland overseas. Today, our evidence-taking session has a tourism theme, and we have with us Philip Riddle, the chief executive of VisitScotland; Tom Wright, the chief executive of VisitBritain; and Jim McFarlane, the chief executive of Scottish Enterprise Edinburgh and Lothians.

I am delighted to welcome the witnesses to the Scottish Parliament—particularly Tom Wright, who has travelled from London. I apologise for the slightly cramped conditions, which will change after October, if everything goes according to plan.

Before the meeting, I explained to the witnesses that we do not have time for lengthy opening statements, but I will give them all a couple of seconds to introduce themselves and to describe briefly the organisations that they represent. We will start with Jim McFarlane and work our way across.

Jim McFarlane (Scottish Enterprise Edinburgh and Lothians): Thank you. Tourism is an important sector for the wider Edinburgh economy. The sector now employs more than 30,000 people and contributes something like £1 billion per annum to the Scottish economy. Collectively, the city and its partners—VisitScotland and others—have made great strides over the past 10 years, but we face challenges and continuously see the need to invest in the quality of our facilities and the standard of service that we provide. We are constantly exploring ways to build the sector and

to ensure that tourism is a year-round industry for the city and the country.

Tom Wright (VisitBritain): Good afternoon. VisitBritain's role is to market and promote Great Britain, including Scotland, all over the world. We help to bring about 24 million overseas visitors to Britain.

Philip Riddle (VisitScotland): Thank you very much for this opportunity to give evidence to the committee. VisitScotland's role is to contribute to maximising the economic impact of tourism to the country, and we do that primarily through marketing Scotland at home and overseas.

The Convener: I thank all three of you for your written evidence, which, I am sure, all members have diligently reread in the past couple of days.

Dennis Canavan (Falkirk West) (Ind): On page 5 of VisitScotland's written submission, reference is made to five key areas in which it is hoped to attract visitors to Scotland through various activities: freedom; outdoor activities; culture and heritage; city breaks; and business. Will you tell us how those five areas were identified?

Philip Riddle: They were identified primarily by market research. Two years ago, when we embarked on a major reorganisation in VisitScotland, one of the first things that we did was to try to shift the emphasis from selling visitors what we wanted to sell towards selling visitors what they really wanted to buy. We felt that we were offering certain locations and geographical areas that had no resonance with the target markets, so we did a considerable amount of research to find out what people at home and abroad thought about Scotland and what they were really looking for from a visit to Scotland. That helped us to identify the key areas, and we grouped them into those five product groupings.

Dennis Canavan: Did your sample of people to be questioned include people from all over the world?

Philip Riddle: It consisted primarily of people from Britain, because that is by far our biggest market—more than 85 per cent of our visitors are British—but it also included samples from elsewhere in the world. The research is continuing—it is one of those things that go on and on—and we are increasingly moving to other countries. This year, for example, we have been doing research in France, Belgium and the United States.

Dennis Canavan: As well as asking people, whether from other parts of Britain or the wider world, what they come to Scotland to enjoy, does VisitScotland actively identify other niche markets in relation to which people might not be aware of the advantages of coming to Scotland but would

come for various activities if more promotion was done overseas?

Philip Riddle: That is very much the case. One must look at where the market is going, not only where it has been, so the process is definitely iterative. One does not just ask people what they think of Scotland and of their past associations with Scotland; instead one looks forward. We have identified the market trends that will be significant for our core markets in future. I highlight the short-break market as one that we see as growing. We ask ourselves how we can offer product in that market, particularly through city breaks in cities that are in our portfolio, although we have more than that to offer in the way of activities, which will allow us to gear more growth to the short-break market.

Mrs Margaret Ewing (Moray) (SNP): My questions relate to the five key areas in your written submission. Skiing is mentioned as one of the critical outdoor activities. Given what has been happening recently at the Lecht and Aviemore, what do you plan to do to continue to attract people to skiing activities and to get round all the difficulties that exist in those two areas, which are vital to the Highlands and Islands?

Philip Riddle: I hesitate to say that we can get round all the difficulties. There are challenges. The main thing that we have to do in positioning those areas is to talk about activity holidays rather than skiing holidays. We must ensure that, if people come to those areas with a mind to ski, other options are available if there is no snow. The fact that we might be able to offer skiing and snowboarding, but if the conditions are not good, we have mountain biking, good walking trails and climbing lessons is an attractive image to sell to the activity market. We have to be able to offer variety so that, when people come to Scotland, there is a choice of things to do wherever they are at any time of year.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I thank the witnesses for their written evidence. We have not always received written evidence from our witnesses in the inquiry and it was helpful to do so.

I turn first to Mr Riddle. Reading between the lines of your evidence, I see some interesting ideas in there, although not all of them are costed—such as the Scotland centres and the Scottish village. You make the point that 0.1 per cent of the total Executive budget is spent on marketing Scotland. I was trying to work out how much that is—are we talking about £26 million or is it more?

Philip Riddle: We are looking at spending £25 million on marketing. It was £20 million and we have just had an increase of £5 million following

the latest ministerial announcement. We are grateful for an increase of that magnitude and the commitment that it shows to tourism as Scotland's most important industry. I am rounding the numbers, but we were spending roughly £20 million and now it is £25 million a year.

Mr Raffan: Reading between the lines of your written evidence—and not always between the lines—I detect a certain sense of frustration. You feel that you could do a lot more if your budget was increased. The sentence where you talk about

“less than 0.1% of the Scottish Executive's entire budget”

contains a degree of frustration. May we have comparative figures with, say, the Republic of Ireland? I have heard those figures in the past, but it would be good to have them on the record now.

Philip Riddle: Our estimate of the total budget spend in Ireland is £75 million. That is not all for marketing, but I cannot give you the marketing split. One must take into account the fact that the budget is for the Republic of Ireland and Northern Ireland. Splitting it up is slightly complicated because there is a Northern Ireland Tourist Board, Fáilte Ireland and there is also Tourism Ireland.

Mrs Ewing: There is only one tourist board in Ireland. The boards amalgamated to form a cross-border tourist organisation.

Philip Riddle: I hate to contradict you, but there are three bodies. Tourism Ireland is the body that handles the international marketing of Ireland. There is still a Northern Ireland Tourist Board that handles domestic United Kingdom marketing of Northern Ireland, and there is still Fáilte Ireland, which is in the Republic of Ireland and handles niche marketing, domestic marketing and various other things outside of marketing. I agree that there is a new, amalgamated body—Tourism Ireland—that has taken the lead responsibility for international marketing. The figure that I quoted was the overall budget.

Mr Raffan: I return to marketing and the frustration that comes through in your submission. The route development fund is a great idea, but we need to market it and there is not enough money for that. We had evidence from Flanders on overseas representation. Again, the suggestion was that more money needs to be spent. I have read your written evidence twice and it seems that the “Scotland in” events are a bit haphazard and need to be thought through more strategically. Am I wrong on those points?

14:15

Philip Riddle: I have a few points on overall budgeting. I hope that my organisation is always hungry to do more and to sell Scotland more.

