

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 26 March 2008

Session 3

£5.00

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ECONOMY, ENERGY AND TOURISM COMMITTEE

7th Meeting 2008, Session 3

CONVENER

*Tavish Scott (Shetland) (LD)

DEPUTY CONVENER

*Brian Adam (Aberdeen North) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothians) (Con)

*Christopher Harvie (Mid Scotland and Fife) (SNP)

Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

*Dave Thompson (Highlands and Islands) (SNP)

*David Whittton (Strathkelvin and Bearsden) (Lab)

COMMITTEE SUBSTITUTES

Nigel Don (North East Scotland) (SNP)

George Foulkes (Lothians) (Lab)

Alex Johnstone (North East Scotland) (Con)

Liam McArthur (Orkney) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

David Adams McGilp (Dalriada Project)

Sue Crossman (Tourism Innovation Group)

Bob Downie (Royal Yacht Britannia Trust)

Mike Dunthorne (Boots n Paddles)

John Graham (Historic Scotland)

John Mason-Strang (Nae Limits and SphereMania Scotland)

Bill Maxwell (Institute of Travel and Tourism)

Alex Stewart (Smart City Hostels)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 4

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 26 March 2008

[THE CONVENER *opened the meeting at 09:32*]

Decision on Taking Business in Private

The Convener (Tavish Scott): Good morning, ladies and gentlemen, and welcome to the seventh meeting in 2008 of the Economy, Energy and Tourism Committee. Agenda item 1 is to consider whether to take items 4 and 5 in private. Are members content to take those items in private?

Members *indicated agreement.*

Tourism Inquiry

09:32

The Convener: Item 2 is the continuation of our inquiry into tourism, particularly the target of a 50 per cent growth in tourism revenue by 2015. We have a panel of witnesses, whom I will ask to introduce themselves and to speak for a couple of minutes about what their respective businesses do and their experience in the tourism industry. After that, we will go to questions from members.

We have heard from several panels of witnesses on a range of tourism subjects. This morning, the committee is particularly interested in gaps in the product that is Scottish tourism, Scotland's unique selling points, new and developing markets and how Scotland can attract people from south of the border and the wider world. We are interested in the panel's perspective on those issues and our questions will be on them.

I ask the witnesses to introduce themselves and say a bit about their businesses.

Mike Dunthorne (Boots n Paddles): I run an outdoor activity company called Boots n Paddles. We are totally mobile, but we are based in an old croft up near Inverness. We do not have a centre that folk come to; instead, we cover the whole Highlands and provide the traditional range of outdoor activity experiences, including climbing, mountain biking, canoeing and sea kayaking. I am also the chair of the Inverness, Loch Ness and Nairn local tourism forum.

John Mason-Strang (Nae Limits and SphereMania Scotland): I am from Nae Limits, which is an adventure sports company that has been surviving for about eight years and which primarily provides adventure sports at the more extreme end of the market, such as canyoning and white-water rafting. I have about 20 years' experience in the business. I look to offer as broad a range of adventure sports as possible throughout the country.

John Graham (Historic Scotland): I am the chief executive of Historic Scotland, which looks after about 340 historic properties throughout Scotland that are in the care of the Scottish ministers. About 75 of those are paying attractions; the other 270 or so are free and anybody can walk into them at any time. We welcome about 3 million visitors a year to our properties and we take in revenue of about £25 million a year from admissions, catering and sales in our shops.

Bob Downie (Royal Yacht Britannia Trust): I am the chief executive of the Royal Yacht Britannia Trust. The company was set up as a

charitable trust about 10 years ago. We are officially the highest-graded visitor attraction in Scotland. We are one of the top corporate entertainment venues in the United Kingdom and we have an award-winning gift shop.

I have previously been the head of tourism with Scottish Enterprise for Edinburgh and the Lothians and I have chaired projects such as Edinburgh's hogmanay and the tall ships race. The debate today interests me because of my previous background, too.

Alex Stewart (Smart City Hostels): I am the operations director for Smart City Hostels, which has been running for about three years. Our first hostel, which is five-star rated, is in Edinburgh. We were established to build and operate a chain of very high-quality hostels throughout the UK. Our first hostel is in Edinburgh and we are considering sites for hostels in London, Manchester and elsewhere.

I have a background of working for 25 years or so in student accommodation, after which I went into the real world.

The Convener: From student accommodation into the real world—hold on to that, gentlemen.

David Adams McGilp (Dalriada Project): Good morning. I manage the Dalriada project, which is a landscape partnership scheme in mid-Argyll that is devoted to the conservation, preservation and destination management of the Kilmartin glen, Knapdale forest and Crinan canal areas. We have operated there since 2004 and we have just completed the first of three implementation years to deliver projects that will help to develop physical and intellectual access to the destination, which is Scotland's richest cultural landscape.

Gavin Brown (Lothians) (Con): Good morning, gentlemen. Obviously, we all want tourism revenue to grow by 50 per cent—or possibly even more—by 2015. A key part of that is increasing not just the number of tourists but the spend by tourists on activities. An important part of that must be cross-selling, which is sometimes called on-selling. I am interested in your thoughts on how good we are at that and what we might do better. At some tourism sites and hotels, the extent of such selling is a plastic tray in the foyer stuffed with 100 brochures that most people never look at. Does your business benefit from any cross-selling or on-selling? Does your business do any cross-selling to encourage people to do other activities? Most important, can we take action to improve our cross-selling and on-selling?

The Convener: We will start with Mike Dunthorne and each panellist will have the chance to answer.

Mike Dunthorne: I concur about cross-selling. Scotland has a good wide range of accommodation—there is no shortage of that. The way to increase revenues is to encourage people to spend more money while they are here, so we need to offer them more things to do.

My business works closely with some accommodation providers that see the value of working closely with us—the more there is to do in their area, the longer their visitors will stay and the more repeat business they will have. However, only about 40 per cent of the accommodation providers that we approach acknowledge that and are keen to work with us without trying to make a lot of money from us. The margins in the activity industry are small, so we cannot afford to pay accommodation providers big commissions to refer business to us—that is not feasible.

Cross-selling is happening, but it could happen much more. In my area, the establishment of not just Destination Loch Ness, which is a destination marketing organisation, but local marketing groups is definitely helping with cross-selling. I encourage further development of that.

The Convener: Did you say that 40 per cent of the tourism accommodation providers that you approach go on to have a working relationship with you? Are you therefore saying that 60 per cent do not?

Mike Dunthorne: That is correct. Sometimes they ask for too much commission to refer business to us—sometimes we cannot afford to pay commission at all. Other times they act keen but the effort that we put into the relationship is not reciprocated. We therefore focus on the guys who are keen to work with us.

John Mason-Strang: We benefit from cross-selling and from linking with businesses that offer alternative experiences to the ones that we offer. Benefits derive from linking up websites and other such relationships.

Over the past eight years, we have found that cross-selling has not been so much about selling someone else's product as about making our clients aware of their choices. At first, there was never any great monetary value to the relationships; they were more about encouraging visitors to stay in our immediate area and about letting them know exactly what was available to fill their week, weekend, or however long they were staying.

To ensure growth in my particular area of the industry, we need to diversify the activities offered. There are gaps in our market. To give just one example, bungee jumping is almost synonymous with what people expect from what we do, but Scotland is about the only country in the world that does not offer it. If the authorities were keener and

more willing to help people to diversify their activities, it could make the whole package far more attractive.

The Convener: Why do we not do bungee jumping?

John Mason-Strang: Great question, well presented. It deserves a better answer, but I do not know. The reason seems to be to do with regulations for buildings and bridges and so on.

The Convener: That would be an interesting point to come back to.

John Graham: We benefit from cross-selling and we do a certain amount of on-selling. On-selling is a sensitive issue because we have a lot of what might be called honeypot sites, where everybody would like us to be actively on-selling to their destination. Several of the sites are quite constrained, so the amount of display material that we can carry is limited. We are sometimes criticised for not doing enough.

Like Mike Dunthorne, I believe that joint marketing activity by destinations in an area will probably be an effective way of making progress. We are active partners in the destination management organisation that he mentioned. One of our most fruitful partnerships in recent years has been our partnership with Jacobite Cruises at Urquhart castle. Jacobite now brings something like 30 per cent of the visitors who come to the castle.

Brian Adam (Aberdeen North) (SNP): How many destination management organisations is Historic Scotland involved with?

John Graham: They are not all called destination management organisations, but we are involved with about half a dozen organisations of that type. That figure is off the top of my head; I would have to check the details if you required a precise figure.

Brian Adam: We are talking about cross-selling and on-selling, and that is the whole point of destination management organisations. However, there does not seem to be a thought-out plan about how to make progress.

I want to pick up on Gavin Brown's question. Do you have examples of when you have positively gone out to cross-sell? Do your organisations have mechanisms for doing that automatically? If not, why not? Those questions are for all the witnesses, but they are especially relevant for an organisation such as Historic Scotland, which has many visitors and therefore many opportunities.

John Graham: To give just one example, we have a partnership with the National Trust for Scotland at Culloden and Fort George. We have joint ticketing, and we have talked to the National

Trust about having joint ticketing in some other areas where we have closely related products that would benefit from more active joint selling or cross-selling.

09:45

Bob Downie: We are involved in a number of joint selling organisations, such as Unique Venues of Edinburgh and Luxury Edinburgh. We collaborate with Historic Scotland, the castle, the palace and Lothian Buses on the royal Edinburgh ticket.

Ten or 15 years ago, Peter Lederer said that if we could sort out the train from Glasgow to Oban so that its arrival coincided with the departure of the ferry to Mull, we would have solved most of the problems in Scottish tourism. That challenge is still generally there. At a charity auction last week, I bought a week in a thatched cottage in Uist. Next year, I have the challenge of getting four bikes on to a train from Edinburgh to Oban, going up through the islands and down to Uig, and getting the four bikes on to the train at Kyle. To get to the heart of the question, as attractions and as organisations we can do a lot more to work together, but we need to think at a strategic level about the issues that we are talking about.

Alex Stewart: We have collaborative arrangements with people who bring business into Scotland, such as companies that run minibus tours and tours of the Highlands. We collaborate with people offering services in Edinburgh. It is all part of the service to the customer, who needs to know what is going on in the city and what is available to them. We have cross-relationships with a number of people in the city to develop their business and to develop ours. This year, we will be running a special tourist information concierge desk in the hostel to ensure that everybody has access to personal information and guidance on where to go, what to do and what is best in the city.

