

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 16 April 2008

Session 3

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ECONOMY, ENERGY AND TOURISM COMMITTEE

8th 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 Whitton (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:

Graham Birse (Edinburgh Chamber of Commerce)
Eddie Brogan (Scottish Enterprise)
Iain Herbert (Scottish Tourism Forum)
Joanne Orr (Museums Galleries Scotland)
Alan Rankin (Aviemore and Cairngorms Destination Management Ltd)
Scott Taylor (Glasgow City Marketing Bureau)
Marco Truffelli (VisitScotland.com)
Charlotte Wright (Highlands and Islands Enterprise)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 1

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 16 April 2008

[THE CONVENER *opened the meeting at 09:37*]

Decision on Taking Business in Private

The Convener (Tavish Scott): Good morning, ladies and gentlemen, and welcome to the eighth meeting in 2008 of the Economy, Energy and Tourism Committee.

Before we continue our tourism inquiry, I ask colleagues whether they are content to take in private item 3, which is consideration of our approach to the Scottish Register of Tartans Bill.

Members *indicated agreement.*

Tourism Inquiry

09:38

The Convener: Item 2 is the committee's inquiry into the prospects of achieving 50 per cent growth in tourism revenues by 2015. We are joined by a wide and varied panel of witnesses, whom I thank for coming along.

Although Parliaments are, by nature, formal, I want to keep our discussion as informal as we possibly can. As a result, I will not ask you for an introductory spiel; instead, we will go straight to questions on the public sector's role in achieving—or, indeed, exceeding—the 50 per cent target.

The deputy convener, Brian Adam, will—if he may, Mr Brogan—open with questions on Scottish Enterprise.

Brian Adam (Aberdeen North) (SNP): It is important for us to know exactly what the public sector is delivering. As the convener said, my questions are directed primarily at Mr Brogan, but we will be delighted to hear from other witnesses on these matters.

Exactly what has Scottish Enterprise done for the tourism industry over the past five years? What big successes has it had? What are the implications of the various changes to the organisation, and what are your future plans with regard to tourism?

Eddie Brogan (Scottish Enterprise): The context of what we do is contained in the new Scottish Government's economic strategy, which sets out Scottish Enterprise's remit of enterprise, innovation and investment. Six industries, one of which is tourism, have been identified as priority industries within that remit. As a result, as far as tourism is concerned, our overall role will be to stimulate enterprise, promote innovation and encourage investment.

We focus very much on the business community by providing support to individual businesses and promoting collaborative working. As for the enterprise element of our work, we provide a wide range of business advice not only to individual companies with strong growth potential but, as far as tourism is concerned, to groups of businesses through events such as conferences, master-classes and workshops.

We realise that, aside from some major players, the Scottish tourism industry comprises a lot of small businesses, many of which do not have ready access to advice on key business issues or information about—

Brian Adam: So you deliver advice to the sector, but what difference has that advice made

to its growth over the past few years? After all, I thought that Scottish Enterprise's purpose was to grow our economy. Where is the evidence of that?

Eddie Brogan: One of our key tourism strands is innovation. We take Scotland's basic tourism assets—its natural environment, its food, activities such as golf, products such as whisky and so on—and turn them into visitor experiences that meet the marketplace's current needs.

Last year, we evaluated four years of our programme of supporting innovation in the industry and discovered not only that it had had a substantial economic impact of £6.1 million or £6.2 million but that it had very much influenced businesses' thinking about how they worked together and what they did. We were trying to promote a culture change in the industry to ensure that innovation and the introduction of new products and services would become more integral to its behaviour. The evidence from the evaluation was that we had made substantial progress in that regard as well as delivering a direct economic impact.

Brian Adam: Does £6 million really constitute a significant impact to a £4-billion-a-year industry?

Eddie Brogan: Given the programme's cost, we felt that it was a good value-for-money impact. As you say, the industry is big, but the bulk of its turnover is generated by the private sector. The public sector has to achieve good leverage with its relatively small role in the industry, and we believe that the £6 million return—I should add that that was the figure when the evaluation was carried out—on the innovation programme represents good value for money.

The Convener: What is your definition of innovation, given that we cannot book many bed and breakfasts online yet?

Eddie Brogan: Innovation is the process of developing products and services to meet the customer's needs. For example, the winner of the Scottish Enterprise-sponsored thistle award for innovation last year was Loch Lomond Seaplanes, which is a new and very innovative service.

However, innovation can also mean very small, incremental improvements to businesses, such as improvements to service quality and the introduction of new training approaches and ways of working with others to develop new tours and packages. For example, around Loch Lomond and the Trossachs, hotels, restaurants and food producers such as cheesemakers have got together to promote food as part of the tourism experience in that area. That is the sort of innovation that we are trying to encourage.

The Convener: So the definition is very broad indeed.

David Whitton (Strathkelvin and Bearsden) (Lab): Until recently, Scottish Enterprise was responsible for skills and training. How has it encouraged people to get involved in the industry? After all, witness after witness has told us that the industry is supported basically by migrant workers and that there is a lack of training opportunities throughout Scotland.

09:45

Eddie Brogan: There are two issues there. One involves training within companies and the other involves attracting people into the industry. In terms of training within companies, we have a long-standing skills programme in tourism. We have prioritised business leadership skills because we think that the performance of individual businesses is founded on the skills of the people who run those businesses. Each year for the past five or six years, we have run a tourism management programme, which provides a series of events, such as conferences, master-classes, seminars and workshops, that give people who run Scottish tourism businesses access to international best practice, advice on different aspects of running tourism businesses and an opportunity to meet one another. That is a substantial programme, with about 1,000 participants every year.

David Whitton: The businesses are run by managers, but for every chief there must be 20 or 30 Indians—and we do not seem to be training the Indians.

Eddie Brogan: I would argue that the prime responsibility for training the Indians lies with the managers.

David Whitton: So are you abdicating responsibility for training?

Eddie Brogan: No, I am saying that it is important to understand that demand and supply issues are at work. As I said, the prime responsibility for training staff lies with the owners and managers of the businesses. The public sector, including agencies such as Scottish Enterprise, has a role to play in supporting owners and managers of businesses to undertake that training. That support is about raising awareness of the benefits of training and providing specific tools and resources. An example of that would be the service quality programme that we run, which is called a hundred thousand welcomes. Not every small business has ready access to a programme that will help them to train their staff in relation to service quality, so we have developed a relevant product and made it available to training providers, who are now delivering it to businesses.

We try to do things that businesses will find difficult to do themselves—for example,

developing tools and resources such as the one that I have just described and providing businesses with access to other businesses so that they can share their knowledge and experience.

The Convener: It would be helpful if you could give the committee some written evidence on the point that you made about the 1,000 businesses that are being helped with training. The committee's figures show that across Scotland there are about 18,000 tourist accommodation providers. Although some of those providers are obviously in the Highlands and Islands Enterprise area, it is important for us to understand how many of them you are reaching.

Dave Thompson (Highlands and Islands) (SNP): I have a question for Eddie Brogan. You mentioned master-classes and so on. Do you feel that there has been too much reliance on supplied solutions and that not enough has been done to cater for genuine market need? What training needs analysis has been done to ensure that you are responding to what the industry needs rather than simply providing what you think are nice courses?

Eddie Brogan: What we provide is informed by what industry tells us that it needs.

Dave Thompson: How do you find that out?

Eddie Brogan: We do that in a number of ways. We send follow-up surveys to people who have participated in our courses. We also work with industry contacts. For example, we hold conferences on service quality and conferences on business tourism. At those conferences, we talk to people in the tourism community in Glasgow—which is where the conferences were held—about what they would like to know in relation to those areas and what would be helpful to them. We try to shape what we offer to meet the needs of tourism businesses. Further, Futureskills Scotland conducts a survey of employers, and a sub-analysis of that is performed that looks at tourism employers and identifies their key issues. We pay attention to that as well.

Generally, we try to stay close to the business community. We work with bodies such as trade associations and the Scottish Tourism Forum. Last year, for example, in response to the tourism industry's needs, we ran a programme of e-business programmes in partnership with the Scottish Tourism Forum. The forum told us that it had members who needed support in that area, and we tried to respond to that.

Dave Thompson: To get down to the nitty-gritty, how do you know how many front-of-house people, chefs, room-service people and so on will be needed in 2011? Do you have targets that are driven by information from the industry or do you

just go on a general feeling about how many courses need to be run? Do you have hard information on that? Perhaps Charlotte Wright can comment from a Highlands and Islands Enterprise perspective as well.

Eddie Brogan: That is an area in which we need to do more work, along with a range of bodies in the Scottish tourism sector, such as various industry bodies, sector skills councils, colleges and so on. We need a clearer picture of the labour and skills demands of the industry, particularly over the period leading up to 2015, which is the date by which the framework for change target of 50 per cent must be met.

We are just about to commission a piece of work to examine the labour market in Scotland, so that we can determine the skills needs of the industry and consider how the labour market will change in relation to factors such as demographics, migrant labour, competing industries and so on.

The Convener: Are you saying that we do not know, as a country, what skills the industry needs, despite the fact that tourism is one of the six main industries that the Government has identified as driving the Scottish economy?

Eddie Brogan: No, I am saying that we have a good feel for that. The needs have been analysed in a number of contexts recently. They were analysed in the run-up to the framework for change—

The Convener: Can you give us the analysis in writing? We have not seen it so far and it would be interesting to see some real evidence of what that analysis says, which would help us to come to an understanding of where we are.

Marilyn Livingstone (Kirkcaldy) (Lab): I want to follow up the questions about skills and learning.

Obviously, Scottish Enterprise has had responsibility for all levels of training and has therefore worked with the group of people who are not in employment, education or training, engaged in partnerships with schools and become involved with modern apprenticeships and workforce development. Scottish Enterprise has had quite an influential role in that regard in relation to people coming into the industry and those who are already in the industry.

As tourism has been identified as one of the six key sectors of the Scottish economy, how much of your budget has been allocated to it? Also, how much staffing resource has been deployed not only to encourage people to get into the industry but to consider modern apprenticeship programmes and the workforce development area?

A lot of work has been done on skills needs on an area-by-area basis. To what extent are you aware of that?

Eddie Brogan: There is quite a lot in that question.

The Convener: The basic issues were the budget, the staff resources and the skills needs. If you do not have those numbers with you today, it would be helpful if we could receive them in writing—I include HIE in that.

Eddie Brogan: I will be happy to provide them in writing.

I can talk only about our tourism effort. The issue of skills has been a fundamental and high-priority part of our tourism support effort, ever since Scottish Enterprise was set up.

We have prioritised business leadership skills. The programme that we run across the whole of the Scottish Enterprise area each year costs about £200,000 and uses a significant part of our staff resource. Until the reorganisation, individual local enterprise companies also ran substantial programmes of seminars and workshops that were aimed at tourism businesses in particular. Over the years, we have run volume programmes of service quality courses. Along with Highlands and Islands Enterprise, we ran the welcome host programme and the Scotland's best programme. Over the years, those programmes attracted more than 90,000 participants. The programmes have been replaced by the hundred thousand welcomes programme, which is also a volume programme—it has had around 2,300 participants since it was established.

At the local level, we have worked with recruitment partnerships. In Dunbartonshire, for example, we have worked on the working in tourism and hospitality programme with Careers Scotland and Springboard Scotland, which is the industry body, to try to bridge the gap between unemployed people seeking work and employers seeking people.

I do not have the figures with me today, but skills have been a high priority in our work in tourism, particularly given our focus on business leadership skills.

Charlotte Wright (Highlands and Islands Enterprise): Dave Thompson asked about training and skills in the Highlands. For businesses in the Highlands, a key issue is the recruitment of staff, before we even consider training. We work hard with businesses to help them recruit staff. I am sure that committee members have heard evidence of the reliance on migrant workers, who are extremely important to the tourism industry in the Highlands.

