



VISITSCOTLAND CORPORATE PLAN 2009/2012
MAXIMISING THE ECONOMIC BENEFIT OF TOURISM TO SCOTLAND

VISITSCOTLAND CORPORATE PLAN 2009/2012

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CHAIRMAN'S FOREWORD

I am delighted to present the VisitScotland 2009/2012 Corporate Plan.



This year's plan is set against a background which has changed significantly. Few sectors are immune to the impact of the economic slowdown, and tourism is no exception. Indeed, recent research by Deloitte has suggested that across the UK, the visitor economy runs the risk of losing tens of thousands of jobs over the next three years and some £11 billion from the economy.

This is a defining moment for our industry. There has never been a more important time for the industry to

unite. There are many challenges presented by the economic environment. But there are also many opportunities. The industry's foundations are solid. Tourism has been with us for hundreds of years and will be with us for hundreds of years to come provided we protect our core assets and reputation and exploit these responsibly. Our industry is resilient. We've weathered storms in the past and I am confident that we can pull through this time too, possibly even stronger than before.

But first we have to acknowledge the difficulties in our midst from issues with securing credit to changing consumer behaviour. Visitors and potential visitors have less disposable income; we're seeing a general belt-tightening. Visitor numbers fell in 2008, with the business tourism market undoubtedly the worst affected. Looking forward to 2009/2010, while we are witnessing a mixed picture, both in terms of business

performance and business optimism, it goes without saying that it will be another challenging year.

However, while we may be in the midst of a recession, I firmly believe that tourism can be a lead industry for taking Scotland and the UK economy out. The Scottish Government also believes this. Tourism is one of the key strands it has identified to assist Scotland through recession. But to achieve this, we must all pull together.

VisitScotland, in partnership with the industry, has a key role to play in ensuring that Government understands what will grow tourism - through developing the physical tourism offer and through influencing supply-side factors. We also have responsibility for positioning Scotland front of mind with a higher value visitor, be they from the UK or overseas. This year will see us more fleet of foot than ever before, targeting markets that will bring us the best possible returns. Our size and scale allow us to leverage relationships with large scale commercial partners such as easyJet, Sony and Highland Spring, allowing access to markets that it would be difficult for businesses and areas to penetrate in isolation.

VisitScotland's marketing is designed to communicate the great Scottish offering in both our domestic and international markets. The intention is that this will help get the economy moving again and help the industry get increased revenue. I look forward to working with our partners in tourism and beyond to realise the potential of Scotland's tourism industry and to ensure it is at the heart of Scotland's economic recovery.

EXECUTIVE SUMMARY

Tourism is everyone's business and VisitScotland will continue to work closely with the industry and our public sector partners to help boost economic growth. The industry has an ambition to grow tourism revenues in Scotland by 50% by 2015.

Our three year rolling strategy outlines what we intend to do to contribute to the Scottish Government's purpose to *increase sustainable economic growth*. **All VisitScotland's work is directed towards increasing the contribution of tourism to the economy.** In practical terms this can be achieved through increased visitor numbers, increased spend per visit, visitors staying longer and elimination of seasonal lows.

However, it is important to note that the economic climate and the Scottish political environment has evolved since the last planning period. This has impacted across the Scottish public sector and particularly on Economic Development arrangements.

With this in mind, it is widely recognised that we are not on a natural trajectory to achieve the 50% growth ambition. The Tourism Framework for Change remains in place and political support for the 50% growth ambition is unchanged. Significant efforts are being made to identify and implement activities which will stimulate progress towards this shared goal. Therefore, **VisitScotland's underlying purpose and objectives are unchanged, reflecting the roles we hold in supporting the delivery of industry growth.**

Our Corporate Plan is a dynamic document which we review and update regularly to take account of changes in both our operating environment and in the global economy. It sets out our aspirations, the challenges shaping the future, the activities we will undertake to achieve our goals and our measures of success. The latter sections of our Corporate Plan focus on the details of our operational activities. These activities are aligned to our five corporate objectives:

- Maximise the economic value of the brand
- Inspire through information provision
- Promote quality
- Manage effectively
- Generate income



VISITSCOTLAND - OUR PURPOSE AND VISION

Our Corporate Plan is a dynamic document which we review and update regularly to take account of changes in both our operating environment and in the global economy. It sets out our aspirations, the challenges shaping the future, the activities we will undertake to achieve our goals and our measures of success.

OUR PURPOSE – WHAT WE DO

Our core purpose directly supports the Scottish Government's Economic Strategy and the industry growth ambition detailed in the tourism industry strategy, The Tourism Framework for Change (TFFC):

To maximise the economic benefit of tourism to Scotland

All VisitScotland's work drives towards the sustainable growth of tourism and its impact on the economy. We do this working as part of Team Scotland, by attracting people to visit Scotland – including Scots to visit different parts of Scotland – and encouraging them to buy goods and services during their visits.

More specifically, we:

- market Scotland to all parts of the world to attract visitors
- provide information and inspiration to visitors and potential visitors so they get the best out of a visit to Scotland
- provide quality assurance to visitors and quality advice to industry partners to help the industry meet – and strive to exceed – visitors' expectations

VisitScotland has made considerable progress over the last two years in delivering activity and outcomes against its strategic objectives, for example:

- VisitScotland is the first UK National Tourism Organisation to achieve Hospitality Assured accreditation
- our 2007/2008 Winter White campaign generated £46 million additional income for the Scottish economy
- our 2008 European touring campaign (France and Germany) generated £49.7 million additional income for the Scottish economy



CORPORATE PLAN 2009/2012

SCOTTISH GOVERNMENT ECONOMIC STRATEGY

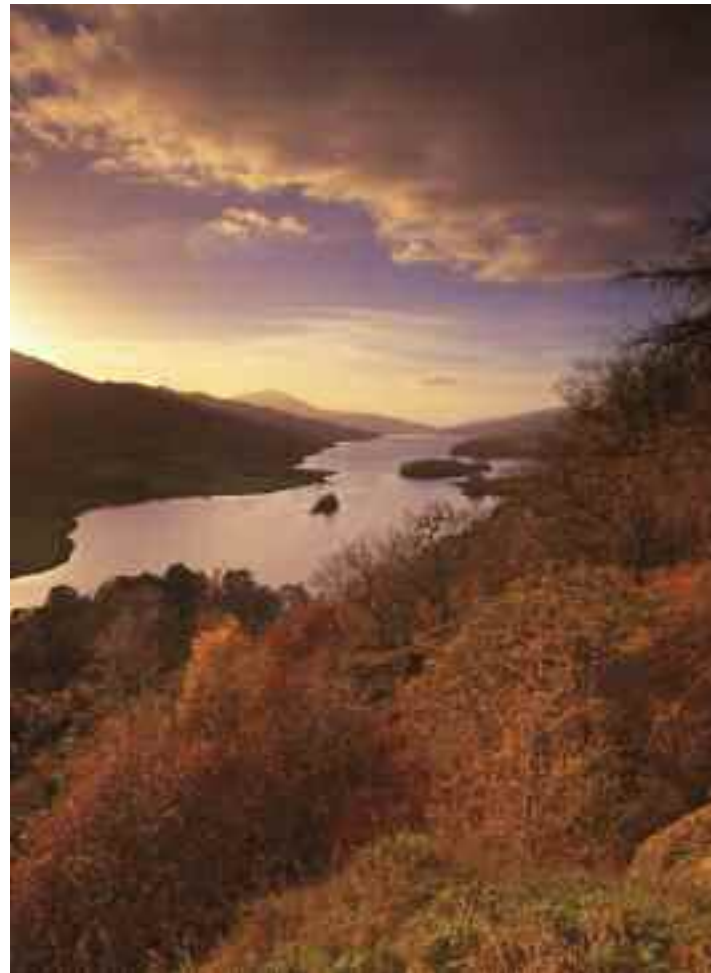
The Scottish Government's core purpose is to focus the Government and public services on creating *"a more successful country with opportunities for all of Scotland to flourish, through increasing sustainable economic growth"*. All VisitScotland's work is directed towards increasing the contribution of tourism to the economy.

Our marketing and information services motivate visitors to do more, see more, stay longer and spend more. Our quality assurance schemes encourage the industry to invest in the quality of their businesses. We work closely with the industry and agencies across Scotland to influence activity and to support the growth of tourism's contribution to the economy.

Over the coming year we will be more closely aligning the measurement of our activities to demonstrate our contribution to the Government Economic Strategy, developing work done during 2008/2009 with the Enterprise Agencies. More specifically, designing an appropriate methodology for outcome reporting which can be applied across all our operational activity.

NATIONAL PERFORMANCE FRAMEWORK

This Corporate Plan has been prepared in the wider context of the Scottish Government's National Performance Framework. Of the seven Government Purpose Targets four are identified as most appropriate for VisitScotland activities as shown in the diagram overleaf. The national indicators of relevance are also illustrated.