David Whitton (Strathkelvin and Bearsden) (Lab): Do you charge commission to the organisations that you promote?

Alex Stewart: In some cases.

David Whitton: How much?

Alex Stewart: It is usually about 10 per cent.

David Whitton: That is quite a hefty booking commission for an organisation such as Mr Dunthorne's.

Alex Stewart: It depends on the organisation we are talking to. We would like to provide access to many more hostels in Scotland. The hostel business is not well organised—some hostel owners and operators north of Edinburgh are

happy to co-operate and others are not. There is nothing involved in that. If somebody wants to book into a hostel, we will ring up and make the booking for them. There is no charge for anything like that. However, with commercial organisations—some of which have approached us and some of which we have approached—it is to our mutual advantage to do it that way.

Bob Downie: VisitScotland charges 17 per cent commission. If 10 per cent is hefty, what is 17 per cent?

The Convener: Would David Adams McGilp like to answer Gavin Brown's question?

David Adams McGilp: The Dalriada project is not really a commercially motivated entity; it is more about building or developing an infrastructure to allow destination development at a very local level. There are two main strands to that. Physical access to a rich cultural landscape is very much at the forefront of it, but the whole thing is backed up by what I have coined as the IIS—an integrated information and interpretation system. I concur with Bob Downie on the matter of transport. Destination management organisations could more properly be called destination marketing organisations, because it is difficult for any single agency to manage a diverse group of businesses that are engaged in delivering the product. The IIS is about making people aware of what is available to see and do before they even leave their homes. That could be in any part of the world, so it is about pre-arrival information that will help visitors to make informed choices about how to get here, how to move around while they are here, what their options are at the destination and what their options are for their own choice of itinerary based on user preferences. It puts the visitor in complete control. That will characterise the Dalriada project and I hope that it will characterise destination development organisations in Scotland in future.

The Convener: That is interesting. Will you elaborate on how it works? Is it web based?

David Adams McGilp: It is web based. You have to bear in mind that my locality is a very small part of the world—it is a significant part of the world but a small one. It has a year-round population of 6,500 but it entertains about 100,000 visitors per annum, mostly drawn from the domestic markets. The statistics on that have not changed significantly in the past decade, and there is no reason to suspect that they will in the next decade.

The use of the internet for holiday planning is now incontrovertible; the demise of street-corner travel agents is testament to that. We have to be in a position to take advantage of technological solutions. I agree that there will always be a place

for physical information such as fixed interpretation installations at sites of particular interest and leafleting. In Edinburgh and Glasgow in particular, there are moves towards a more automated version of that so that automated event alerts can be sent to the device of the customer's choice at their leisure. They are not bombarded with information because they can create preferences based on their itinerary, date range or interests, and the information is relayed to them at their convenience. It means that customers do not have to suffer the overload that was sometimes symptomatic of early internet development.

We are web based, but we are also backed up by three physical interactive visitor hubs in the landscape, where people can interrogate the system for information at a variety of levels depending on their interests and can choose how much or how little information they want to find out about a particular archaeological asset, for example. Again, that information is backed up with itineraries and linked to transport networks, timetables, tide tables, snow conditions, traffic reports and so on. All these things are idiot-proof and make it easy for people to move around Scotland, assuming that the transport structure and the cross-marketing opportunities are fully exploited.

John Mason-Strang: I want to address two issues that the two Davids have brought up. Gavin Brown asked about our cross-selling strategies. The majority of people who get on the phone to us to inquire about what we do are not aware of the other things that are going on. They will have one specific activity in their head, such as white-water rafting, and will be calling to book an experience for themselves or a group of people or on behalf of someone else. When they call, we do not just try to close a sale of a white-water rafting experience; we try to find out what else the visitor is doing while they are here, where they are staying, where they intend to go and how we can help to create that trip for them. We do not take any money from the accommodation providers that are linked to us. Our only commissionable rates come from selling on someone else's activity. Of course, that is an opportunist sale that the other company would not have made if we had not received the phone call. For example, someone will call us and ask for a white-water rafting trip and, during the conversation, we will use the strategy of asking what they intend to do after that, where they intend go and how they intend to entertain their group. We will take that opportunity to steer people to distilleries or other activities that we do not supply, such as quad biking.

Brian Adam: How do you get your commission? Do you have arrangements with the distilleries and the quad biking companies so that you make the booking on their behalf and take a fee?

John Mason-Strang: There is a reciprocal arrangement. There are certain areas of tourism in which it makes no sense to try and get commission. People are going to do it or they are not, although they can be steered in a specific direction. For example, we would rather just recommend that someone goes to view the distilleries, as that means that they will spend money on having lunch, going to the pub or whatever else and keep the money in the area. However, we can nurture our relationship with a company that supplies quad bikes, for example. For instance, last year we gave £60,000 to one quad bike supplier and we are its biggest contractor. Of that, we got a 20 per cent cut for each person we sent to them. There are very obvious links and relationships that can be nurtured, and money can be made in that way. If those other companies wanted to sell our white-water rafting or any of our other activities, we would extend commissionable rates back to them.

Brian Adam: Are you adding to the list of places that you are cross-selling or on-selling with?

John Mason-Strang: Yes.

Brian Adam: You have a positive plan to do that.

John Mason-Strang: Yes. That is in our interests.

Brian Adam: I think that that is one of the ways in which we can get nearer to the figure of 50 per cent. It seems to me that the relationship that we heard about between Historic Scotland and the National Trust for Scotland is a long-standing one. I do not know whether it is developed to do on-selling, cross-selling or whatever we want to call it. I would like to know how businesses are being more proactive about seeking new partners with which to build more business. Your motivation is to keep the money locally, and if people do the same for you, your business will be much more viable.

John Mason-Strang: It certainly opens up the routes into our own business, too, the more people we are linked with and the more people who are aware of us. We have a programme of invitation at the beginning of every summer season whereby we contact absolutely everyone—down to the little old lady who owns the bed and breakfast way up the back of the town where we are situated—and invite them or their families to come and experience what we do for free. We believe that we will give them an experience in their head that they are not going to forget about when they go away—they will talk to their families and friends. It is doing that very thing—it is all about cross-selling. We are offering up something to gain quite a lot.

John Graham: I can tell Mr Adam that our relationship with the National Trust is developing.

A couple of years ago, we set up a group that we call the historic properties group, which involves the Historic Houses Association as well and therefore includes the proprietors of all the main private houses that are open. In response to much comment in the past about the confusion around memberships, different cards and what lets people into what property, that group is developing a pilot scheme for 2009, the year of homecoming, involving a single pass that overseas visitors will be able to buy, which will give them access to all our properties, all the National Trust properties and as many HHA properties as there are owners who are willing to join the scheme.

That is one new initiative that has come out of our closer partnership with the NTS. We are piloting the single pass because it is something that has been talked about for some years and we want to see how it works before rolling it out on a permanent basis. The year of homecoming gives us an opportunity to do that.

David Whitton: What discussions do you have, or have you had, with VisitScotland about developing things such as that? You say that you manage a number of honeypot sites. Those honeypot sites are where most of the visitors are going, so I would have thought that it is almost incumbent on you to promote the smaller operators in your area, yet you say that you cannot advertise them all. Why not?

John Graham: Yes, we talk to VisitScotland a lot. VisitScotland has been party to the discussions around the single pass, which I have just commented on. Rightly or wrongly, we are not at the moment given a remit by ministers to be a general marketing organisation for Scottish tourism. We are involved in a host of partnerships of different sorts up and down the country, and we work with other local attractions on marketing initiatives, joint literature and so on.

Brian Adam: Do you think that Scottish ministers should give you a marketing remit? Might that help to develop tourism and help the Government to achieve the goal that it shares with the industry? Do you think that that ought to be part of your remit?

John Graham: No, I do not. My view is that it is already quite a crowded playing field, as a number of organisations are active in tourism marketing. The Government examined that area recently and made decisions about what VisitScotland should do, what the local enterprise companies should do and which parts of local economic development should be left to local authorities. I would not push hard for us to take a leading role in that area.

David Whitton: The looks on the faces of Mr Dunthorne and Mr Mason-Strang suggest that they share a different view.

10:00

Mike Dunthorne: Given the tendency towards the reduction in tourist information centres in Scotland, there is in the Highlands—I cannot speak for the rest of Scotland—quite an active programme of sharing tourist information points with the private sector. VisitScotland, rather than running tourist information centres, is working with local partners who have an established business. The honeypot places such as Urquhart castle are ideal partners for tourist information centres.

John Mason-Strang: My impression has always been—and you are absolutely right to say it—that networking and cross-selling, and everything else that goes on, are vital to growing the industry. I do not know how many of you have visited New Zealand, which is the hub of my part of the industry. When you arrive, although it is a big place, and there is a lot to do there, it feels very small. From the moment of arrival, you are aware that all the key selling points are available right there in the airport and you realise that, although New Zealand is a big place, the networking that involves every element of the adventure sports and tourism market is completely integrated.

The businesses are all scratching each other's back and selling each other—for example, they integrate bus tours with stops on sites—which makes the place feel very small and accessible. There are often three or four businesses that in this country would be seen as competitors but over there are not passing business back and forth all the time. It is amazing to watch the whole system work. That is key to what Scotland should try to achieve. If we could do that, there would be massive growth.

Bob Downie: There is a certain logic to the idea of a Government body that has a number of honeypot properties around the country. It does not take too much thinking to give them responsibility not for marketing but for integration. I do not know what the future of TICs is, but it is quite easy to picture a mini-TIC operation at Urquhart castle, Edinburgh castle or Stirling castle. It is part of the joined-up thinking, and it is quite simple.

Alex Stewart: On the point that David Adams McGilp made earlier, many people, and most of the people we deal with, go straight to the net for information. They do things and live over the net. A huge age range of people passes through our buildings and many of those people go to the net for everything. A business can use websites to cross-sell and promote all sorts of things that are going on either in its own area or in Scotland as a whole. That is what we try to do on our website. We are trying to sell not just the hostel but the experience of coming to Scotland or Edinburgh; people can find out what is on, where to go and

what to see. Anybody with a website can work in that way to promote the whole concept of coming to Scotland.