The profile of the industry in the Highlands is perhaps slightly different from its profile elsewhere. We have a greater reliance on microbusinesses, and that presents its own set of challenges. Very small businesses have problems not only in recruiting staff but in finding the time and the resources to train people. We try to work through local partnerships to get close to local businesses and provide the right solutions for them in their own locality. It is important to understand the range of businesses and their differing needs.

The Convener: We need to move on but we will come back to that point if we can.

Lewis Macdonald (Aberdeen Central) (Lab): I have a question for both Scottish Enterprise and Highlands and Islands Enterprise. We have heard about the central role of skills in your work in tourism. Both organisations have mentioned the role of local enterprise companies and local partnerships in delivering the business agenda in tourism. How do you envisage your role in future, given the loss of responsibility for skills and the abolition of the local enterprise companies and their replacement with a different structure?

Many individual companies have given us evidence of the support that they have had from the enterprise networks in getting started, in developing markets and in developing their ability to deliver to those markets. What will be the role of the enterprise networks in generating and supporting businesses? How will it be different given the loss of responsibility for skills and the loss of the LECs?

Charlotte Wright: I will talk about the structure of Highlands and Islands Enterprise. Although the LECs are gone, we have area offices, so we still have staff and teams in the places where the LECs were. The level of local contact should not therefore change.

Partnership is really important in any work in tourism. We will work closely with Skills Development Scotland to see how we can bring together our remits in the tourism sector.

As for stimulating business development, the new Government economic strategy emphasises businesses with growth aspiration. We will target our resources where they can have the greatest impact on that agenda.

Eddie Brogan: The situation is very similar in the Scottish Enterprise area. We have a very strong remit for enterprise and we will do what we can to strengthen support for growth companies, including tourism growth companies.

It will be important for us to retain an involvement in skills. We will focus on the skills that are critical for companies' growth, particularly

business leadership and management skills. We still have the remit and the responsibility to continue with much of the work that we have traditionally done to support owners and managers of tourism businesses. We therefore plan to run a programme of leadership and management support next year, just as we have done in the past.

We expect to work closely with Skills Development Scotland, which will include work on some of the topics that we have touched on this morning. We will identify the skills needs of the industry and ensure that, across the public sector, co-ordinated support is provided to the industry to help meet those needs. They must be consistently articulated, and we will do that for the committee.

In future, we will have to take account of changes in the business environment and the tourism industry, to ensure that our interventions continue to respond to such changes across the whole of the public sector, with Skills Development Scotland, SE and HIE working in close collaboration.

10:00

Lewis Macdonald: Are you satisfied that you can do that without duplicating or overlapping with the work of Skills Development Scotland?

Eddie Brogan: Absolutely. We will put in place a memorandum of understanding with Skills Development Scotland to ensure that there is no duplication or overlap. The expectation is that we will work out who will do what at a practical level and ensure that we share information and have a co-ordinated approach.

The Convener: Before we move on to David Whitton and look at Glasgow and Edinburgh, I will ask Iain Herbert a question. You have heard a lot about the public sector and its role. Given that you represent the private sector—the tourism industry—do you have three challenges for the public sector? In other words, what are the three things that you expect the public sector to deliver for you?

Iain Herbert (Scottish Tourism Forum): The wide variation in skills in the industry has been mentioned. I have just returned from doing e-commerce workshops at the grass-roots level in Shetland. Such courses have proved successful in highlighting opportunities and opening up some routes to market through innovation—particularly through the use of websites and so on. That approach has supported the industry. Skills are a big issue for tourism. The nature of the industry means that people are promoted through the ranks and take on management roles without having management experience. That is an area of development for the industry.

A number of ideas are coming through, particularly from the destination marketing organisation side, which we will move on to shortly. We are looking at how the DMO approach could be developed in some rural areas, which perhaps do not perceive that they could have a joined-up tourism offer—an offer that could be pulled together in a co-ordinated way. It is important that leadership is given, so that the approach taken at grass-roots level is co-ordinated and the activity is positive. As we move forward, the public sector certainly has a role in helping and supporting the industry and in co-ordinating activity so that the best and most co-ordinated approach for Scottish tourism is achieved.

David Whitton: Mr Herbert helpfully mentioned DMOs. I do not want to inflate Mr Taylor's ego, but several witnesses have held up Glasgow as an exemplar of a DMO that is working in Scotland. It has been said that we should look at Glasgow as a city that is showing the way forward.

I want to focus on how Scotland can use its attack brands, as Glasgow and Edinburgh have been described, to promote itself to the wider world. Perhaps Mr Taylor can explain how Glasgow went about pulling together its approach and say what lessons the rest of us can learn from it.

Scott Taylor (Glasgow City Marketing Bureau): Thank you, and I thank the committee for its invitation.

Glasgow established a destination marketing organisation in March 2004 against the backdrop of the reorganisation of Scottish tourism. The 13 area tourist boards that were insolvent were amalgamated into VisitScotland. Glasgow, the area tourist board that was not insolvent, was in part amalgamated into the network as well. However, Glasgow wanted to retain the authority, accountability and responsibility for marketing the destination and it did so; following negotiations with VisitScotland and the minister with responsibility for tourism at the time, Glasgow established a destination marketing organisation. Its remit was to promote Glasgow through its brand—Glasgow: Scotland with style—internationally and nationally. It had a broad remit to do that.

David Whitton: I do not want to interrupt, but it sounds from what you have said as if you basically put VisitScotland to one side and said, "We can do this better ourselves."

Scott Taylor: At that time, VisitScotland was—to some extent it still is—bunching the six cities together in a portfolio and selling them. As you know, people do not go to France for a short break; they go to Paris. They do not go to the Netherlands for a short break; they go to

Amsterdam. They do not go to Estonia for a short break; they go to Tallinn. Short-break tourism is destination specific. That is how customers buy short breaks. Glasgow recognised that growth in short-break tourism for urban destinations was the greatest driver in growing tourism in the city.

David Whitton: Did VisitScotland not get that?

Scott Taylor: We did not see the political solution of selling six cities together as a strategic fit for Glasgow. VisitScotland has an observer role on our board and has been a good contributor. We have a good relationship with VisitScotland, which is based on parity of esteem. As a city, Glasgow contributes £700,000 to VisitScotland. The city's and the DMO's requirements are based on a service level agreement that is in turn based on expectations of what we require in respect of value for money. We have developed a tourism strategy in Glasgow that will take us through to 2016. VisitScotland, Scottish Enterprise Glasgow, Glasgow Chamber of Commerce and Glasgow City Council have been instrumental in developing that strategy as equal partners to move forward business in Glasgow.

David Whitton: It is interesting that while the national target is 50 per cent growth in tourism revenue by 2015, Glasgow has said, with typical bravado, that it can do better than that by achieving 60 per cent growth; in fact, your submission states that you have a "stretch target of 80%". On the other hand, Edinburgh Chamber of Commerce has said that it does not think that 50 per cent growth is achievable—I presume that it means Scotland-wide—but that Edinburgh on its own will achieve 63 per cent growth. I presume that Mr Birse will say something about that. Is this a case of Edinburgh simply having to do better than Glasgow because it is the capital city? I saw Mr Birse shaking his head when VisitScotland's role was being discussed. Perhaps he would like to contribute.

Graham Birse (Edinburgh Chamber of Commerce): I was nodding my head, not shaking it.

Glasgow's achievements are well documented. Three significant things existed there: unity of purpose, ambition and money to do what it wished to do. I give credit to Scott Taylor and the tourism industry for doing what they have done in Glasgow. The definition of the room for manoeuvre that the previous reorganisation gave them was fairly loose—it required ministers perhaps to look in the other direction for Glasgow to do what it wanted to do. It is also significant that several destination management organisations have sprung up since then—Alan Rankin represents one of them—to look after local interests and so that the industry can coalesce locally around a single unity of purpose.

David Whitton: Did VisitScotland have its eye off the ball? Should it have realised that a different way of going about things existed and that it is because of local initiatives such as that of Glasgow and, to a lesser extent, that of Edinburgh that its actions have been overtaken?

Graham Birse: VisitScotland operated within the framework of the legislation at the time. It has always recognised the value of cities to Scotland's brand. I do not want to turn this session into an analysis of VisitScotland's performance. That performance—certainly its marketing of Scotland and its constituent brands—stands for itself, but there has always been a feeling in the cities in particular that there is latent energy that needs to be released to deliver more not just on behalf of the cities but on behalf of Scotland as a whole.

The Convener: Do you market Edinburgh better than VisitScotland can?

Graham Birse: Local areas can and should always market and promote themselves more effectively than a national body, for example, can market and promote them. After all, there is more local market and product knowledge in such areas than there could be in a national organisation.

The Convener: Do you have enough money to compete? The same question applies to Glasgow. You are competing with Amsterdam, Paris and all the other iconic cities around the world that we are encouraged to visit. Those cities have spent considerable francs, euros or whatever on that effort. Do you have the right money to compete?

Graham Birse: No. There is frustration in Edinburgh, which members will have heard expressed elsewhere—in the local authority, for example—that we could, as an attack brand for Scotland, deliver much more not only to the national tourism strategy but to the national economy. On the basis that all boats rise with the tide, if Edinburgh and Glasgow are successful, the rest of Scotland could and should be more successful.

Our written submission refers to Dr Greg Clark, who chairs the Organisation for Economic Co-operation and Development's cities committee. He has said:

"there is no example, anywhere in the world, of a national economy that is not driven by one or more metro regions".

What that means is that economies do not behave in regimented ways in the application of social policy. In Scotland, we sometimes confuse social policy with economic policy. Edinburgh Chamber of Commerce is saying that we could liberate much more on behalf of Scotland.

David Whitton: You are talking about resource. A plan has been floated recently to introduce a

bed or tourism tax. What are your thoughts on that?

Graham Birse: A debate is going on in Edinburgh about bed tax or transient visitor levy, which sounds much less painful. The fact remains that the industry in Edinburgh supports £2 billion in annual revenue and 37,000 jobs. The private sector believes that a significant tax contribution is already made—£110 million of non-domestic rates paid in Edinburgh annually is spent elsewhere in Scotland. I do not want to get into the hypothecation argument, but some of that significant £110 million of revenue that is raised in Edinburgh could be spent more effectively in Edinburgh.

There is an issue about not just the fiscal environment but the tax position. Tax as a proportion of fiscal expenditure from visitors in the UK is 19 per cent of the holiday budget. Among our European competitors, the figure is 14.4 per cent in Germany; 13.5 per cent in France; 11.5 per cent in Italy; and 9.3 per cent in Spain. If we add to that the current disadvantageous position of the pound versus the euro or other currencies, we need to be very careful about how we interfere with the fiscal position to make Scotland, or even Edinburgh and Glasgow, potentially more competitive, even though we are dealing with relatively small sums of money in our holiday budget.

David Whitton: What are your views on the transient visitor levy, Mr Taylor?

Scott Taylor: From the perspective of the Glasgow City Marketing Bureau, the Glasgow Chamber of Commerce and the Greater Glasgow Hotels Association, there is a fear of implementing a bed tax. It failed in Copenhagen and added increased costs to businesses there. Occupancy declined as a result, and administering the system cost about a third of the money that it raised. Copenhagen withdrew the tax quickly because of the impact that it had.

Our preferred route in Glasgow is not to penalise a single industry supplier, but to look at the opportunity to grow footfall and yield. The route that we are considering is to work with a business improvement district that covers a square mile in the city and to seek approval from all the businesses in that square mile of a 1 per cent levy on their rateable value. That would create an income of approximately £1.2 million. The purpose is to increase footfall and yield into city centre businesses, and measures would be devoted solely to that end so that the majority of the money would be spent on marketing to deliver key performance indicators. We will seek a vote on that preferred route in October. We will need a result of 50 per cent plus in favour to implement the measures. The legislation exists for that to

happen and the measures could be implemented in a relatively short time.

