

Economy and Fair Work Committee
Wednesday 3 September 2025
23rd Meeting, 2025 (Session 6)

Scotland's Tourism Industry
Note by the Clerk

Background

1. The purpose of this session is to take evidence on Scotland's tourism and hospitality sectors, given their vital role in the place-based economy. The Committee previously heard from industry representatives in—
 - [February 2022](#) to discuss post-pandemic support;
 - [October 2022](#), as part of its 2023-24 pre-budget scrutiny;
 - [January 2024](#), following the publication of the 2024-25 budget; and
 - [September 2024](#) as part of its 2025-26 pre-budget scrutiny.
2. The [Scottish Tourism Alliance wrote to the Committee on 4 June 2025](#), expressing concerns about the [visitor levy](#).

Witnesses

3. Today, the Committee will take evidence from two panels—
 - Marc Crothall, Chief Executive, Scottish Tourism Alliance;
 - David Hope-Jones, Chief Executive, South of Scotland Destination Alliance;
 - Leon Thompson, Executive Director, UKHospitality Scotland; and
 - Gordon Watson, Chief Executive, Loch Lomond and the Trossachs National Park

And then from—

- Paul Lawrence, Chief Executive; and Elin Williamson, Head of Business Growth and Inclusion, City of Edinburgh Council;
 - Malcolm Macleod, Assistant Chief Executive – Place, the Highland Council;
 - Rob Dickson, Director of Industry & Events; and Cat Leaver, Director of Strategy & Competitive Intelligence, VisitScotland.
4. Written evidence was submitted by VisitScotland, this can be found at **Annexe A**.

Clerks to the Committee
August 2025

Written submission from VisitScotland

1. About VisitScotland

VisitScotland is Scotland's national tourism and events organisation. Our core purpose is to drive the visitor economy, growing its value to Scotland.

Our [Corporate Plan](#) details how we do this, through our four priority areas of activity:

- **Place and destination development:** supporting local economic development, leveraging public and private investment and facing into the challenges of climate change and net zero.
- **Business and experience development:** expanding our support for the industry, driving sustainability and internationalisation.
- **Market development:** enabling international connectivity and profile, growing Scotland's share of global travel in key markets and reinvigorating domestic travel demand.
- **Organisation development:** enhancing our organisational capability and impact.

Together, these activities drive sustainable economic growth, ensuring tourism is a force for good. They achieve our four outcomes of regional and seasonal **spread** of visitors, higher **spending** visits, economic, environmental and social **sustainability** and visitor, community and stakeholder **satisfaction**.

The impact of our work is significant:

- **£73.5M** Net Economic Impact (NEI) of VisitScotland's multi-channel marketing (2024/5)
- **£18 generated for the economy by every £1** of our marketing investment (2024/5)
- **£22.4M NEI** of route development work (2023/4)
- **£152M NEI** of event development programmes (2024/5)
- **£21.6M NEI** of business events BID Fund (2024/5)

Collaboration is key to the success of the visitor economy, and we work closely with the industry, communities, public bodies, Government and others. Together we support the national tourism strategy, Scotland Outlook 2030 and the national events strategy, Scotland The Perfect Stage. With the right investment in place, we can

realise our vision to make Scotland one of the most economically, environmentally, and socially sustainable destinations in the world.

2. About Scotland's visitor economy

2.1. Tourism sector

Note: 2024 International Passenger Survey (IPS) figures used within this document are provisional, final 2024 data will be published on 26 August 2025.

Tourism and events is one of Scotland's most important industries. In 2024, visitor spend was worth £11.2bn to the Scottish economy (GBTS; GBDVS; IPS). It is estimated that a further £5.5 billion is generated by events to Scotland's economy (UK Event Report 2024).

The visitor economy creates jobs, stimulates investment and sustains communities across the country, sparking a ripple effect that benefits a wider supply chain. Tourism and events showcase Scotland to a global audience, building our profile as a place to visit, live, work, study and do business.

Tourism-related industries are now the single biggest source of employment in Scotland, overtaking business and financial services for the first time. In fact, 1 in 11 businesses (16,045; +13.9% since 2016) and 1 in 11 jobs (245,000; +18.4% since 2016) in Scotland are in tourism.

Recent growth projections show new tourism-related jobs will grow at double the national growth rate up to 2026 (3.1% for tourism versus 1.9% for the wider economy). By 2026 tourism employment will account for one in every 8.5 new jobs in Scotland (Skills Development Scotland).