SCOTTISH GOVERNMENT'S ECONOMIC STRATEGY - INCREASING SUSTAINABLE ECONOMIC GROWTH

WEALTHIER & FAIRER SMARTER HEALTHIER SAFER AND STRONGER GREENER
 GROWTH PRODUCTIVITY COHESION SUSTAINABLE

- Improve people's perception, attitudes & awareness of Scotland's reputation
- Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum
- Reduce overall ecological footprint
- Increase the proportion of adults making one or more visits to the outdoors per week

TOURISM FRAMEWORK FOR CHANGE (TFFC)

VISITSCOTLAND PURPOSE:
 To maximise the economic benefit of tourism to Scotland

VISITSCOTLAND VISION:
 One team for tourism, working in partnership to exceed visitor expectations

Scottish Government's Strategic Objectives

Scottish Government's Purpose Targets relevant to VisitScotland

Scottish Government's National Indicators relevant to VisitScotland



PURPOSE TARGETS

The Scottish Government's purpose targets VisitScotland are aligning to include:

- Economic Growth (GDP)**
 To raise the GDP growth rate to the UK level by 2011
 To match the GDP growth rate of the small independent EU countries by 2017
- Productivity**
 To rank in the top quartile for productivity against our key trading partners in the OECD by 2017
- Cohesion**
 To narrow the gap in participation between Scotland's best and worst performing regions by 2017
- Sustainability**
 To reduce emissions over the period to 2011
 To reduce emissions by 80% by 2050

NATIONAL INDICATORS

The Scottish Government's 45 national indicators show 'at a glance' how Scotland are doing within the strategy framework rather than a comprehensive measurement of performance against purpose targets. The identified national indicators to which VisitScotland contribute are shown here.

A separate document summarising the alignment of our work with the Government Economic Strategy and our detailed approach is available on request.

The national indicators to which VisitScotland contribute:

| NATIONAL INDICATOR | VISITSCOTLAND CONTRIBUTION |
|---|---|
| Improve people's perception, attitudes and awareness of Scotland's reputation | Directly contribute - at the heart of our purpose |
| Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum | Directly contribute as a public body |
| Reduce overall ecological footprint | Directly contribute as a public body |
| Increase the proportion of adults making one or more visits to the outdoors per week | Indirectly contribute |

OUR VISION - WHERE WE WANT TO BE

Our vision to achieve our purpose is to become:

One team for tourism, working in partnership to exceed visitor expectations

OUR CORPORATE OBJECTIVES - HOW WE GET THERE

VisitScotland's strategy to deliver its purpose and vision is designed around five corporate objectives, which together drive towards sustainable economic growth, and fulfil our public duties as a non-departmental public body.

- **Maximise the economic value of the brand:** increase economic benefit through stretching and promoting a successful Scottish tourism brand
- **Inspire through information provision:** increase economic benefit and enhance the visitor experience through the provision of information and inspiration
- **Promote quality:** increase economic benefit and enhance the visitor experience through the provision of quality assurance to the visitor and quality advice to the industry
- **Manage effectively:** manage our business effectively and efficiently building a positive corporate reputation
- **Generate income:** generate income and in kind contributions to support our core activities

In addition to these objectives, we aspire to manage our operations and projects in a sustainable way. We will balance the economic benefits of our actions against any environmental and social impacts and will continually strive to combine business efficiency with environmental benefits.

OUR STRUCTURE

Our structure is focused around our four main customers – visitors, businesses, strategic partners and staff. We have five key directorates (an organisation chart is shown in Appendix one), based on these customer groups:

- **Visitor Engagement** – focuses on the needs of our customers at every stage of their journey and works towards connecting the visitor with memorable and unique experiences
- **Business Engagement** – focuses on the needs of our business customers. Helping businesses such as hotels, visitor attractions and local authorities; connect with millions of potential visitors by advising them on market trends and offering them access to many different marketing opportunities
- **Strategic Partnerships** – ensures that tourism is everyone's business. This activity helps to create a positive and supportive climate for the organisation and the industry as well as encouraging the right conditions for achieving sustainable growth
- **Corporate Services** – meets the needs of internal customers through providing facilities, procurement, IT and finance services. This also includes the development of VisitScotland.com. VisitScotland.com is the country's most comprehensive source of bookings and information on Scotland



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- **EventScotland** – is responsible for developing and coordinating events, contributing to the dual aims of creating a must visit destination and gaining economic growth for Scotland which is central to the work of VisitScotland

Event Scotland, in addition to the growth ambition, is guided by the national 2020 vision for Scotland, to ensure that Scotland is firmly established as the perfect stage for events. This requires the development of a portfolio of events that delivers impact and an international profile for Scotland. The range and scope of the programmes operated will be regularly reviewed and adjusted to ensure they maximise delivery against the desired impacts. Programmes are always designed to engage partners in delivering maximum impact.

EventScotland will seek and co-ordinate input from all other public agencies including local authorities and will look to proactively engage the business community in events. This will involve working with Chambers of Commerce, or where these do not exist other relevant business focussed groups and other partners in the business sector to fully engage Scottish businesses in events at a variety of levels. The support of this sector is vital to the economic success of events. Many local authorities can also play a key role in supporting this work.



As highlighted EventScotland invest in events relative to the level of impact they can bring. Such impacts are categorised in seven key areas:

- tourism
- business
- image and identity as a nation
- media and profile
- participation and development
- environment
- social and cultural benefits

Over the forthcoming period, examples of EventScotland activity in Scotland include:

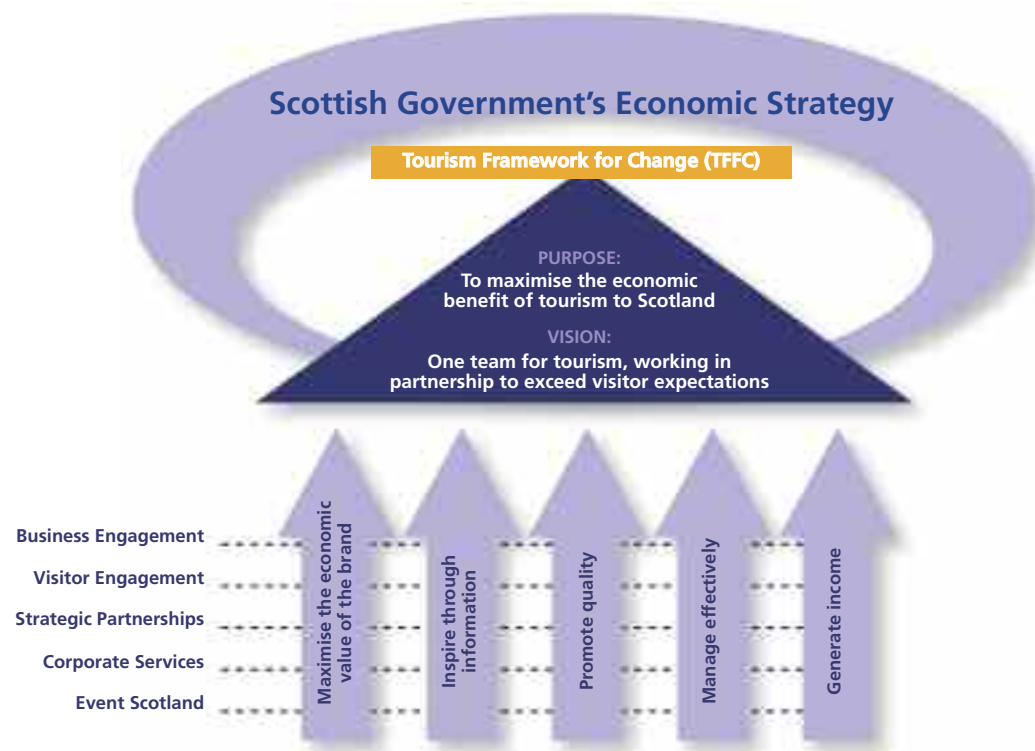
- building Scotland's international reputation and expertise in relation to events
- capitalising on the opportunities presented by Homecoming 2009, the Commonwealth Games and the Ryder Cup in 2014, including the development of the new and upgraded facilities
- identifying legacy opportunities from events and taking action to ensure that resource commitment is made to planning and maximising these legacies

STRATEGY DEVELOPMENT

It is important to note that the economic climate (addressed in detail in the following section) and the Scottish Government's review of the enterprise agencies has been implemented since the last planning period.

With this in mind, it is widely recognised that we are not on a natural trajectory to achieve the 50% growth ambition. The Tourism Framework for Change remains in place and political support for the 50% growth ambition is unchanged. Significant efforts are being made to identify and implement activities which will stimulate progress towards this shared goal.