The Convener: I presume that one of the selling points is that the moneys that you gain can be seen to be spent on exactly the objectives of the destination marketing board.

Scott Taylor: Absolutely. Retailers in Glasgow are actively engaged with us. I would expect a high retail representation on that board. They would assess whether we are delivering against KPIs by supplying the information required to do that. For example, is average spend going up; is net profit before tax going up; is footfall going up; is dwell time in the shops going up? On that basis, we would be able to provide detailed measures of success. If we were not succeeding, the necessary action would be taken.

Brian Adam: In relation to some developments, Mr Birse suggested that ministers were looking the other way. What did he mean by that? Is that a good or a bad thing?

10:15

Graham Birse: It has turned out to be a good thing in Glasgow's case and could be good for the rest of Scotland. I will explain what I meant.

I was around at the time, working for the Edinburgh and Lothians Tourist Board, and one of my roles was to redesign the Edinburgh Convention Bureau and convert it into a company limited by guarantee, which meant assembling the various partners, obtaining legal advice and putting together the new organisation's anatomy. For various reasons, we took quite a bit of time to do that—about six months—whereas Glasgow took about six weeks. That is why I referred to unity of purpose, ambition and money. Edinburgh—and perhaps other parts of Scotland—has learned from that experience. I do not know what was in ministers' minds at the time. They probably would have said, as they say now, that unity of purpose between the private and public sectors in an area is good for that area, which is good for Scotland, so on you go.

Edinburgh is now developing a destination development project, to which our submission refers. That involves the promotion not just of tourism but of talent and trade. Evidence is increasing from elsewhere in the world that successful place brands—if we can call our cities that—have much closer integration of related sectors. If a city is successful as a place to do business, it is also successful as a place for conferencing, leisure tourism or education—it becomes a place where people want to be, which is as good a definition of a place brand as you will get. In relation to Edinburgh, I have a report by advisers on how the power of destinations works

elsewhere, which I can leave with the committee's clerk. That is illustrative. The private and public sectors in Edinburgh intend to take forward that work and to establish a destination management partnership.

Brian Adam: To achieve the goals that the industry has set for itself and which successive Governments have endorsed, should ministers look the other way in other areas? If so, in what areas do you or other panel members think that we need to make subtle or not-so-subtle changes?

Graham Birse: The issue is not so much looking the other way as taking a much broader view of tourism's potential contribution to Scotland. There is a long tradition of public sector intervention in the tourism industry in Scotland and in Europe, which has tended to focus on strategy, leadership, research and measurement, quality assurance, product development and marketing. The frustrations of small and medium-sized enterprises and larger organisations in the industry are often unrelated to that menu of public sector services. They relate to infrastructure, integrated transport networks, public realm improvements, litter, interpretation, orientation and signposting. They also relate to the planning framework, which has recently been reformed but which is still a major disjoint in the delivery of the tourism strategy for Edinburgh. That strategy talks about providing 4,000 new hotel rooms by 2015 but, at times, the planning process impedes such developments. Ministers might need to take into account several other issues when developing the tourism strategy. At the broadest level, I suggest that the best way to do that is to integrate seamlessly economic development strategy—not social policy—with tourism strategy.

Dave Thompson: You mentioned public sector intervention, business and industry. I want to consider further the balance between cash from the public sector and cash from the private sector. For example, Inverness has just voted in favour of a business improvement district, the money for which will be fed in from private sector businesses. Do we have the right balance at the moment, or is there too much public sector involvement generally? On the specific issue of cash, is there not enough private sector cash coming in, or does the private sector contribute in other ways such as through non-domestic rates, as was mentioned? If more cash is needed from the private sector, how do we get that in? Perhaps Mr Rankin can give us a Highland perspective on that.

Alan Rankin (Aviemore and Cairngorms Destination Management Ltd): It is great to hear about taking forward the cities, but the way that we sell the country must also take into account the fact that we have a rural product that is many times the headline figure. Our rural product

contributes not only to the tourism agenda but to the health and wellbeing agenda of the country. We should not detach those two issues.

From a DMO's perspective, everything that has been said about the level of taxation and expense of visits in this country as compared with other countries should be taken on board as a key factor, but certainly in our area we see the allocation and sourcing of funds as requiring a partnership approach going forward. Yes, in principle we should have a similar situation to that of the BIDs, in which funding for the development of tourism is not simply abdicated to the public sector or the private sector. It should not be just for the public purse or for the purse of the paying visitor. We see the need for a partnership approach.

In the DMO in the Aviemore and Cairngorms area, we have a three-strand approach. The DMO aims to drive demand to local businesses, which in essence means taking the lead in marketing the destination. That needs to be done in partnership with VisitScotland, but I would argue strongly that the most effective model for local delivery—be it rural or urban—is through a private sector-led initiative.

The second aspect, obviously, is building capacity. For that, we work hand in hand with the support agencies such as the local enterprise company and SE or HIE, as well as with the local authority. We see great potential for linking local authority expenditure to tourism through the DMO vehicle and we would welcome further discussions on that. We know that the local authorities are looking at single service agreement arrangements and we would like to be a part of that discussion.

The last aspect is our role as a voice for the private sector in the area. We have an advocacy role so that, basically, we can have all bodies pointing in the same direction. As it was put very well earlier, we need unity of purpose, ambition and resource. Those three strands form the approach that is being used in Aviemore and the Cairngorms.

Dave Thompson: Do we have the right balance at the moment between the financial input from the private sector and that of the public sector? What is that balance? Is it 50:50 or 70:30 or what?

Alan Rankin: It is very much a mixed bag. A facet of tourism is that there is no one size that fits all. Clearly, different issues arise in rural Scotland, where sustainability is a core issue. In rural areas, tourism is literally the life-blood of the local economy. For example, a figure that has been used in the past is that tourism in the Aviemore and Cairngorms area—the value of which is £128 million—equates to £11,000 per household. That is a different scenario from city centres that have a

multitude of big players. The rural situation is different. It is difficult to answer that question because a different fit is required in each area.

The Convener: Do all local businesses contribute to your destination management organisation? The point that Dave Thompson is rightly making is about how much they contribute. What is your budget and how much do you gain from the private sector? In what way are you private sector led?

Alan Rankin: Our organisation does not have every private sector body on board. We are experiencing the growing pains of a new organisation. We are about to change the entire structure of engagement with local businesses and we expect much higher take-up. Our key message is that we will be the body that markets the area and drives demand towards people's businesses—that is the first hook. Behind that, we will try to address capacity building, which we envisage will involve Highlands and Islands Enterprise.

At this stage, private sector membership subscriptions and marketing activity are outweighed by public sector support, but we envisage a transition during the coming years.

Dave Thompson: Should membership be compulsory in the DMO area? I think that I am right in saying that in the Banff and Lake Louise area in Canada membership is compulsory and not voluntary.

Alan Rankin: I would love membership to be compulsory—that would be fantastic. However, different issues are at play in Banff. I am aware of the Banff model, because I recently visited the area. There is a compulsory levy, but it is set against an entirely different backdrop of taxation structures. We are discussing different propositions and our preferred route would be not mandatory levies but a form of BID structure.

The Convener: What do you mean by "BID structure"?

Alan Rankin: I mean the business improvement district scheme.

The Convener: I am with you. Do Scott Taylor and Graham Birse want to respond to Dave Thompson's questions about where the money should come from and the split between the public and private sectors?

Scott Taylor: Destination marketing organisations for cities have a high level of public sector support. It is virtually impossible to run a private DMO that is based entirely on commercial sector support. Prague faces all sorts of difficulties as a result—

The Convener: Why is it impossible?

Scott Taylor: Because insufficient funding goes into organisations to allow them to compete.

The Convener: But we are talking about the private sector. I presume that in your area of Scotland there are big private sector tourism businesses, as well as a bunch of small ones. The big businesses have multimillion pound budgets.

Scott Taylor: Yes, they do. Glasgow City Marketing Bureau has a budget of about £4 million and raises £800,000 from the private sector—that is the sort of ratio that I am talking about. It is difficult to increase the amount. Most European DMOs with which we compete are highly supported by their cities.

We are driving 10 bids for international conventions. We are in competition with, for example, Beijing, Singapore, Berlin—of course—and Paris. Those are large and well-funded cities, which are trying to muscle in and take business. We must compete against such cities effectively to be able to win business and we cannot do that with a very limited budget. We cannot compete and expect to win against Beijing, which has a population that is slightly larger than the population of Scotland, unless we are funded to compete effectively and use a range of tools that are necessary to win the business.

There is enormous scope for changing the framework for funding events. In Glasgow, we found that funding was coming from a variety of sources and events were getting more than they were worth. If we switch the argument round and consider what the event is worth to the economy, we can indicate to the event organiser what value we will give the event, so that we pay only what it is worth. If those parameters are used, the amount of money that is provided changes quickly. By consolidating all the money that goes in, it is possible to shave significant amounts from events.

Brian Adam: Can you give an example of how budgets have changed as a consequence of that analysis?

10:30

Scott Taylor: The cost per customer of getting people to events in Glasgow has dropped from £12 to £2. The return on investment last year was £17, compared with £7 in previous years. By squeezing event organisers and asking them to find 20 per cent of their funding from the private sector, we ensure that they take responsibility for achieving their key performance measures. The approach also prevents event organisers from going round different organisations, perhaps picking off VisitScotland, different parts of Glasgow City Council, sportscotland or UK Sport, because our system sets out which events we are going for and which funding streams will be

required. We know who has been approached and we consider whether we want to spend money on certain events. We can turn round and say that an event is not actually worth £1 million, but only £0.5 million.

That is absolutely the right approach. In Glasgow, every four to six weeks, we have meetings with all the major funders, including the chief executive of EventScotland and, on the telephone, UK Sport. We also meet various elements of the council and Glasgow Chamber of Commerce. We review all the events that we are bidding for and those that have made inquiries—about 60 events want to come to Glasgow—and agree on the resources that we will allocate to the events. The process comes down to the fact that we can fill Glasgow only once, so there is no point in having two events at the same time. We have an event plan to 2018, set out by month, with events running right up to then. Obviously, there are sizeable gaps in the plan, but it helps us in our determinations. To help achieve our tourism targets, we have targets for events and the number of customers that we need to bring in each year. We know which events will help to build customer numbers, which events are in bid and how much we will ultimately have to spend to get those customer numbers. Events drive the numbers of short-break tourists.

The Convener: Christopher Harvie will return to events in a minute.

Gavin Brown (Lothians) (Con): I want to go back to the comment that Mr Birse made 10 minutes ago that all boats rise with the tide. Much of the evidence that we have taken, in written submissions and oral testimony, has pointed to the pretty impressive successes that Edinburgh and Glasgow have had in the past 10 years. However, for every comment about success in those cities, we have heard complaints from other parts of Scotland—including the islands, the Borders, Dumfries and Galloway and the north-east, where we held a meeting—suggesting that that success has not happened in those places. I throw this question out to all the witnesses. To what extent are all boats actually rising with the tide and, if they are not rising enough, what can we do to try to help all Scotland benefit and hit the 50 per cent target by 2015?

Graham Birse: If we think purely in terms of access, the cities are critical to the attraction and distribution of visitors and the wealth that they generate in local economies, because they act as gateways, for those coming not only by air, but by other transport routes. Several related issues arise. One is about overall marketing effort and another is about the interpretation, orientation and distribution effort on the ground. However, it is absolutely true that, unless we are successful in

attracting visitors to the gateways in the first place, the available pot for Scotland as a whole will be diminished. Therefore, Edinburgh and, I am sure, Glasgow are absolutely up for a partnership and for considering whether we can work together more effectively to attract more visitors to Scotland and persuade them to stay longer and spend more in all parts of Scotland, because that will benefit everyone.

