

Economy and Fair Work Committee: 2025/26 Pre-Budget Scrutiny VisitScotland submission

1. Background information

1.1. About VisitScotland

VisitScotland is an economic agency driving growth across the country, throughout the year, by developing and marketing our tourism and events offering to the world.

Our core purpose is to drive the visitor economy, growing its value to Scotland. Our vision is that we contribute to a vibrant and dynamic visitor economy, creating better places for people to live, work, and visit. Through strategic leadership and industry partnerships, we lead, support, and contribute to a globally competitive visitor economy. We deliver activities across key areas of marketing, events, destination development, insight and business advice and support.

Our strategic framework is informed by the industry strategies for tourism and events – Scotland Outlook 2030 and Scotland the Perfect Stage 2024-2035. Our activities directly support the interwoven ambitions and outcomes of the United Nations Sustainable Development Goals (UNSDG), Scottish Government’s National Performance Framework (NPF) and Scottish Government’s National Strategy for Economic Transformation (NSET).

VisitScotland is operating in an ever-changing environment, with constraints on public finances, a competitive travel landscape and ongoing challenges facing the sector. Therefore, we must adapt to change, responding to the challenges and opportunities with a strong focus on our core purpose. With continued investment, we will remain in a strong and unique position to drive sustainable economic growth across the country and build Scotland’s brand on a global stage.

1.2. Scotland’s Visitor Economy

By delivering activities aligned to our strategy, we grow the value of the visitor economy, driving one of Scotland’s most important sectors.

The value of the visitor economy to Scotland is considerable. The sector is **worth £10.7 billion (c.6% of Scotland’s economy)**. It generates **229,000 jobs (8.7% of all employment)** and there are **15,500 businesses (9.3% of all businesses)** which both add considerable weight to the value of the visitor economy to Scotland. Both directly and indirectly, there is significant stimulus to tourism and leisure related industries and a wide variety of local supply chains (such as food & drink, arts & culture, retail construction, transport).

Events make a vital contribution to the visitor economy, showcasing Scotland and impacting on tourism and local economies. For example, the 2023 UCI Cycling World Championships delivered **£344m of incremental spend**, resulting in **£205m Gross Value Added (GVA)** economic impact for Scotland, £129m GVA for Glasgow and £214m GVA for the UK.

Tourism is a key sector for Scotland. It is one of six Scottish Government Growth Sectors and accounts for a high share of total **growth sector employment (30%) and businesses (22%)**. Since 2016 tourism employment growth has outperformed the growth sector average (+11% compared to +7%) While overall growth sector business numbers have contracted, the number of tourism businesses have grown (+12% compared to -8%).

VisitScotland has a critical role to play in generating higher spend from our visitors, bringing positive impacts to our communities and regions. International visits to Scotland resulted in **£3.6bn of visitor expenditure** in 2023 (an increase of 41% on 2019). International visitors continue to spend more, helping to drive recovery (+23% on 2022), with North American (+16%) and European (+19%) markets particularly strong.¹

Scotland has delivered strong international results compared to the previous levels recorded in 2019. Recovery here has outpaced all nine GB regions and England and Wales. This is a payoff of our activity throughout the pandemic, when our strategic focus internationally was to keep Scotland top of mind in all key markets. We inspired potential visitors through ‘dream now, travel later’ messaging, showcasing what a holiday in Scotland could offer once safe to travel.

We also promote Scotland to visitors within the UK and Scotland is one of the most popular destinations by those intending on a UK-based trip. However there remain ongoing issues in relation to intent conversion, trip length and spend. There has been a **decline in GB overnight stays (-6%)** and day visitors (-2%) with the cost-of-living crisis remaining a major barrier to domestic travel. This decline in domestic visitors has contributed to a **decrease in overall visitor numbers (-2%)**.²

While recent figures indicate relative resilience, demand and performance is mixed across Scotland. This is partly due to very challenging operating conditions for businesses, particularly in relation to costs, labour and demand challenges. We are working to support more destinations and businesses to capitalise on our international visitors, helping them to reach and understand these markets.

2. VisitScotland’s contribution

Through our work to create a strong destination brand, we are growing the value of the visitor economy and influencing Scotland’s global reputation. That in turn is integral to attracting inward investment which makes it easier for Scottish businesses across all sectors to trade internationally and break into new markets.

We are operating in a highly competitive travel landscape and competing with destinations that are investing significantly, for example Ireland (marketing budget of €78 million, 2023). In this context, we work with the resources we have to ensure that Scotland is a must visit, must return year-round destination for leisure and business visitors.