Therefore, VisitScotland's underlying purpose and objectives are unchanged, reflecting the roles we hold in supporting the delivery of industry growth. The diagram below illustrates the contribution of our five directorates to our corporate objectives within the operating environment.



ECONOMIC CONTEXT – WHAT’S SHAPING THE FUTURE?

It is important to understand the economic factors which will influence our aspirations and delivery in the 2009/2010 period and recognise that these are constantly changing.

For the past decade, up to 2007, the UK economy had experienced uninterrupted growth. The recent strong growth in international tourism around the world (approximately 5% per annum) continued through 2007 and into the first half of 2008. Demand since then, has been severely affected by the turbulence and uncertainty in the major economies, characterised by rising inflation and fuel prices and a decline in consumer confidence. Consumer conditions have deteriorated over 2008 as reduced bank liquidity, then rising commodity costs and recently volatile credit facilities have eroded household disposable income. The effects have already been felt within the airline industry, which has experienced lower passenger numbers and moves to reduce capacity. It is expected that when looking at the whole of 2008, growth in international travel will have been around 2% - 3%.

In 2009, the economies of Europe, US and UK are likely to perform below long term averages with recessionary conditions continuing throughout the year. Analysts including The World Tourism Organisation, and IPK¹ believe that there will be little improvement in travel during 2009, with growth rates expected to be less than 2%. However, recovery may occur within 2010.

The UK Tourism Survey (September 2008) highlights that trips to Scotland have fallen by 3.8% in the last year. In addition, for the period (January – June 2008) a 4% decrease in all overseas trips to Scotland has been experienced compared to the same period in 2007.

Therefore, the 2009/2010 operating period will present unique challenges to VisitScotland and the industry. Despite this, Sterling is likely to remain weak against most major inbound tourism markets through 2009.



¹ International Tourism Consulting Group – provider of tourism and travel data

The Eurozone and North American, particularly Canadian visitors will see value for money and therefore become key prospects for VisitScotland in the short term. However, longer term, our priorities remain unchanged.

Whilst we expect a difficult 2009, VisitScotland remain confident in the growth potential of Scottish tourism and the 50% growth target.

EXCHANGE RATES

The volatile economic conditions seen in 2008 have provided almost unprecedented shifts in Sterling exchange rates witnessed in recent times. Over the period of 2008, Sterling has been relatively weak against a basket of currencies as emerging fragility in the UK economy has become apparent.

The outlook for 2009 sees a continuation of the trend currently witnessed at the end of 2008. Sterling should strengthen slightly against the Euro as further interest rate cuts in the Eurozone occur to stimulate growth out of the recession. The US dollar will float around the US\$1.50 to UK£1 range as both national economies remain weak. Against other world currencies, Sterling is strong against the Australian and New Zealand Dollar as well as the Icelandic Crown as relative instability within the domestic situation remains.

For Scottish tourism, however, the impact of exchange rates looks positive. Sterling is likely to remain weak against most major inbound tourism markets through 2009. The Eurozone and North American, particularly Canadian visitors will see value for money whilst the UK maintains low interest rates.

The only exception is with the antipodean markets where exchange rates may be unpredictable with Sterling's current strength varying.

Although the exchange rates will be favourable for inbound tourism markets, it is worth mentioning that a weaker pound will put greater pressure on our international marketing activity. This will in part be offset by the development and bedding in of the new relationship with VisitBritain, which will optimise the promotion of Scotland as a key facet of the Britain brand in emerging and developing markets.



THE 2009/2010 ECONOMIC CONTEXT AND THE VISITOR

Consensus from industry surveys and commentators suggest that business travel is going to be hit harder than holiday travel as companies strive to achieve cost savings. Positively, indications suggest that consumers are not willing to sacrifice their holidays; these will be one of the last areas to be reduced. They may choose to stay closer to home, shorten their holidays and limit secondary trips.

Germany remains the biggest spender on international travel, followed by USA and UK, then France, China, Italy, Japan, Canada, Russia and Korea. However, within these top markets, there have been varied trends in travel demand, for example, Canada has been relatively buoyant, while the Japanese market continues to stagnate. VisitScotland is working closely with the Scottish Government to identify opportunities within emerging markets and has, for example, contributed to the development of the China Strategy and the India Plan. The emerging markets India and China, while also affected by the economic situation, still offer good opportunities for future growth. As do the ageing populations of the developed world, which create an ever growing market of healthy and affluent older people keen to travel.

The effect of the slowdown in the UK economy on Britons' travel is still to be experienced. While UK consumers are becoming more cautious in their spending, it is not certain whether this will be widely reflected in changes in holiday behaviour (e.g. trading down or all-inclusive deals etc). Limited credit availability and reduced foreign holiday capacity from airlines and travel agents should in theory, drive an increase in domestic holidays.

Monthly reporting from the Visitor Attraction Barometer (covering the period January – October 2008) has seen a slow but steady decline in



visitation numbers. The total percentage change from January - October 2008 (compared to January – October 2007) is - 4.1% (-1.8% excluding Kelvingrove). It is clear that the reported downturn in consumer discretionary, disposable income is having an overall impact on Visitor Attractions with a recent tendency towards visiting free as opposed to paid attractions. The largest declines by category are from those areas where expenditure levels at the attraction are largest, further reinforcing this trend.



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Statistics from the Scottish Accommodation Occupancy Survey to October 2008 show decreases in occupancy levels compared to 2007 across Self-catering, Guest House/B&Bs, Hotels, whilst Caravan & Camping and Hostels remain fairly consistent. However, it is important to note that in 2007, occupancy levels were at all time highs. The declines in occupancy reflect what we are seeing elsewhere, with declining trips and nights from the UK and International markets in the early part of the year, declining visits to visitor attractions, and the concerns for the season reflected in the Tourism Industry Barometer.

The world's most popular travel destinations remain USA, Spain, France, Italy and China. The attractiveness of USA in early 2008 was increased by the weak dollar, while destinations outside the Eurozone such as Croatia, Turkey and Morocco, have also benefited from holidaymakers' desire to reduce their costs. At the same time, these countries are strengthening

their destination marketing, highlighting both their cultural and sun attractions, with considerable presence in Scotland's key markets.

Undoubtedly, people will be seeking good deals and excellent value for money. However, as in previous crises such as terrorist attacks, health scares and natural disasters, people's desire to travel, and travel more widely, will not be diminished and there will be quick bounce-back as the economic situation improves.

During 2009/2010, VisitScotland will continue to monitor the impact of the economic situation, encourage greater awareness and discussion of our plans with industry and Government and adjust our activities to most effectively promote the economic contribution of tourism in this climate.



STRATEGIC CONTEXT

SCOTTISH GOVERNMENT'S ECONOMIC RECOVERY SIX POINT PROGRAMME

Our tourism industry is vital to the economy of Scotland as it employs around 200,000 people, touching every part of the country, and generates £4.1 billion in revenue for Scotland every year. It is a key economic driver and with the Homecoming 2009 campaign, tourism will play a key role in supporting the Scottish Government's six point programme for economic recovery.

VisitScotland will make a full contribution to the Government's six point programme for economic recovery by maximising the opportunities from this year's Homecoming 2009 campaign. We set out later the specific targets and economic benefits from Homecoming 2009.

NATIONAL TOURISM STRATEGY

Published in March 2006, the Tourism Framework for Change is the national tourism strategy for Scotland. It was the result of significant collaboration with the industry and input from public sector agencies, including Local Government and the Scottish Government. It sets out three overarching ambitions:

- to grow tourism revenues by 50% by 2015
- to become one of the world's foremost tourism destinations
- to be Europe's most sustainable tourism destination

The challenge set by the Framework, is for industry to grow tourism revenues by 50% in ways which are economically, environmentally and socially sustainable. It is envisaged growth will come from:

- increased visitor numbers
- increased spend per visit not only on accommodation, events and visitor attractions but also on shopping, entertainment, food and drink
- visitors staying longer
- stretching the seasons and reducing peaks and troughs

The Tourism Framework makes it clear that it is the industry that will both deliver and benefit from the growth. VisitScotland working with Scottish Enterprise, Local Government and other public sector agencies will play an important supporting role. However, with recent changes in consumer behaviour and the present economic climate the current strategy is under review.

During 2008/2009 The Scottish Tourism Forum have led a review of the TFFC, consulting widely with industry, public sector and suppliers. Their report sets out to provide a review of the TFFC strategy set in 2005, shared common vision, ethos moving forward, key elements, outlined delivery mechanisms, industry advocacy and communication channels to highlight industry ownership. It is expected that a clear reinforcement of the belief in growth and overall direction of the industry will remain and during 2009/2010 VisitScotland will consider and then deliver an approach that most effectively supports the refreshed strategy.