The Convener: Joanne Orr has not had a shout yet. Do you want to have a crack at answering this question, Joanne?

Joanne Orr (Museums Galleries Scotland): Yes. We need to develop methodologies that allow us to maximise our assets—and we have fantastic assets. I represent the development agency for the museums and galleries sector, which attracted 17.5 million visits in 2006, which is a sizeable chunk. Museums and galleries make up nearly half of all visitor attractions. A lot of development of the capacity and skills in the sector could be done, for example in relation to the use of our national collections.

We have a scheme that recognises the Scottish collections—and not just those in Edinburgh and Glasgow—that are of international importance and appeal. You could start to build brand profiles that use some of the iconic images. Heritage can be a key strand of destination marketing. Consider Hadrian's wall, for example—on the border but close to us. There are examples from around the world—Barcelona, for instance—where culture plays that role, and there have been instances in which the cities in Scotland have been successful in that way too. Glasgow and Edinburgh have a fantastic record. The methodology is starting to appear, as is good practice, but it could be spread throughout Scotland.

Scotland's museum and gallery infrastructure is almost unique and it is very strong at local level. It is sustainable; nearly half of our work force are volunteers and they thrive at local level. People in towns and villages are passionate about culture and heritage and they want to communicate that to the public and to tourists in particular.

There is enthusiasm, but what we lack is the capacity and skill to target that enthusiasm and join up some of the national strategies. We work closely with VisitScotland, Highlands and Islands Enterprise and Scottish Enterprise to try to build on that enthusiasm, but we are working with tiny resources. Our budget is £3 million, and that covers collections, grants for conservation, and events. On the marketing side, we try to target issues through a series of events called show Scotland, which will take place at the start of May. Last year, the events attracted 50,000 visits over one weekend. Show Scotland can help to build skills in delivering and marketing events and in

bringing in private sponsorship. However, we are only just starting out, so we have only scratched the surface. A lot of potential is as yet untapped.

The Convener: How would you answer Gavin Brown's point that the cities are the bits of the boat that—oh, well, you cannot have bits of the boat that float and other bits that do not. That would be a bad analogy—says he, coming from a boating community. I will try to pick another. There are bits of wood that are waterlogged and are floating below the surface, and as Dave Thompson says, they may be away on the periphery of Scotland, which means not just up in the Highlands but down in the Borders as well. What can the museums and galleries sector do to ensure that some of those parts of Scotland benefit? Is that part of your programme?

Joanne Orr: There are examples of good practice outwith Glasgow and Edinburgh. Shetland has opened a new museum and within its first three months visits to the islands doubled. It had an amazing impact.

Dave Thompson: One thing that might help the Shetland museum would be the transfer of the original St Ninian's treasures to the museum. People are more likely to want to see the real thing than copies. A similar example would be the Lewis chessmen, which could be on the island of Lewis rather than elsewhere. Rather than keeping them in Edinburgh and London, could treasures not be transferred to help the peripheries?

Joanne Orr: We have to acknowledge that there are collections around Scotland that are just as important but are not yet known about. They have not been marketed, but we have a scheme that is starting to address that. There are 27 collections that we initially wanted to establish as being of national importance, but evidence now suggests that they are of international importance. We have a lot of important collections, without having to move them around the country—although that is beginning to happen. Partnerships are developing with the national institutions.

Glasgow has tremendous capacity; it has the largest museum service in Europe. We have the collections but we are not using them to sell Scotland as a brand. They are not part of the brand. Strands have been taken up by VisitScotland, but there has been no recognition of where they come from. The collections are a big pot that could be used for future development.

David Whitton: Next year is the year of homecoming, and we heard earlier about the risible budget that has been set aside for it. Have you been asked to develop a programme for the year of homecoming, so that visitors know that we have more than just the fantastic museums in

Glasgow and Edinburgh? There are museums all over the place—and a great one in Kirkcubright.

Joanne Orr: We have tried to push for a co-ordinated approach, so that our museums can access that fund more easily. However, because that would be a national approach, we are not allowed to do that. What we have had to do, therefore, is publicise the homecoming grants.

David Whitton: Why are you not allowed to access that funding?

Joanne Orr: Apparently, we are not eligible for funding for helping the museums to co-ordinate events. However, we can apply for funding in our own right, which we are doing. We want to develop the Scottish emigration museum project, which is an online facility that will raise the profile of many collections throughout the country. We are applying for funding for that specific project. That will probably be our main push for the year of homecoming. In addition, we want to build up an established event and extend and theme it. We will probably do that around the show Scotland event for that year, which will have a homecoming theme. However, the way in which the funding was set up has created barriers.

The Convener: Before going to Christopher Harvie, I invite Iain Herbert to comment on Gavin Brown's original question whether the tide floats all boats.

Iain Herbert: On the role that the cities play, we should not forget about Inverness and Aberdeen, which both appear in the top 20 visited cities. The cities definitely have a role. For example, I think everybody acknowledges the effect that London has on international visitors. They go through London before possibly visiting elsewhere—although they might do that without their luggage at the moment.

Tourism is effectively Scotland's shop window to the world. It is right that that is acknowledged by the funding from the public purse for the DMOs. They showcase what Scotland can do and what would attract people to Scotland in general and to particular cities—along with Aviemore, say. There is an argument to be made about the rise of the tide. As more people come into Scotland and sample, say, the delights of Edinburgh, Glasgow, Aberdeen and Inverness, they will spread out because of the work of destination management organisations and the unique selling points of particular areas. People want to get out there and engage more with particular activities in an area.

Dave Thompson: Excuse me for interrupting, but how do people spread out when the infrastructure connections are maybe not as good as they could be? How do we get them out of Glasgow and Edinburgh to Inverness and other parts of the Highlands and Islands, for example?

Iain Herbert: As other speakers said, if someone who comes to Scotland has a particular interest in archaeology or wildlife, for example, they will find a way of getting to that interest. However, we should consider ways of improving the transport infrastructure, which has been an issue in Scotland for many years. We should perhaps work towards making bite-size chunks of improvement.

Dave Thompson: Should the Government prioritise investment in transport infrastructure over other aspects, such as support for DMOs? Is infrastructure more important?

Iain Herbert: It fits alongside other aspects. As we create—I hope—a structure throughout Scotland for developing what we offer to visitors, it will be essential to improve the transport infrastructure. The distance from Edinburgh to Newcastle is approximately the same as that from Edinburgh to Inverness, but it takes one and a half hours to go to Newcastle and two and a half hours to go to Inverness. The perception of distances by visitors to Scotland is a significant factor. We should consider ways in which to provide a better transport service for visitors, but we should co-ordinate such work with the work on other aspects, rather than just deal with transport problems as they are highlighted.

Alan Rankin: A salesman must believe in his product and we can use local passion to sell the product. A local group that is focused on delivering what it regards as the best product in the world provides a huge resource of salespeople for the country. The DMOs come into the frame because we can link local passion to the national picture, and link the national strategies in order to effect change at the local level. That also involves aligning and customising the national agenda on skills and capacity building to suit an area so that the DMOs can get a better bang for both the public sector buck and the private sector buck, maximising the effect of the input. The private sector will not invest in training or capacity building programmes that do not suit it locally. I am not saying that what I suggested is happening across the board, but we would get more buy-in if that was the case. What is most important is that a local, private sector-led organisation is speaking up for its members and has their best interests at heart. There is therefore likely to be more of a buy-in from the private sector. That brings together a few of the strands that have been discussed this morning. Ultimately, such an approach should achieve the best use of funds from both sides.

10:45

The Convener: The logic of that answer is that we will end up with DMOs in every part of Scotland, including yours. The committee visited

the one at Loch Ness. Where does it end? Might we end up with an enormously cluttered institutional landscape—albeit led by the private sector?

Alan Rankin: Market forces will level out the number of local marketing groups. A group requires a number of constituent parts. First, it requires a product to be in place. If there is no product, there is nothing to market. The group also requires the private sector to have bought into it. The areas that put in the most effort, using a partnership approach, will make the most noise and will help to develop tourism, but market forces will dictate how things level out.

Christopher Harvie (Mid Scotland and Fife) (SNP): We have not yet discussed the profiling of our visitors. Christian Ludwig runs the *irland journal*, which is a major player in tourism from Germany to Ireland. He came up with a figure that astonished me at first, until I thought it through. When the magazine started in 1995, 80 per cent of German visitors to Ireland went by car and ferry. Nowadays, the figure is 20 per cent, although I imagine that the actual number of such visitors has not changed very much, as the enormous increase will have come from weekend flyers to Dublin.

Christian Ludwig also pointed out that car visitors tended to spend two to three weeks travelling round once they had got to Ireland. However, the typical stay for the air visitors was two to five days. He pointed out that an air visitor who is in the country for only two or three days must have very precise information about the area awaiting him or her at the airport, as they will have decided to come only on the spur of the moment, because of a good deal. Without that information, they might waste a day finding out how the buses work and so on.

How can we transform the three-day visitor to the fortnight visitor? That seems to be an important thing to do. That is my first question.

Graham Birse: Those things might not happen over the same visit. There is lots of evidence that a conference delegate who flies in for two nights, has a business dinner and goes home can be sufficiently enriched by the experience to wish to come back. On subsequent visits, they might come for four or five nights, and they might bring their family. There is lots of evidence around adding value to an initial visit, which can bring benefits for second or subsequent visits. That requires us to be sufficiently well connected in terms of product, product development and also information, at points of entry and around the country, to ensure that there are lots of things to interest the visitor sufficiently when they are here, so that they stay longer and come back for subsequent visits.

Scott Taylor: It is an interesting question. The difficulty that Scotland faces with the measurement and profiling of visitors is that 2005 figures are used. Those figures are drawn from analysis that was provided by HM Customs and Excise, based on incoming travellers to UK airports. It is only very recently that Glasgow Prestwick airport was included in that list of visitors. If Ireland can get an analysis of the number and profile of visitors within a year, why cannot Scotland? We could blame everything on HM Customs and Excise, but we should be able to get an analysis of the visitors into this country. That would help us to understand whether we will reach our tourism targets at the national level. In Glasgow, we make our own analysis of visitors to the city, based on figures that hotels provide on a daily basis and including average length of stay and spend. We can therefore get the independent figures of which other parts of Scotland are bereft.

I turn to the changing nature of holidays and short breaks. Certainly, the massive growth in Europe is in short breaks. As Graham Birse said, if we wanted to increase the number of visitors into other parts of Scotland, we would have to increase access. Basically, someone from Europe will go to a destination only if they can fly to it or see how to get there. If someone in Amsterdam cannot see how to get to Inverness, they will not go there. People will not make two or three journeys to get somewhere.

The huge opportunity for Scotland is in growing international direct flights. If we do not do that, other destinations will; that is a major area of concern for us. Glasgow has 100 direct flights whereas Manchester has 300. Unless we grow the number of direct flights into Glasgow, we will be overtaken by Manchester. That is the nature of competition.

The Convener: Do you have a take on visitor profile, Alan?

Alan Rankin: Yes. In my post, it is difficult to measure success, as we do not have a starting point from which to build robust statistics. Although air routes into the country are vital, train links with our biggest market, which is England, are also important. We are looking to develop train and drive products from the Midlands and the south of England. We should not forget the infrastructure of direct train travel, not only to the central belt but on up to the Highlands.

Christopher Harvie: I spent last weekend travelling around Burns country in Ayrshire. Of course, Burns must be unique in being an internationally famous poet who has an international airport in-house, so to speak, at Prestwick. Burns's 250th anniversary is in 2009. I experienced the Goethe 250th anniversary in Weimar, Germany, which was brilliantly done by

the Government there. Of course, Goethe was a great admirer of Burns.