The Convener: John Graham, a point has been made about Urquhart castle. Without getting into the issues regarding that particular honeypot, is there any principled reason why the kind of information that your co-panellists suggested could not be there, in whatever form?

John Graham: No, there is no reason in principle. At the moment at Urquhart castle we have an information rack of the kind that, as somebody said earlier, can be seen in a lot of places. To be fair to us, we also have reasonably helpful and welcoming staff who talk to visitors and do the things that John Mason-Strang described—they find out why visitors are here and what else they are doing and point them in the direction of other things to do in the area. If the view was taken that we should have a mini-TIC, we would have to tackle the issues of finding space, staff and funding for it.

The Convener: But if the Loch Ness destination management organisation—which we learned a bit about when we were up there the other week—was pushing that, Historic Scotland would be a willing partner.

John Graham: Indeed—we are actively involved with the DMO.

John Mason-Strang: It is not until one is down at the grass roots, watching all the little bed and breakfasts and cottage industries trying to grow the tourism market and seeing how they network, that one realises how big the issue is of getting people to network. Such businesses rely very much on VisitScotland and the tourist centres and many of them get a little lost because they focus on just those vehicles for putting the word out and promoting themselves. We need to change the mindset, so that people regard it as their responsibility actively to network and put themselves in the right places. If people realise that there are benefits to be gained from saying, "If you scratch my back, I'll scratch yours," we will make a big difference, but changing the mindset is a big job.

Christopher Harvie (Mid Scotland and Fife) (SNP): I have two questions for the witnesses, one of which has been answered to some extent by John Mason-Strang. First, if you analyse your clientele by age, do you notice different patterns of expenditure over a range of activities? Secondly, is there an international big beast in your field that you want to emulate? John Mason-Strang mentioned New Zealand.

David Adams McGilp: Your first question is not easy for me to answer, because we do not monitor a particular market. Our purpose is to develop a

destination around existing resources and assets, in the hope that we can increase demand. We hope that increased demand will translate into increased and improved capacity. That might sound ambitious, but it is no more ambitious than a target of 50 per cent growth in tourism revenue by 2015, and it is not impossible. There is nothing wrong with ambition and low targets are probably worse than no targets.

The information that you described would be useful if independent operators could collate it—I say independent operators because the landscape and product that I represent are built up, serviced and delivered by a variety of independent and public sector operators. The Dalriada project is part financed by the public sector, alongside the private sector. We are talking about evaluating complex systems. I hope that destination development organisations and destination management organisations countrywide will be able to tap into such information.

It is about changing the mindset—that is a bit of a cliché but there is no better way of putting it. Operators, whether they are public agencies or in the private sector, must take responsibility for generating business and being part of the delivery mechanism. We all have a part to play in the Scotland experience. It is not just about accommodation, attractions and destinations; it is about everyday activities that you and I enjoy in this country. We spend our money just as tourists do; the only difference is that we can go home at night.

The Convener: Or not, as the case may be. You make a good point.

Mike Dunthorne: We operate at the softer end of the adventure market from John Mason-Strang's company—

The Convener: You mean that your activities do not hurt as much. [*Laughter.*]

Mike Dunthorne: I am sure that John does not hurt people.

Last year a six-year-old came on one of our river trips down the river Conan and the following week an 86-year-old came on an open canoe trip on the same stretch of river, so the age range of our clients is wide. The extreme section of the market—the sort of work that we do on Speyside—is well catered for, given that the market is relatively small, so we are happy to target families and older folk.

New Zealand is where innovation is happening. Lack of innovation here is holding back growth. VisitScotland does quite a good job of marketing Scotland as the adventure capital of Europe, but there is little innovation. John Mason-Strang's company is probably as good as any company

that I know in Scotland for trying out new activities. The simple fact is that, if we want to be innovative, we have to look outside Scotland and the UK.

The Convener: Perhaps, as someone involved in innovation, John Mason-Strang will respond.

John Mason-Strang: As far as wide age ranges are concerned, last weekend, someone celebrated their 80th birthday by going white-water rafting with us. There are not many such events, but we do get them. The adventure sports market should be accessible to everyone—within reason, of course—and we certainly do not want anyone to feel left out.

Someone said that Scotland was being marketed as Europe's adventure sport destination. I do not believe that we cannot grow another 50 per cent; indeed, everything that I have seen in the market suggests that, if we nurture good organic growth, we can quite easily grow by that much and more. Ten years ago, for example, there were only two companies in our immediate area doing what we do, and they operated from the back of vans; now there are six companies operating from established centres. Taking into account all the peripheral stuff, I would say that in Perthshire alone 250,000 visitors come through the door of those companies each year, and they are spending a lot of money. We had nothing remotely like that activity 10 years ago.

Dave Thompson (Highlands and Islands) (SNP): You say that all the sectors, particularly adventure sports, are growing. However, according to reports either on the radio or in the press, there are concerns about the number of people hitting the hills. Do environmental designations help or hinder you, and will concerns about environmental impacts hold you back?

John Mason-Strang: They might well hold us back, but there need to be limitations on what we do. For example, the fact that there is an eight-year queue to paddle through the Grand Canyon does not stop people wanting to do it. There is no reason why the business cannot grow if we manage environmental limitations properly and, indeed, use them to encourage responsible access and respectful use of the countryside instead of simply letting people run amok in the area, upsetting landowners and businesses in the process.

I know of operators who have flooded the market in some areas, which has caused a bit of disturbance. However, with the right guidance and management, these things can be brought into line and good relationships established with all those who use the environment.

Lewis Macdonald (Aberdeen Central) (Lab): The parallel question, of course, is whether Historic Scotland or the Dalriada project have

encountered any problems of access not only to the honeypots but to the other sites that both have in trust. How do you balance access with maintaining the integrity of those sites?

John Graham: Like John Mason-Strang, we have not encountered any problems that cannot be managed through certain reasonably limited adjustments. Of all our sites, Skara Brae is probably the one under the most visitor pressure, and in recent years we have managed visitors to the site in various ways. For example, some will probably remember being able to climb down into the houses at Skara Brae; we certainly do not allow that any more, for obvious reasons, and we have also moved back the footpath around the site because visitor pressure was beginning to affect the structures. That said, the essence of the experience is still powerful.

10:15

David Adams McGilp: I concur with that. Historic Scotland manages on behalf of the nation the principal archaeological monuments in Kilmartin glen, for example—they are either properties in care or scheduled ancient monuments. The Dalriada project has no direct management responsibility for them, but it has responsibility for visitor management, which can be the solution.

Scotland's access legislation underpins all recreational use of the countryside. When we were in what can only be described as sensitive discussions with private landowners and managers, one thing that came to light was their concern that their liability for damages and compensation would be exposed or increased. Of course, the countryside is not a risk-free zone. The access code is explicit about responsible countryside access. We have sold the principles of a heritage access network of prescribed routes to quite a reluctant private land management group on the basis that 99.9 per cent of visitors will stick to a prescribed route if it is made interesting and options exist. Very occasionally, an individual may inappropriately exercise their access rights, but such an approach has worked 100 per cent so far. We have not encountered any dissent at all from the private sector, which is an achievement.

It is glaringly obvious that Scotland is not short of space. Visitor pressures can be an issue, but I agree that they can be managed appropriately.

Alex Stewart: I want to return to a question that was asked earlier about big beasts that we should emulate and what we should consider if we want to achieve a 50 per cent growth in tourism revenue. People from a wide age range—from six months old to 76 or more—stay at hostels for all sorts of reasons, but the bulk of hostel business

comes from those in the 16 to 30 age group. I am talking about the youth market. We do not think that that sector has been recognised as a sector. Some adventure sports pick up on it, for example, and those who come to Edinburgh for hogmanay predominantly belong to the younger generation, but the 16 to 30 age group has not been targeted as a sector. The youth travel sector will go to places around the world—Amsterdam, perhaps not for the best reasons, Barcelona, Berlin, Paris and other European cities spring to mind. Given the ease with which people can travel around Europe on economy airlines, we should seek to develop the youth sector as a sector that will come to Scotland. I am talking about people coming not only to Edinburgh, but to the rest of the country. The evidence shows that the youth sector is growing faster than any other market sector and that it is resilient; by and large, international events do not seem to have much impact on it. Perhaps not many youth groups will go to America in difficult times, but people will come here from Holland, France and Germany, for example. Those people are also visitors for the future. If they have had a good time wherever they have been in Scotland, they will bring their families and they will return when they get rid of the kids. Certain countries—Australia, for example—target the youth market. Huge numbers of young people head off to Australia. In Scotland, we should target the youth market as a particular sector and get ahead of our competitors in the world.

The Convener: What, within reason, do we not have that we might have? I am not thinking of certain other cities that—

Alex Stewart: Are you asking what Edinburgh does not have that it might have?

The Convener: Edinburgh, and Scotland more generally.

Alex Stewart: I am talking about marketing in general. I am not criticising VisitScotland, which does a good job, although it has not yet picked up on the sector that I mentioned. VisitBritain does promotions to the youth market and takes specific approaches to the youth market in eastern Europe, for example. We have not done that in Scotland, and piggybacking on VisitBritain is not necessarily the best approach. We have to start emphasising the advantages that Scotland offers young people. We must start targeting and hitting that market with publications that go out to it, including e-mail shots, for example. I am not a marketing man and would find it difficult to define the concept that we would try to sell to that market, but I am aware that we are not going for it at the moment. It is left to individual people in the youth market to do that.

The Convener: Most 17-year-olds I know—my daughters—wail that, "There's nothing to do, Dad."

Bob Downie, do we have enough in Scotland for the youth market to do? Is the royal yacht Britannia one of the things that a younger market will go to see?

Bob Downie: They are not our primary market, unless they are being dragged along by their parents for their grannie's birthday, but there is more than enough for the youth market to do in Scotland in general. One of the challenges that we all face is that Scotland is a relatively expensive destination. Alex Stewart is from Smart City Hostels, and a number such products are coming through, but we are generally expensive, especially if people have to come through Heathrow or wherever. Because of that, we are struggling a little bit to exploit the youth market.