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Whilst we recognise that we are not on a natural trajectory to achieve the 50% growth ambition. The public sector agencies will continue to work together to support the industry to get back on track for growth, as well as ensuring that we place Scotland in a favourable position to benefit quickly when the economic situation improves.

FIVE DRIVERS FOR GROWTH

Building on the targets set out in the Tourism Framework for Change, VisitScotland has developed strategic thinking around how the overall industry growth ambition could be achieved. Activity in five key areas is required to drive growth:

- capital investment
- cross selling
- capacity utilisation
- market positioning
- incremental marketing

These five drivers (presented in detail in Appendix two) encourage industry to think about growth in tourism in terms of both value and increased visitor numbers. We will continue to guide and encourage each organisation and business involved in tourism to identify their contributions and interventions in these five areas to support the growth ambition.

NATIONAL TOURISM INVESTMENT PLAN

During 2008/2009 VisitScotland, the Enterprise Agencies and SDI have been collaborating on the development of a National Tourism Investment Plan which will determine Scotland's investment needs. The focus is both on transformational new investment but it also highlights the need for businesses to continually renew and expand through investment in the quality of their existing facilities in the short term. It is important to continue this work through the current economic conditions to ensure Scotland is well-placed to benefit quickly from the upturn.

During 2009/2010 the agencies will proactively use the plan to engage with the investment market, and others in the planning cycle to facilitate effective capital investment. Drawing on international best practice, the plan will also investigate the need for specific tourism investment funding, following the Austrian tourism development bank model.



SUSTAINABLE TOURISM

In December 2005, the Scottish Government published *“Choosing our future: Scotland’s Sustainable Development Strategy”*, which set out a vision and commitment to build a more sustainable Scotland. Objectives in the Sustainable Development Strategy are reflected in both the Scottish Government Economic Strategy and the Tourism Framework for Change. The Tourism Framework for Change sets Scottish tourism the target of making the country the most sustainable tourism destination in Europe. In achieving this, Scotland aspires to reduce carbon emissions by 80% (of 1990 levels) by 2050. Both goals present significant challenges for VisitScotland and our agency and business partners. While recent brand research suggests that the positioning of Scotland as a sustainable destination holds credibility among our visitor prospects, much remains to be achieved on the ground in Scotland for the promised to be genuinely fulfilled.

Tourism has a special relationship, compared with other economic activities, with Scotland’s environment and society. This is because of its unique dependency on a high quality natural and built environment, cultural distinctiveness and social interaction, security and well-being. Tourism drives regeneration and economic development as well as enhancing the quality of life of resident communities and visitors. Making tourism more sustainable will contribute significantly to the sustainability of all Scottish society.

As the lead agency for tourism in Scotland, VisitScotland has an important role to play in this development. VisitScotland continues to incorporate sustainable principles into all that we do both internally, and in our activities with other public agencies, tourism businesses and visitors. Sustainable development considerations will permeate all our future activities. Therefore, within our own remit, we have the opportunity to

influence the economic, environmental and social sustainability of Scottish tourism. But we also look to our tourism partners, from both the Sustainable Tourism Partnership and the wider tourism industry, to work with us to make Scottish tourism a more sustainable industry.

VisitScotland’s Sustainable Tourism vision for 2015

VisitScotland aspires to make Scotland the most economically, environmentally and socially sustainable destination in Europe. As an organisation, we aim to be recognised as a leader in sustainable tourism development, not just within Scotland but at a European and World level.

VisitScotland has continued to implement its environmental policy and related actions and targets. The organisation is monitoring staff travel, consumption of water and energy, and undertaking other measures to reduce its carbon footprint and environmental impact. In addition, the production of the 2007/2010 Corporate Plan was subject to a Strategic Environmental Assessment (SEA) and we have continued to implement the recommendations from this review into subsequent and current plans.



WORKING FOR OUR CUSTOMERS

VisitScotland recognise four distinct customer groups - businesses, strategic partners and internal customers (our staff) and the visitor - is at the heart of all we do.

THE VISITOR

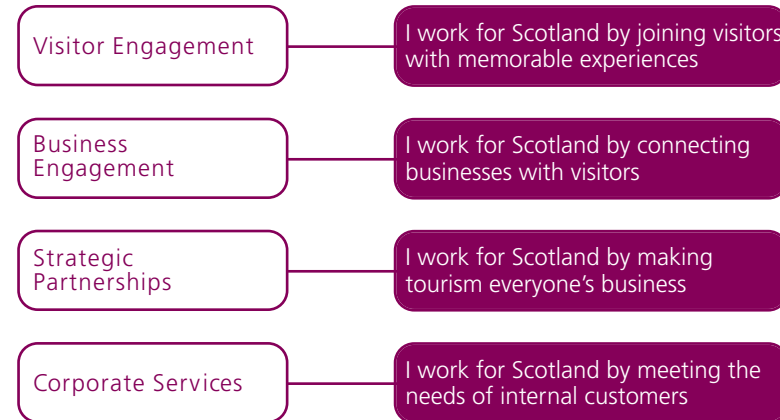
In 2008/2009 we achieved accreditation as a Hospitality Assured organisation, a standard for business excellence that focuses on the customer experience. The hallmark of Hospitality Assured accredited organisations, is a powerful desire to exceed customer expectations, within a climate of continuous improvement and business excellence. We will continue to participate in the Hospitality Assured programme to ensure measureable continuous improvement in all our activities and to ensure that improvement is focussed on our customers' needs.

Hospitality Assured - Continuous Improvement

Our customer service promise is 'I work for Scotland'

Through the Hospitality Assured process VisitScotland's customer service has been improved and sustained. Benefits have also included enhanced staff motivation and teambuilding at all levels, improved customer and employee satisfaction, sharing of new ideas and implementation of service improvements that benefit the business. This is not just a one-off project, it is an ongoing process which provides a series of indicators against which VisitScotland can continually measure itself.

Each directorate has its own customer promise (see diagram below) which focuses their activity on the customer experience and continuous improvement.



During 2008/2009 our organisation was re-structured to ensure that we focus our activity effectively on the needs of all our customers. The integration brought together all stages of the customer journey under one Directorate with Visitor Services and Local Marketing joining up with UK and Ireland and International Marketing and Business Tourism to ensure the promise made pre-arrival is delivered on-arrival (see diagram overleaf).

In 2008/2009 we will build on this foundation to continually improve our contribution at each stage of the visitor journey. For example our recent purchase of eTourism Ltd allows us to bring VisitScotland.com in house and expand its content and functionality to ensure the development of an inspirational website that promotes the visitor experience. More



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specifically, our web presence aims to create a definitive guide to tourism in Scotland, reassuring, guiding and connecting visitors with tourism providers and memorable experiences.

In addition, VisitScotland are currently developing plans for the revitalisation of the VisitScotland Information Centre (VIC) Network to provide our visitors with an experience that represents the very best of "current Scotland" and ensure that we tailor our services and information more effectively to better meet visitors' needs.

Furthermore, VisitScotland uses research to engage with visitors more effectively along all stages of the visitor journey and actively informs how we advise industry in their operations.

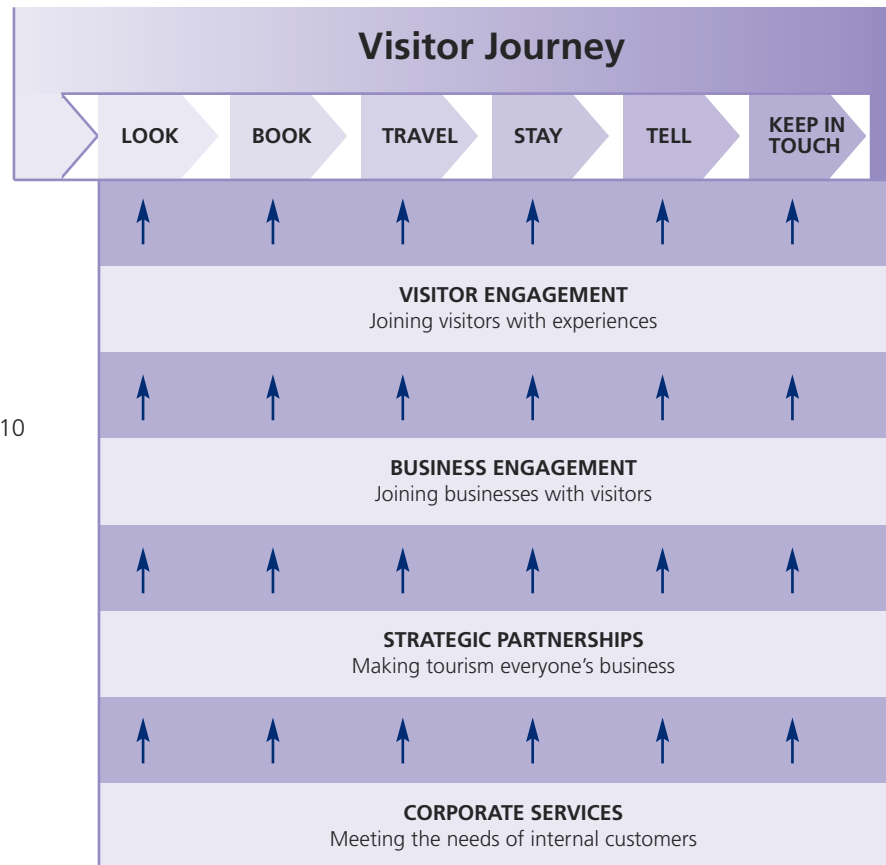
USING RESEARCH TO ENSURE AN APPROPRIATE PROPOSITION FOR VISITORS

For Scottish tourism to remain successful in an increasingly competitive environment it is important to understand our visitors, their characteristics and what influences their behaviour. In 2009/2010 this will be critical to allow us to support the industry through this difficult economic time.