Many new opportunities exist, but there is frustration because the money that we put into marketing our country worldwide is relatively small by private sector standards—for example, much more might be spent on selling a whisky through brand marketing. I do not believe that it will ever be the public sector's role to match that type of investment in brand marketing, although investment from the public sector should steadily increase. We are pleased by the latest ministerial announcement of a step-up in investment. That is sound investment—we can show good results from it and it will bring a return for the economy. As we show results, we think that the public sector should invest more and do more to leverage in private sector contributions, so that when we put everything together, a lot more money will be being spent.

Mr Raffan: That is a general answer, but I also raised specific points about the “Scotland in” events, the route development fund and overseas representation.

Philip Riddle: We do not see overseas representation as vital. We would like to do it, but we do not have sufficient resources yet. Overseas representation is on our list of priorities, but we cannot do it with our present resources because we see other things that we should do first.

We have learned a lot from the “Scotland in” events, which have been good, although undoubtedly, we can do them better. We have been given money specifically to develop the Scottish village concept, which will involve the creation of modular mini-exhibition centres for Scotland. One will be on a more traditional, iconic theme and one will be on a modern theme. Our aim is to use the centres as a physical gathering or focus point to bring Scotland's interests together at overseas events. For example, I hope that one of the modular centres will be erected for tartan day, so that we have tourism sitting alongside other industries, financial services and the universities. That physical fabrication will help us to come together and to improve—there is always room for improvement.

You mentioned direct access and the route development fund. The big growth in the future will be in the short-break market, but people who are on short breaks do not want to mess about getting here—they do not want to change airports or airlines; they want to take off, go somewhere and get on with what they want to do. Direct access is absolutely vital for short breaks. We should increase our efforts on the most desirable routes, although we must be a little careful because not all direct access is good for the Scottish economy. Some direct access is primarily about giving people the choice to leave the country, which is fine, but my organisation should not put money

into that. In the latest round of financing, we have put more money into marketing Scotland at the other end of direct access routes, to ensure that more people are inbound than are outbound so that we get a net contribution to the economy. We have had 19 new routes from the fund. They have been excellent and we hope to do more in future.

The Convener: There was not too much in VisitBritain's submission about budgets and expenditure. I have two quick questions for Tom Wright. VisitScotland's submission says that for every £1 spent, we get £25 back. What is the equivalent figure for your organisation? How does the budgeting operate when you work on behalf of Scotland? Do you get a separate budget and, if so, how much is it and who ascertains whether it provides value for money?

Tom Wright: We generate a return for investment of about £30 to £1: for every £1 that the Government invests in us, we generate £30 of incremental tourism expenditure in Britain. The return varies depending on the part of the country. London generates a very high return relative to other areas.

The Convener: Do you have separate figures for London?

Tom Wright: No, we just have the overall return ratio of 30:1. Many of our campaigns are pan-Britain and are not just for London, Scotland, Wales or parts of England, so it is difficult for us to separate the returns. However, common sense would say that, because London is such a strong global destination with good connections, it probably generates a higher return than the more dispersed regions of the country.

On the second point, our total funding is £35.5 million a year for overseas marketing, which we supplement with about £17 million of funding from industry and other commercial activities. We do not separate the budget or other funding into figures for different geographic areas of Britain. However, we have a target to generate 61 per cent of the additional spend that we generate for Britain outside London. About half of all visitors to Britain go to London, so our target is to push more visitors outside London. We are not only achieving our current targets but exceeding them.

On what we undertake for Scotland, in the year just gone we undertook about 148 campaigns around the world that were either for Scotland or included Scotland. We also generated 995 press articles around the world for Scotland. Working with VisitScotland, we arranged more than 90 visits to Scotland for overseas journalists. I cannot give you a precise figure for how much of our budget goes to Scotland, but I can show you how strongly Scotland is included in all our activities

and campaigns, working in partnership with VisitScotland.

The Convener: I want to ask a quick question of Jim McFarlane to give him an opportunity to speak. I read in the press this morning that an official from, I think, the Edinburgh Chamber of Commerce—I could be wrong about that—warned that enlargement of the European Union would create greater competition for Edinburgh and other city regions. I wonder whether you have a view, from a tourism or other perspective, on Scotland's response to EU enlargement.

Jim McFarlane: I am happy to provide one. I came to the meeting from a conference that is running in the city today down at Our Dynamic Earth. The conference is looking ahead to the future of the Edinburgh economy. A key theme from speaker after speaker was the fact that cities have the ability to make a disproportionate impact on their countries' economies and that cities' competitiveness will be an enduring feature as we move forward, given the global nature of the world economy. We believe that Edinburgh has done reasonably well in economic development terms in recent years, but we lag significantly behind the leading competitive cities in Europe.

The challenge of enlargement is how we compete economically, particularly in tourism. Philip Riddle mentioned the short-break market, in which Edinburgh has been particularly successful in recent years. The visitor profile of those who come to the city has changed significantly. At the end of the 1980s, we were very dependent on the North American market and visitors tended to be older. We now get a much younger audience, and events such as the MTV awards in Leith have contributed to that. However, visitors and tourists have a choice, and increasingly Edinburgh's competitors in the short-break market are places such as Barcelona, Amsterdam and Prague. I guess that other cities in eastern Europe, such as Budapest and cities in Lithuania and Latvia, will enter the competition.

Philip Riddle: On that specific issue, the cities of the countries that are joining the European Community will undoubtedly present competition for our main cities. However, Scotland has a great advantage that those countries do not tend to have, which is our proximity and accessibility to great rural attractions. In future, the real competitive advantage for us will be our ability to combine our urban assets with our rural ones and to offer holidays and short breaks in that market. That gives us a unique selling position, as we say in marketing.

The Convener: I am sure that the committee is keen to point out that there are lots of cities in Scotland—not just Edinburgh. I am sure that you all take that on board in the good work that you do.

Irene Oldfather (Cunninghame South) (Lab):

On that very point, I am concerned about the route development fund and I want to develop some of the points that Keith Raffan raised. The route development fund has offered tremendous opportunities but, living in Ayrshire, I get on the same train that is used by people using Prestwick airport and sometimes there are no seats available at all. What links do you have with ScotRail, for example? I often think that we must give people who have just come off the plane at Prestwick an incredibly bad impression if they cannot even get a seat on their way into Glasgow. Do you have discussions with those responsible for infrastructure in Scotland to ensure that we are accommodating the increased traffic into our regional airports?

I also want to link into a point that Philip Riddle made. How do we keep people in rural areas? I am concerned that people get off the plane at Prestwick and go straight to Glasgow and Edinburgh. We do not seem to be able to keep them in Ayrshire, where we have some tremendous attractions—Arran is seen as the north of Scotland in miniature and is located right on Prestwick airport's doorstep. What are we doing to market Scotland's more rural areas? I recognise that short breaks are an attractive option and that it is easy for people just to go to the cities, but are we marketing Scotland in a wider sense?

I want to raise a couple of other things.

The Convener: Could you let Philip Riddle respond to that before we come back to you? That was quite a long question.

Irene Oldfather: Fair enough.

Philip Riddle: I will talk about internal transportation first, and particularly the railways. It is important that we have a good internal infrastructure. Our objective is to get people to Scotland and to help them to get about Scotland, so that they can get the most out of the country. There are lost opportunities there. We are not blaming anybody, but there are things that we could do better.