We were asked whether there is any big destination that we should emulate; it is any destination that has a quality product. We fall short in consistency of product throughout Scotland and I do not believe that we have any chance of getting 50 per cent growth. It is important that that is on the record.

David Whitton: Did you say that we do not have any chance of growth?

Bob Downie: We do not have any chance of getting 50 per cent growth.

David Whitton: Why not?

Bob Downie: Because the figure was artificially developed—if it was even developed—three or four years ago. It was not based on any analysis of where we were and the products that we have. The reality is that the last available figures showed a 2 per cent decrease in the value of tourism to Scotland and no new initiatives have been put in place to coincide with the 50 per cent target. Nothing new has come along to arrest the decline since the fall in value of tourism in 2006, but we seem to be dancing merrily to the tune that we will get 50 per cent growth. There is no chance of that.

David Whitton: Do you not think that the year of homecoming next year and the major events of the future—the Ryder cup and the Commonwealth games—will help us to reach that target?

Bob Downie: Unfortunately, the year of homecoming will underachieve. It was too slow to get going and there is a lack of appreciation as to what it actually is—I still do not know why they are coming home. EventScotland has picked up the ball quite late and it will be a bit of a damp squib.

Christopher Harvie: Thinking of an iconic destination, do we have an equivalent of Neuschwanstein?

Bob Downie: I do not know it.

Christopher Harvie: It is that huge Bavarian castle that was copied for the centrepiece in

Disneyland. It was built by mad King Ludwig in 1860. It is the biggest draw in Germany. Do we have anything like that? It is phoney and we have a phoney castle in every Scottish glen, but are we marketing them as the Bavarians market Neuschwanstein?

The Convener: John Graham is an expert in phoney castles, as Christopher Harvie might have been suggesting.

John Graham: Thank you, convener.

Between Edinburgh castle and Eilean Donan we get pretty close to having the equivalent of Neuschwanstein, although neither might be quite as picturesque and exotic looking.

I will comment on what Bob Downie has just said. As it happens, over the two years since the 50 per cent growth target was set, Historic Scotland has achieved the real growth in revenue of roughly 4 per cent per annum that is required for the sector as a whole to hit the target. In our little corner of Scottish tourism, we are not uncomfortable with the target. It is tough, but we are not saying that it is unachievable.

The Convener: Bob Downie, is your concern that the target is not based on anything that you consider to be an objective and rational assessment of where the industry is and where it might get to? Is that your principal concern, or is your concern that it is wrong in principle to have a target that the industry and the Government should aim to achieve?

Bob Downie: Of course it is correct that we have a target. I may be in the wrong place to say this, but the target was a political objective. No one quite knows who set the target three or so years ago.

Dave Thompson: Did the industry not set the target?

Bob Downie: No, the industry did not set it. The industry picked up the ball, but the figure was not based on an analysis of where we were at. At a conference or in a bar room somewhere, somebody thought, "Wouldn't it be great if we could grow the value of tourism to Scotland by 50 per cent in the next 10 years, because that would generate so many billion pounds extra?" and people said, "Yeah, that is a great idea—let's go for it." Here we are three years on, but nobody has asked the committee where the figure came from and what it was based on. The value of tourism is in decline, but we still think that we will arrest the decline and get 50 per cent further forward in the next seven or eight years.

The Convener: We will speak to the minister later in our inquiry. Those are good and legitimate questions to ask him at the appropriate time.

Dave Thompson: I have a question about young people and the there's-nothing-to-do syndrome. The issue ties in with damage to the environment. I asked a previous panel whether it would be a good idea to have a theme or adventure park in Scotland, or perhaps more than one. Would it lessen the damage to the environment if an area was set aside that still gave folk the thrill of the wilds? What are your views on that?

Mike Dunthorne: There is a market for that. I would say good luck to somebody who wanted to open up such a park, because it would do quite well, particularly if it was in the central belt, because less travelling time would be involved. However, that is not why people come to Scotland. They come here because of our fantastic scenery and because they can get close to it—it is accessible. Other countries have amazing scenery and fantastic natural assets, but they are not nearly so easy to reach or get close to. There would be a market for such a park, but I do not think that it should be Government policy to have one.

John Mason-Strang: Personally, I think that such a park would feel a little contrived and very controlled. Rather than just have people drive through the scenery and look at it from the inside of a bus or through a car window, the essence of what we do is allow people to become part of it, to get involved with it and among it and to experience and feel it—or live it, as VisitScotland says. We should stick with that approach. I do not argue that we should not have an adventure park, but I would not like Scotland to become known for that in the adventure market.

Briefly on growth, the smallest yearly growth that my company and the five operators near us have had in the past eight years was about 120 per cent.

Alex Stewart: I do not feel the need for such a park. Many youth groups come through the hostel. When we carried out market research, we found a desire to bring youth groups to Edinburgh, but there was no accommodation throughout the year to attract the people who organise those groups. The groups come for all sorts of reasons, including sport, geography, academic field trips, the scenery and the culture. We do not lack the things that attract such groups. The issue is about getting out there and attracting rather more of those people.

From going to travel trade fairs, I know that, when the people who take large youth groups to places throughout Europe consider going to the UK, they automatically think of London. We need to get them to start thinking beyond London. On a small scale, we have done that, because we have a quality facility that people have tried and have

then returned to, to see more of Scotland. However, that is very small scale.

I cannot really say much about the growth target from my experience. As a new company we are experiencing growth, but we expect and need to grow. The hostel has added to the number of visitors to Edinburgh and therefore, I hope, to the rest of Scotland. More than 30,000 people have passed through our building in the past 12 months. They have not been dragged away from other businesses and hostels. The bulk of that number represents new business and a growth in visitors to this area and, given that some of those people travel further, to other areas in Scotland.

10:30

David Whitton: Once you have got the groups here, you have to get them out and about in Scotland and show them the attractions that you are talking about. Various groups, including Boots n Paddles, have made submissions to the committee about minibus legislation. Given that Mr Dunthorne is before the committee, I thought that we should give him an opportunity to vent his spleen about how legislation affects his business.

Mike Dunthorne: Minibus and driver licensing is a huge reason why the growth of businesses such as mine is being held back. Last year, after being in operation three years, we could afford to buy a minibus. We wanted to buy a 15 or 17-seater minibus, but that proved to be completely impractical. As a small business, we would have to have £5,000 deposited in a bank somewhere to prove to the traffic commissioners that we could afford to pay for repairs if anything happened to our brand-new minibus and we would have to go through the equivalent of an MOT every three months. Further, because we are a commercial company, everyone who drove the minibus would have to have a full passenger-carrying vehicle licence and would have to do a separate test if they wanted to tow a canoe trailer.

On the other hand, community groups, school groups and the rest of the people in the world who do not drive minibuses every day and are not professional drivers can step into a minibus at any time and drive 17 kids down a motorway. On that point, I have to say that some of our local school minibuses are in a shocking condition. There is a great discrepancy between what is expected of commercial professional outfits and other people. Either minibuses are dangerous and safety laws need to be in place or they are not and those laws are not needed; there should not be different rules for different sectors.

We were forced to buy an eight-seat minibus—not including the driver's seat—which is the maximum size that can be driven without all those

regulations coming into play, and we will be buying a second one this year. Therefore, rather than driving one minibus around, we will be driving two. In my submission, I said that a 17-seater minibus would cost about £22,000, but we will have to pay about £34,000 to buy two smaller ones. That is a real drain on resources and is probably the most significant factor that is holding back our growth, given that we need to invest in training and more equipment.

David Whitton: I take it that John Mason-Strang suffers similar problems.

John Mason-Strang: Absolutely. We are currently in negotiations with transport companies to try to bring down the cost of negotiating with our clients. On a Saturday, for instance, we can transport anywhere between 150 and 250 people around activities. The transport costs for that are phenomenal. Although the legislation relating to tachographing and driver hours is perfectly reasonable in certain areas of the industry, it is crucifying other parts. A bus company that wants to comply with the relevant legislation while transporting our clients is going to have to change drivers during the day and will charge hourly rates rather than a daily rate, as would have happened previously. Transport is becoming almost impossible for us. It crucified us last year and if we cannot fix it this year, we will be in a very serious position and will need to rethink things.

Bob Downie: I do not know anything about the minibus situation, so it is interesting to hear. It reminds me of what Peter Lederer or Willie Macleod of VisitScotland said about legislation being fit for purpose from the point of view of people enjoying their time in Scotland. They pointed out that for a taxi to operate, both the taxi and the driver must pass tests, although anyone can buy and run a hotel.

In general, I am not in favour of more regulation. At the moment, I am going through the Licensing (Scotland) Act 2005 as part of an application for our drinks licence and work on our operating plan. We have a lot of different legislation, but it does not address the central issue, which is management of establishments. That is happening by what can be called a back-door approach. We need to have a conversation—that topical word—on regulation of hotels, whether that includes all hotels, hotels with more than nine bedrooms, or whatever.

The management of establishments is an issue. Although the majority of complaints that are made to VisitScotland are about accommodation providers, we are not having a conversation about that. The focus should be more on quality management than on regulation.

The Convener: The point on minibuses was extremely well made. We will look to inviting the traffic commissioner for Scotland to give evidence.

We now move to wrap-up questions from the committee.

Lewis Macdonald: We have heard that hotels and transport links are a fundamental part of the infrastructure for growing tourism. In the past, people used to say that Scottish tourism was dominated by a 9-to-5 mentality with attractions closing just as things were getting interesting, and by cafes, tearooms and pubs not serving lunch after 2 o'clock. Are we past that stage or is the issue still with us?

The Convener: Panel members are nodding their heads. On you go, gentlemen.

John Mason-Strang: The problem is on-going and is amazingly far-reaching. I have lost count of the number of people who come into our centre and say to staff or ask our guides, "What can we do tonight? Where can we eat?" What can we reply other than by saying, "I'm sorry, but the country is closed after teatime."

Some small towns and villages make an effort to accommodate people outwith 9 to 5, but because they do not see an immediate influx of hundreds of people, they often get disheartened and stop. It is only through prolonged effort on our behalf that people will get to know that Scotland is open for business. Late opening happens everywhere else in the world, but it seems not to be happening in Scotland.

The Convener: I have a question for John Graham. Historic Scotland has lots of excellent teashops, but are their opening hours long enough? Will they open for longer at certain times of the year or—even better—year round?