VisitScotland will therefore continue to monitor the impact of the economic situation through our research, encourage greater awareness and discussion of our plans with industry and Government and adjust our activities through our operational planning process to most effectively promote the economic contribution of tourism in this climate.

We will continue to share with our partners and business customers

our knowledge and research of the changing patterns of behaviour of visitors to ensure that the industry can pitch its own work effectively to continue to bring visitors into Scotland and to ensure their experience exceeds expectations. The box overleaf provides an example of recent trend research we have used to aid our strategic decision making.



HOW VISITSCOTLAND USE RESEARCH TO AID STRATEGIC DECISION MAKING

The IPK World Travel Monitor reports that touring holidays have shown most growth in terms of the number taken around the world. This is a positive sign for Scotland as this is the type of holiday preferred by our international visitors. Furthermore, city breaks are also still growing in popularity. Such breaks can be attributed to the desire for a more enriching holiday experience.

City breaks continue to grow in popularity alongside touring holiday stemming from customer desire for a more enriching holiday experience. This focus on customer depth of experience is at the heart of what we do and integral to all our marketing campaigns. In addition, customers focus on value for money even without the current economic problems and we continue to reflect this expectation in our offering.

A key motivator for taking a holiday is to learn about a country and its culture. Moreover, people increasingly want to feel as if they have experienced the true life of a country and Scotland is fortunate to be viewed as a destination with a distinctive and interesting culture and friendly, welcoming people. [VisitScotland's marketing highlights opportunities to experience authentic Scottish culture](#) and mix with Scottish people, while Scotland's tourism businesses play the key role in delivering excellent welcome and hospitality. Furthermore, in an increasingly competitive world, it is vital that events play their part in stimulating economic growth and help to attract inward investment and migration. With this in mind, EventScotland are developing a portfolio of events which are unique to Scotland and are embedded in Scottish culture covering all aspects of arts, sport, culture and heritage.

In summary, we have used recent research to underpin our activities and ensure our planning process and subsequent actions are reviewed and refined accordingly to take account of changes in both our operating environment and in the global economy.

Visitors are increasingly focusing on getting value for their holiday money. They are savvy consumers and use the various planning and booking channels – including the internet and travel agents – to ensure that they get the best possible deal. Review websites, such as Tripadvisor, are often used to double check the quality of lodgings before booking. Their increased use underlines the power of word of mouth feedback in holiday planning and the importance of providing consistent customer satisfaction.

Concerns about climate change have yet to translate into significant changes in people's holiday behaviour – especially in their use of air travel. Flights are still seen as an economic and convenient way of getting to a destination and as essential for long-haul travel. However, people claim considerable concern about the environmental impact of their travel and there is some interest in using public transport to get around in a destination. In visitor's perceptions, Scotland is viewed as a country which looks after its natural and cultural heritage and thus, [VisitScotland projects a strong sustainability message](#).

Furthermore, research has highlighted that in people's perceptions, Scotland is seen as a country which looks after its traditions and heritage and so a sustainability message is clearly credible. Therefore, the existence and subsequent promotion of the Green Tourism Business Scheme and other green initiatives can be used to give people easy ways to be green and strengthening of consumer sentiment on this will continue to be tracked.



CORPORATE PLAN 2009/2012

UNDERTAKING MARKETING TO ENSURE AN APPROPRIATE PROPOSITION FOR VISITORS

In support of the industry ambition to achieve 50% revenue growth by 2015, VisitScotland plays a key role not only in attracting new and repeat visitors to Scotland, but in helping to enhance the visitors stay in Scotland, connecting visitors with memorable experiences, encouraging them to do more, spend more and return more often.

The role of the International Marketing department is to generate economic growth from current core, developing and emerging markets across the globe. VisitScotland works closely with partners across Team Scotland, including the Scottish Government, Scottish Enterprise, Scottish Development International, to promote Scotland overseas. Examples include the important role VisitScotland plays during Scotland Week in North America. The driving force behind Team Scotland's work overseas is the International Framework and VisitScotland was a key contributor to its development. Recent research indicates that international travellers will resist sacrificing their main holiday and short breaks, but we must act to deliver value for money and shorter stay propositions both direct to consumer and via intermediaries. While increasingly short breaks may be taken at home, the main overseas holiday will be most jealously guarded and we must continue to invest in the unique propositions which position Scotland as a desirable destination for longer stay main holidays.

We will continue to use our consumer segmentation study to efficiently target relevant communication and marketing messages at the most high potential consumer groups. This will ensure the maximum impact with consumers who are the most likely to visit Scotland and have the most

potential for the highest spend. The existing product portfolio as well as the most motivating regional messages will be adapted to fit within the consumer segmentation to ensure better targeting of relevant communication messages.

The recent re-structure means that regional marketing is now part of the UK & Ireland marketing team. This results in regional messages having a far greater reach and impact and will add much greater depth to all VisitScotland communication. It also means that we can have a greater impact on the on-arrival visitor experience by integrating our national marketing activity with local marketing and the wider Visitor Information Centre network.

Local Marketing has a key role in developing key strategies that address the issues and opportunities highlighted and ensuring activity is effectively measured. This will help to establish the additional impact that investment on arrival activity has had on the visitor in terms of additional spend, satisfaction and propensity to visit. Given the current economic challenges, now is also the time to re-position the network to Scots and encourage more of the home market to make use of the services offered to help them plan a break or holiday at home. While VisitScotland has not traditionally intervened in the day trip and the 'visiting friends and relatives' market (VFR) market there is also an opportunity through outreach activity and local campaigns to stimulate more Scots to explore their own country.



CORPORATE PLAN 2009/2012

BUSINESSES

The core purpose of the Business Engagement Directorate is to work for Scotland by connecting businesses with visitors. This includes: providing advice to businesses (relating to marketing and quality assurance), offering a comprehensive suite of Quality Assurance programmes and delivering a range of consumer, corporate and trade events.

More specifically, helping businesses such as hotels, visitor attractions and local authorities connect with millions of potential visitors by advising them on market trends and offering them access to many different marketing opportunities. These opportunities include attendance at events and exhibitions, visitor guide listings, brochure and website advertising and Visitor Information Centre displays. In addition, VisitScotland have a core role in creating the environment that will give economic opportunities to businesses and contribute to skills development and training by identifying service deficiencies and best practice through the work undertaken in quality assessment.

STRATEGIC PARTNERS

As the National Tourism Organisation for Scotland we operate in an environment with multiple stakeholders. These include: tourism industry; Government both national and local; Corporate Scotland; as well as visitors to Scotland.

VisitScotland's ambition is, through our strategic partnership and planning activity, to improve the alignment of the public sector, tourism businesses and tourism stakeholder efforts in order to respond to the economic environment and ultimately to fuel industry growth. Indeed, we have a Key Performance Indicator of **'50% of stakeholders incorporating the growth ambition into their strategic thinking'**. To achieve effective two-way engagement we have refreshed our approach to stakeholder

relations, adopting an account management system. Good market intelligence is a key driver of innovation and enterprise. To support the industry in this area, a new joint initiative has been developed by Scottish Enterprise, Highlands and Islands Enterprise, and VisitScotland; **Tourism Intelligence Scotland**.

Working closely with the Scottish Government Tourism Unit and the Scottish tourism industry, Tourism Intelligence Scotland is a key initiative in supporting the industry to achieve the 50% growth target set out in the Tourism Framework for Change.