We have a problem with 2009. After all, to a great extent, Ayrshire is a run-down colliery area that suffers from environmental blight. The infrastructure is very good, however, and if people know about it, the public transport is excellent. On the other hand, the first thing that one sees on going into Ayr over the new brig—alas—is a street of empty shops.

Various things need to be sorted out before 2009, but the selling point of Ayrshire is that it is a non-city area of Scotland to which there is direct air access. For the homecoming year, that is an uncovenanted bonus, if we can fix things up in such a way that people spill out into the neighbourhood, travel around easily and visit places. The unique aspect for visitors to Ayrshire is their encounters with the Ayrshire people who have been reared on Burns. If you stop someone in the street, you will have to stop them from reciting the whole of "Tam o' Shanter". The area is like the Schillervereine in Germany; the culture of a poet penetrates the country completely. If we can get primary schools to do little exhibitions in the empty shops that I saw in Ayr, we would have a winner.

How practicable is such one-off, one-year destination marketing, tied into the year of homecoming and Burns? How might it work?

The Convener: Is Scottish Enterprise involved in that?

Eddie Brogan: Yes, we are. We have been involved as one of the major funders of the Burns and a' that festival, which will be a key feature of the year of homecoming. We are also in discussion with the local authorities in Ayrshire on the Burns infrastructure and how it can be improved and brought up to standard for 2009.

Interestingly, quite a big piece of work was done on Prestwick airport on the profile of visitors using the new flights into the airport. Their journey patterns were surveyed to see the other places that they visited around Scotland.

I agree with the general sentiment from other people on the panel about the potential of the main city destinations to drive business for Scotland. However, if other parts of Scotland are to benefit, they need to invest in products and give people reasons to visit those locations. In Ayrshire, Burns is one of those reasons, but a lot of investment is also going into golf and sailing. In other more peripheral parts, such as the south of Scotland, investment is being put into mountain biking. Those kinds of investment are required to enable the more peripheral areas to benefit from the strength of market appeal that the cities and other iconic destinations have.

The Convener: Joanne Orr, what is your take on Burns and homecoming? Will it work? What more do we need to do?

Joanne Orr: It will help to build capacity and develop skills. We have taken a long-term approach to the homecoming event and have been building up to it. Show Scotland was started with homecoming in mind; we said that, over the next three or four years, we would build up the sector to be able to deliver high-quality events. Another aspect is product knowledge and information and getting it out there in advance so that people can be inspired to visit outwith the cities. That, of itself, is a huge area.

Capacity building for the first three years of our strategy was about having a computer in a museum and somebody who could use it. From that, we began to get website development. People learned to describe what they have in a format suitable—with high-quality images—to go online. That is product development and sell. Events such as the year of homecoming will help to move that process along more quickly and we hope that it will give us a jump in capacity because it is a showcase for products around the country.

Another important aspect of our work is that we are beginning to form international partnerships and links with institutions around the world—national and non-national galleries, museums and archives in the diaspora countries—and with private business. In that way, we are beginning to gather interest in investing in the long-term future of some of the unique collections that we hold here in Scotland. Those collections are all over the country. A key point is that we have the assets; we now need to develop and use them.

David Whitton: That leads us nicely to developing assets. Mr Brogan spoke about golf and sailing. Again, evidence that we received suggests that although we have some fantastic sailing facilities, we do not have any properly developed marinas where people can park their yachts or boats. What is going on in Scottish Enterprise to improve that? We have fabulous golf courses and everybody knows about the world-famous ones. In my constituency, I can think of 12 courses within easy reach of my house, but I doubt very much whether visitors use them much. What is happening to try to develop that? There are brilliant golf courses and you do not have to be a scratch player to play on them, whereas you might have to be to get on to the old course at St Andrews.

Eddie Brogan: I will deal with sailing first. Our Scottish Enterprise office in Ayrshire has been working with the sailing community there. We are taking an almost thematic DMO approach—it is about trying to bring together the business community that has an interest in sailing to

develop a joint strategy and action plan. That will include looking at where there is a need for investment in infrastructure—whether it is small-scale moorings or major investment in marinas—as well as how the business community works together to market sailing in the Clyde. It is also about service quality for people who are dealing with visitors to the area. That work is well under way.

I absolutely accept David Whitton's point about visitor access to golf courses. We are supporting several local golf partnerships, which bring together the business community and the local authority's publicly owned courses. For example, there is a local golf tourism forum in Ayrshire. It is trying to develop a view of where it could be, what the market potential is and the key things that have to be delivered. Some of those things will have to be delivered by the private sector, which could include getting some of the golf clubs to be more flexible about visitor access and investment from the public sector to support skills and business development in golf clubs.

11:00

The Convener: Charlotte Wright, would you like to comment on golf and sailing in the HIE area?

Charlotte Wright: On the sailing side, we have done a fair bit of work on an audit of the marine infrastructure of the west coast. We are working with Ireland to consider what we could do jointly. That is not just about the marketing opportunities, but about how we can use European funds to address some of the deficiencies in the marine infrastructure, which disappears rapidly the further north one moves up the west coast. We have a plan for investing in the marine infrastructure of the whole of the west coast.

I endorse Eddie Brogan's points about how we can promote and develop golf in the Highlands, where there is a different set of golf courses from those around St Andrews. We like to say that golf courses in the Highlands provide the unique, real golf. There are many development possibilities that people can link into. It is a question of joining up such products and ensuring that people can network between them. It is important that we spread the benefits throughout the country. In that context, the point that was made about linkages is important. We want connections to be established between DMOs and marketing bureaux so that linkages can be made on the ground, which will help us to cross-sell and to get information out to customers as they visit different areas.

The Convener: Lewis Macdonald will ask the final question—I am sorry; Scott Taylor had a comment to make.

Scott Taylor: We must be careful not to view the year of homecoming, which starts in 36 weeks, as a panacea. The funding announcements will be made shortly and—make no mistake—there will be a huge scramble. From Glasgow's perspective, we are happy to give everything a year of homecoming badge; we can go with that. However, as many of the agencies' packages for Scotland were developed and priced last year, I think that it is too late in the planning process to incorporate the homecoming.

The Convener: You are not the first witness to have said that.

Lewis Macdonald: We have heard a great deal about the public policy framework. Local government comes up in a number of contexts, including support for DMOs, municipal golf courses and the granting of planning permission for new developments. I am interested to find out whether the witnesses think that local government throughout Scotland has a clear understanding of, and is proactive enough about, tourism. In other words, is there variation in the private sector's experience of how local government relates to tourism? I would also like to know how the Edinburgh and Glasgow witnesses view their relationships with local authorities other than the city councils of those cities.

The Convener: Let us start with Iain Herbert on the overall picture. After hearing from Alan Rankin on Highland Council, we will address the two cities.

Iain Herbert: Local government has a huge amount of activity to undertake, but tourism is starting to make its way up the list—it is floating to the top, if you like, as one of the key issues. However, there is huge variation across Scotland in how statutory licensing—especially local licensing—activities are undertaken.

Planning is an extremely important issue. One of the keys to success for tourism in Scotland will be the level of investment. Currently, anyone who wants to come to Scotland to invest faces quite a muddled landscape. In one area, they could wait up to nine months for a planning decision, whereas in another, it might take only nine weeks, if their application is on the council's hot list. If we are to be successful in getting investors to make significant investments in Scotland, it is crucial that a clear service-level agreement for planning activities is put in place.

A new alcohol licensing regime has been introduced, which, in general, the industry is highly supportive of, but people are encountering a confused landscape when it comes to implementation. If the industry is to make progress on the target of achieving 50 per cent growth, that will be another key area. We want to ensure that

we unlock all the potential that exists, and local government has a key role to play in that.

Lewis Macdonald: We have heard that the planning process takes much longer in some places than it does in others. You said that service-level agreements offer a way of resolving planning issues. How would you envisage service-level agreements being put in place? Who would be the parties to such agreements?

Iain Herbert: I am not saying that a plan that has come up from investors should automatically be fast tracked, but there should be clarity about how long it takes for an initial, perhaps speculative planning application to be given serious consideration and given a yes or no. Of course, some applications are more complicated than others and might involve Historic Scotland or other players alongside the council, and finding resources might be challenging, but the industry—and the country—needs a clear approach whereby applicants are told, "Come to us. You will be taken seriously and dealt with in a certain timescale." It is about bringing together all the partners who are involved.

Recent consultation on the national planning framework highlighted the integrated approach to planning in Scotland that is envisaged, but the approach will fall over if there is not the back-up and support and there is not equity throughout the country in how long the process takes. Similarly, clarity and consistency in other licensing regimes would help the industry to push forward.

Alan Rankin: We want to develop a relationship with our local authority in which we are its tourism service delivery partner for the area. There would be a budgetary factor in that relationship—that is the bottom line. If we expected funding support to help to deliver a programme, we would expect a service-level agreement to be in place.

Highland Council is considering how to deliver the national outcomes in the context of the strategic priorities; we want the DMO to deliver the tourism element. Let us not forget that in our area tourism is the biggest show in town and impacts directly on the area's economic prosperity.

The Convener: Iain Herbert mentioned the licensing regime. I think that I am right in recollecting that the licensing board in Edinburgh recently turned down a licence for a new four-star hotel. A new facility was not opened because of a decision that was taken locally.

Graham Birse: That is right, but the decision has now been made to grant the application. Like all cases, the case was perhaps more complex than the general facts of the matter suggest.

At political and senior officer level throughout the City of Edinburgh Council there is an absolute

commitment to supporting tourism and to acknowledging that it is a key industry for the city and for the rest of Scotland. As you probably heard elsewhere, there are frustrations in the local authority that the city's capital city status is not reflected in the budgets for public realm improvements, transport infrastructure, marketing and promotion. The recent Scottish Government budget, and in particular the intervention of Margo MacDonald, helped enormously to identify not just the issue but rules that might ameliorate the situation.

The Edinburgh Chamber of Commerce is a business membership organisation and we have said that there could be better co-ordination between the council's departments and between the council and its arm's-length bodies and organisations outwith the council, to ensure that economies of scale and efficiencies benefit tourism more effectively. The Edinburgh convention bureau and VisitScotland's area network office are outwith the council, whereas the council covers events and festivals and the Edinburgh brand, as well as having a city development department. Part of the consideration of destination Edinburgh must be an examination of how the various bodies could coalesce more effectively. I am not suggesting that there should necessarily be a single organisation, although that could be a model; but the various bodies could partner one another more effectively, as happens in other cities.

The council is a large organisation, with between 25,000 and 30,000 employees, and there can be frustrations in the industry about the synchronisation of the council's strategy for tourism. Those frustrations relate particularly to the planning process. The available resource in the council's planning department is an issue. On average, there are about 120 applications per annum per planner in Edinburgh, compared with 65 to 70 applications per annum per planner in Glasgow. Nonetheless, it is important that we send out to developers—who have opportunities to invest their discretionary budgets not just elsewhere in Britain but elsewhere in the world—the message that Edinburgh is a place where they can develop successfully. In our view, there is no reason why that cannot be achieved within and outwith the world heritage site in a way that is compatible with the quality of our heritage and environment.

The Convener: The committee's perception is that Glasgow sees tourism as an absolute planning priority and so things get done. In your dealings with city planners, do you find that that is true of Edinburgh?

Graham Birse: In Glasgow there is more effective synergy between the tourism strategy

and the broader economic development and planning strategy than there has been historically in Edinburgh. However, Edinburgh is about to put that right.

The Convener: Good. Scott Taylor, we think you are great—what are you doing right?