John Graham: We have not had many complaints about our cafes' opening hours. Basically, where we have cafes, they are open while our properties are open; they close around the same time.

I am not sure what the answer is to the general question. We need to find ways of building critical mass so that everybody in an area feels that it is in their interest to stay open. I referred earlier to the historic properties group. Last autumn, we ran a small experiment in the Borders, the principal aim of which was to draw accommodation providers' attention to the range of attractions that are open in October, November and December in the Borders. A number of our properties were included in that number, as were properties of our partners in the group. Experiments of that nature are the best idea that we have come up with thus far to try to tackle the problem.

The weekend before last, I was with friends in the west Highlands. On three or four occasions, we turned up at an establishment looking for a cup of coffee or whatever only to find that the place was closed. On one occasion, the place was advertising that it was open until 5 pm, but had closed at 4.30 pm.

Dave Thompson: Is part of the difficulty not down to concerns of local businesses? Castle Urquhart is a good example. Some local businesses expressed concern that, if your cafe was to keep longer opening hours, people would stay in and around the castle and not go to Drumnadrochit, which is just down the road. How much of a problem is that in general terms?

John Graham: In general, it is not a big problem. As you say, there is an issue at Urquhart castle. When the visitor centre was built, we accepted some restrictions on the range of stuff that we would sell because of concerns in the village about the impact of the cafe on local businesses.

Lewis Macdonald: Do we need to get away from that kind of trading? Is one thing that inhibits your ability to attract visitors to Drumnadrochit the fact that people in Drumnadrochit have said that they do not want you selling this or opening that?

John Graham: I would not want to make too much of that. Urquhart castle is the only property that we have where we have such a constraint.

Christopher Harvie: I have one last point that has occurred to me on travels around the world, which is the curious touristic behaviour of the Japanese. If you go to Halifax and the maritime provinces in Canada, you see them flocking in their thousands to Prince Edward Island because of their love for L M Montgomery's stories, such as "Anne of Green Gables". It is the same in Haworth. In Germany, they go in masses to Rothenburg ob der Tauber, which they like so much that they have made a replica in Japan. That is an extraordinarily valuable market if we manage to tap into it. The Japanese used to go to Loch Ness a lot. I would discover Japanese people all over Scotland asking the way to Loch Ness and the monster. Do we have a similarly iconic potential destination for that touristic group?

Bob Downie: A Harry Potter theme park?

Christopher Harvie: Yes.

Mike Dunthorne: That is a good question. It is symptomatic of the lack of strategic research.

John Graham: We certainly try to build opportunistically on things that come up. We did very well for a period at Stirling on the back of "Braveheart", while Rosslyn chapel continues to do well on the back of "The Da Vinci Code". We are using another film, called "The Water Horse",

which I have not seen, in the Loch Ness destination management organisation as a peg on which to hang our marketing of the area.

Alex Stewart: I have a quick point. Many Japanese are attracted by literary associations. Even Beatrix Potter's house will suddenly get flooded with 300 Japanese people because they are mad about her books. It may be that our biggest literary icon is Robert Burns, but what is there about him in the country? Very little. It is interesting that people are now running Rebus tours in Edinburgh, although I do not know whether that is sufficiently cultural to attract people. Literary tourism is not something that Scotland has cultivated, although it probably should.

The Convener: That is an interesting subject. We will have the last question from Gavin Brown, unless anyone has anything else.

Gavin Brown: We heard about the lack of a bungee jumping facility. Are there any other specific gaps in the Scottish product? I have another question specifically for Mr Downie: do you think that the Royal Yacht Britannia Trust will achieve 50 per cent growth between 2005 and 2015?

Bob Downie: On the second question, there is no chance that that will happen.

Edinburgh will do really well, which should not be overlooked, but my main concern is for the rest of Scotland. There was a decline in domestic tourists in Scotland—1.3 million fewer in 2006—and I am concerned about the social impact in the more rural parts of Scotland of the drop in that expenditure. The number of hotel beds in Edinburgh has doubled in the past 10 years, and it could double again in the next five years or so. Edinburgh will do remarkably well, and the hotels will get full yield. However, in terms of the committee's inquiry, the impact on the rest of Scotland is of more concern.

The Convener: Will David Adams McGilp comment on the gaps that Gavin Brown asked about?

David Adams McGilp: A number of gaps have been identified. They have been specific and aimed at narrow markets. There is no harm in attracting new, specialist and invigorating markets, but that rather misses the point. Tourism is a global issue and certainly a national one in terms of growth.

It will be easier to demonstrate a higher growth level in rural areas with relatively low visitor numbers than in places such as Edinburgh and Glasgow. The problem will be on a national scale. It would be disappointing and quite cynical if the national target was not met and the appropriate

consideration or acknowledgement was not given to the areas that succeeded in meeting the target based on the commonsense approach and integrated networking and marketing that we have all agreed seems to be the way forward.

The Convener: Alex Stewart mentioned the youth market and clearly feels strongly about it. Are there other areas in which you consider there to be gaps?

10:45

Alex Stewart: I cannot think of particular areas. Transport will have to be addressed—the committee might well be addressing it. We do not have an integrated transport structure and it is difficult for people who do not have a car to get around. Even if you have a car it is not easy.

What other witnesses said is true: Edinburgh and Glasgow will probably get the growth. Glasgow is projecting itself as a new centre for visitors, but Edinburgh has been resting on its laurels and will have to wake up, because its competition is coming not from Glasgow, Aberdeen and Stirling but from Barcelona, Berlin, Copenhagen and Sydney. That is the league in which we must start competing.

We must also consider how we get visitors out of Edinburgh and Glasgow and into the rest of Scotland. It is unfortunate that too many people still encounter places that are closed or service that is surly or limited. We have all had such experiences, and we think, “Okay, fair enough,” but visitors to this country who cannot find anywhere that is open and cannot get a decent meal will not be encouraged to come back to Scotland. Visitor experience is the biggest factor in getting people to come back.

John Graham: I would not suggest that there is a big gap. Scotland has a tremendously rich range of tourism assets. We have not talked about wildlife tourism or festivals, for example. Scotland is well endowed and I would be cautious about bringing in an attraction that was obviously imported. I agree with what John Mason-Strang said about the importance of authentic experiences that build on what is different about Scotland.

John Mason-Strang: Is there a gap in the market? There are certainly opportunities. The islands of New Zealand seem small, because people are good at networking and getting together, whereas in Scotland we have, for example, Fort William promoting itself as the outdoor capital of the UK while another place promotes itself as something else. It is almost a clan thing; the attitude is, “We’re over here doing this and we’re not telling anyone that you’re over there doing that.” It is ironic that we are trying to

make Scotland into one big destination, but we all want our little bits and nobody is pointing out that if we are all to get a good share of the market we need to be saying, “What we have here is great, but look what they’ve got over there!” We need to nurture that attitude, so that we inspire people to tour and visit other places.

There is definitely a gap in that context. We need to take our visitors from the major cities of Glasgow and Edinburgh, which get a big influx of visitors, and show them what else we have. Small companies are doing that, such as bus tour operators, but we need shires to promote other shires and to work together and network, to encourage people to visit the main attractions. Nobody knows their shire better than someone who lives there, who can take its best attractions and promote them. However, shires should show one another what they have, so that they can encourage people to tour.

Mike Dunthorne: I make two final points about filling the gap. First, there is a lack of strategy for developing paddle-sports tourism in Scotland. The approach to mountain biking has shown what can be done, particularly given the fantastic backing that Forestry Commission Scotland has given the sport. Paddle sports could easily be the next mountain biking for Scotland—and they are very sustainable. We have world-class sea kayaking, inland open-boat touring and white-water kayaking, but nobody has latched on to that at national level.

Secondly, wildlife tourism is growing, probably at 100 per cent per year, and is key if we are to reach the growth targets. However, Wild Scotland, which had two years of core funding from the enterprise companies, is about to lose that funding and will probably fall away and die, just when it is most needed to encourage training, business development and innovation in the wildlife sector.

The Convener: I thank the witnesses for their evidence, which has been extremely helpful. If you want to contact us about matters that we did not touch on during the meeting, through e-mail or other form of communication, we will be grateful. Thank you for giving up your time to join us.

10:49

Meeting suspended.

10:58

On resuming—

The Convener: We will take further evidence for the committee’s tourism inquiry into the target of growing revenue from the tourism industry by 50 per cent by 2015.

We will now hear about how technology is changing the whole industry. We are pleased to welcome this morning Sue Crossman, project director of the Tourism Innovation Group, and Bill Maxwell, director of the Institute of Travel and Tourism. It would be helpful if you would make a couple of comments about the organisations that you represent and technology; we will then move straight to questions.

Sue Crossman (Tourism Innovation Group):

Good morning, and thank you for inviting me. I am the project director of the Tourism Innovation Group, which is an industry leadership group for the tourism sector. We drive strategic change and encourage innovation and collaboration among tourism operators. We are funded by the two enterprise companies and VisitScotland, but the main resource on which we draw comes from the contributions of our 50 or so members.

We have a particular interest in technology, which is one of our five priority areas. We feel that the slow rate of application of technologies is holding back the growth of tourism. I am happy to expand on some of the areas that we think offer opportunities that should be seized, as well as the barriers that prevent people from applying available and emerging technologies.

11:00

Bill Maxwell (Institute of Travel and Tourism):

Good morning. I am a director and board member of the Institute of Travel and Tourism. My position is voluntary. The institute is a membership organisation with 3,000 members, most of which are connected with tourism and travel, including 40 tourist boards—sadly, VisitScotland is not one of them.

Technology and marketing are dear to the institute's heart. The networking that takes place in the institute—our membership includes senior chief executives in the industry—helps to guide the industry towards future projects. Any debate that takes place is a tripartite debate between the Association of British Travel Agents, the institute and the Federation of Tour Operators. I welcome this opportunity to discuss with the committee the institute's part in promoting tourism in Scotland through technology and marketing.

The Convener: Am I right in thinking that the institute is a United Kingdom organisation?

Bill Maxwell: Yes.