¹ International Passenger Survey (IPS), ONS 2023

² Great Britain Tourism Survey, 2023

Through our marketing activities, we can deliver and drive immediate impact. In 2023/24, our marketing activity delivered c.**£56.7 million additional NEI** to the Scottish economy. We have supported new aviation routes, which have delivered an additional c.**£22.4 million** to Scotland.³

Our ambition is to encourage visitors to stay longer and outwith the busy periods, making for a more sustainable approach to travel. Long haul visitors have spent an **additional average 5.6 nights** in Scotland due to VisitScotland influence and **25% long haul visitors** visited in low season due to VisitScotland influence.⁴

Through our events activities, we reinforce Scotland as the perfect stage for events, supporting a diverse portfolio and developing a strong pipeline of business events. In 2023/24, we supported events that delivered an additional c.**£32.4 million** across Scotland's economy and our National Conference Bid Fund delivered c.**£13.5 million** additional value.

3. Strategic approach

3.1 Strategic context

VisitScotland is operating within a challenging fiscal environment which is impacting all organisations across the public sector. Tourism, hospitality and events businesses are also facing a difficult economic and geo-political backdrop. We must continue to focus on making the most of the resources we have to play a vital role in providing industry support, stimulating and managing demand and encouraging spread of visitor spend.

While we recognise the scale of these challenges, it is also critical that we understand the opportunities they present, ensuring we are agile enough to adapt and respond effectively. This ensures we can continue to deliver our core purpose of growing the value of the visitor economy in Scotland.

The key changes and challenges we are responding to are:

- Cost of living pressures
- The climate emergency
- A competitive travel landscape and changing traveller behaviour
- Constantly evolving digital environment
- A challenging operating environment for businesses in tourism and events
- The requirement for public sector bodies to operate more efficiently in line with public service reform

Within our strategy, we have five core strategic pillars which inform and shape our activities:

³The economic impact of our work is measured through a robust and rigorous assessment of our activities. Our methodology adheres to both HM Treasury Green Book standards and Scottish Government guidance

⁴ VisitScotland 2023 Conversion Studies

- Stimulating and managing demand.
- Supporting tourism and events businesses.
- Working collaboratively with partners, including community, destination and sector partners
- Enhancing our organisation insight, capability, planning, and compliance.
- Supporting and enabling our people.

3.2 Stimulating and managing demand

Through our integrated marketing strategy, rooted in data and insight, we are building a destination brand to increase global awareness and propensity across target markets and audiences. We prioritise key markets and audiences to expand Scotland's share of global travel through an integrated mix of consumer and intermediary marketing. We continually assess our activities and investment, prioritising for optimal delivery to meet our statutory obligation in a challenging fiscal environment.

Our integrated approach enables us to make Scotland discoverable across the visitor journey, from awareness to planning and booking. We focus on encouraging regional and seasonal spread, driving higher spend for each visit and improving outcomes for our environment and communities. We know we best influence behaviours and destination choice by reaching travellers early and often in their user journey. Throughout all our activity, we encourage visitors to tread lightly and appreciate the impact of their visit.

Our work with Online Travel Agent (OTA) partners, such as Expedia and Skyscanner, drives direct and measurable return. Crucially, this is a single part of a coordinated, integrated mix that ensures we reach the right audiences, in the right places and at the right times, to build both immediate returns and long-term benefits. We work with Scottish businesses to ensure their inventory is listed and accurate on OTA platforms and therefore product is bookable, driving increased economic return. The annual (immediate) return on marketing investment from our Expedia OTA activity last year, for example, equates to an **ROI of £77.79 generated for every £1 spent** by VisitScotland.

Events deliver excellent experiences and showcase Scotland, our values, and assets globally, achieving national and international profile and reputational benefits. Through our work, we leverage internationally renowned events such as our world-leading Edinburgh Festivals, our strong portfolio of major sporting events including the Open Championship, and also our business events to shine a spotlight on Scotland's world-leading event destination credentials. This also includes regional events around the country which define, reflect and celebrate local and regional culture and key assets.

In 2023, the inaugural UCI Cycling World Championships were delivered by VisitScotland through a subsidiary – a collaboration between VisitScotland, the UCI (Union Cycliste Internationale), Scottish Government, Glasgow City Council, UK Sport, British Cycling and Glasgow Life. The event generated significant benefits for Scotland, the UK, and raised the profile of cycling globally. In addition to the

economic impacts, 86% of stakeholders felt the Championships were delivered in an environmentally responsible way and 93% of spectators with a disability found the event to be accessible.

Our work on business events has a policy-driven approach to new business generation, which has already secured a strong pipeline of opportunities for the coming years, including the Ocean Sciences Meeting 2026 and World Agritourism Conference in 2026. This client-facing work targets and supports business events that strengthen our sector and academic areas of excellence through influencing decision-makers and selling and positioning Scotland as a destination for business events. Sectors represented at association events in 2022/23 include life sciences, energy and engineering.