In 2009/2010 VisitScotland will:

- continue to align our activities and measures to the priorities of the Government Economic Strategy and relevant Government departments as communicated through the Government's Tourism Team
- pursue more integrated and better aligned objectives, strategies and delivery arrangements with our public service partners (mainly but not exclusively, Enterprise Agencies and Local Authorities)
- work with the Scottish Tourism Forum to improve delivery structures that allow the industry and VisitScotland to act as one team
- ensure mechanisms are in place to give businesses and stakeholders a strong voice and encouraging ownership in the development of national and local strategies
- influence businesses / stakeholders to get involved with activities which will drive growth via the Growth Fund
- enhance our business and stakeholder communications
- deliver a continuing programme of local events (available as a joint platform for other public sector agencies) across Scotland, through which VisitScotland will listen to and respond to local needs



CORPORATE PLAN 2009/2012

VisitScotland has also established a Business Planning Alignment Group with key partners (Scottish Enterprise, Highlands and Islands Enterprise, Scottish Funding Council, Scottish Development International, Skills Development Scotland, Forestry Commission Scotland, Scottish Natural Heritage and the Scottish Government) to discuss business planning in detail to identify where strategic alignment is appropriate and how it can be achieved. VisitScotland are also members of the Strategic Forum Working Group which provides the setting to promote more effective collaboration and alignment between member bodies and to enable Ministers to provide strategic direction to those bodies in line with the Government's Economic Strategy.

The development of Single Outcome Agreements (SOAs) with community planning partnerships, under the leadership of local authorities, offers a significant opportunity for VisitScotland to help deliver local services to achieve benefits at a local level. In particular, VisitScotland are working with our local authority partners to ensure:

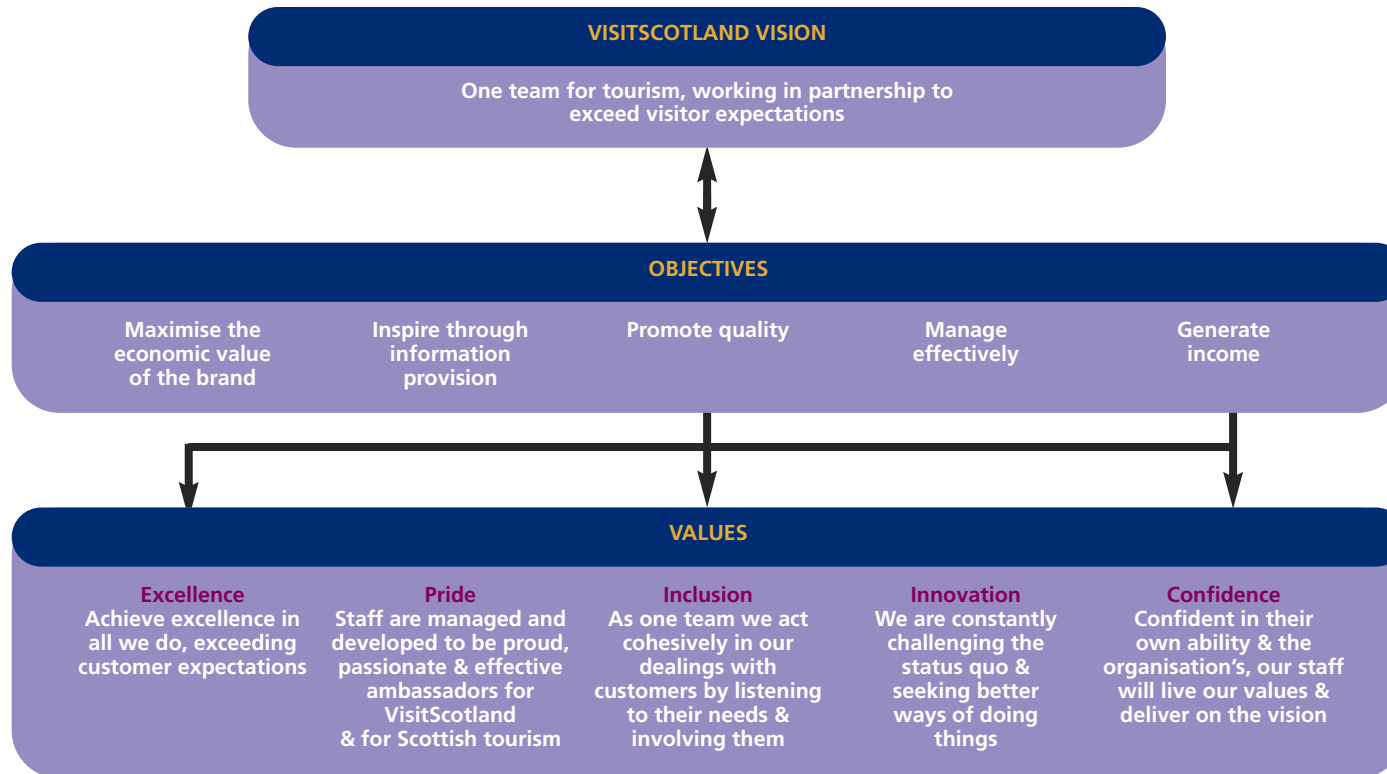
- tourism is a priority industry that fulfils its significant potential to contribute to sustainable economic growth
- that local councils, VisitScotland and other partners deliver the best tourism product and marketing in close alignment with the rest of Scotland at home and abroad
- that action is taken on the long term ambition to increase tourism revenue by 50% by 2015 and that VisitScotland and local councils follow the steps set out in the Tourism Framework for Change strategy in working towards this

At an operational level we will continue to work closely with a host of industry and public sector partners to deliver specific activities.



OUR STAFF

We operate our business as one team, on best value principles, through a combination of management and delivery against co-ordinated national and local tourism growth agendas. Furthermore, the way that we work has a direct bearing on how successful we are. Our values underpin this:



In addition, we have in operation an organisational development project to deliver a consistent leadership style across the organisation. A bespoke leadership model and 360 process has been developed for VisitScotland.

In 2009/2010 work will focus on taking the results of the 360 process and supporting managers to enact the leadership model and contributing towards our corporate objective to manage our business effectively.

OUR ACTIVITIES – HOW WE MAKE IT HAPPEN

As highlighted throughout, the VisitScotland Corporate Plan has been developed within the context of the Scottish Governments' Economic Strategy and is supported by annual operational plans which are regularly revisited and updated to reflect changes in the economic climate. The sections that follow detail our main activities for the forthcoming year (2009/2010) in achieving our corporate objectives.


VisitScotland plays a catalytic role in 50% growth ambition and the following sections identify the respective contributions, activities and performance metrics of the organisation.

A full list of activities is presented in our departmental operational plans.



MAXIMISE THE ECONOMIC VALUE OF THE BRAND

Increase economic benefit through stretching and promoting a successful Scottish tourism brand




| | STRATEGIC CONTRIBUTION | ACTIVITY (EXAMPLES OF) |
|--|---|---|
| Visitor Engagement supported by New Media | <p>Research has distilled our brand to three values people associate with Scotland: enduring, dramatic, human.</p> <p>We will continue to use the brand to inform, inspire and convert visitors at all stages of the decision-making process, to encourage more people to visit, do more and spend more within Scotland, increasing revenues to the tourism industry.</p> | <ul style="list-style-type: none"> • deliver 4 themed seasonal campaigns in the UK • enhance and refine the UK Relationship Marketing programme • deliver programme of Golf, City Plus and Touring Plus focused campaigns in key International markets • deliver programme of events and communication platforms to stimulate interest in Scotland as a business destination • focus on Homecoming 2009 with programmes aimed at the local market in addition to the rest of the UK and key International markets develop communication platforms to promote a distinctive tourism brand |
| Business Engagement | <p>The promise made pre-arrival must be delivered on-arrival. We will continue to develop and promote quality schemes to encourage investment by the industry to ensure a visitor experience that meets or exceeds expectations, building the brand and encouraging spend and repeat visits.</p> | <ul style="list-style-type: none"> • long term QA strategy: undertake a fundamental review of our QA purpose and strategies • implement a refreshed Business Advice strategy • implement a new approach to Commercial Product Management • implement a new approach to Local Authority engagement |
| Strategic Partnerships | <p>We will assist in growing tourism revenues in line with the 2015 forecasts by providing visitors with the most appropriate enquiry handling channel for each stage of the customer journey.</p> <p>EventScotland has a key role to play in developing a portfolio of events that delivers impact and an international profile for Scotland.</p> | <ul style="list-style-type: none"> • align plans and activities with our key stakeholders to further stretch a consistent Scottish tourism brand. • provide the knowledge and information required to develop economic development / tourism / partner organisation strategies to achieve growth focus and alignment of VisitScotland/partner activity • implement action plan in response to local engagement research • increase the participation in the Growth Fund and implement a cycle of evaluation and improvement |