Lewis Macdonald: It is clear that there is a lot of scope to progress the technological change that has already happened, and we have heard a lot of comment about what is happening now in that area. In fact, members of the previous panel said that web marketing is the way forward. The

general sense that we get from witnesses is that the people who are coming forward with things to say and who are optimistic about the future of the sector are often those who already endorse innovation, technological change and, in particular, e-marketing.

Do you feel that there is a dynamic sector within the tourism sector that an awful lot of people are lagging behind, or is that an unfair characterisation of where the majority of tourism businesses are?

Sue Crossman: We have the classic pattern of early adopters of technology—the sort of people who were on the previous panel—and a long tail of people who are far too slow at adopting new technologies. However, there are good reasons for those people being slow. There is limited knowledge of the available technologies—people just do not know what is out there—and a lack of confidence in the benefits of those technologies. There are the costs of the initial investment—there is always a cost—the costs of staff training to enable businesses to run the systems and the costs of on-going maintenance. Therefore, there are softer issues to do with training, the capital investment issue and the whole awareness thing, which we have to get over.

The Tourism Innovation Group has just run a conference called tourism innovation day, which focused exclusively on the application of technology. We got funding from the enterprise companies specifically because we were trying to build awareness. We think that technology is applicable throughout the visitor journey, not only at what we call the look-and-book stage but when visitors are on the ground, at which point many technologies are applicable.

There is a bit of a switch happening at the moment. Much of the look-and-book stage is web based, with people traditionally using their laptop or personal computer. On the ground, however, people are increasingly using mobile phone and wi-fi technologies for booking tickets and finding information. They are pinged electronic messages when they get to an area and access destination portals that are viewable on a mobile device. There is also a role for technology in the follow-up process of customer retention, such as electronic ways of ensuring that customers keep coming back.

We identified four stages: look and book, which is the first stage; on the ground, which involves thinking about what we can do with wi-fi and mobile technologies; a third stage that is more about processes and how people can use technology to make their business run more smoothly and effectively; and the fourth stage of customer retention. We also need to consider applications for obtaining customer feedback, which, as I am sure you will all know from the

tourism framework for change, is a key issue about which we all agree that we need to get smarter.

Bill Maxwell: On technology in tourism—the effect that technology has on modern-day tourism, rather than on what we are selling—a massive change in mindset has occurred in the past eight years. I recently carried out some consultancy work for a firm that organises airport-to-resort transfers in Europe. In the seven months that I have been involved, the business has increased. It has gone from dealing with 1 million people to dealing with 2 million people—all through online bookings.

When I did some work for the Institute of Travel and Tourism on high street travel agencies versus web operators, I found that there has been a swing—80 per cent of holidays are now booked online. People who have never contacted a hotel or an airline take XML feeds from hotel bed suppliers such as lowcostbeds.com and affiliate links from low-cost airlines or companies such as the transfer company that I mentioned. Web technology is used to sell.

The reported demise of the UK travel agent in the high street is pertinent. However, the reported demise of the holiday abroad is not, because demand for holidays abroad is growing. It is just the method used to book holidays that has changed—more and more holidays are booked via modern technology.

Technology is good in the hands of people who know what they are doing with it. Before coming along today, I saw from the agenda that there would be a representative from the Dalriada project at the meeting, so I looked at its website. It is an excellent website—beautiful and very classy, with a video of a man on a boat in the Crinan canal saying how wonderful mid-Argyll is. I thought that it looked really lovely, so I decided to book to go there and see the place. However, the project's site had no link to accommodation, so I clicked on the link to Argyll and Bute Council's website. On the council's site, I clicked on the letter D in the index—dangerous waste, dog bins and domestic violence came up as categories.

I thought, "I'm being silly here—I still want to go," so I looked under the sport and leisure section on the council's website, where I found links to aqualibrium, the Riverside centre, the Corran halls and the Queen's hall. There was a two-line description of the Riverside centre, but no address, although I know that it is in Dunoon. The Queen's hall was listed as the premier place for events, but no events were listed after 19 April. None of that was helping me get to Dalriada, so I typed the word "Dalriada" into the website's search facility. That brought up a public relations piece from 14 August 2001—that is the latest bit of

information that the council's site has on Dalriada, which is no good.

I then searched for "hotels", and the first entry that came up was a press release entitled "Trading standards warn hotels on cash back fraud." [*Laughter.*] Remember, I still want to go to Dalriada.

I looked at the second entry. It was another press release, which said that Ganavan toilets—forgive me if I did not pronounce that correctly—are to reopen after being closed for three summers, following an initiative taken by MacGregor Hotels. There is a quote from the local councillor:

"It is exactly what people have asked the council to achieve".

The press release continues:

"With the shop and café also reopening this year ... visitors will ... flock to Ganavan".

The Convener: That is actually quite important, believe me.

Bill Maxwell: It is unbelievable—the facilities were closed for three years.

Although I had still not reached Dalriada, I thought that I might go to Ganavan now, because it has toilets, which is good. I looked up what Ganavan is like, because I might go there before going to Dalriada. I saw that a building company is constructing 22 houses at Ganavan sands, and I clicked to see a panorama, which did not come up—the screen was blank. The third site I saw was a website about UK campsites—so I thought that at least I could stay at a campsite. However, when I clicked on that website, it showed me a flashing advertisement for French country cottages. That is sad. I left that site, because it does not provide information about beds in Dalriada, and I really wanted to go there.

I looked on www.scotland-info.co.uk for information on mid-Argyll, because that chap on the Dalriada site said that mid-Argyll is beautiful, but "mid-Argyll" is not an option on that website's drop-down menus, so I clicked on "Argyll" and then on "history", and found that I could buy books from amazon.com.

To cut a long story short, I went to VisitScotland.com and entered "Dalriada". The first result is titled "Kilmartin" and the 10th result—at the bottom of the page—is titled "double room". I thought that I had cracked it, but when I clicked on "double room", I found that the room was at the Dalriada guest house in Portree.

Technology is a wonderful thing, but not in the wrong hands or with the wrong guidelines. I suppose that I should have picked up the phone to ask someone in Kilmartin what the hotel there is

like. Technology is a key part of what we are doing, because a person who did what I described would just give up.

The Convener: Your point is that that business is at a competitive disadvantage because its website does not allow people to book accommodation that is located next to that exciting attraction.

Bill Maxwell: Yes.

Sue Crossman: I know the Dalriada project. The website that Bill Maxwell looked at is not consumer facing—it is not a destination selling website. Its purpose is more to allow the trade and the people of Argyllshire to find out about a publicly funded project.

The Convener: But the web is a market for anyone, is it not?

Sue Crossman: Indeed.

The Convener: I rather take Bill Maxwell's point. What you say about the website may be the case, but that does not help.

Sue Crossman: The website is a missed opportunity, but its intended readership is not visitors.

The Convener: I do not see how a website can have an intended readership.

Sue Crossman: That is a good point, but the site is not being actively marketed to visitors.

David Whitton: It should be.

Brian Adam: If that website does not market what is clearly a tourist destination, how is that destination being marketed? Where are the links that will answer the obvious question of where people can stay in that area?

Sue Crossman: The questions are different. I do not wish to go on and on about the Dalriada project, but its purpose is conservation of that beautiful part of the world in mid-Argyllshire.

Area marketing in Scotland is a different and critical issue with which the industry is grappling. As members well know, VisitScotland is a national organisation and we no longer have area tourist boards. Many tourism operators throughout Scotland are not happy that areas are not being branded by VisitScotland. That is one reason why the destination approach, which is critical to tourism policy, is gaining momentum.

There are many destination portals that try to be a collective e-marketing resource for areas or regions. They are becoming critical and they are improving and growing by generating good content. The Morayshire portal is a leading example of best practice. It is good about having

wiki content—the web 2.0, user-generated content.

11:15

Dave Thompson: On a broader point, many businesses in the Highlands and Islands do not have access to broadband, while others can access it, but only at a very low speed. Will those businesses be left at the back of the field in the race because they will not be able to use the systems that you are talking about?

Bill Maxwell: That issue is not for here—it is about saying, "Please can we have broadband?" People in southern China now have broadband, but they only recently began to develop broadband internet there. The situation should not prevent people from trying to sell through modern technology. We are looking to develop tourism into Scotland from overseas, and there is broadband south of the border. You must grasp the technology issue seriously. I found the Dalriada project of interest, but I do not think that it should have received public funding if it could not generate commercial business to plough back into the area. The project has public funding, but what is the public going to get from it?

Sue Crossman: It is mainly Heritage Lottery Fund money, actually.

Bill Maxwell: I do not care—it is still public money.

Sue Crossman: The public's money.

Bill Maxwell: Yes.

While I was on the web, I googled "summer family holiday in Scotland" to see what the search engine optimisation that we have now came up with. I had a look at holidayscotland.org.uk, which lists the top 10 reasons to take a family holiday in Scotland. The first is:

"Breastfeeding is legal everywhere. If you are nursing a young 'un it is illegal to ask you to stop, no matter where you are."

That is the top criterion for a summer family holiday in Scotland. Number 5 is:

"The weather is not too hot for a summer holiday with children".

The one that really gets me is number 8, which is:

"Lots of indoor activities for when the weather is foul like Glasgow Science Centre."

The Convener: The web is an enormous market. We can find anything with a search engine.

Bill Maxwell: What I am saying is that selling tourism on the web needs to be controlled and regulated. We need guidelines, for example, to say that links must go to certain sites that sell

accommodation and that websites must link together. If we do not have such criteria, we will have a free-for-all, with web 2.0 and people chatting. People who are trying to book will not get the information that will help them make a choice.

The Convener: Can we control that? How can we regulate it?

Bill Maxwell: You can regulate it through the VisitScotland website, which is excellent. Any affiliate website would have to take a feed from the VisitScotland site to promote and sell accommodation. If someone is looking for Government money for a promotional website, they should be told which criteria they must follow.

David Whitton: To return to Dave Thompson's point, I am not sure that we got an answer on the lack of broadband technology in the Highlands. You say that broadband is available in southern China, so why is it not available north of Inverness? Many tourism businesses up there want to develop their technology but the lack of broadband in the area inhibits that development.