Business events can act as a catalyst to attract and spread further investment, generating positive societal and economic benefits far beyond the additional visitors they bring. These events typically take place mid-week and during the quieter parts of the year, which is important for a balanced visitor economy, as well as having lead-times of up to seven years which enable yield management of a year-round visitor economy in both city and regions, including rural destinations.

3.3 Supporting tourism and events businesses

We support Scotland's tourism and events businesses directly through our extensive programme of activity including one-to-one and one-to-many advice, self-help guides and factsheets, industry events and marketing opportunities. These cover areas such as quality, accessibility, sustainability and digital capability. We also work with tourism businesses to enable them to understand the demands of intermediaries such as tour operators and travel agents, helping them become travel trade ready and grow their business internationally.

We directly support businesses to create and develop new products that will appeal to different markets, helping them navigate the different ways they can reach new markets either directly to consumers or via intermediary channels. Among international visitors, 64% plan their trips to the UK using travel intermediaries, this rises to 73% among long-haul travellers.

In light of challenges in relation to the cost of doing business, we seek to create more low-cost and no-cost opportunities to help businesses connect with intermediaries. This includes delivery of our flagship VisitScotland Connect event, creation of low-cost business development events in London and Edinburgh and free of charge webinar pitches to buyers, including global luxury agents.

Our work to support the sector includes a strong focus on net zero – with advice, support and guidance available for businesses. The *Destination Net Zero* group comprises VisitScotland, Scottish Government and enterprise agencies who together delivered £4million of post-covid recovery funding on projects to support the industry with their transition to a low carbon economy. Since the immediate post-covid period, agencies have developed actions to drive net zero into their organisational delivery plans. The group has continued as a forum for agencies to collaborate, avoid duplication, share knowledge and ultimately maximise our impact.

3.4 Working collaboratively with partners, including community, destination and sector partners

Across all areas of our work, we collaborate with industry, destination and sector organisations and other partners. We aim to ensure that tourism and events deliver for communities in every part of Scotland.

VisitScotland has innovative partnerships with like-minded organisations who put responsible tourism and climate action at their centre. In 2023/4 this included establishing a partnership with The Travel Corporation (TTC), and an international sustainable tourism organisation, the Travel Foundation. The goal of this project is to accelerate the de-carbonisation of the tourism supply chain in Scotland and its anticipated learnings from the project will be of international relevance.

In 2023/4, we had a particular focus on business support to make the tourism and events sector more inclusive. Through our industry programme, we directly engaged with over 400 businesses, sharing the value and benefits of inclusive tourism, and providing support to maximise the opportunities of the market. This included webinar series in partnership with regional partners, conferences and supporting the delivery of training.

A key element of our partnership work to date has been delivery of wide-reaching match-funded industry and public sector marketing collaboration. This ensures enhancement of budgets with third party funding where goals between VisitScotland and selected partners align. Together we maximise collective reach and impact, focused on strengthening objectives and adding value. This has included working with brands, travel partners and organisations such as LNER, Historic Environment Scotland, Sustrans, DFDS, airline partners and Ramblers Scotland.

4. Strategic change programme and public service reform response

In 2024, we began to implement a strategic change programme following a review of our activities. The review commenced pre-Covid but was put on hold as we supported the industry throughout the pandemic and recovery from 2020-2023.

Our multi-year strategic change programme considers the current environment, change drivers and future trends to ensure the organisation is set up for the future with the required skills and resources that we need to deliver our core purpose. This means shaping our marketing, events and industry advice activities to deliver what is needed now and in the future. The decisions that have been taken in relation to our strategic change programme ensure we can continue to deliver ROI for public investment by growing the visitor economy, in turn supporting jobs and communities.

As an organisation, we are delivering all our activities in line with the Scottish Government's public service reform agenda. This will enable us to be more efficient in delivery, removing duplication and increasing alignment, agility and pace.

4.1 Information

VisitScotland is changing the way we provide information to consumers, to prioritise pre-arrival information and target visitors via the channels we know they are using.

In our strategic review of information, we considered a wide range of research and insights which looked at how visitors plan and book their holidays. This showed the majority of visitors plan most aspects of their holiday before they leave home, gaining inspiration from online sources or are using specialists like tour operators and travel agents to plan their visits.

VisitScotland therefore has a much greater role to play in getting information to visitors at the early stages of their holiday planning. This allows us to have greater influence on where, when and how long they visit, which will crucially grow the value of the visitor economy in a sustainable way.