Scott Taylor: We have a partnership approach. I am looking at Eddie Brogan, because Scottish Enterprise is part of the partnership that we have in Glasgow, along with VisitScotland, the Glasgow Chamber of Commerce and Glasgow City Council. Our organisations work together on planning. Planning is simple.

The Convener: You are the first person to say that in front of a parliamentary committee.

Scott Taylor: We have a map of the available sites in Glasgow, which is provided by Scottish Enterprise and Glasgow City Council. If a hotel developer approaches Scottish Development International, SDI gets on the phone to us and asks us to see him or her. I agree and ring the planning department, which agrees to do the same. The developer bounces around between the three organisations that have available sites.

We help to bring developers in, wine them and dine them, show them how easy the process is and tell them that our average planning time is nine weeks. Steve Inch at Glasgow City Council has had discussions with the utility companies, so that they are on board with our tourism strategy, understand our priorities and are able to get things together in seven to nine weeks. That enables us to give applicants quick responses; if we do not, they will go elsewhere. We know from the problems that developers have had in other parts of Scotland that at least five major planning applications have been withdrawn from Scotland as a result of difficult planning procedures. Developers can go anywhere, but we would prefer them to come to Glasgow.

Brian Adam: Can you spell out which five applications were withdrawn from Scotland?

Scott Taylor: I cannot, because it has been indicated to me—

The Convener: Were they in or outwith Glasgow?

Scott Taylor: The applications were withdrawn as a result of what happened in Aberdeen.

Brian Adam: We have heard a great deal of evidence about that at various sessions, but I am finding it difficult to nail down the issue. I have spoken to Aberdeen City Council, which says that planning permission for 2,500 bed spaces in the city has already been granted and that the average time for turning around applications is four months. Is the good story that is being

promoted about Glasgow at the expense of Aberdeen a reality or a myth?

Scott Taylor: That is a difficult question. If you ask Ivor Finnie, the developer in Bothwell Street—who represents Aberdeen's largest development company—why he decided to locate in Glasgow rather than in Aberdeen, he will give you his view on the issue. The turnaround time for applications in Aberdeen may be 12 weeks, but another Aberdeen development company has also decided to locate in Glasgow, with a hotel down in Oswald Street. I do not know why it has not located in Aberdeen, but I can give the committee the developer's contact details.

Brian Adam: Thank you.

Scott Taylor: If the committee talks directly to developers, they will identify why they have or have not invested.

The Convener: Following that up would be good.

Scottish Enterprise covers Aberdeen and Glasgow. I ask Eddie Brogan why the difference exists or whether it is a perception rather than a reality.

11:15

Eddie Brogan: Scottish Development International is our main arm that deals with investors. I am not close enough to it to be able to draw distinctions between the investors that it deals with in Aberdeen and in Glasgow, so I would not like to comment further. All that I can say is that the general feedback from investors is that they are looking for certainty, reassurance about the time that the planning process will take and consistency throughout Scotland. Iain Herbert has made such points.

David Whitton: Mr Taylor talked about event management and his little group that considers all the events that want to go to Glasgow. He said that Glasgow can be filled only once, which means being selective about events. What happens to the events that Glasgow does not go for? Are they passed on to your friends in Edinburgh, Aberdeen or elsewhere, or do they disappear?

Scott Taylor: Event management has a proactive element—we identify the events that we want. For instance, we identify the conferences for which we want to bid. We do not just sit and wait for them to come to us; we would obtain no conferences if we did that.

David Whitton: There must be a mixture of conferences for which you bid and those that want to go to Glasgow anyway.

Scott Taylor: I am trying to think of an example. If we cannot afford or cannot go for an event,

VisitScotland and EventScotland will have a view on whether it can go elsewhere, because they are part of the process and are members of the group that I mentioned.

David Whitton: Perhaps I can make the question a little easier. If an event does not go to Glasgow, do EventScotland and VisitScotland say, "Glasgow didn't fancy this, but it might be okay for Edinburgh"?

Scott Taylor: That could be the case. Our view is that an event must have a return on investment and must fit our brand profile. No matter how many times the world's strongest man and Miss World events came knocking on our door, they would not receive an answer, because they have no brand fit for us. I do not know whether they would have a brand fit for Edinburgh.

David Whitton: There are a few guys in Glasgow who might fancy themselves as the world's strongest man, and Miss Scotland lives in my constituency, but there you go.

Scott Taylor: The question is good. The relationship between Glasgow and Edinburgh is probably more one of moving conventions between us or agreeing where we stand on certain conventions, but for an event such as the UEFA cup final, we decided whether we would go for it and invest in it.

The Convener: Ladies and gentlemen, thank you very much for giving up so much of your time to come along and give evidence. If we have missed anything that you would like to cover, please contact us through our clerks.

11:18

Meeting suspended.

11:28

On resuming—

The Convener: The second part of our evidence this morning is on technology, communications and marketing. We are pleased that Marco Truffelli, the chief executive of VisitScotland.com is here. We will go straight to questions, if we may, Mr Truffelli.

David Whitton: For the record, convener, I declare that I used to work with Mr Truffelli in a previous existence.

The Convener: That is fine.

I have been informed that Marco Truffelli wants to say a little about the changes that have been introduced to the website, after which we will ask questions.

Marco Truffelli (VisitScotland.com): Good morning, ladies and gentlemen. I am the chief executive of eTourism Ltd, which is a public-private partnership that trades as VisitScotland.com. When I joined the company, almost four years ago, it was clear to me that VisitScotland.com had major potential. The company was synchronising the services of a website, a contact centre and more than 100 tourism information centres throughout Scotland. In that sense, it was unique in the world. One of the first things to analyse was what jobs and markets we were in and what we needed to do to position Scotland in the market, which is competitive.

11:30

The future of tourism marketing and distribution is web based. I sought a strategy to build a superhighway for Scotland's tourism to compete in the global marketplace. My first job was to find a new technology partner. In 2006, we announced a strategic partnership with Tiscover UK Ltd, which is a global tourism technology and destination management specialist. We successfully upgraded our website platform and then embarked on a period of consultation with the tourism industry, to allow us to launch a new consumer-focused website that the tourism industry was happy to support and embrace. The new VisitScotland.com website was launched on 2 April and we have received substantial positive feedback on it. We continue to consult on improvements to some sections. On the whole, it has been warmly welcomed.

The most visible change to the website is a new landing page that allows visitors to choose whether they would like to shop or browse for information. Another new feature is Scotland's ultimate visitors' guide and the online travel shop, which includes new opportunities to shop for tickets for travel and attractions. We are continuing to develop the site. My view is that Scotland is unique and potentially leading the world in offering a national destination website that offers a rich resource of information and online bookable tourism services.

Gavin Brown: I like your comment that we are competing in the global marketplace, which is absolutely right. I have questions on one or two specific points about the website. I took time yesterday to have a good look at it and it certainly has many positive qualities. However, for many of the hotels that I found online, it was not possible to book online—people have to send an e-mail or make a telephone call. What percentage of hotels on the website can be booked online? For those that cannot be booked online, are the telephone line opening times good enough? The line closes

at half past 6 and is not open on a Sunday. If we are competing worldwide and we want people from the United States of America, China or India to come to Scotland and book online, should we be closing at half past 6? Should we not be open 24/7?

Marco Truffelli: There has been a huge shift in consumer behaviour in the past five to 10 years and it continues to change year after year. The present and the future are web based. More people want instant booking ability and the ability to inquire and get immediate satisfaction. You are absolutely right that we are in a 24/7 world. We have embraced a paradigm shift that sees VisitScotland.com becoming more and more web based. We must bear it in mind that 88 per cent of all accommodation providers in Scotland are micro-enterprises. To stereotype them, they are lifestyle businesses that are, typically, husband-and-wife-run establishments with a small inventory—in some cases, they have one, two or three bedrooms. Those businesses must cope with inquiries from around the world from people who want instant satisfaction.

Over several years, VisitScotland.com has created a fulfilment platform that allows consumers to inquire and book online. Of about 7,000 to 8,000 accommodation providers, about 1,000 manage their inventory actively online. They use the platform, directly or indirectly, as a fulfilment and distribution channel. As part of the changes since 2 April, VisitScotland.com has introduced a visitors' guide, to give an opportunity to small accommodation providers that are not comfortable with online bookings—either because they prefer to have direct contact with the consumer or because their small inventory of one to three bedrooms makes it challenging to have an online inventory available to the consumer—to deal with inquiries directly.

You are absolutely right to challenge the response mechanism from accommodation providers to the consumer.

We are aspiring to 50 per cent growth, so we must ask whether our willingness and ability—or lack of them—to distribute our inventory collectively online can support such a level of growth. My opinion is that the hotel and hospitality community has embraced online booking for a number of years now.

Our job is twofold: first, it is to provide a platform for small accommodation providers to promote and distribute their inventory online. Secondly, and most importantly, we must address the level of skills in the tourism industry and the sector's embracing of technology. Technology is the most important change in the tourism industry in the 21st century. Without embracing the technology, we will struggle to compete in the online marketing world.

The platform is there, and small accommodation providers have been given the opportunity—at a nominal price—to use tools such as web in a box, which is a content management system, a booking engine and a remote inventory management system all in one, to sell their bed stock directly online. The consumer goes straight to the provider's website, or indirectly via VisitScotland.com. The most important aspect is training and raising the level of skills in the industry.

Gavin Brown: If I understood those figures correctly, I think that you were suggesting that about 1,000 accommodation providers out of between 7,000 and 8,000 allow direct booking online. Is that right?

Marco Truffelli: That is correct.

Gavin Brown: Obviously, it is not your fault if hoteliers or organisations do not wish to allow visits to be booked online. However, if only 1,000 out of 8,000 places can take bookings online, with the others requiring a telephone call, are we being competitive enough, especially if the phone lines close at 6.30 pm and are never open on a Sunday? We must remember in particular the people in China or America who might wish to make bookings—there is the big time difference to consider. Do you not think that our phone lines should be open 24/7? I believe that a £4 fee is charged for each booking by phone. A couple of bookings an hour presumably covers the cost of a phone operator.

Marco Truffelli: We are 24/7 in terms of online booking ability.

Gavin Brown: But only for 1,000 organisations out of 8,000.

Marco Truffelli: Consumer behaviour is such that fewer and fewer people are using the telephone as a method for making inquiries and booking. That is the reality of consumer expectations today. With bookings and inquiries being made by e-mail, the number of contacts is growing exponentially. Basically, that is replacing—

The Convener: But seven eighths of the businesses that we are talking about cannot take bookings online.

Marco Truffelli: That is correct.

The Convener: Is there not a bit of disconnection in the customer experience? It is all very well to say that more and more people are using the web, but you are telling us that only 1,000 places can take online bookings. That is only 1,000 out of 18,000 tourism businesses across Scotland that can take bookings online.

Marco Truffelli: The consumer is making more and more inquiries by e-mail and fewer and fewer by telephone. To increase opening hours—if that is what is being suggested—to wait for a phone call that will not arrive and to supply a customer who does not choose to use the telephone would be to displace resources; it is more important to focus on helping accommodation providers to embrace online technology and—

The Convener: So VisitScotland.com's job is to provide training to the other 7,000 businesses so that they can get online.

Marco Truffelli: Our job is to provide an online platform.

The Convener: I am sorry, Mr Truffelli, but I do not understand what an online platform is. Does that mean training for businesses?

Marco Truffelli: No.

The Convener: Who provides that training?

Marco Truffelli: That is not our remit. That is a different question.

The Convener: I presume that you are connected to VisitScotland and all the other agencies that we hear about every day, and whose representatives we heard from earlier this morning. Who does that training?

Marco Truffelli: The role of training and development and increasing the level of skills in the tourism industry in Scotland is multifaceted. Many agencies—

The Convener: We are just asking about the technology. We are asking how we give the 7,000 businesses that are not yet online the ability to get online and to be competitive in the international marketplace, which Gavin Brown was rightly asking about.