Sue Crossman: I agree completely. We helped to get a promotional piece in *The Scotsman* on Friday 22 February. In the piece, Alan Rankin—whom you probably know from his days running the Scottish Tourism Forum and who is now chief executive of the DMO for Aviemore and the Cairngorms—is quoted as saying that tourism will be “dead in the water” if accommodation and leisure providers do not change their approach to include websites and online bookings. He went on to say that the lack of broadband infrastructure, particularly in the north of Scotland, is inhibiting the growth of tourism. To a lesser extent, incomplete mobile phone coverage also inhibits growth. In emerging markets such as China, mobile phones, not desktops and laptops, are the main platform for viewing the web. The lack of wi-fi and mobile technology is an inhibitor.

David Whitton: The nature of the international tourist is that they want to be connected wherever they are.

Sue Crossman: Absolutely.

David Whitton: They are the type of people who want to phone the office, check their BlackBerry and perhaps even do some work on their laptop before they go out whitewater rafting or whatever. If we cannot provide that type of technology in the wilder parts of Scotland, we will obviously suffer for it.

Sue Crossman: I agree. We would call for greater improvements broadband and mobile connectivity.

David Whitton: I will pick you up on one point that you made. You said that the purpose of the Dalriada project site is not to allow people to book

accommodation. Why not? Why is it there? If people heard the word “Dalriada”, typed it into a search engine and had the same experience as Mr Maxwell, they would wonder what on earth it was all about. There should at least be a link on the site that says “If you want to book accommodation, click here.”

You said that you are funded by two enterprise companies, but which ones?

Sue Crossman: Scottish Enterprise gives us 50 per cent and Highlands and Islands Enterprise gives us 30 per cent.

David Whitton: So you are funded by the two main enterprise companies. Do they not have guidelines for people who set up sites, specifying certain items that the sites should contain, such as who to contact, who to phone if a phone call is required or who to book through?

Sue Crossman: Scottish Enterprise has e-commerce advisers. Through the Scottish Tourism Forum, Scottish Enterprise and Highlands and Islands Enterprise are running a series of e-commerce workshops. Both enterprise companies are pushing as hard as they can to increase the application of technology.

David Whitton: You seemed to indicate people are reluctant to embrace technology and that, for example, a small bed and breakfast might not be on the web.

Sue Crossman: That is the problem. Public agencies are putting so much money in because we have not yet reached the tipping point of a widespread realisation that we need to use technology, particularly for online booking, as Bill Maxwell said. Online booking is crucial, as it means that a website is not only an information source but a place where people can book their trip.

Gavin Brown: I have a couple of questions. First, can you point us to any businesses in Scotland that are worth looking at because they are getting it right from a web point of view? VisitScotland has the thistle awards for an impressive range of categories. Does it have one for technology?

Sue Crossman: No, but we have suggested that it should.

Gavin Brown: Are there businesses that are getting it right that the committee should look at?

Bill Maxwell: Yes. I came back from Australia in 1974 as a young man and I took a job as tour superintendent at Eastern Scottish. I ran coach tours for a few years before I went to England and carried on there. We contracted hotel beds in Scotland from 1997 until as recently as five years ago, before we sold the business.

Four hoteliers—Ian Cleaver from Highland Heritage, Michael Wells from Lochs and Glens Holidays, Paddy Crerar from Crerar Hotels and Ronnie Rickard from Strathmore Hotels—have done very well. They probably promote and sell a couple of hundred thousand bed nights themselves.

When the English tour operators looked south to France and Italy, because there were cheaper beds there, they operated their own coach holidays and sold them very well—they are still doing so today. That is the only expanding market that I see within our hotel industry. The market has been transformed.

Your second question was whether anyone gets it right. The technology can be got right when it is used only to gather information and read about things, which is wonderful. However, the technology falls down when it comes to making a booking and paying the money. That is the bit that you have to be careful with. The answer to your question is that some people are getting it right—it is those guys who have hotels located in a range of places, from Tyndrum to Dalmally, Loch Lomond, Fort William and Loch Awe. They have penetrated the English coach market well. A leaf could be taken out of their book.

Sue Crossman: I am sure that members are aware of the Town House Company, which has a particularly effective website and a family of different hotels. I mentioned the DMO in Deeside—or was it Morayshire?—and I would be happy to forward links to two or three good websites that cover, for example, a variety of sectors, areas, coach operators and hotels.

The Convener: And perhaps you could point us to three that are not so good.

Sue Crossman: Right.

The Convener: We will not hold you to that, but it would be useful if you sent us links to three websites that are not performing so well, in addition to the ones that Mr Maxwell has given us already.

Christopher Harvie: There is a scene in one of the Groucho Marx movies in which Marx and company are trying to break into a safe, and Groucho says, "It's easy. A child of three can do it." Eventually, after five frustrating minutes, he turns to Harpo and says, "Bring me a child of three." That is an interesting point, because children of three can often do that sort of job far better than people like us can. As an academic, I have been helped enormously by students who do all the fiddling around with my software. I would never be able to manage that.

Do we have the ability to mobilise Scottish teenagers—who, I am afraid to say, we go on

about in an arrogant manner? It might need a wee bit of money or other help, but they are often the people who can fiddle with software that it would take us years to work out. They might be the answer for the small B and B and the local parochial area. For example, the Dalriada website is a basic site that aims to make links within the neighbourhood. We could create courses that make those kids into entrepreneurs.

The Convener: You are talking about tapping the creativity of our young people.

Bill Maxwell: We are also talking about giving them a reason to belong to our wonderful tourism industry. At the moment, working in the industry is not deemed to be sexy, and they want to know how they can get out of it.

What Christopher Harvie says about young people is true. I work with postgraduate students at Leeds Metropolitan University, and before I came here I spoke to two of their professors—one is developing tourism for the Government in south China and the other is developing it in northern Thailand. In each case, they use the graduates for back-up. The professors are about the same age as me, or a bit younger. Christopher Harvie's suggestion is wonderful, and we have wonderful universities full of students who would be delighted to do what he suggests.

Christopher Harvie: I could introduce you to the person in my office.

Sue Crossman: There is no doubt that young people under the age of 35 have a much easier time engaging with technology. Many tourism businesses have young people working for them, but often to pour pints. Rather than the manager struggling with the technology, they should use those 20-year-olds, irrespective of the job that they are employed to do, because they know about user-generated content, Facebook, Bebo and MySpace, all of which we should be using for tourism. We should use the existing younger staff in tourism businesses.

TIG, for which I work, has collaborated on that with the innovation centres, which are incubation units for technology companies and are 50 per cent owned by Scottish Enterprise. We have talked about how the tourism and technology sectors could work together better. The people are all young, have pony tails and wear jeans, and they look like the antithesis of the pin-striped hotelier.

Christopher Harvie: We should never forget that the iconic film that brought an awful lot of people to Scotland in the 90s was about a community that could communicate with the outside world only by saving up all its 10p coins for the American executive to shove into the call box on the pier.

11:30

Brian Adam: How do you monitor the effectiveness of websites? I suppose the ultimate measure is the conversion rate, which is how much money flows to the owner from the number of hits on the website.

Bill Maxwell: There are two distinct ways to measure website usage. One is to count how many people click to go to the site.

Brian Adam: I am happy that we can measure how many hits a website gets, but the question is about the next step. Having hits on a website is interesting, but we really need to know how much business and money that generates. We also need to know whether using a website is more effective than traditional methods.

Bill Maxwell: Just to finish what I was saying, we measure the clicks, then we measure the conversion rate. For example, we can put money aside for a pay-per-click campaign, and then measure the amount of business that we get from it. Alternatively, we can spend a lot of money on a search engine optimisation programme, which means that we do not pay per click; instead, we appear as a non-sponsored link, which must be measured, too. We can do that by drilling down to find out how many people hit the website, where they come from—for example, from South Africa or Italy—and who they are. We can drill down even further to find out what they ask about. An even better method is to use a box that asks whether we can communicate with those who hit the website. We can then go back to them if we do not answer their question and ask how we can help. Those methods are available, and some companies use them well.

The Convener: You say some companies, but how many? That may be an unfair question, but do you have any industry statistics? Do only a small number of companies use those methods or are they used industry wide?

Bill Maxwell: No, they are not used industry wide, because industry-wide business is generated through packages. The technology in the UK is devoted to selling packages that are bought via scrapes and feeds. For example, they involve people booking low-cost flights to Tenerife or Benidorm. However, we go back to people who seek something more upmarket or luxurious. They tend to be more definitive about what they want, and we ask whether we can help them with their question. For example, if we get an inquiry about a four-night luxury spa stay in Gleneagles but no booking, and we have the inquirer's permission to contact them by e-mail, we ask them which part of their request we did not fulfil and whether we should have done more. That can be done because the technology is available.

The Convener: I invite Sue Crossman to respond to Brian Adam's point about money and whether we know what the use of websites brings in to the Scottish tourism industry.

Sue Crossman: A business must make the same return-on-investment decision in this context as in any other context. It must consider the capital cost of building a website and, as Bill Maxwell said, the cost of marketing techniques that drive traffic to the website, such as search engine optimisation and pay per click. A business must therefore make a return-on-investment decision that is based on the number of bookings that are achieved. All decent operators now measure exactly how many bookings they get through the web—it is measurable.

There is also the black art of web analytics. There are free products—for example, Google Analytics, which can be downloaded from Google—that allow a business to analyse its website's performance and find out what people search for, how long they stay on the site, which pages they go to and so on. We are past the point when we told businesses that they had to at least have a website—they accepted that—and past the next hurdle, which was booking enablement; we now need to get businesses to become increasingly sophisticated in measuring the effectiveness of those measures. Website usage is a much better measure than the number of brochures sent to people, because they might just go in the bucket. With a website, we can see where people go, what part of the page they look at, how long they dwell on each page and so on. Such measurement is part of the skills set that we need to build up.

The Convener: But is that not built up now? I cannot imagine someone setting up a business website without thinking, "Wait a minute, I need to know what business this website will produce for me in terms of revenue return."

Sue Crossman: There is no revenue return unless the business is booking enabled. For example, I stayed in a nice bed and breakfast last week in Aviemore, but I had to ring it up after I found it on the web, which did not suit me—I would rather have booked it online. I made the phone call only because someone I knew recommended the B and B.

The Convener: Why did that business not have a booking-enabled system?