We are currently managing a two-year phased closure programme across our iCentre network. This considers issues like staffing and leasing. We expect all iCentres to close by the end of March 2026.

Looking ahead, we will influence consumers at the beginning of their journey, with an understanding of how visitors plan and book travel. Our approach will focus on both the creation and curation of multimedia content that feeds social media search and third-party platforms, as well as our own channels. This will make the best use of the resources we have to build demand and intent for Scotland, maximising our impact on the visitor economy.

4.2 Business advice and support

VisitScotland provides tourism and event businesses with tailored advice and support to help them grow and deliver quality, memorable experiences. As part of our strategic change programme, we are currently managing a transition period to retire our paid Quality Assurance (QA) schemes and focus on a free-to-access business advice programme, designed to drive up the quality of Scotland's tourism product and improve the visitor experience/event.

Research shows that consumer behaviour and the needs of our businesses are changing. Consumers are looking to user reviews to help inform their own holiday planning and businesses are using the rich information provided by these reviews to manage their online reputation, driving their marketing, and informing their business planning and investment in their product.

Businesses value the advice that we provide, and we'll continue to play an important role in providing quality, and free-to-access, advice to businesses. We will expand our work supporting tourism and events businesses to identify and exploit opportunities. This will help spread visits across regions and seasons, encouraging longer stays and higher spend, and generating positive engagement and jobs in rural, island and urban communities.

Our new approach will focus on the development of our Tourism and Events Business Support Programme. Through this, we will seek to reach more businesses with relevant insight and quality advice. This will be done through a one-to-many delivery model with targeted support where

required. We will take a sector specific approach, to ensure support is tailored to the needs of businesses.

We are a member of the multi-agency Business Support Partnership (BSP) and continue to support the collective aims of that work, ensuring signposting to appropriate support that VisitScotland does not provide.

Together, the BSP aim for no duplication in service provision, supporting the aims of public service reform and benefiting businesses by providing sector-specific, tailored advice where it is most relevant. Working together, we aim to build a more streamlined, effective, efficient and easy-to-navigate system of support to help businesses across Scotland achieve their growth ambitions.

4.3 Workforce

We are supporting our staff throughout our strategic change programme as we work to ensure we are the right size and shape with the right roles and skills for the future. The specialist skills required to realise our strategy are changing and we need to identify and integrate the skillsets required to ensure we continue to effectively deliver on our core purpose.

Our work is being delivered in line with public service reform, to manage and drive efficiencies across the organisation. We are facing into the challenges of change, using a blend of reskilling, redeployment and voluntary redundancy.

4.4 Estates

We are taking steps to maximise use and efficiency within our estate. To ensure VisitScotland is getting the most out of our estate, we consider value for the community, co-location and office capacity.

Since 2018 VisitScotland has reduced its local office space by 5,472 square metres (58,902 square feet) by relocating to smaller premises at lease ends, this included the exit of our previous Edinburgh head office at Ocean Point.

As part of our engagement with local authorities and other public bodies, VisitScotland currently co-locate or sub-lease in the following offices:

- Edinburgh Head Office – co locate with City of Edinburgh Council
- Aberdeen – co locate with Aberdeen City Council
- Perth – co-locate with Perth & Kinross Council
- Ayr – co-locate with Skills Development Scotland
- Inverness – co-locate with NatureScot
- Edinburgh, Royal Mile, - co-locate with City of Edinburgh Council
- Orkney – sub-lease to Destination Orkney
- Brodick – sub-lease to Visit Arran

- Glasgow - sub-lease to Scottish Tourism Alliance

These co-locations deliver both significant savings to VisitScotland and to the wider public Sector.

As we consider our options for the disposal of our iCentre network, we are following the Scottish Government's guidance in relation to public sector withdrawal from an owned or leased building.

4.5 Digital first

Over the past ten years, VisitScotland has undertaken a digital transformation. As part of this, we have managed a staged approach to moving services to the cloud, in line with the Scottish Government's requirement to be 'cloud first'. The initial target of this was to move large enterprise systems into the Software as a Service (SaaS) model. This included Oracle ERP, Microsoft 365, Dynamics CRM and Bloomreach Content Management System. Services such as backup and web infrastructure are now being moved to SaaS and IaaS providers. The VisitScotland data centre was decommissioned in 2023/24.

Looking ahead, our strategic change programme includes a workstream which will focus on our data strategy, technical infrastructure and business processes. This work will include an evaluation of our digital and IT assets, establishing a clear strategy for investment to support our digital-first, but not digital only, approach. It will enable us to enhance and maximise our digital and data capabilities to drive efficiencies and help future-proof the organisation.

**Prepared by VisitScotland
September 2024**