The golden age of Scottish tourism was the age of rail, when we were bringing people from England to the Highlands for breaks, taking them to the wilderness areas of Scotland. I would love to rekindle some of that and I think that we could be doing more. We have regular discussions with the rail companies and we are able to press our points about co-operation rather more forcefully around the time of franchise renewal. We have done things with all the rail companies. We have some specific joint initiatives with Virgin Trains, Great North Eastern Railway and ScotRail. Things are improving, although there is a way to go. We

can also make more use of railways as opportunities to communicate, telling visitors about what they are passing, what they are seeing and what they can do when they get to the other end of their journey.

The other issue was about the rural areas of Scotland and the marketing of all of Scotland. Everything in Scotland has a place in the product portfolio that we were discussing earlier. There are no holes there. One particular aspect of the portfolio is touring. I have not talked about that—although I have talked about short breaks, which is a big growth area. The touring market is still very strong. It reaches all parts of Scotland, although it is more UK based at present. The Superfast Ferries link into Rosyth—which I think is excellent for Scotland—has given a boost to touring and to various areas of Scotland. People come right into the middle of Scotland—into Fife, my home area—from where they can drive straight north, and they come in at a civilised time of day. Such links do help.

There has to be close co-operation between town and country. In future, we need to bring the two closer together, rather than have them competing. We are offering a fantastic joint product. As long as we go down that line, everyone will benefit.

Irene Oldfather: I am concerned about the fact that Ryanair offers half-price rail tickets as a selling point and bills the name of the airport as Glasgow Prestwick. For people who do not know Scotland or Ayrshire, the implication is that the first place to visit when they arrive in Scotland is Glasgow. If they have a half-price ticket to take them there, that is not necessarily advantageous to the rest of Scotland. I would be interested in holding discussions about that. Paragraph 27 of your submission is about the work that you did with Ryanair on Girona and about targeting promotional work. I ask you to bear in mind the points that I have made in your discussions.

I have a couple of other points to raise. A younger target audience has been mentioned. What are we doing in Scotland to attract younger people from abroad? The MTV awards and T in the Park are big, one-off events, but they do not seem to attract many young people into the country, although such events are immensely popular in Scotland. Are we doing enough in that regard?

Is the North American market different from the other tourism markets? In *The Scotsman* today, there is an article about Colin Powell laying claim to a Scottish coat of arms. Americans are terribly interested in our history and their Scottish heritage. Does that make the American market particularly different from the European market, in

which people have strong cultures with which they identify?

14:30

The Convener: Could you indicate who your questions are directed to?

Irene Oldfather: Anyone who wants to answer.

Philip Riddle: I take the point about Ayrshire. In our discussions with Ryanair and other operators, we are keen to show all the opportunities that Scotland has to offer and to try to make them accessible.

On young people, the key market areas that we have identified for Scotland are: wild timers, who are a growth market area; and independents, who might not be young according to their birth certificate but are young at heart and want to go out and explore as couples or small parties. Those are great market segments for Scotland. We do a lot of work to promote activities, city breaks and culture along lines that will appeal to those market segments.

Our television advertising is quite clearly segmented. For the younger segment in the UK, we have strong, racy advertising that has no tartan or castles in it. We are not rejecting those aspects, and we have advertising for different groups that uses our great icons. However, we are focused on the younger groups and we are trying to appeal to them.

In tourism, markets are getting more and more finely segmented. You talked about a North American market, but North America contains quite a few markets that we are trying to appeal to. The biggest market in North America relates to our traditional image. People in that market tour Scotland and often have links with kith and kin. They expect to experience our culture, history and tradition. However, there are growing markets in other areas, such as activity holidays and golfing trips, which are similar but slightly different. We are trying to promote various attractions in different ways to different parts of the United States and to different age ranges.

Jim McFarlane: On the youth market, T in the Park is a well-established annual event. We hope that the MTV awards will not be a one-off event. MTV has admitted that it was the most successful European music awards event that it has held in the 10 years that the event has been running. We hope to bring it back to Scotland at some point.

One of the reasons why the organisation of the MTV awards was successful was because we have run our hogmanay celebrations for 12 years. The event broke new ground for Edinburgh in presenting a different, vibrant profile that connected with young people. Increasingly, young

people have more money than they did and travel more often than some of us in the older generation did when we were young. It is important that Scotland connects with such audiences. To do so—and I remind members about my previous point about relative competitiveness—we have to invest in the product offering, because visitor expectations are everything. The development of EventScotland will help us tremendously in identifying and attracting future events. The way in which public agencies worked together to attract the MTV awards and to make the event the success that it was augurs well for the future.

The Convener: One of our key roles is to scrutinise the Government. To what extent do you recruit political support when you organise big events such as the MTV Europe music awards? What role did the Scottish and UK Governments play in organising that event?

Jim McFarlane: We received tremendous support from VisitScotland, EventScotland and—at political level—from the Executive, which championed the bid. Behind the scenes, Edinburgh's ability to deliver contributed to swinging the event towards it. The task that MTV set us was to convince it that with six months in which to work we could make the event a success in Edinburgh. The relationships and partnerships that exist and the experience of Edinburgh's hogmanay over 12 years enabled us to do that.

Mr Alasdair Morrison (Western Isles) (Lab): I have three questions and a gripe, but I will leave the gripe until the end. My questions concern the relationship between VisitScotland and VisitBritain, which we know is very important. Given that there have been major structural changes in both organisations—we could argue that one of them is new—how are you refining your working relationship? How much time have you put into that refinement?

Tom Wright: I will return briefly to the question about the USA, which we have not had chance to address. Around the world, there are big differences in how we market Britain and work with VisitScotland. Some of the ways in which we work in America are different from the ways in which we work in other markets. Our research suggests that Irish people coming to Scotland are very strong on relaxation, unwinding and the welcome that they receive here. In the USA, the strong points are seen as being the landscape and the connections that exist. The Germans are very comfortable about visiting Scotland—they are inspired by the country and want to return time and again. In Holland, the emphasis is much more on relaxation and touring.

In America, in particular, we work with VisitScotland on Scottish heritage. We work with the American-Scottish Foundation to promote

Burns night and tartan day in Chicago, Los Angeles, New York and Dallas. The simple answer to the question is that there are differences, but the core values of Scotland are coherent and consistent. We work with VisitScotland on those.

We have an extremely good relationship with VisitScotland. We offer a foundation of tourism embassies for Scotland in more than 30 countries around the world and VisitBritain has 38 different local language websites. VisitScotland can then prioritise the markets in which it wants to make incremental investment. Its priority markets are North America, Germany, France, Sweden and Holland, where we act as a facilitator for VisitScotland, enabling it to lead with its Scottish branding and to send out a clear Scottish message, rather than a British message. People in those countries are very aware of the differences between Scotland, Wales, England and London.

In its secondary markets, such as Belgium, Spain, Italy, Canada, Australia and New Zealand, we work in partnership with VisitScotland. We understand that we work together in those markets. There is also a third set of markets—what we often call new and emerging markets. For example, we have just opened offices in China and Korea, where the Britain branding is the primary focus. As we develop an awareness of Britain in those countries, we can develop an awareness of Scotland on the back of that.

