

## SUMMARY

Tourism is identified as one of Scotland's key growth sectors in the Government's Economic Strategy and is one of the Highlands' most important industries with the latest full year figures (2006) showing it is responsible for:-

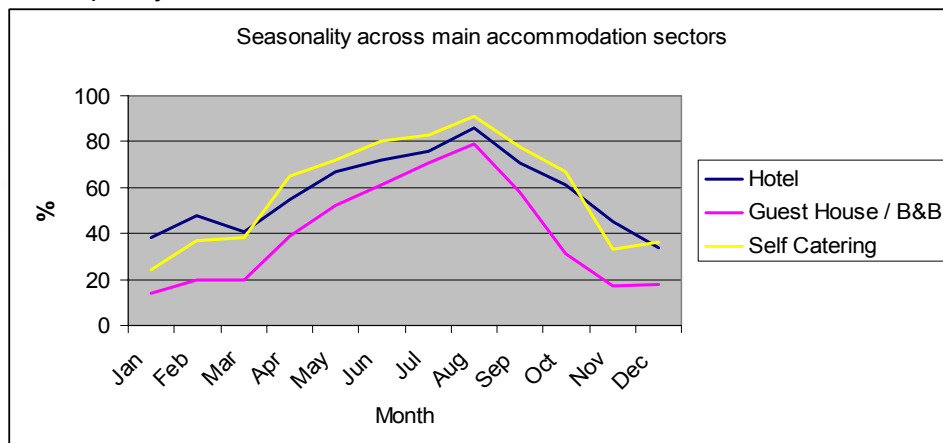
- £637m of direct expenditure.
- £153m of indirect expenditure
- 14,500 jobs (14% of the workforce) – excluding the tourism related self employed.

## VOLUME & VALUE

Tourism is by far the Highland's most important industry with UK residents taking 1.93m tourist trips and visitors from overseas a further 0.52m trips in 2006. This produced direct expenditure of over £637m. Indirect expenditure brings in a further £153m with much of this supporting other parts of the Highland economy e.g. food producers.

Nationally the target for tourism growth is 50% for the period 2005 – 2015 which in Highland would give an industry worth £876m per annum by 2015.

Business is not however evenly spread across the year as is demonstrated by occupancy levels in the main accommodation sectors.



## EMPLOYMENT

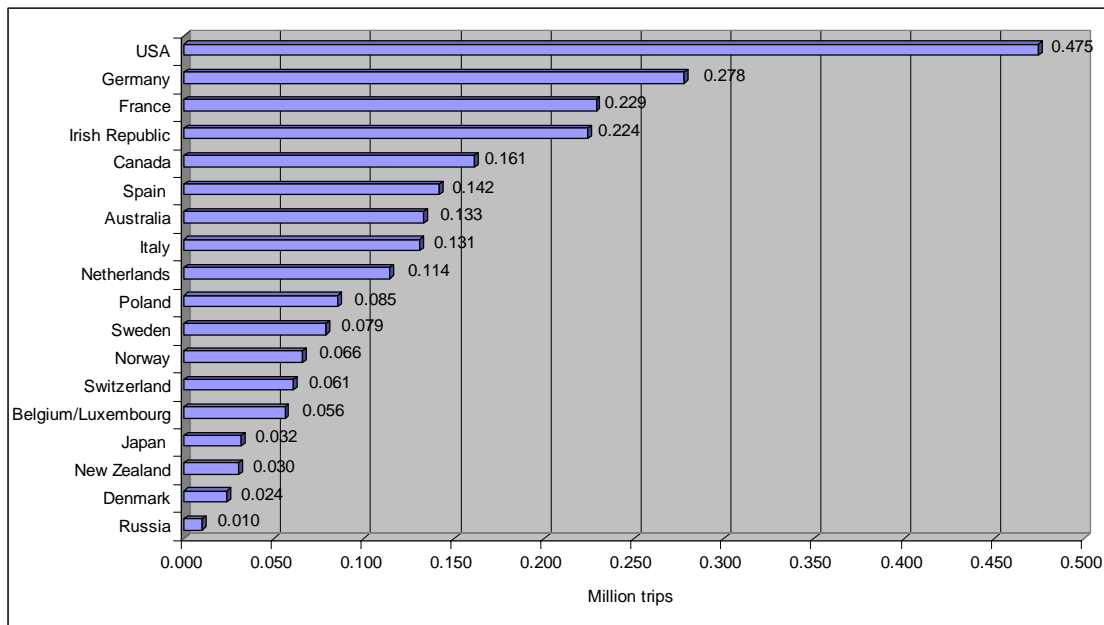
14,500 people are employed in Highland tourism (14% of the workforce) – and this excludes the tourism related self employed.

## COMMUNITY BENEFITS

- Helping sustain a wider range of community facilities such as village shops or leisure facilities than would be sustainable based on local use alone. This can be particularly important in more peripheral areas of Highland.
- Improved communications such as air routes are justified by the volume of inbound tourism e.g. around 2/3 of the traffic on easyJet's Bristol - Inverness route is inbound traffic.
- The Highland's positive profile assists in attracting people to live, work and invest here.

## ORIGIN OF VISITORS (TO SCOTLAND)

Most visitors to both Scotland and the Highlands come from the UK with the main overseas markets being Western Europe and the other major English speaking nations. Main countries of origin are shown below.



With increasing affluence particularly in Eastern Europe new markets are emerging - for example more visitors now come from Poland than come from more traditional sources such as Norway, Sweden or Belgium although spend levels are generally lower. Many Eastern European visitors are likely to be visiting migrant workers working in Scotland showing a further positive spin off from the large migrant workforce.

## TOURISM TRENDS

**Growth** - Highland tourism has seen consistent growth in recent years but the market is changing. Most visitors are still from the UK (87%) but in recent years UK visitor numbers have remained fairly static while overseas visitor numbers are increasing.

**Accessibility** - changes in society that mean people are increasingly “cash rich, time poor” have led to a decline in the traditional longer holiday but short breaks are increasing. Many people now take more but shorter breaks, made easier by the increasing range of low cost flights. While better flight connections to the Highlands from English cities are an opportunity, conversely, the same growth in flights to other destinations gives people more opportunities to go elsewhere. Related to these changes Inverness for the first time entered the 20 most popular British city destinations last year.

**Seasonality** - One positive element of the increase in short breaks is the fact that these are often taken out of season helping to address the issue of seasonality. This does however have implications for businesses who may have to consider changes to their season, weekend opening, offering accommodation for shorter stays etc.

**Visitor expectations** - Visitors are increasingly demanding and are looking for an authentic “experience” meaning that destinations that offer quality, value for money and a good range of experiences tend to be most successful. Authenticity is important as visitors seek something genuinely different in a world that is increasingly globalised. Outdoor activities, interesting wildlife and nature, a distinct culture and good events are all strengths the Highlands can use to attract these visitors.

## OUTLOOK

From a low point in 2001 with Foot and mouth and the increased terrorism threat Highland tourism has been on the rise and overall signs are that this growth should continue. However, different markets are expected to perform in different ways. The current economic situation in the US and the weak dollar is expected to lead to a downturn in US visitors while an increase in European visitors is possible as the strong Euro makes Scotland a more affordable destination than in previous years. Little change in domestic visitors is expected as economic circumstances such as higher mortgage and fuel costs may discourage some people from holidaying the strong Euro may encourage others to holiday in the UK rather than abroad.