CORPORATE PLAN 2009/2012

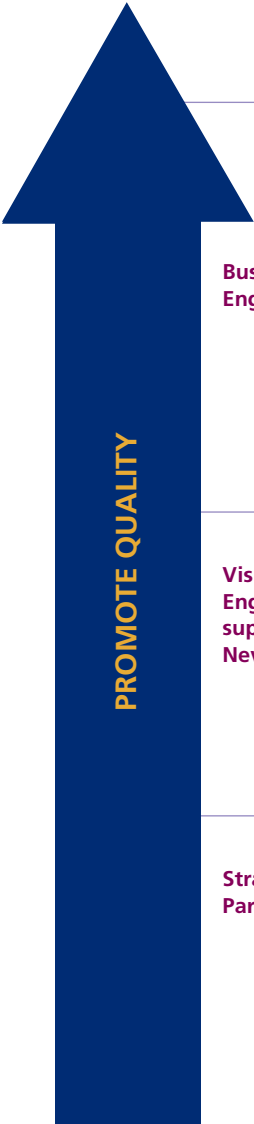
INSPIRE THROUGH INFORMATION PROVISION

Increase economic benefit and enhance the visitor experience through the provision of information and inspiration

| | | STRATEGIC CONTRIBUTION | ACTIVITY (EXAMPLES OF) |
|--|--|--|---|
|  | Visitor Engagement supported by New Media | <p>We will generate and disseminate content at all stages of the customer journey that inspires visitors to do more and spend more within Scotland.</p> <p>By identifying consumer needs around information channels we will deliver inspiring content and compelling propositions using Mobile and Wireless technology.</p> | <ul style="list-style-type: none"> • carry out research to inform content and distribution channel strategies • provide relevant products and services through the VIC network • use outreach programmes to touch best prospects at events and festivals with compelling offers and inspiring information • target on-line communities to create word of web endorsement • improve the promotion of the Gaelic language and culture within VIC's e.g. through provision of a phonetic list of commonly used phrases and names and the production of localised fact sheets • develop a seasonal calendar to ensure year-round International visitation |
| | Business Engagement | <p>Through partnership working we will reach a global audience.</p> <p>Ensuring through our web presence that information enquiries are handled timeously and visitors are satisfied with the quality and accuracy of information provided.</p> | <ul style="list-style-type: none"> • feedback customer insights to Business Products & Services to enable product improvement • use product evaluation/assessment data to develop customer facing information that informs purchase decision • deliver commercial product management to maximise income, participation and alignment with information provision activity • agree and deliver an effective, professionally managed events and exhibitions programme which matches consumer and business customer demands to increase visitors and revenue |
| | Strategic Partnerships | <p>By embracing intuitive content distribution, Amazon model, we will ensure that the content pushed out to the end user is fresh, relevant and inspirational.</p> | <ul style="list-style-type: none"> • provide updates on development and progress of implementation of local marketing strategy to key partners through a variety of channels • evaluate information available to visitors promoting and facilitating "green" visitor behaviour, and influence that provision • ensure understanding and buy-in to the value of information provision and how it enhances the visitor experience |

PROMOTE QUALITY

Increase economic benefit and enhance the visitor experience through the provision of quality assurance to the visitor and quality advice to the industry

| | | PROMOTE QUALITY | |
|--|--|---|--|
| | | STRATEGIC CONTRIBUTION | ACTIVITY (EXAMPLES OF) |
|  | Business Engagement | <p>Service, quality and value for money are critical for Scotland to remain a must visit must return destination. Quality must be one of the values that sets us apart from the competition. We will motivate investment by businesses to maintain and improve accommodation, visitor attractions and activities in line with customer requirements and expectations by continual development of the Quality Assurance schemes.</p> | <ul style="list-style-type: none"> • develop and deliver existing and new QA schemes to improve quality • provide quality advice to businesses on quality development, and VS products, and sign post towards specialist advisory services • target additional advisory products towards businesses with potential for growth • provide data and analysis that helps customers run their businesses through CRM/Service Desk/report • gather and utilise business customer insights to develop products and services that meet business customer and stakeholder needs and deliver on targets |
| | Visitor Engagement supported by New Media | <p>We will use the quality of our offering to encourage visitors to do more and spend more in Scotland.</p> <p>We will provide quality, trustworthy, accurate, timely and relevant content via all communication channels.</p> | <ul style="list-style-type: none"> • present QA information on all on and off-line channels • expand the reach of our quality assured businesses through all our channels work with Food and Drink Scotland, Wildlife Scotland and other bodies to highlight our QA schemes • PR activity will underpin support for GTBS members as part of drive to establish Scotland as a sustainable destination • bring category 1 VICs into compliance with GTBS criteria by 2010 |
| | Strategic Partnerships | <p>We will, working with and supporting key partners, enhance the skills and training of those working in the tourism industry.</p> <p>EventScotland continue to work with a range of partners (both event organisers and deliverers) to ensure high quality delivery.</p> | <ul style="list-style-type: none"> • use the investment plan to influence local and foreign investment into areas that will most effectively meet the future needs of visitors • use the national investment plan as a basis to work with key sectors to deliver increased quality to meet customers needs • develop and deliver a programme of activity to support the achievement of the GTBS targets |



CORPORATE PLAN 2009/2012

MANAGE EFFECTIVELY


Manage our business effectively and efficiently building a positive corporate reputation

| | | STRATEGIC CONTRIBUTION | ACTIVITY (EXAMPLES OF) |
|--|--|--|--|
| | | MANAGE EFFECTIVELY | <p>Corporate Services & Human Resources</p> <p>We will continue to progress towards achieving Best Value and where possible cost efficiencies. More specifically, we will protect the corporate reputation of VisitScotland (which directly influences perception of Scotland the Brand) by ensuring compliance with legislation and guidelines on accounting, procurement, audit, risk and corporate governance.</p> |
| | <p>Visitor Engagement supported by New</p> <p>We are required to make 2% per annum efficiency savings over the next three years, a target which the Scottish Government has set across the public sector as a whole. To achieve this, we are exploring jointly with our Scottish Government funded partners, the potential for a more streamlined delivery of public services and integrated approach towards achieving greater efficiency and where appropriate develop common business processes.</p> | <ul style="list-style-type: none"> • review of ticketing and retail strategies • review of in outlet business opportunities • maximise usage of video conferencing to reduce travel costs | |
| | <p>Business Engagement</p> | <ul style="list-style-type: none"> • propose a method of managing data records in a centralised manner, and make recommendation to the resourcing of this task. • implement the outcomes of the review of systems that support product data maintenance to achieve greater efficiency • achieve efficiencies by aligning VisitScotland event production services with those of other public agencies | |
| | <p>Strategic Partnerships</p> | <ul style="list-style-type: none"> • develop a planning, measurement and project process to support continuous improvement • actively engage with key partners to demonstrate positive impact VisitScotland has on driving tourism growth • position VisitScotland as an effective, well-regarded and innovative organisation through all communications • evaluate and improve the delivery and dissemination of insight from monitors and surveys to support all customer groups | |



GENERATE INCOME

Generate income and in kind contributions to support our core activities



| | STRATEGIC CONTRIBUTION | ACTIVITY (EXAMPLES OF) |
|--|---|--|
| Visitor Engagement supported by New Media | <p>We will contribute to the industry growth ambition by generating income to invest in and support our core activities.</p> <p>The funding we receive from the Scottish Government is directed towards growing tourism revenues by attracting visitors to Scotland. Local authority funding plays a vital role in supporting tourism across our regions.</p> | <ul style="list-style-type: none"> • deliver a programme of themed activities across the Directorate covering the 4 seasons • deliver a programme of VIC partnership opportunities offer transport and other sector specific opportunities within campaign activity • provide offers for Attractions and Accommodation suppliers within all campaign activity |
| Business Engagement | <p>The Business Engagement team will manage the generation of income from business customers, including marketing opportunities, quality assurance and other commercial activities.</p> | <ul style="list-style-type: none"> • assess product income potential to inform sales targets • agree and allocate sales targets to meet business income needs • use CRM as primary data set for all Commercial Operations activities • manage and deliver all schemes in line with sales targets agreed with Business Products and in conjunction with Commercial Operations |
| Strategic Partnerships | <p>We also generate income through our European Structural funds strategy to support the tourism industry growth ambition.</p> | <ul style="list-style-type: none"> • meet with key industry bodies (e.g. Scottish Tourism Forum; Association of Scottish Visitor Attractions) to identify their needs, and to share opportunities for their members to participate • work with SLAED / COSLA to support single outcome agreements and provide co-operative context in which to establish Service Level Agreements with local authorities • maximise the drawdown on existing European Lowlands & Uplands and Highlands & Islands Programmes |

KEY PERFORMANCE INDICATORS

This section outlines our key performance indicators which will be reported to the Board six monthly.