We are very comfortable and clear about our relationship with VisitScotland. We are working towards the model of VisitBritain providing a service—acting as a tourism embassy for Scotland throughout the world—and allowing VisitScotland to focus investment on its core markets. We will work collectively to develop secondary markets and we are developing our objectives and business planning to meet those criteria fully.

Philip Riddle: In relation to what we said about the overall level of funding, we have to be clever and use everything that is available to us to maximise our clout in the market. We must use VisitBritain as best we can—Tom Wright outlined three ways to do that. That is how commercial organisations work; they do not expect to do everything themselves in all their markets. They have to make use of other parties in different capacities and different markets. We use VisitBritain, we are working more closely with Scottish Development International and I hope that we will—increasingly—use other resources such as the Foreign and Commonwealth Office and the British Council. We must grab everything that we can and use it as best we can.

Mr Morrison: So there is no difficulty in accessing the facilities and the offices that you mentioned.

Philip Riddle: No.

Mr Morrison: My next question is on paragraph 13 of Philip Riddle's submission. You highlight your second-tier growth markets, which are Belgium, Spain, Italy, Canada, Australia and New Zealand. The last three interest me. You have used the construction "Bord Fáilte", which is Irish for one of their tourist boards. What emphasis are you putting on roots tourism or genealogical tourism, and how are you combining that with the distinctive Gaelic language? We know that there is a great Highland and Gaelic diaspora out there.

Philip Riddle: My apologies—I got the pronunciation a bit wrong. I will have to practice. As you are aware, we set up a unit to deal with what we call ancestral tourism, and we have a specific website called ancestralscotland.com. We have a genealogy manager, who directs efforts at promoting tourism along the kith and kin lines. We have had some successful roadshows in the United States, Canada, Australia and New Zealand to bring the issue alive. We know that there are lots of people out there who have links to Scotland and who are attracted to Scotland, but the issue is getting the trigger that will turn that interest into a visit; we are having to work hard on that. The fact that someone loves the idea of Scotland does not necessarily mean that they will come here.

We are having considerable success in developing the product, and language comes into that because it is one of the triggers that make it a bit more real. People can follow their family tree on the internet or go to a clan gathering in the United States and they might feel that they have had a day of Scotland, but we need to do more than that to make people come here. People do not get the full distinctive experience until they are here, and one aspect of that is our language.

Mr Morrison: My third question, before I move on to the gripe, is on the use of information technology to translate that interest. More and more, people are accessing information online. I do not believe everything that I read in the papers, but the perception of the visitscotland.com booking system is that people are less than enthusiastic about it. For some, that is the reality. What is your analysis, in the broadest terms, of how visitscotland.com is working and how it can be developed or refined?

Philip Riddle: The national information and booking centre, visitscotland.com, is essential. We have to have it—it is part of the future. Internet use is growing massively and bookings via the internet and other channels of communication are growing massively. We offer a national centre that takes queries about information and bookings from various channels. We use digital television, we use the call centre and we take letters and faxes

from around the world. The system is a must-have, but one of the big questions that arises is who is going to pay for it. We have gone down the public-private partnership route. I think that that is the way ahead, but it produces some strains because one has to reconcile different interests under that umbrella.

Public-private partnership is the best way to go for the long term because it introduces considerable amounts of private-sector capital into the venture. However, it means that we cannot offer the system for nothing. To make it financially viable, participants are required to pay competitive rates for bookings and listings. It is eminently sensible that we follow that logic, but in some areas we may not have communicated effectively enough where we are going.

The proof of the pudding is in the eating. As the system becomes more effective and as participants benefit from it, people can see that it is worth the money they paid. The system is getting progressively better; we have, in the past few months, seen a massive increase in usage and bookings, which continue to rise.

14:45

Mr Morrison: Lastly, I want to thank you for the pack of VisitScotland promotional material. I managed to go through some of the leaflets, which are very attractive. Although they reinforce the breadth and diversity of Scotland, they do not reinforce the fact that we have islands. Bizarrely, the leaflet about maritime Scotland makes no mention of my constituency—I am being parochial, but I am making an important point. The leaflet about following in the footsteps of heroes does not recognise that many Americans want a connection with the past. I am sure that New Zealanders would be delighted to learn that some of their prime ministers came from the Hebrides. Similarly, if Alexander Mackenzie came back, he would be sure to have something to say about the fact that his birthplace is not mentioned. The leaflet that promotes a literary tour of Scotland makes no mention of the Hebrides or Skye. However, I am encouraged to see that the leaflet about island adventures features half my constituency, including North Uist.

I make those remarks tongue in cheek, but it is important that all corners and all parts of Scotland be reflected in promotional literature. We need to be serious about dispersing tourists from our important hubs of Edinburgh and Glasgow—and, increasingly, Inverness—and encouraging them to go further west.

Philip Riddle: We represent fully all of Scotland within the full range of our work, but we tailor specific literature to specific campaigns. The

leaflets that you mention are for a European campaign, in which we had to narrow down and focus on certain key themes that we believed would be attractive to the Europeans whom we were targeting.

The Convener: Members are all now checking whether their constituencies feature in the leaflets.

Mr Morrison: The leaflet that promotes maritime Scotland does not mention the Hebrides, which still has more mariners per head of population than any part of the UK. That is slightly remiss.

The Convener: We all sympathise with that point. I am just checking whether Buchan is missing.

Phil Gallie (South of Scotland) (Con): I will start with a question on statistics. It was stated earlier that 85 per cent of our tourism market comes from other parts of the UK, which seems to be pretty poor. Given that we have been a member of the EU for so long, I would have thought that the proportion of overseas visitors would have increased. For the UK as a whole, what percentage of tourists come from overseas? What is the equivalent figure for London? If London has a much higher percentage of overseas tourists than Scotland, should VisitScotland perhaps concentrate more marketing on London with a view to attracting to Scotland people who have just arrived in London?

Tom Wright: As I said, over half of our overseas tourists come to London, which is the dominant tourist destination in Britain. London is the top tourist destination in the world, so it is hugely important. A lot of work goes into using London as a gateway city to the rest of Britain. Last week, I attended a conference with representatives of VisitScotland, the London Development Agency, Visit London and the regions of England and Wales in which we developed a shared vision about how we can use London as a gateway to the rest of the world. Visit London and the London Development Agency receive central Government funding to fulfil that gateway role of encouraging people to go beyond London to see other parts of the country.

We man and market the Britain and London Visitor Centre in Lower Regent Street, which welcomes 700,000 to 800,000 visitors to London a year. The primary role of our visitor centre there is to market and encourage people to visit other parts of Britain. Indeed, there is a Scottish visitor centre there as well. The gateway role for London is hugely important vis-à-vis long-haul connections and getting those high-spending long-haul touring customers, of which Americans are a good example, to come up to Scotland and see a lot more of it.

Philip Riddle: As Tom Wright mentioned, we have a permanent information centre in London. I would like to expand it and make it better; however, it provides a good function. We acknowledge the importance of London. Mind you, one thing we see from research is that to get people who come to London to come to Scotland you usually have to get to them before they get to London. We can do promotions in London, but we have to get to people before they have even got on the plane, so we are directing most of our marketing efforts in the base countries, rather than doing too much in London itself.