Marco Truffelli: Scottish Enterprise, Highlands and Islands Enterprise, VisitScotland and VisitScotland.com, facilitated by the Scottish Tourism Forum, have piloted and conducted e-tourism workshops across Scotland for a number of years.

The Convener: But we have only 1,000 thus far.

Marco Truffelli: It is one of the tangible interventions by multiple agencies to provide training to help the industry to—

The Convener: But it is demonstrably not working, Mr Truffelli. That is not your fault, but it is not working. As Gavin Brown pointed out, only 1,000 out of 18,000 accommodation providers across the country offer online booking. It ain't working, is it?

Christopher Harvie: With respect, convener, you have not totted up the numbers correctly. For

several big hotels to be fully connected to the web is a different matter from getting bed and breakfasts online.

Marilyn Livingstone: When someone is making an online booking, availability is also important. If they cannot see the availability for the week or weekend that they want to book, they will have to make several phone calls. That is frustrating. What is the percentage of providers that give online availability information? Is it the same as the figure we heard earlier or can people access availability information without being able to book online?

Marco Truffelli: A core of about 1,000 accommodation providers actively manages their inventory. The point on total inventory is important. Although 88 per cent of accommodation providers are micro-enterprises, a core of businesses have their inventory distributed online and—

Marilyn Livingstone: Is it the same for both?

Marco Truffelli: No. The large hotel groups control 80 per cent of inventory. They have more inventory online and, as such, more of their accommodation is booked via that medium.

Importantly, in terms of the role of training and development, growth will come from the growth in inventory. In many rural parts of Scotland, the inventory is made up of small accommodation providers. VisitScotland.com has supplied the technology by way of the platform and tools such as web in a box. There has to be wider training and support to help small accommodation providers in our industry to make the shift.

Marilyn Livingstone: Various providers offer training to the tourism industry, as you have made clear. All that now comes under the new skills agency. However, Scottish Enterprise is involved, as are local colleges and providers of specialised one-day forums. What input is VisitScotland.com making to the new skills strategy? Are you saying, "What we require are the skills that will allow access to that platform"? Are you informing the people who will offer the training? That is the key question.

Marco Truffelli: We would like to be in a position to be able to do so.

Brian Adam: You are not in a position to do so.

Marco Truffelli: Not yet.

Brian Adam: Why not, if are engaged with others who have responsibility in this area? If 88 per cent of providers are one, two or three-bedroom B and Bs, 12 per cent are bigger set-ups than that. Twelve per cent of 18,000 is somewhere between 2,000 and 2,500 providers. Thus far, only 1,000 of them are hooked up to your arrangements. There is tremendous potential for growth.

If I were in your shoes, I would be doing all that I could to move from 1,000 to 2,500 providers. From your answers today, you have not said how you will get to that point. Surely you need to deliver better access for potential customers and thus help the industry to achieve its goal of a 50 per cent increase by 2015. What are you doing to engage with the other private and public sector partners to get at the 1,000 or 1,500 businesses beyond the B and Bs that are not involved so far?

11:45

Marco Truffelli: We have a vision of roaming access. To start with, access was permitted only through direct engagement with VisitScotland.com. However, we initiated a change process to give consumers and tourism services providers a choice. In that respect, the launch of the new website on 2 April provided the first port of call for that major paradigm shift.

Accommodation providers are engaging with the online booking facility, and people can see the inventory and make bookings with the providers. That is the direct access, but there is also indirect access through using VisitScotland.com as a marketing platform. In that respect, the consumer can look at the visitors' guide as a directory listings and find all accommodation providers and tourism services providers in Scotland. The website can be used as a tool to get in touch with accommodation providers themselves. In many cases, that is how accommodation providers in the tourism industry operate, providing a direct contact between the consumer and themselves.

We initiated a process of shifting direct access via VisitScotland.com into indirect access through giving a tool to the accommodation industry that allowed it to take bookings directly. Last spring, we launched a product called web in a box, which is a simple content management system that gives small and larger accommodation providers a mini-site with a booking engine, and a tool to update their inventory on their own website, which also updates the inventory on VisitScotland.com. Bookings that come directly to the accommodation providers do not incur a commission fee, but bookings that come via VisitScotland.com incur a 10 per cent commission. It was a big step forward to inform, train and help the industry to become self-sufficient and offer them both a marketing platform and a tool to take online bookings.

Dave Thompson: You have probably answered this question. You talked about people seeing the inventory and being able to book directly through the website, and you now have web in a box. However, many people probably book via an e-mail to the accommodation provider, which I hope would get a quick response. What percentage of folk use e-mail to book rather than the website?

Marco Truffelli: That is exactly what I was trying to address, but obviously I did not do it clearly enough. The fewer people who use the telephone to book, the more we see e-mail inquiries increase. The number of direct and indirect contacts that are made through the VisitScotland.com website and through accommodation providers is growing. There are fewer phone calls and more e-mail inquiries. The e-mails come to the VisitScotland.com team or go directly to the accommodation providers.

It is a two-way approach. One way is to provide a fulfilment mechanism through the ability to book online directly or indirectly: direct booking is made with the accommodation providers through web in a box; indirect booking is done via VisitScotland.com. The other way is to provide a marketing platform for the consumer to get in touch directly with the accommodation providers and make an inquiry via the website tool.

Marilyn Livingstone: I have a wee supplementary question on a specific matter. If a accommodation provider decided to use web in a box and the VisitScotland.com platform, but felt that they needed training in how to do that, how would they go about getting it?

Marco Truffelli: We train the accommodation providers and work hand-in-hand with them to help them to start their new website. Training and support is given directly to the accommodation providers by VisitScotland.com.

Marilyn Livingstone: I am confused, because earlier you said that you did not supply training. When I asked what input you make to other training providers, you said that it was nil.

Marco Truffelli: I was trying to address the wider issue of information and communications technology skills training. When our trainers train an accommodation provider who wants to set up an accommodation website, the training is specifically about setting up a new website. It involves helping the provider with photography, text and so on. However, we find that people do not have basic ICT skills. Providing such training and support is not in our remit. We are asking for wider and more in-depth ICT training to be provided to the tourism industry, so that we can take people successfully on the second part of the journey.

Marilyn Livingstone: I understand the point that you are making. How can the skills needs that you identify when you deliver web in a box be met? How can the further in-depth training that is needed be provided?

Marco Truffelli: In most cases, our trainers have to provide such basic training. By the time that the accommodation provider has placed their order and started to build their site, our resources

are already involved. De facto, we are providing the backbone training that should already be in place. The convener and Brian Adam asked what we intend to do about the fact that, in the case of seven eighths of accommodation providers, accommodation is not bookable online. Overall ICT training needs to be available more widely to the tourism industry, so that it can realise its potential. That would allow our trainers to take accommodation providers to the second level—that of web 2.0—and to build a site that is dynamic and that offers the consumer a marketing platform and a fulfilment mechanism.

Lewis Macdonald: Is it fair to say that the point of web in a box and of encouraging accommodation providers to be accessible online is, in a sense, to put VisitScotland.com out of business? Is the objective for VisitScotland.com to become unnecessary because it has managed to achieve a shift in the relationship between the customer and the provider?

Marco Truffelli: The question is about the role that we can play in creating a level playing field for a large number of tourism services in Scotland. It is our remit to provide a platform that enables accommodation providers to be able independently to distribute their inventory.

Lewis Macdonald: In a sense, the role of a national online facility such as VisitScotland.com in providing the global access to information online that colleagues have mentioned is transitional.

Marco Truffelli: Indeed. The more accommodation providers we are able to convert to online booking ability, the greater the opportunity for Scotland plc to be visible in the global marketplace. We see that day in, day out. We receive numerous e-mails from accommodation providers who have adopted web in a box, who tell us that an increasing number of bookings are being made with them directly, thanks to the platform that we have provided. That is a tangible effect of giving people their own tool to manage. The distribution channel will depend on consumer choice. In some cases, the consumer will choose to access accommodation via VisitScotland.com, which is additional business. In others, they will choose to provide direct business, by going directly to the accommodation providers.

Lewis Macdonald: If in 10 years you have enabled accommodation providers to go directly to the market, do you envisage that there will still be a role for a national portal such as VisitScotland.com, as an alternative means of accessing accommodation?

Marco Truffelli: The role continues to evolve. It is fair to say that when we started in 2002, our role was purely to provide a fulfilment portal for

Scotland and accommodation providers. As the consumer market and accommodation providers have evolved, our role has been to provide an application—a service-provider tool—to accommodation providers in the tourism industry. The second stage will be to provide a tool to the wider tourism industry, such as activity providers and events organisers. We have just created an events engine—it is now live on VisitScotland.com—that is the first tool to provide a national search facility for all events in Scotland. The role is ever evolving.

Lewis Macdonald: That is helpful.

The Convener: What is the number of web-in-a-box adopters?

Marco Truffelli: Since spring last year, we have sold about 450 packages.

The Convener: Are those businesses additional to the 1,000 that you mentioned to Gavin Brown?

Marco Truffelli: Yes.

David Whitton: You say that you have sold 450 packages. How much does web in a box cost?

Marco Truffelli: We start at a basic price of £50 per year. That is the minimum cost for a three-bed bed and breakfast or guest house.

David Whitton: So a sliding scale that depends on size is used.

Marco Truffelli: Yes. The cost is £10 per bed per year and starts from £50 per year.

David Whitton: Did people resist web in a box or even being online because they had to pay? If we are interested in increasing tourism by 50 per cent or more by 2015, perhaps VisitScotland.com should have given away web in a box, encouraged people to get online and collaborated with Scottish Enterprise and local enterprise companies to involve accommodation providers and give them the basic training to use web in a box. That might have been a much more valuable way of using VisitScotland.com's expertise.

Marco Truffelli: We have addressed the first point. With a price tag of £10 per bed per year, we are basically giving away the product, because that is the cost of production and of maintaining such technology.

The initial resistance was to the chargeable commission of 10 per cent, but it is fair to say that the hospitality and hotel industry has been used to paying commission to distribution channels for a number of years, so the arrival of VisitScotland.com as a welcome entity provided another distribution channel. The self catering, bed and breakfast and guest house sectors were not used to a chargeable commission for bookings and the initial resistance was probably in those

sectors. To address that, we have created web in a box to give the industry—

David Whitton: I am sorry to interrupt, but although you said that you are almost giving away the product, only 450 providers have taken it. If you literally gave it away, that number might increase dramatically.

Marco Truffelli: No. I am trying to address basic skills in dealing with information and communications technology. By the time the accommodation provider realises the potential of having an e-mail address and a computer in their business and what a website can do for them, the web-in-a-box sale is fairly easy. The key challenge is to start that basic training before we arrive.

I give the tangible example of a small hotel in the vicinity of Eilean Donan castle, near the Isle of Skye, which operated with a good food and beverage turnover. It used high-quality organic local produce and its bar and restaurant were busy almost every night. However, its occupancy rate was fairly low in comparison with the national standards. When I asked by what methods it could take bookings, I was told that the hotel marketed itself, that it had an e-mail address and that e-mails were checked from time to time.

When I inquired about how often e-mails were checked, the answer was, "Whenever we can. My husband looks after the restaurant and the pub, and I am busy cleaning the rooms and dealing with guests' inquiries." When we analysed the number of e-mail inquiries that were not responded to promptly enough to provide availability information and to allow last-minute bookings to be made, we found that the couple running the hotel were not in a position to respond to those inquiries sufficiently quickly. They told us that they would need to be able to access the internet at any time of the day and would have to ensure that the availability inventory was up to date.