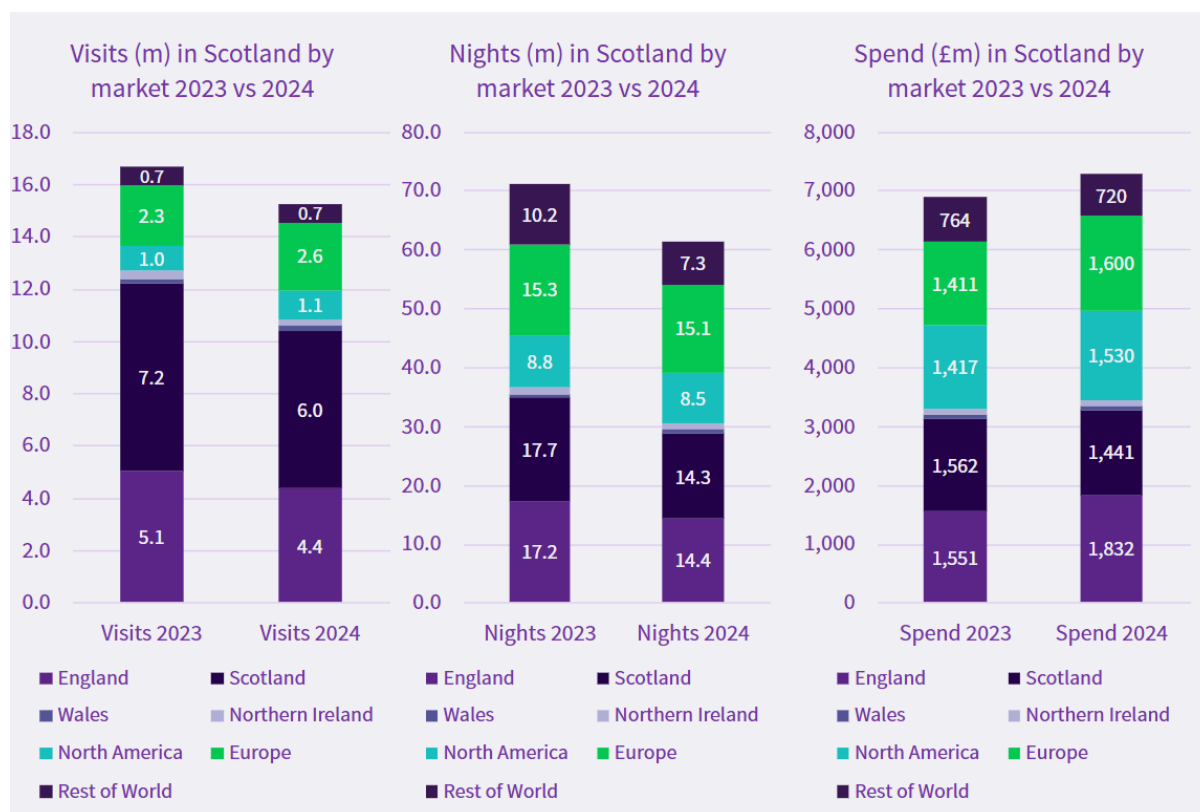
However, tourism, hospitality and events businesses are operating in some of the most challenging economic and geo-political times they have ever known. The operating environment for businesses is very challenging. Industry is responding to the cost of doing business, a changing funding landscape, supply chains, workforce issues (including housing challenges), changes to legislation and the regulatory environment.

These factors mean many businesses are finding it difficult to make a profit and in turn re-invest in operations. Increasingly, VisitScotland must provide leadership, guidance and support to navigate this changing landscape and to unlock opportunities.

2.2 Visitors to Scotland

In 2024, Scotland capitalised on demand for international travel, but despite relatively strong international visitor figures, cumulative performance across all overnight stays was down across trips (-9%) and nights (-14%) compared with 2023, although spend associated with these trips increased by 6%.

A 10% increase in visitor volume from all international market regions on 2023 levels did not make up for the shortfall from reductions in domestic (England and Scotland resident) visitors to Scotland, resulting in 1.4 million fewer trips taken. Nights spent in Scotland fell across all source market regions (GB, NA, Europe and rest of world), with the shortening of stays seen in 2023 and 2024 by the domestic market in reaction to increased budgetary pressure, now being seen in international stays.



Source: Great Britain Tourism Survey, Overnight Trips (2024), NI Annual Tourism Statistics (2024), International Passenger Survey (2024)

Q1 (January – March) 2025 was the first quarter in the current methodological period (Jan 2022 onwards) to report growth in domestic overnight visitor numbers, with overnight trips up 3% on Q1 2024, nights up 11% and spend up 48%. Cities and large towns performed particularly well in Q1 2025, driving positive performance for serviced accommodation and increasing expenditure associated with domestic tourism in Scotland.