Phil Gallie: I am interested in your last comment. I acknowledge your earlier comments on the importance of the internet and booking. Recently, on a trip that the committee made to Strasbourg with another European institution, I searched the travel agents and found only one with a brochure that had Scotland in it, and that was a UK brochure. The documents that you have provided are very nice and they fulfil a purpose, but they do not attract bookings. Parts seem to be missing, because there are no hotels and no package holidays. What do you do in that line to ensure that when people throughout Europe go into their travel agents they find the information that they require?

Philip Riddle: Primarily, we work through agents and directly with consumers. The nature of the beast is that we do not do a lot through travel agents. We get to consumers and agents by building excitement about and interest in Scotland, then we direct them to a website or one of our brochures through which accommodation can be booked. We have just given the committee a selection, but we have a lot of printed material that gives details on how to book flights and accommodation.

Increasingly, we are encouraging people to come to the website. The beauty of the website is that everything is there, so that people can get information and accommodation anywhere in the country. In the future, people will be able to buy transportation and events tickets through that one-stop shop.

In the past, the situation to which Phil Gallie referred probably was a weakness. We spent a lot of time getting people excited about Scotland, after which they were left wondering, "Okay, I'm ready to go. Where do I go? How do I get there?" We are addressing that more effectively nowadays.

Phil Gallie: Is there a package holiday industry in Scotland?

Philip Riddle: The future of tourism, particularly in Scotland, is not in what you would call conventional packages. The future is in what I call

individual packaging. Now, people like to arrange everything in advance, but they like to pick up the components themselves and put them together. Scotland has never been big on package tours. I do not think that it ever will be; it will not be a package-tour destination in the conventional sense, where one goes on a charter plane, lands somewhere and stays in a hotel. The future is in giving people the tools to put together the bits and make choices so that they have a package that they have built themselves. Technology is wonderful for that, now. It is fantastic that the internet, mobile phones and television can help people to do all that.

Phil Gallie: You mentioned flights. How much can we extend the benefits of the low-cost carriers? Ryanair says that it now brings into Scotland as many people as it takes out. Can you exploit that relatively new market opportunity?

Philip Riddle: We can, and it has been great. Nineteen new routes have been created since the route development fund started, and most are economically highly productive. They bring people here who probably would not otherwise have come. They create a market, and bring a net inflow rather than outflow.

The great benefit to us is that that fits the trend of the shorter-break market, as I have said, and of people buying almost on impulse. They do not necessarily sit down to plan two weeks in Scotland in July. Sometimes, people fancy a break the next weekend. Budget airlines fit into that consumer need and make Scotland extremely accessible to that growing market.

Dennis Canavan: I have a quick question about tartan day, of which VisitScotland's submission says:

"the event provides a good opportunity to promote Scottish tourism ... and thus achieve economic benefits for Scotland at large."

Is there hard evidence of people coming to Scotland as a result of tartan day? I am very interested to hear what kind of person is persuaded to visit Scotland by the sight of our First Minister parading around New York in a pin-striped skirt.

The Convener: And blouse.

Philip Riddle: Dennis Canavan has hit on a serious point. A parade that is not accompanied by the facilities and triggers that can turn it into visits to Scotland is not of much direct value for tourism. However, such an event draws attention. Tartan day is extremely effective at appearing on the radar screens of people in New York. Let us face it—it does not cover the whole of the United States, but it receives much free exposure in the press in New York, which is great. The trick is to capitalise on that and to turn that exposure and

razzmatazz into people coming to Scotland. We must work with tour operators to make packages and attractive deals available with the message, "Now that you have a feel for Scotland, sign here and come to Scotland." We put all our effort into promotions and advertising around tartan day that will encourage people to buy trips to Scotland.

Dennis Canavan: Do you accept that an image that might attract some people might also put other people off—particularly young people?

Philip Riddle: Absolutely. Scotland has a strong brand. The core of Scotland is very attractive, but it can be interpreted in different ways for different markets. We must juggle that every day in every market.

Mr Morrison: My question is for Tom Wright and Philip Riddle. It might be too political for you to answer, but I will ask it anyway. How alive are your antennae to your being linked with people such as Trent Lott, whom we know associated himself with Scotland's brand and flag for dangerous, bizarre and sinister political reasons? How sensitive are you to those issues?

Mrs Ewing: Is that about me? Am I sinister and bizarre? Is that what you mean?

Mr Morrison: No.

Philip Riddle: We are very sensitive to such matters. Overall, tartan day benefits Scotland, but we do not own it. We must be careful about our involvement and about who owns it. We tailor our involvement accordingly.

The Convener: Do you have any press articles from the States about tartan day? The committee has had difficulty in tracking down such articles for its inquiry. If you have any, could you send them to us?

Philip Riddle: Certainly.

Mrs Ewing: As most of the tartan tins of shortbread come from my constituency, I am not averse to a little advertising of the tartan sphere.

I will return to the infrastructure in Scotland and how we sell Scotland. Mr Riddle's evidence says that nearly one in 10 of the global population is online and that you recognise the importance of e-commerce. How do we reach the other nine in 10?

VisitScotland's submission says:

"the European online travel market will be worth over £12 billion by 2006."

How is the organisation reacting to the collapse of Duo Airways, which has had an impact on Edinburgh? I understand that British Airways has taken over the flights from Birmingham, but as far as I know, the route from Edinburgh has not yet been taken over, which will restrict our market.

Could you also advise me of the costs of using the booking centre at Livingston and how that impacts on your budget?

15:00

Philip Riddle: On your question about how we reach the nine out of 10 people who are not online, I think that it would be fantastic if we could get one out of 10 worldwide. We will be expanding; as our marketing extends, we will move into other markets. Realistically, Scotland will position itself not for mass tourist numbers but for a 50 per cent increase in the value of tourism over the next 10 years. We anticipate that that increase will come from a 20 per cent increase in visitors. Underlying that important development is the fact that we believe that Scotland will increasingly be a quality destination that attracts a prime market segment, so people will do more and spend more when they are here. We think that that is good for the country—it is good positioning for the future market.

It is sad that Duo Airways has gone and we are disappointed about that, but it is a tough and competitive world out there. We have to accept that we work in the most competitive industry in the world and that airlines operate in a very competitive part of that industry, so airlines will come and go. We will be there to encourage other airlines to set up new routes for direct access to Scotland, and our contribution will certainly be in doing the marketing at the other end of the air route.

On the question about the booking centre for visitscotland.com, if you are referring to the individual costs for somebody from the industry to use the centre, we will charge a listing fee to be on the site. Most participants have not paid anything for a listing so far, but there will be a listing fee of £25. On top of that, if a participant wants to take bookings, 10 per cent commission will go to visitscotland.com. Hotels can pick and choose and there is no compulsion, but the booking service is very competitive compared with any similar offering. A hotel can be on the site and can agree to take bookings, but will be contacted and asked whether the booking is acceptable every time a booking comes up. At every point of the process, a business can say that they do not want a booking. If the business is full or is doing very well indeed, it need not use the facility. To me, that is the fantastic win-win aspect of the situation.