We intervened directly. We said that we could help them by giving them a small laptop with wireless internet access that they could keep behind the bar, which would allow the husband to monitor occupancy from time to time and would make it possible for them to have their availability inventory online. After purchasing web in a box, they put their inventory online and started to manage it actively. The occupancy rates of that accommodation provider have increased by 10 per cent, year on year.

Once we have got over the first hurdle of explaining how an extremely basic information and communication technology tool can help the business, the building of the website and the provision of a booking-engine tool becomes a lot

simpler. What we need to address are the basic ICT skills.

12:00

The Convener: That story is highly encouraging, but the committee is puzzled about why only 1,000 businesses have signed up to online booking through VisitScotland.com. I take Chris Harvie's point about scale and the variation in the number of beds in different facilities, but it still strikes me as odd that only 1,000 businesses use the booking service and that only 450 web-in-a-box packages have been sold, given that there are 18,000 tourism providers in Scotland. Most of those businesses must know that the web is how most people now book accommodation. That is true internationally, never mind just in Scotland.

Marco Truffelli: We are talking about between 7,000 and 8,000 accommodation providers.

The Convener: Yes, but that is the number of providers on your books. The figure that we have for the industry as a whole is 18,000.

Marco Truffelli: I cannot comment on the figure that you have just quoted.

The Convener: Okay—let us go with the figure of 8,000. I do not understand why there is such a difference between the two groups: the 1,000 accommodation providers that use your online booking service and the 450 that pay you a fee for web in a box; and all the other businesses, which must understand that the web is extremely important to their future.

Marco Truffelli: Indeed, it is. We are trying to address the fact that the number of businesses that are represented is not directly comparable to the number of rooms that are available. The sector that comprises larger accommodation facilities such as hotels accounts for 80 per cent of the accommodation stock. We have a large number of small businesses that need to embrace ICT so that they can take more direct bookings.

The Convener: As a professional in the field, your experience would be that the bigger businesses are involved in online booking because they are at the upper end of the industry, are professional and know what they are doing. The committee's aim is to pull everyone else up, and I guess that that is also an issue for you, as a professional. How do we go about that?

Marco Truffelli: The first thing to do is to offer those accommodation providers the option of using the tool as a marketing platform or a fulfilment mechanism, or as both. Every day I hear the story that businesses that have between one and three bedrooms are reluctant to have a bookings inventory online, because of the

perception that they will not be in control of the inquiries that come in.

We can address that issue through technology, by providing people with a simple tool that they can manage remotely, which will allow them to manipulate their inventories much more easily. We must also address the mindset of businesses in the small accommodation provider sector and get them to realise that by putting their inventories online, even if they have only between one and three bedrooms, they will have more opportunities to receive inquiries and take bookings.

Christopher Harvie: My German interviewees yesterday said that 50 per cent of individual German tourists still used conventional rather than online means to book accommodation. Although the situation is changing, it is not doing so remarkably quickly. Many of the people who come to Scotland or Ireland tend to be middle-aged or of my age and do not go directly for an online solution. Online booking is undoubtedly important and the pace of innovation can be changed, but we should not forget the people who want a brochure or telephone contacts and the like. A substantial minority will continue to want that.

Dave Thompson: Whose job is it to go out and sell online booking to all the small operators? I assume that many of them are reluctant to use the web, perhaps because they are older and are not very confident about using it. You said that the only way to get the other 7,000 providers online—albeit that they offer a minority of the beds that are on offer—is to get them on to the system. You are selling the VisitScotland.com product to us today. Once people hear how web in the box works and about everything that VisitScotland.com can do to help, I am sure that they will think how great it sounds. However, first someone needs to go out and sell the system to them. How are you getting the message out to accommodation providers? Do you see it as your job to get out there and sell the system? If not, whose job is it to do that?

Marco Truffelli: I sit on the board of the International Federation of IT, Travel & Tourism. We meet every year to discuss many issues, of which this is the most important. Every key tourism location in Europe faces the challenge of micro-enterprises dominating the marketplace. They form the greatest number of businesses, yet the vast majority of the bed stock belongs to the larger accommodation providers such as hotels.

In all our debates across Europe, the answer is always the same: more training in information and communications technology skills must be provided if the industry is to gain the ability to understand the web. The question that then arises is who should provide that. Thus far I have not heard a clear and definitive answer.

Dave Thompson: Before small providers need training, you first have to sell the system to them. Until they buy into it, they will not say, "Yes, this looks good, but we need training." You need to have people out there selling online booking systems. Who is out there selling the system?

Marco Truffelli: We are there to sell—although in Scotland the word "sell" can be viewed as a negative word. We are there to promote a tool such as web in a box as an effective tool for the industry's use.

Dave Thompson: How are you doing that? Are you getting out there and talking to small providers? Are you knocking on people's doors and showing them the products on wireless-enabled laptops? You should be saying to them, "Look at this. You could really improve your business with this."

Marco Truffelli: The key is partnership. We work closely with VisitScotland. The VisitScotland business relationship team is out there promoting marketing opportunities for VisitScotland and VisitScotland.com. The business relationship managers are there to sell and promote tools such as web in a box. The cross-fertilisation between the two organisations provides the initial lead for our sales and training team to go into a business and demonstrate the effectiveness of the web-in-a-box tool. We are beginning to see a paradigm shift. Increasingly, non-web-based accommodation providers are watching providers that are using web in a box to take direct bookings and are beginning to realise that it is a worthwhile tool for them to have.

We must remember that, although consumer adoption of ICT is growing exponentially, the adoption at the core level of the industry has not grown that quickly. It is therefore a collective job for us to help the industry to accelerate that process, so that we see a shift from the 50 per cent figure that was mentioned earlier. It is fair to say that we are dealing with a hybrid consumer, who shops online and looks for information and inspiration in print brochures and other material as well as on the internet. Some people e-mail accommodation providers to make a direct inquiry. Indeed, people find information and inspiration via VisitScotland.com and go on to use the tools that we provide. Our approach is a dual one. We provide a viable online marketing platform for the consumer to be inspired by a destination and by what it can offer, including the activities that are available in the area.

The Convener: It would be helpful if you could answer Dave Thompson's question by providing us with an analysis showing how many businesses you visited over the past year and in what areas of Scotland. That will allow us to understand the connection, or lack of it, between that bit of the

service and the provision of IT skills, which is not your responsibility but someone else's and which we must delve into.

Gavin Brown: I did a search yesterday to book accommodation in Musselburgh, which is a large town 7 miles from here. I wanted a room for two adults. According to VisitScotland.com, there are only three hotels or guest houses in the whole of Musselburgh, but I know a street there that has at least three hotels. Anyone looking at the VisitScotland.com site would think that there are only three hotels in Musselburgh. I think that you said that there are about 8,000 Scottish hotels, B and Bs and guest houses on VisitScotland.com. What percentage does that represent?

Marco Truffelli: Around 11,000 to 12,000 listings of tourism service providers are displayed on VisitScotland.com. There are two choices on the website. One is a directory listing through which, using the visitors' guide, the consumer can look at the entire list of accommodation providers in, for example, Musselburgh. They can choose between one-star and five-star accommodation providers and redefine the search according to their wishes. The other choice is to use the travel shop, through which the consumer can choose only the accommodation providers that are available to be booked online for a particular date.

Online availability has various aspects. If you inquired last night for accommodation for tonight or tomorrow night, there might have been less availability because providers had taken their allocation back because they did not want the inventory to be left open online and because they can sell the accommodation to—

Gavin Brown: I did the search for two weeks from now to ensure that that would not happen.

Marco Truffelli: So there is a disparity in inquiry searches. However, what we have created deals exactly with that. To ensure that the consumer sees more than just the businesses that are bookable online, we created a visitors' guide that gives the full listing to the consumer so that they can make an inquiry via VisitScotland.com that will go directly into the accommodation provider.

Gavin Brown: So are you saying that 100 per cent of hotels, B and Bs and guest houses are on your listings? If not, what percentage is on VisitScotland.com?

Marco Truffelli: Ninety-nine per cent of all the quality-assured accommodation providers that VisitScotland has on its books are on VisitScotland.com. I cannot comment on accommodation providers that are outwith the scheme.

Gavin Brown: I recognise that, for the 1,000 businesses that are bookable online, your site

provides a great service that is useful to consumers around the world. However, when we get to the website listing of one of the other 7,000 businesses, we find that although it says, "You can e-mail us", it does not say, "To book, e-mail us", whereas it does say,

"To Book, call visitscotland Hotline".

You are saying to people, "Phone us if you want to book," but not, "E-mail us if you want to book." If I had wanted to make that booking in Musselburgh last night, after your telephone line had closed at half past 6, it would have been easier to do a Google search for Musselburgh hotels, find the number of a hotel, phone it and book. Do you accept that, for the other 7,000 businesses, in some circumstances it is easier to go to Google for the information than it is to go through VisitScotland.com?

Marco Truffelli: VisitScotland.com has the most comprehensive listings of tourism service providers in Scotland.

Gavin Brown: What about booking, though?

Marco Truffelli: When someone does a search for an accommodation provider in any area of Scotland, they get a return of every business that is listed in the VisitScotland grading scheme. They get an entire list of accommodation providers with direct contact details, e-mail addresses, phone numbers and links to their websites. If someone chose to Google a particular area for accommodation, they would get some returns but not the same number that they would get on VisitScotland.com.

12:15

Gavin Brown: I am not a technical expert, but I am as good as most people. The website does not come up with the provider's telephone number and own web address. As I can show you with this printout, it comes up with a list of three hotels in Musselburgh and says:

"To Book, call visitscotland Hotline."

From my experience yesterday, it is easier to go through Google than VisitScotland.com, which does not come up with a full listing; it came up with three hotels in Musselburgh.

Marco Truffelli: If you went into the travel shop and wanted to book a specific type of accommodation, you would have had a return of the businesses that had online bookable inventories. If you wanted to get a full list of accommodation providers in that area, the visitors' guide would have given you the entire list of accommodation providers with their direct contact details and, indeed, direct links to their own websites.

Gavin Brown: It came up with neither of those. It is not a full listing and it is not a number of hotels that could be booked online; none of the three can be booked online.

Marco Truffelli: That is because you were trying to book for something that was available in that area on that date with online booking availability.

Gavin Brown: Is that not what most people who want to book accommodation would do?

Marco Truffelli: It depends on the consumer wish and the stage in their inquiry. That is why we have introduced the new website. I ask kindly for the whole committee to visit it. There is a visitors' guide, which provides a full list of accommodation providers and their direct contact details—phone number, e-mail and website links—and then a travel shop, where only online bookable accommodation is displayed.

Gavin Brown: I spent an hour on the site last night, which is probably what the average person will spend on booking accommodation, so I will take you up on that invitation directly and give you direct feedback. My experience of spending an hour on the site was as I have described.

The Convener: We have one final, tiny question from Christopher Harvie.

Christopher Harvie: Old-fashioned travel agents were like taxi drivers: they had the knowledge about a particular area. Gaeltacht Reisen, for instance, does that sort of thing for German travel agents who are dealing with people from academic backgrounds booking in Wales. It worries me that online booking might make such an impact that such businesses go out of business although they are still dealing with a clientele that needs to operate through an agent because they are older or have specific language problems. We are in a rather nasty nick of a situation in which online provision is growing but knocks out many of the specialists who can do rather complex booking arrangements for parties, for instance, which are not immediately manageable in a foreign language and from abroad. We must consider that, because it is important from the point of view of developing institutional relationships with schools, colleges and religious groups.

The Convener: Okay, we register that.

Mr Truffelli, thank you very much for coming in; it was kind of you to do that. No doubt we will pursue some of the issues, and you can be assured that some of us will look closely at the website to find out whether it is quite what it might be.

We move to the final item on the agenda, on the Scottish Register of Tartans Bill, which we will take in private.

12:18

Meeting continued in private until 12:23.

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