This domestic overnight growth is juxtaposed by an 11% decrease in tourism day visits, and an 18% decrease in leisure day visits. This aligns with a 2% decline in paid visitor attraction performance for Q1 2025 on Q1 2024, despite free attraction visitor numbers increasing by 10% in the same period.

Our domestic sentiment tracker shows when this segment does travel, UK visitors are opting to cut back on spending on leisure, experiences and activities. There is also high demand for overseas holidays, as consumers seek value for money and last-minute deals.

The data and insights outlined show that although international tourism has performed relatively well in recent years, the domestic market has been impacted significantly by decreased consumer disposable income and confidence. This is limiting the growth of the overall visitor economy across Scotland.

It is important to understand the real impacts behind these figures on Scotland's visitor economy. Although some regions and destinations already experience high volumes of international visitors, there is significant scope for growth in other areas. The sector also needs a strong domestic market to thrive and grow.

Indeed, Edinburgh is the only region of Scotland with a higher number of international visits (and international visitor nights) than domestic. Edinburgh also has a key role to play as a gateway to Scotland for many of our international visitors. Underlining this, the Scotland Visitor Survey 2023 found Edinburgh visitors stayed on average 8.7 nights in Scotland including 3.5 nights in Edinburgh; and 77% of visitors to Edinburgh also stayed in one or more other regions in Scotland.

UK (domestic) visitors typically travel more widely and at different times of the year, spreading the benefits of tourism across regions and the seasons. This makes them very important, not just for business viability, but to achieve our sustainable destination objectives.

While the appeal of Scotland remains strong for international visitors, it is becoming an increasingly expensive destination. One positive knock-on effect of this is some visitors move their trips to shoulder seasons for cheaper rates, but it is also driving shorter stays and impacting perceptions of value for money – particularly for European visitors, and we understand some tour operators are beginning to move to alternative destinations.

When viewed against the competitive set, the UK ranks 113 out of 119 countries for its price competitiveness ([World Economic Forum's 2024 Travel and Tourism Development Index](#)).

The unstable global economy may also impact on consumer finances and motivation to travel. Our industry is particularly affected by exchange rate fluctuations, where a stronger pound can deter international visitors due to increased overall costs.

2.3. Travel trends

There are wider trends which offer important context to understanding Scotland's place in the global tourism marketplace. These inform how we will support the sector and drive growth in the visitor economy.

Globally the appetite for travel and events remains strong, with global tourism volumes continuing to grow in Q1 2025 (+5%) versus 2024. The UNWTO expects travel demand globally to remain resilient despite economic and geopolitical challenge – the January projection of 3% to 5% growth in all international arrivals for 2025 remains unchanged.

However, competition to attract visitors is fierce. New destinations are opening up and promoting themselves to visitors, while established destinations are operating with significantly higher budgets. Competition from other UK and international event and festival destinations also continues to grow, potentially threatening Scotland's world-leading reputation as a host destination.

Consumers are showing an increasing desire for authentic travel experiences including access to the outdoors, with landscapes and nature being the number one global driver of travel. Here, Scotland can build on a strong product offering and an established competitive advantage. It is therefore particularly important that we focus on a responsible and sustainable approach to tourism, in a way which protects our natural capital and works hand in hand with communities.

Consumer behaviour and marketing is evolving, with consumers now taking in a lot of information from a wide range of sources before making a purchase. This means we need to sustain a multi-channel and 'always on' approach to our marketing. Over many years, we have evolved our approach to promote Scotland in an integrated way, across a range of touch points such as social media, content partnerships, email marketing, PR and online advertising.

This changing behaviour extends to how visitors book and plan their travel, with technology and digital channels increasingly used for travel inspiration, research and planning. Video content, third party and social media content, and influencer channels have all become leading travel and experience information sources. There is also a notable rise in pre-booking ahead of travel, not only for accommodation but also for activities and experiences. We therefore have a key role to play early in visitors' decision making.

3. VisitScotland approach

As an organisation, we are led by data and insight, to ensure we are reaching the right audiences with the right messages, offering the right support to businesses and destinations, and prioritising the markets that are core to driving sustainable growth now and in the future.

Our market development activity targets future visitors early and often in the travel inspiration and research stage, where we can have greatest impact and influence. We then convert these lookers into bookers via marketing with tour operators, online travel agents, and transport and operator partnerships.

We invest in the channels we know visitors are using to influence their travel decisions before they get to Scotland. By encouraging them to stay longer, and explore more experiences while here, we seek to increase visitor spend and develop a sustainable approach to tourism and events.