My main concern is to know that people's hotels are full and business is great. If businesses are full without their having to use a booking centre, that is great. On the other side, I want to ensure the financial viability of visitscotland.com, but the backbone of our business is repeat business and we encourage people to make direct contact with

the visitors, to keep data and to contact them and encourage direct bookings. If they were using a commercial booking site, they would not be allowed to do that. The commercial booking site would say, "We'll keep all the customer details, so you must go through us every year to get the same people coming to stay with you." With visitscotland.com, it is quite the reverse. We say, "Keep in touch with your visitors directly. If they book directly to come back to you, you don't need to pay any costs for the booking." That is great, because it reinforces our core market of repeat visits.

Tom Wright: I would like to add one point about the online service to reassure members that VisitBritain supplements the work that VisitScotland does. For example, we have a very sophisticated call centre in Berlin, which operates in six different languages and covers new accession states such as Poland, as well as Russia and Germany, so that we recognise the broader market. We have already developed databases of about 4 million people around the world to whom we can market. Online marketing has become the predominant way of marketing; we have more than 5 million unique visitors to visitbritain.com, which also feeds into visitscotland.com. We supplement online activity with our global contact centres around the world.

Mr Raffan: I have for Mr Riddle and Mr McFarlane two brief questions about the area tourist boards review—you knew that it would come up in the end. We have had an internal review, an Executive review of the review, an announcement a year and a half late and three years of uncertainty, which has been damaging to the tourist industry. I ask Mr Riddle: how do you think the new set up with 14 local tourism hubs—which bears a remarkable resemblance to what we had—will help overseas promotion?

Mr McFarlane, I am concerned about the bitty business and the fact that you all have a finger in the pie. You obviously work in tourism, so how do you work together with the area tourist board here in Edinburgh so that people complement one another's work rather than duplicate their efforts or tread on one another's toes?

Philip Riddle: We welcome the direction that has been given by the ministerial conclusion on area tourist boards and we must now work out exactly how to implement it. A fantastic opportunity has been presented to us that will ensure that we are more joined up in our approach to selling Scotland and will allow us the flexibility to adapt increasingly to what customers want.

One of the problems with the previous structure was that it had a certain rigidity. Scotland was sold in chunks that were, in some cases, rather arbitrary lines on a map. One organisation sold a

bit of Scotland regardless of what the consumer wanted and, regardless of how good people were at doing that, such an approach did not always match what we were trying to promote to customers. It will now be possible to adapt and be more flexible. Sometimes we will sell walking that crosses many areas, but at other times we will sell specific areas. The islands in particular appeal to people, and certain places on the mainland can be pushed, but other areas can be sold around what people will do when they get there and activities that cross boundaries. We will have a tighter network so that we can adapt flexibly and do such things.

Mr Raffan: Mr McFarlane might want to answer my questions. Will he also say how people are fed out? When I was in the House of Commons, we did work on tourism in Wales and getting people off the milk run of Edinburgh, Oxford, Cambridge, York and Stratford. How can one get people to go elsewhere? Are you feeding enough people out to Dunfermline in Fife? We certainly feed people out when delegations come over from other countries, but do you do enough with Patrick Lauchlan and Fife, for example, to get people out there?

Jim McFarlane: I will take your questions in turn. On the ATB review and where it is going, I had a discussion with Philip Riddle and his management team a few weeks ago at which I explained Scottish Enterprise's experience of integrating our structure with all the local enterprise companies in an attempt to sing from the same hymn sheet. I think that Philip Riddle wants to go in that direction with the review.

To return to a specifically local level, I have tried to explain that we have a fairly well developed sense of who does what—I have quoted some examples in the submission. It is—or has been—primarily the role of Edinburgh and Lothians Tourist Board, on the board of which I sit, to promote the region, support the industry and provide services to those who make up the local tourism industry. Scottish Enterprise's key role has been in developing the product over the past 10 years, which is important. If we want people to come to Scotland, their experience in Scotland must be enjoyable and worth while. Over the past 10 to 12 years, there has been a lot of good work and investment in the city's infrastructure, including new visitor attractions, theatres, the development of the Edinburgh Festival Theatre and—fundamentally—the Edinburgh International Conference Centre. With that facility, Edinburgh is now ranked as the ninth most important conference destination in the world. Therefore, each of us clearly understands the role that we play.

There is a convention bureau in Edinburgh and Lothians Tourist Board, of which the ambassadors

programme is one component that we have helped to fund. The programme involves a network of academics in Scotland, the UK and beyond with whom we work to promote the role of the EICC in the specific field in which it wishes to operate—the international technical, scientific and medical conference market. Things may be perceived as bitty, but we have a clear understanding of who does what and we focus on what we do best.

On Edinburgh as a gateway and encouraging visitors to go elsewhere in Scotland, the main tourist information centre on Waverley Bridge fulfils that role of encouraging visitors to go elsewhere. There is the perennial issue of resources and whether the role of the local board is to promote the rest of Scotland, which I will leave with the committee. Again, the structure going forward will make such things easier than they have been in the past.

Mr Raffan: My final questions are to Mr Wright and Mr Riddle and concern overseas promotion. Are we overdependent on the North American market? The figures for international visitors to Scotland in 2002 show that 32 per cent of trips, 30 per cent of nights and 36 per cent of expenditure comes from North America, which is two countries, but primarily the United States of America.

On Europe, have we been quick enough off the mark with the accession countries, and what use do you make of the widespread civic twinning between Scottish and European towns and cities? There is very active twinning in my region of Mid-Scotland and Fife.

On business tourism, what about smaller conference centres, such as that in Perth, which comes on stream next year? Stirling is also considering building one at Forthside.

Finally, I have a suggestion. In my region, we have St Andrews, which was the birthplace of one of the signatories of the American declaration of independence, Dunkeld, which was the birthplace of the first Prime Minister of Canada, and Dysart next to Kirkcaldy, which has a museum to John McDougall Stuart, who was the first man to cross Australia from the south to the north and live. Why not do trails of distinguished Canadians, Americans and Australians who have lived in Scotland? There are some museums attached to such people.

Tom Wright: I will tackle the first question. We are the number 1 outbound market for America and have been for a number of years. Indeed, our recent performance in America is very strong, and the rest of Europe is quite envious of us because of Americans' continued interest in coming to Britain.

It is not a question of either/or. We want to maintain the strong inbound visitor numbers from America and grow the visitor numbers from the rest of Europe and the rest of the world. In the first quarter of this year we have enjoyed a record number of visitors to Britain. We have had our best opening three months' inbound visitor numbers for 25 years, and the figures from both Europe and America are up significantly.

We are now prioritising what we call newer markets. VisitScotland supports that strategy. We recently opened offices in Shanghai and Beijing, as well as offices and presences in Russia and Poland; we are opening up presences in the accession states more broadly and in Korea.

Mr Raffan: What about India and other fast-growing countries?

Tom Wright: We have had a presence in India for many years, and India, like China, unquestionably has the potential to be a major inbound market for Britain. It has many connections with and a lot of interest in Britain, as well as good perceptions of and strong educational links with Britain. That makes India a very attractive country. VisitScotland says to us—and I agree—that our priority should be to invest more resources into the emerging markets on behalf of Britain and Scotland, and that is our strategy.

Philip Riddle: I echo what Tom Wright says about our dependence on the US—we are a tiny part of that massive market. If we have to be a little bit careful about anything, it is our dependence on the UK market. That is why we are consciously trying to increase the proportion of overseas visitors that we get to Scotland.

