

Summary

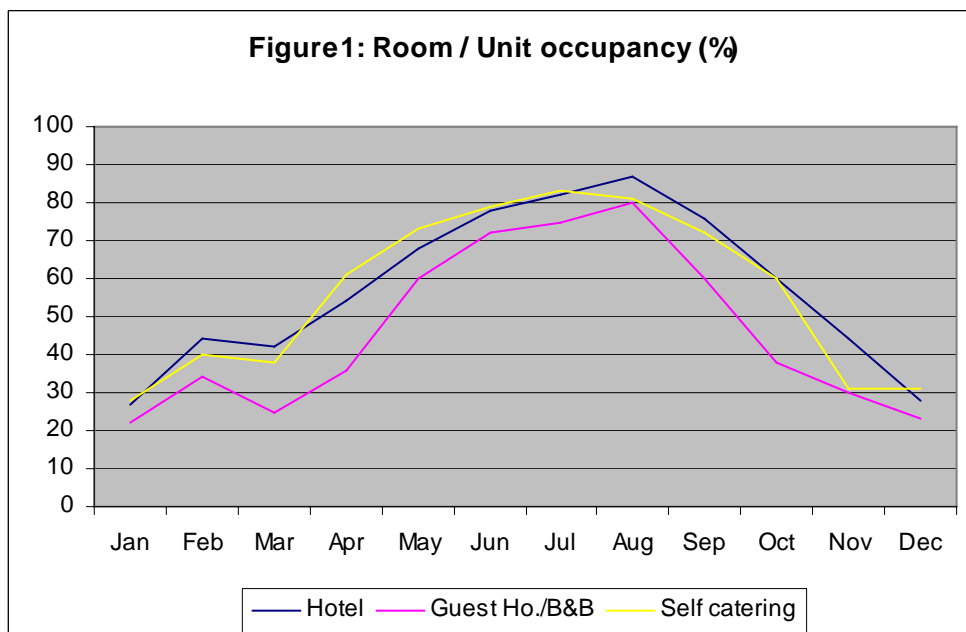
Tourism was identified as one of Scotland's key growth sectors in the Government's Economic Strategy and is one of the Highlands' most important industries. It is also a sector that has shown real resilience through the UK economic recession. Latest full year figures (2009) show tourism in Highland is responsible for:-

- £688m of direct expenditure.
- £161m of indirect expenditure
- Over 18,000 jobs (including the tourism related self employed)

Volume and Value

Tourism is by far the Highland's most important industry with UK residents taking 1.87m tourist trips to the Highlands and visitors from overseas a further 0.46m trips in 2009. The exact economic benefit can be difficult to quantify as tourism is not a standard industrial classification used for government statistics. Instead tourism spend is spread across a number of sectors e.g. retail, food service or transport. However, the Scottish Tourism Economic Activity Monitor (STEAM) gives an indication of tourism expenditure and trends. Figures for 2009 show direct expenditure (including from day trips) of over £688m while indirect expenditure brought in a further £161m with much of this supporting other parts of the Highland economy such as retailers and food producers. Total economic impact has fluctuated in recent years with 2009 figures up just 1% on 2006.

This business is not however, evenly spread across the year as is demonstrated by occupancy levels for the main accommodation sectors in Figure 1.

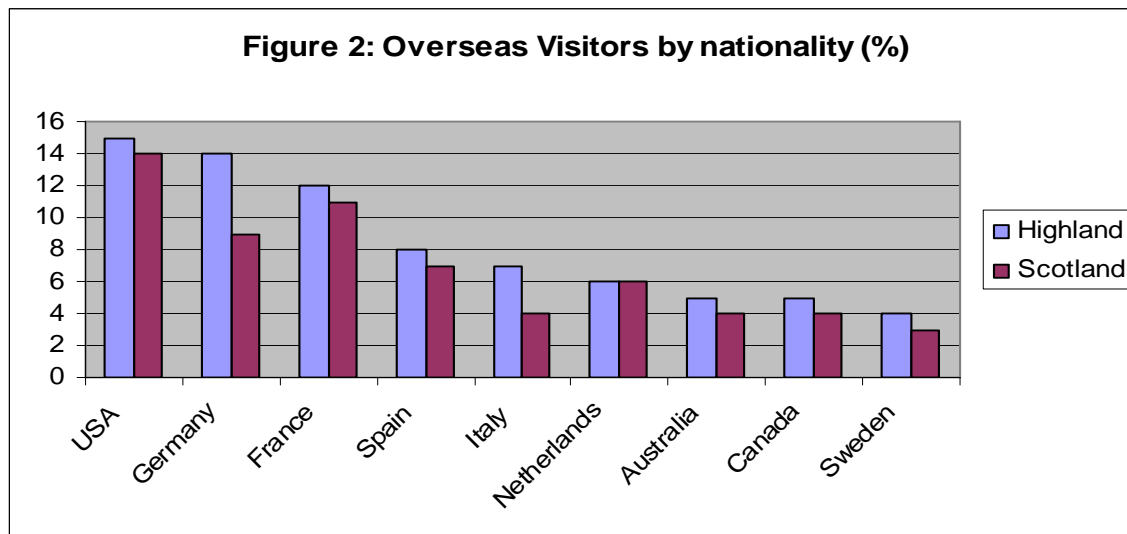


Employment

Over 14,000 people are employed in Highland tourism (13% of the workforce) – and this figure rises to an estimated 18,400 (17% of the workforce) when the tourism related self employed are included.

Key Markets

Most visitors to the Highlands (80%) come from the UK with 55% of these from within Scotland. Highland does attract higher proportions of overseas visitors than the Scottish average and while they number less than UK visitors they are of disproportionate importance due to their higher levels of spend.



Community benefits

In addition to the economic impact tourism also provides a number of other benefits to Highland communities, notably:-

- Helping sustain a wider range of community facilities such as village shops or leisure facilities than is sustainable based on local use alone - particularly important in more peripheral areas of Highland.
- Improved communications such as air routes that are justified by the volume of inbound tourism.
- The Highland's positive profile assists in attracting people to live, work and invest here.

Tourism trends

The "staycation" - New research by PricewaterhouseCoopers shows that despite the recession many people now see holidays as an "essential" not a luxury so will reduce spending elsewhere to ensure they still have a holiday. A consequence of this is that overseas travel by UK residents continues to decline (down 6% in 2010), while more people holiday at home. People are however, more price conscious with findings from the survey showing that 63% of respondents search for the best price, 32% are always looking for a good deal and 30% do not mind asking for a discount.

Visitor expectations – As well as being price conscious, visitors are increasingly looking for an authentic experience - seeking something genuinely different in a world that is increasingly globalised. Outdoor activities, wildlife and a distinct culture are all strengths the Highlands can use to attract these visitors.

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 (these are often off season so reducing seasonality), made easier by the increasing range of low cost flights. Statistics also show increased use of rail within the UK for holiday travel – in part as a result of the increase in fuel costs.

Outlook

Modest growth is likely over the next few years - predictions of the UK economic recovery being gradual and fuel prices remaining high should see UK visitor numbers hold up. Faster recovery in key markets like Germany could help boost inbound tourism as could business from the emerging, high spending markets of China, India and Russia which have rapidly expanding, affluent middle classes.