Sue Crossman: Probably because it would cost money and is a bit more complicated. The business is a B and B, and the woman running it is a one-man band. She is also a teacher, so she might not have the time or inclination to set up a booking-enabled system. She probably has the

knowledge, but has not quite chuntered along to the next stage.

Dave Thompson: That is interesting. It seems that many small businesses are just not getting the basics right. Perhaps they never will, because it is more expensive for them. If they cannot even become booking enabled and so on, how will they ever analyse and build up customer relationships through the web and get information to people who have stayed with them before? What can we do to encourage people at that lower level?

Bill Maxwell: You could take a big step forward by creating a national accommodation register that such businesses could join. They could be included in a hard copy of the register and, for a small fee, be placed on the register on the web, which would mean that they were booking enabled. You could take it a step further and consider a different route to market. Instead of just marketing to the public, businesses could market through the trade by introducing commission. Mrs McGinty's international guest house in Poolewe might never have a chance to sell on the web, but if there was a national register through VisitScotland, VisitScotland could put her information on the web, so that her guest house would be bookable.

David Whitton: I thought that VisitScotland.com did that. If you join VisitScotland, it does all that for you.

Bill Maxwell: Yes, but people still have to phone up. You cannot book online.

Sue Crossman: You can, actually.

Bill Maxwell: You cannot book online if the business is not registered to be booked online, as in the example that Sue Crossman mentioned.

Sue Crossman: It depends on the deal that the business has with VisitScotland.com. VisitScotland.com encourages people either to work on an allocation basis, so that it knows that a certain number of rooms can be sold, or to have a direct interface, so that there is access to the inventory. VisitScotland.com encourages businesses to ensure that people can book online seamlessly.

The Convener: What happens south of the border? Do the English public sector tourism organisations ensure that businesses can be booked online, so that equivalent bed and breakfasts in Cumbria are web enabled?

Bill Maxwell: No. A lot of bed and breakfasts are web enabled, but they are not part of an initiative by the tourist boards.

The Convener: What is the best mechanism? Should private sector, demand management organisations set such systems up and run them,

or should the public sector—VisitScotland.com—run them?

Bill Maxwell: There should be a joint venture with stakeholders, who would work in conjunction with the tourist board. The tourist board would look after the mechanics of the system. There would not be commercialisation, but there would be funding. The tourist board would be part of how small businesses were being driven forward. That would be unique and it would help small businesses to grow even quicker.

I mentioned commission. I want to pass round an article that I read on the train up from Yorkshire. I did not mean to bring it up, but it is pertinent to what we are discussing. The article is by Noel Josephides and appears in *Travel Bulletin*. Noel is a board director of ABTA so his condemnation of booking UK holidays does not augur well for us, but a lot of what he says is true. It would be advantageous to be able to ask for commission from small hotels, events or canoes, as that would allow you to sell to the 3,500 English travel agents or to other wholesalers who could sell the product for you. Currently, some operators might come and buy your beds, but then you are at their whim, and they might decide that this year it is cheaper to go to France and so sell stuff to France. If we could get the sellers of most tourism products—accommodation, events and so on—to pay a commission, we could lobby the ABTA travel agents forcefully to sell the products, because we would be giving them a commission product to sell. Rather than just sell Superbreak or Hoseasons, they could be more dynamic about packages.

Gavin Brown: How does VisitScotland.com compare with the equivalents in competing countries, such as VisitIreland.com or VisitSwitzerland.com?

Bill Maxwell: When I worked for the major coach operator in the United Kingdom, I had to beat those other tourist boards off with a stick because they wanted to give me money, do joint advertising, pay for the brochure, take us on familiarisation trips and give us beds to take travel agents to the destination. With VisitScotland, the relationship is very poor. It is almost non-existent.

Gavin Brown: My question was not about VisitScotland but specifically about the website VisitScotland.com. How does it compare with competitor countries' websites?

Bill Maxwell: It compares only because of the advent of low-cost carriers. We see growth wherever the low-cost carriers go. The other countries' websites are generic websites; the low-cost carriers have latched on to the destinations, so the operators—the young people who are putting the scrapes together—start to promote

them. Although someone might go to VisitSpain.com and look at the generic information, they would not book their holiday through it; they would book it through one of the dynamic package operators, such as Holidays 4 U or justabed.com.

Sue Crossman: VisitScotland.com is streets ahead of the other portals in the UK and compares pretty well internationally. It comes under endless amounts of flak from the industry. One of the reasons for that is commission but, as Bill Maxwell says, commission drives the revenue for any sort of agency or intermediary; it is their business model. The fact that many small operators in Scotland—B and Bs—will not pay commission is one of the many things that stops their businesses from growing.

I am sure that you are also aware that VisitScotland.com is changing fundamentally from 1 April. From what I have heard from Marco Truffelli, the new site will be enormously better. VisitScotland has always been restrictive in that it has wanted to keep visitors on VisitScotland.com. It would not, for example, give the phone number or website details of a B and B, but that is now changing. VisitScotland has responded to industry pressure and is allowing people off the website. It is also providing much better information about events, which is extremely important and something for which we have lobbied hard. Hotels do not bring people to Scotland; people come because they want to go sea kayaking or to the Edinburgh festival, for example. The destination and the activity drive the desire to book.

The Convener: I thank Sue Crossman and Bill Maxwell for coming along today. It has been kind of them to give us their expertise. If they have other thoughts or if there are matters that we have not covered today, they should feel free to e-mail us about them—in particular, the websites that Sue Crossman was telling us about. The evidence has been helpful.

Scottish Parliament and Business Exchange

11:44

The Convener: Item 3 concerns the Scottish Parliament and Business Exchange. The objective is to have a brief discussion about it, not least because some work has been done on it.

David Whitton: I am the Labour Party representative on the board of the Scottish Parliament and Business Exchange, so I guess that I should declare that before we start the discussion, convener.

The Convener: I am comfortable with that. We will not hold that declaration against you in any way whatever. I think that the same applies to Gavin Brown for the Conservative party.

Gavin Brown: For the record, I should make the same comment.

The Convener: It might be helpful if our two board members would say a little bit about the organisation, which is trying to encourage members to get involved in it during this session of Parliament.

David Whitton: The exchange's vice-convener will lead the way.

Gavin Brown: The broad purpose of the exchange is to create a business-friendly Parliament and Parliament-friendly businesses; it is not much more complex than that. It operates by getting MSPs to go out of this building and spend time with specific businesses in specific sectors to build up a wide relationship with a sector or a deep relationship with a company. It also works the other way, getting businesses to come in and spend time shadowing MSPs to find out how we operate and what we do on a day-to-day or week-to-week basis. That is it in a nutshell.

We have a new chief executive, Arthur McIvor, who has been extremely dynamic. He has been in post only since mid-January, but he has grabbed the bull by the horns and is probably known to most MSPs through making the time to meet them and explain what happens. The exchange has a tremendous amount of potential for doing a lot of good for businesses and the Parliament. Mr McIvor has been in post for only a couple of months, but he has done a lot in that time and there is huge potential.

The one thing that needs to be reconsidered is the length of time that the process takes. I think that the convener was involved in an exchange in the early days, but one reason for MSPs not getting involved previously was the fact that they had to commit to six or 12 days over a year, which

is difficult for most members. Shorter, sharper bursts would be much more likely to encourage people to participate. Nevertheless, many MSPs and companies are interested in having the exchanges.

David Whitton: When we had our business in the Parliament conference, it did not really involve the business exchange per se although Arthur McIvor was there as an invited guest. In fact, he is sitting in the public gallery today—he is the gentleman in the colourful purple tie. That is perhaps a reflection of his personality, but never mind. The board felt that that had been an opportunity missed for the business exchange in that we could be involved more with the business in the Parliament day, especially as so many leading companies were represented that we want to encourage to be more engaged with MSPs or participate in the reciprocal arrangement of which Gavin Brown has spoken.

A briefing session with the Royal Bank of Scotland is coming up fairly soon at which the bank will put its five main directors at the disposal of MSPs to give a briefing on the five different areas of its business. We are trying to fix a date for that. It would be interesting for parliamentarians to hear how Scotland's biggest company is going about things. I feel strongly that we should develop that kind of relationship. In the early days, there was criticism about business not speaking to Parliament and Parliament not speaking to business, and people said that there was nobody in the Parliament who knew anything about business. None of that was true; nevertheless, encouraging those relationships can only be a good thing for all those concerned.

The Convener: I agree strongly with what both members have said. I also agree strongly that we can make more of the potential link between the business in the Parliament conference and the business exchange. We should think about that in the coming months.

Do other colleagues wish to comment on this area?

Lewis Macdonald: As a former board member of the business exchange, I fully endorse what my colleagues have said. As well as the difficulty that there was in the previous session in encouraging MSPs to engage, there was a degree of slowness to engage in some sectors of business. That was partly down to some of the negative comments to which David Whitton has referred. I have a sense that we have moved on since then, and if the committee can help to complete that process, we should do so in whatever way we can.

The Convener: Okay. If the committee is comfortable with the suggestion, I will take the matter to the Conveners Group and encourage

fellow conveners to be, if nothing else, more aware of what is going on. We can each play a role in our parliamentary groups as well.

I take Gavin Brown's point about the length of time that the process takes. The exchange in which I took part lasted for 25 days and I made time for it because it was such a good programme. A lot is down to the company with which one is involved. If someone really gets into it, they will create the time for it. Our colleagues, as well as those on this committee, must be committed to it; nevertheless, I take the point about the time that is available to members.

Stephen Imrie might want to add to what has been said.

Stephen Imrie (Clerk): I have just a small point. I have met Arthur McIvor to discuss what can be done about the business in the Parliament conference. If the committee is in agreement, I am happy to bring to a future meeting at which we will get feedback on the conference and plan the next conference some concrete ideas about how to involve the Scottish Parliament and Business Exchange as a more active partner in the planning of the event. For example, in sending out invitations to prospective delegates we could perhaps use the exchange's business network. That is an obvious pool of clientele to invite to the conference in addition to members of the Confederation of British Industry, the Scottish Trades Union Congress and others. We can come up with some ideas on that and bring them to the committee for endorsement in the coming weeks.

The Convener: Is the committee content with that suggestion?

Members indicated agreement.

The Convener: Thank you very much. We now move to items 4 and 5, which will be discussed in private.

11:50

Meeting continued in private until 12:21.

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