Keith Raffan will be glad to know that, at the recent tourism expo—that is the major trade show of the year every year—which was held in Aberdeen, we had delegations from Russia and India for the first time, as well as from several other new countries. We are talking directly to those markets, but, as Tom Wright says, we are working through VisitBritain.

We use many avenues to get people to come to Scotland. We try to support twinning. We are particularly keen on areas that are not thought of as being at the forefront of leisure tourism, such as people coming on the back of students. Many students come to Scotland from all around the world. They return after their studies and bring their friends and relatives, so we are trying to ensure that we capitalise on that market, which provides many opportunities in a different way.

Business tourism is a high priority. If we are to position Scotland in a premium market in future, we increasingly need to capitalise on what we can offer the business tourism market and the

discretionary business end. There are things that we can offer all over Scotland, not only the major conference centres, but smaller conference centres and excellent spa hotels, which are very good for the business tourism market.

We welcome Keith Raffan's suggestion. We do trails already, and they are popular. People like to feel that they are following a path and collecting different information and experiences, not just doing something randomly. We do literary trails in particular, but trails following famous people with American or Canadian connections could also find a place in the market.

15:15

Tom Wright: A trail that is extremely effective for Britain, particularly Scotland, and which also addresses the Indian market is that which focuses on Bollywood. I am sure that you are aware that Scotland is almost the home of Bollywood film production outside of Asia; the industry uses Scotland in many ways. I have here a map that shows with dots the locations in Scotland that have been used in Bollywood films. In India and the rest of the subcontinent, the Bollywood film industry is hugely powerful. That map is an example of how we use such thematics to represent Britain in a different and compelling way.

Irene Oldfather: What discussions do you have with the tourism industry to develop a can-do culture? To what degree are we training staff about the customer experience? What are we doing about language skills? Those are areas in which Scotland could do better. I travel quite a bit and have found that taxi drivers in Brussels speak almost every language. I think that we need to do more to promote training in the areas that I mentioned.

The MTV awards were an unmitigated success story, but there are smaller-scale opportunities for other parts of Scotland. My constituency used to host One Big Sunday every year. It brought all kinds of groups—OPM, Manic Street Preachers and Feeder, for example—and their fans into the pubs and restaurants and the local area. It was great for the local tourist industry. However, many such events cannot be held because of insurance difficulties. To what extent are we working with local authorities, the police and others to assist smaller areas to host such events when opportunities to do so arise? I would like events such as One Big Sunday to come back to Ayrshire.

The Convener: To whom is that question directed, Irene?

Irene Oldfather: I am sure that Jim McFarlane might be able to contribute something based on his experience.

Jim McFarlane: Again, the quality of visitors' experiences is extremely important. The skills and training of people in the tourism industry is a key factor in that regard and one that we struggle with. Locally, a third of Scottish Enterprise's budget goes into skills development. In recent years, tourism—again, because of its importance to our economy—has been a key part of that.

It is important to promote the tourism and hospitality industry as a sector that is attractive to young people. We have a programme called springboard that involves going into schools and giving youngsters an opportunity to meet people from our best restaurants, visitor attractions and so on to try to excite them about the opportunities.

We are working on training at every level. There is a network-wide tourism team that Scottish Enterprise Edinburgh and Lothian participates in to a significant degree. A lot of the innovative work that we have done with regard to helping businesses to develop and become more customer focused is being rolled out across the country.

On the point that you make about large events, we need to get better at sharing experience. We have worked with Edinburgh's various festivals over the years. We have encouraged the book festival and the festival fringe to become more professional in their approach, to do more training and development work and to become more commercial and less dependent on public subsidy. Those factors relate to experience that has been better developed in some areas than in others. Perhaps we can and should share more of that experience with the rest of Scotland.

Irene Oldfather: Someone said earlier that tartan has an old-fashioned image and should be used to market Scotland at a certain age group. However, I think that tartan and kilts have become tremendously popular. The traditional kilts might not be popular, but young people are wearing tartan trousers and we understand that Madonna is taking bagpipers on tour with her. That is an image of Scotland that young people can relate to.

Jim McFarlane: Most of the presenters at the MTV Europe awards wore kilts on the evening.

Irene Oldfather: We should not discount those points.

Philip Riddle: We never discount anything. We try to use everything that we have, all the time. We used a particularly arresting image in an American campaign, with which we tried to cross the divide; it was of a punk with a modern hairdo, playing a flute and wearing a kilt.

You mentioned training and skills. I echo everything that Jim McFarlane said on that. We need to work hard with young people, and there

are many good things on offer. Fundamentally, we need a change in attitude and that does not necessarily come from training. It is the responsibility of everybody here and beyond these walls to develop a more positive attitude to tourism that encourages people to see it as a first-choice career. If people have the right attitude, service and quality will follow, and people will be hunting for training opportunities. It is not that there are not enough training opportunities; not enough people are committed to them. It is a question of attitude.

On the events side, I mention our setting up of EventScotland, a joint venture between the Executive and VisitScotland. It will be a centre of some financial assistance, but it is primarily a centre of excellence for spreading the best practice that Jim McFarlane was talking about. I am pleased to say that EventScotland has just come back from Jakarta, having secured the world badminton championships for 2007—a great world event.

EventScotland runs two programmes. One is a programme for trying to secure international events, such as the badminton championships, and the MTV Europe awards. It also runs a regional programme, with regional support, the guidelines for which are available if members are interested. People from throughout Scotland can apply for financial support and expertise to help build regional events, so as to promote tourism throughout the country.

The Convener: I want to ask Tom Wright a question in relation to the promotion of tartan and so on. I have often struggled with how VisitBritain has a remit for Scotland, while we have VisitScotland as well. I am sure that many people in Scotland also struggle with that. On the subject of the brand image of Scotland that is being sold, I make a point of asking people who come to visit the Scottish Parliament what their image of Scotland is and what they think Scotland represents. I also ask people those questions when I am on overseas visits representing the Parliament. Their answers are virtually always to do with bagpipes, whisky, Sean Connery and tartan. I expect that the image of Britain is slightly different, however. It might be the union jack, Buckingham Palace, beefeaters or whatever. Those are two contrasting images. How can VisitBritain reconcile those two images, especially when it is the sole body that is responsible for England?

Tom Wright: First, I emphasise that the primary market focuses on supporting VisitScotland's positioning, featuring the dramatic, the enduring and the human. In the longer-haul markets, when we rely more on the Britain positioning, we position Britain globally in a way that is consistent with Scotland's positioning. The three core

messages that we use for Britain are depth, heart and vitality. Those fit comfortably with dramatic, enduring and human.

One of the challenges touched on today is whether we present the traditional or the contemporary side of Britain, or of Scotland, around the world. We address that by presenting both. It is not a matter of either/or, of presenting either the old or the new, or of only presenting cool Britannia and the contemporary, rather than the traditional side. All the research from around the world tell us that it is the contrast between the two that is both fascinating and engaging for the people who come to visit us. We work collectively with other bodies, including the Foreign and Commonwealth Office, the British Council, UK Trade and Investment and big corporations on a public diplomacy strategy to improve and understand people's perceptions of Britain. We have a common message around the world that we all buy into.