Considering the softer domestic market, and as we look ahead to autumn and winter, we are investing more in targeting our prospective domestic visitors. We will work with partners to target those segments with the means and highest intent to travel, to highlight the diversity of Scotland's offer and, in turn, encourage visitors to lesser-known destinations with capacity and to travel at different times of the year.

Ringfenced monies in the 2025/26 Scottish budget will provide additional support to VisitScotland to encourage regional dispersal and rebuild demand from the domestic market.

As outlined, maintaining and growing our international markets is key to a successful visitor economy. In the Anholt Nation Brands Index (NBI) 2024 report, Scotland's tourism dimension ranked 12th (of 60 nations) globally, remaining Scotland's strongest dimension in its international reputation over time, driving Scotland's brand presence and impact globally.

Our market development work prioritises the key markets we know will help grow Scotland's share of global travel from leisure and business events – both now and in the future. Internationally, we're active in 17 markets worldwide, where we promote Scotland as a must-visit, must-return, year-round destination. In addition to investment in established markets with capacity for growth, we also target opportunity markets where we know there is long-term growth potential and increasing interest in Scotland.

Connectivity also has an important role to play; VisitScotland continues to collaborate with Transport Scotland on route development opportunities, partnering to promote new and existing routes into Scotland. We work with Scotland's airports to target strategic connectivity gaps, with a focus on key routes supporting inbound travel, business connectivity and inward investment.

Ringfenced funding in the 2025/6 Scottish Budget will enable VisitScotland to undertake additional activity to promote international connectivity and enhance seasonality.

Our business and experience development activity is helping businesses to tap into changing travel trends, capitalise on local investment projects and sector strengths and adapt their offer to reach new audiences and markets. We support tourism and events businesses to embrace opportunities presented by UK and international tourism growth, while also helping them negotiate the challenges of working towards net zero.

Supporting businesses to trade internationally is a key part of this business development activity. Our ambition is to help businesses create more of the right products and experiences and connect those businesses with the right partners and platforms to take them into market. We also offer support to businesses on a wide range of topics including digital skills, inclusive and sustainable practices and the development of quality experiences.

Through our place development work, we collaborate with industry, destination and sector organisations and other public and private partners to shape local visitor economies. This maximises their benefits in line with the unique needs and opportunities of each destination, ensuring we deliver for communities in every part of Scotland, supporting livelihoods and sustaining local services.

We contribute to and support regional economic strategies through insight, data, trends and information. This extends to harnessing public and private sector investment in the visitor economy as a catalyst to support further destination development, for example Growth Deal funded tourism projects; major investments such as Inverness Castle and Perth Museum.

4. Visitor levy

At the request of Scottish Government Ministers, we brought together the tourism industry, local authorities, and government to deliver statutory [guidance for local authorities on the visitor levy](#).

The guidance provides detail and advice on the process a local authority might take in implementing a visitor levy. We developed this guidance with input from representatives from the tourism and accommodation sector.

We continue to consider and review the guidance as local authorities bring forward proposals for visitor levy schemes. This way, we will ensure that the guidance is meeting the needs and expectations of all those who have an interest in the visitor levy.

In addition to the guidance, we have also developed a series of national FAQs and we are working collaboratively with the sector to keep these updated. They are published here: [Scotland's visitor levy | VisitScotland Business Support](#).

These FAQs are an overview of key topics businesses may need to consider regarding the proposed visitor levy. The FAQs and guidance we have developed with input from stakeholders is not intended as a replacement for local guidance and support provided by the authorities bringing forward visitor levy schemes. Scotland's tourism and event industry is operating in an extremely challenging and uncertain economic landscape. As outlined in the rest of this paper, while international performance has been positive, profit margins are increasingly squeezed, and the domestic market in particular continues to be impacted by the cost of living.

We know that in the current climate, visitors from all markets are prioritising value for money when they choose a destination for their trip. Each local authority therefore needs to consider carefully whether a visitor levy will work for them, as what is right for one destination will not necessarily be right for others.

Before considering a levy, a local authority should examine the profile of their visitors – whether largely domestic or international – and the potential impact of a levy on businesses and visitors within the current economic and competitive travel landscape.

Local authorities should also consider the potential impacts of a levy on factors such as price competitiveness and quality, visitor demand, occupancy and seasonality. Where local authorities bring forward visitor levy schemes, we will monitor impact on demand and on Scotland's competitive position as a destination as far as possible.

EFW/S6/25/23/2

We will also monitor the impact levy funds will have on destination development as we continue to work to drive the visitor economy, growing its value to Scotland.

VisitScotland
25 August 2025