I do not think that there is conflict between how we position Britain and the core values that Scotland wants to portray. As people get closer to Britain, we emphasise more the core values that Scotland wishes to portray.

The Convener: Your written submission says:

"it would be more appropriate to build the Britain brand initially"

in Poland and Russia. Poland is the biggest of the accession states that has just come into the EU, and there are historical links between Scotland and Poland. Three weeks ago, I was in Poland as a guest of its Government. The Poles are fascinated with Scotland and they are well aware of Poland's links with Scotland. Why are you not willing to do more to promote Scotland directly in Poland? Given that there are no direct air links between Poland and Scotland—the only links are with London or elsewhere down south—and that you market a British brand, is there a real danger that Scotland will gain nothing from the Polish market?

Philip Riddle: In some respects, you have already said what I was going to say. It is about scale of opportunity. We have fantastic opportunities in every country in the world, including Poland. Scotland is so well known and has so much to offer that we have to say, "We have only so much resource; where will we get the best bang for the buck?" Poland's population does not yet have a high number of people with the disposable income that would enable them to choose the types of holidays that we offer. There are no direct air routes, either. Of course you might say that that is a chicken-and-egg situation; it is true that if we promoted the air route we might

get more tourists. However, there are other destinations that might yield more for Scotland.

The Convener: Which countries, if not Poland, are you prioritising in relation to air routes?

Philip Riddle: There should be more routes to Scandinavia, Germany and Italy. Let us move along those axes. We have already said that Spain is a high priority and we should especially consider Spanish cities. Air routes to holiday resorts are of no great advantage to us, but there are untapped markets in places such as Madrid. We can attract people from such cities to Scotland.

Tom Wright: I emphasise that, in the markets in which Scotland does not undertake its own marketing, we market Scotland within Britain—we do not just market Britain. In our core marketing materials, which are all over the world in all the different languages in which we operate, we market not just Britain but Scotland, Wales and the regions of England. Parts of those materials are dedicated to Scotland. It is not the case that Scotland is not being marketed in, for example, Poland. Scotland is being marketed in the broader context of Britain's positioning.

The Convener: We have only five more minutes and I want to ask another question, but I will bring in Alasdair Morrison.

Mr Morrison: I want to get back to the question of how we are perceived abroad and to pick up on the convener's point about Poland. We should not be too intrigued to hear that the Poles were fascinated to meet an MSP from the Scottish Parliament. I am sure that the Poles can read a briefing note, just as the rest of us can. I think that the convener put too much emphasis on the fact that the Poles were fascinated by Scotland to the exclusion of the rest of humanity.

As someone who does not become queasy at the words "Britain" or "British", I wonder whether it is possible to piggy-back on successful Scottish or British companies. For example, the Royal Bank of Scotland is now the fifth largest bank in the world. We are happy about that, but I suppose that the company must have stood on some toes and made aggressive acquisitions on the road to becoming the fifth—and, I hope, the fourth—largest bank. As part of your analysis of potential markets, do you factor in that kind of thing? If you do factor it in, how do you play it to the advantage of Scotland and Britain?

Tom Wright: Perhaps I can give you an example. We invest in and work with the market in Brazil, where there is enormous growth in the oil industry. British companies, particularly Scottish companies with oil interests, are focused on the massive growth of offshore development of oil. Companies such as Rolls-Royce plc, which

specialises in underwater generators to pump oil, are hugely interested in Brazil as a future market. We therefore invest in education, to ensure that Britain—and Scotland, where the primary industry strength is—are properly serviced by good relationships with Brazil. That is an example of how we focus on and engage in the commercial world, just as we also work with other tourism operators.

Philip Riddle: One of our aims is to work with Scottish businesses that are not tourism businesses. We have made quite good progress on that so far in Spain, primarily in the food and drink industry—whisky is the obvious example. We have done good work recently with Highland Spring Ltd. Increasingly, that is the way to leverage Scottish exposure, particularly to encourage tourism.

The Convener: I respond to Alasdair Morrison's point. My question related to the fact that Poland was the biggest recipient of emigrants from Scotland in the 17th century. I think that there are railway stations in Warsaw called "old Scotland" and "new Scotland" and of course the Polish army was camped in Scotland during the second world war. Those are some of the reasons why Poles are so keen to speak to people from Scotland—

Dennis Canavan: There are two Polish clubs in Falkirk.

Mr Raffan: And many people under Z in the telephone directory.

The Convener: Exactly—there you go. We will have to arrange a trip to Poland for Alasdair Morrison.

I have two brief questions remaining. The present international situation is uncertain because of terrorist threats and the situation in Iraq. Have any studies been carried out on the impact that that may have on tourism in Scotland?

15:30

Philip Riddle: Studies on that matter are on-going. We have a permanent scenario planning unit that considers issues such as SARS, the situation in Iraq or terrorism incidents and estimates their economic impact. When we look ahead, we must face the reality that there is no such thing as normality. We simply have to manage that. We consider such issues constantly, but we do not think, "There's a crisis, let's do something about it now." We continually evaluate the situation and react to it, which means being flexible in our marketing and expectations.

Tom Wright: One encouraging trend is that the speed of recovery from such events is now much faster. After the first gulf war, we took two to three years to recover, whereas after the events of 11

September 2001, it took a year or so. Each time such events occur, the speed of recovery is much quicker as people become acclimatised and recognise that they have to continue their normal lives, of which travel is an important part. People can postpone their travel plans for only so long. As I said earlier, we have had a record start to this year and we predict that the number of visitors to Britain this year will return to the number that we had in 2000—with Scotland performing well within that—which was the last good year before we had a series of such events. I hope that that forecast is more robust than those that we have made in previous years.

The Convener: My final question is for Jim McFarlane. We are told that a big event will happen in October—the opening of the new Parliament building at Holyrood. Will that have any impact on tourism in Edinburgh or in Scotland generally?

Jim McFarlane: The completion of the building should be a tremendous help for Our Dynamic Earth, which has suffered in the past 18 months or so. When all is said and done, the building will be fairly iconic and will draw visitors. The building presents a great opportunity for the Parliament to project itself and open up to visitors, which it has not had in its temporary facilities. We will work with the Parliament to manage that opportunity and to try to draw more visitors down the Royal Mile. To go back 10 years, one idea behind Our Dynamic Earth was that, although 600,000 visitors go each year to Edinburgh castle, fewer than 300,000 make it down to Holyrood palace. The issue is how we spread the benefits of tourism throughout the city centre and provide more for visitors so that they enjoy their experience more. The new Parliament building will play a part in that.

Dennis Canavan: Do you believe that it will be a bigger attraction than Edinburgh zoo?

Jim McFarlane: I bow to your judgment on that.

The Convener: We will ensure that there is a tourist information centre down there so that people go to the rest of Scotland.

We will finish the evidence session with that fitting point from Dennis Canavan.

Mr Morrison: It is a highly philosophical point.

The Convener: I thank the witnesses for that comprehensive session—it will be valuable for our report, which you will read in due course.

I now bring this public part of the meeting to a close. As agreed previously, the next agenda item, which is a discussion of the report of our inquiry on regional funding, will be in private.

15:33

Meeting continued in private until 15:57.

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