| KPI | TARGET | DIRECTORATE |
|---|---|------------------------|
| Maximise the economic value of the brand | | |
| Additional income generated by Visitor Engagement activity (total) | £ 220 million | Visitor Engagement |
| <ul style="list-style-type: none"> • international marketing (France/Germany Touring campaigns) • UK and Ireland marketing (4 themed campaigns) • Local marketing • BTU specific business enquiries | £60 million £80 million £5 million £75 million | |
| Maintain visitor propensity to visit Scotland | 57% (average) across the UK 47% (average) across the Republic of Ireland | Visitor Engagement |
| % of key stakeholders who have incorporated support for the tourism industry and actions for growth into their own strategic planning and operational thinking and direction | 50% | Strategic Partnerships |
| Inspire through information provision | | |
| Increase niche traffic by 30% | 6.8 million | Visitor Engagement |
| Increase gateway traffic by 20% from Europe and 45% from long haul | 1 million | Visitor Engagement |
| Increase conventionscotland.com traffic by 50% | 65,000 | Visitor Engagement |
| Local Authority Funding: to secure contributions to regions | 4.8 million | Business Engagement |
| Deliver visitor footfall to VICs | 4.5 million | Visitor Engagement |



CORPORATE PLAN 2009/2012

| Promote quality | | |
|---|---|---------------------|
| Number of VICs in GTBS at Bronze level | 50 | Visitor Engagement |
| Maintain the level of participation in Quality Assurance schemes for 2009 Note: Industry capacity has been changed to be the primary measure for this PPI from this year | 70% | Business Engagement |
| Manage Effectively | | |
| Reduce VIC staff costs Increase average transactional value from £.72/head to £1/head Decrease VIC gross expenditure Decrease VIC net expenditure | £200, 000 saving £1 per capita £100,000 £400,000 | Visitor Engagement |
| Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum | 2% | Corporate Services |
| Maintain £1million in savings secured over last two years and contribute to further savings | £1 million savings maintained £50,000 additional savings | Corporate Services |
| Generate Income | | |
| Deliver partnership income from marketing activity; Secure ERDF income of £1.4 million | £1.4 million | Visitor Engagement |
| Secure £2.5 million of In Kind Support (IKS) | £2.5 million | Visitor Engagement |
| Industry Income from Business Customers | £8.4 million | Business Engagement |

MAJOR PROJECTS 2009/2010

The following significant projects will run across the Directorates and support a number of corporate objectives:

[HOMECOMING [VISITOR ENGAGEMENT AND EVENTS] SCOTLAND]

In 2009, a country wide programme of exciting and inspirational Homecoming events and activities will celebrate some of Scotland's great contributions to the world: Burns himself, Whisky, Golf, Great Scottish Minds and Innovations and our rich culture and heritage. This project specifically addresses our intention to increase economic benefit through stretching and promoting a successful Scottish tourism brand.

A Scottish Government initiative, it is being managed by VisitScotland and EventScotland to:

- deliver additional tourism visits and £40m revenue for Scotland
- engage and mobilise the Scottish Diaspora
- promote pride in Scots at home and abroad
- celebrate Scotland's outstanding contributions to the world



VISITSCOTLAND.COM [CHIEF EXECUTIVE'S OFFICE]

The key Project Objective is the purchase of eTourism Ltd and implementing the convergence with VisitScotland. More specifically, this project contributes to all our corporate objectives. Work in 2009/2010 will focus on the delivery of:

- inspirational web site, as measured by growth in web traffic
- better connection with visitors as measured by growth in data base
- significant improvement in joining customers to businesses, as measured by numbers of listings and click through
- break even financially

INTEGRATION OF HOSPITALITY ASSURED [STRATEGIC PARTNERSHIPS]

Ensure actions identified in the Hospitality Assured assessment are implemented across the organisation to deliver continuous improvement in the service all our customers receive. In particular, this activity will deliver our intention to increase the economic benefit and enhance the visitor experience. Ultimately we will use the quality of our offerings to encourage visitors to do more and spend more in Scotland.

ORGANISATIONAL DEVELOPMENT [HR]

The objective is to deliver a consistent leadership style across the organisation. A bespoke leadership model and 360 process has been developed for VisitScotland. In 2009/2010 work will focus on taking the results of the 360 process and supporting managers to enact the leadership model and contributing towards our corporate objective to manage our business effectively.

Implementation of Diversity/Equality Strategy [HR]

We will implement diversity policies (developed in 2008/2009) and training to:

- meet VisitScotland's business and legislative requirements
- support external customers, improving the customer experience and providing more choices
- integrate diversity management into the key leadership skills, to encourage and empower managers to take decisions, recognising the different and varied skills our staff bring to the workplace
- demonstrate VisitScotland's commitment to equality issues, making the organisation an employer of choice

In particular, this project and the development of a Gaelic Language plan (details below) will contribute to our corporate objective to manage our business effectively and efficiently building a positive corporate reputation.

DEVELOPMENT OF GAELIC LANGUAGE PLAN [STRATEGIC PARTNERSHIPS]

We have been notified of our statutory duty to formally develop a Gaelic Language Plan that sets out how we intend to use and promote the Gaelic language through our activities.



CORPORATE PLAN 2009/2012

FINANCIAL INFORMATION

The table below provides details of the income and expenditure for each of the organisation's main areas of activity, in particular for the period 2009/2010.

| | Agreed Plan 2009/2010 £m | Plan 2010/2011 £m | Plan 2011/2012 £m |
|----------------------------|--------------------------------|-------------------------|-------------------------|
| Income | | | |
| Commercial and Stakeholder | 20.4 | 20.3 | 20.3 |
| Scottish Executive Funding | 48.9 | 46.4 | 46.4 |
| Total Income | 69.3 | 66.7 | 66.7 |

Expenditure

| | | | |
|--------------------------|-------------|-------------|-------------|
| Vistor Engagement | 39.9 | 39.9 | 39.9 |
| Business Engagement | 7.4 | 7.4 | 7.4 |
| Strategy Partners | 4.1 | 4.1 | 4.1 |
| Corporate Services | 7.0 | 7.0 | 7.0 |
| Event Scotland | 7.0 | 7.0 | 7.0 |
| Homecoming | 2.6 | - | - |
| Capital | 1.3 | 1.3 | 1.3 |
| Total Expenditure | 69.3 | 66.7 | 66.7 |

Notes:

1. Scottish Government Funding has still to be confirmed for 2009/2010 but figure is based on previously indicated funding levels which have been assumed for 2009/2010 budget and beyond.

2. Scottish Government Funding includes £2.5 million for Homecoming in 2009/2010.

| | | | |
|------------------------|-----|-----|-----|
| Net Income/Expenditure | 0.0 | 0.0 | 0.0 |
|------------------------|-----|-----|-----|



CORPORATE PLAN 2009/2012

RISK ANALYSIS

VisitScotland's strategy for managing and identifying risks is based on guidance issued by the Scottish Government and best practice as agreed with our auditors. It is embedded into our operational plans.

We have a risk register which contains both key external and internal risks together with mitigating actions. Our risks are reviewed on a regular basis and are reported to our senior management team and our Board's Audit Committee. In addition risk registers are created and managed for all key strategic projects. A summary of the key strategic risks identified and the main mitigating actions planned are presented.

| RISK ANALYSIS | |
|--|--|
| External Risks | Mitigating Action |
| Reduction in funding from local authorities (LAs) impacting on regional and TIC operations | <ul style="list-style-type: none"> • increasing accountability to LAs for their investment by linking funding to deliverable outcomes (KPIs) • developing links with LAs through Chairman's Committee, COSLA, SLAED, National Convention on Tourism and Area Tourism Partnerships • reviewing local information delivery with LAs and others to ensure best use of public funds • improve engagement with LAs through specialist strategic relations and regional business development teams |
| Scotland may be viewed as a low quality and expensive destination compared to other countries | <ul style="list-style-type: none"> • research/economic scanning activity to review economic trends and inform planning activity • working with others to advocate importance of skills and training in order to raise quality in tourism • embedding the principles of economic, social and environmental sustainability in all our work • full support programme in place for market positioning Scotland as a world class destination and promoting Scotland's distinctive global brand • promote National Tourism Investment Plan centred on quality improvement |
| The target increase of 50% in tourism revenues to the Scottish economy by 2015 may not be achieved | <ul style="list-style-type: none"> • increasingly sophisticated marketing of Scotland and all its attractions to potential visitors worldwide • National Tourism Investment Plan development • closer liaison with other agencies at regional level to ensure support • activity by EventScotland to attract major events and participation in implementation of the Tourism Framework for Change; supporting and coordinating Area Tourism Partnerships and developing Area Tourism Action Plans to deliver change and growth at local level |
| Economic slowdown arising from worldwide credit squeeze leads to drop in visitor numbers and spend | <ul style="list-style-type: none"> • research activity, statistical analysis, environmental scanning and continual review of consumer trends in order to quickly identify and respond to any downturn • targeting high value markets and investing against the highest yielding consumer segments |

RISK ANALYSIS

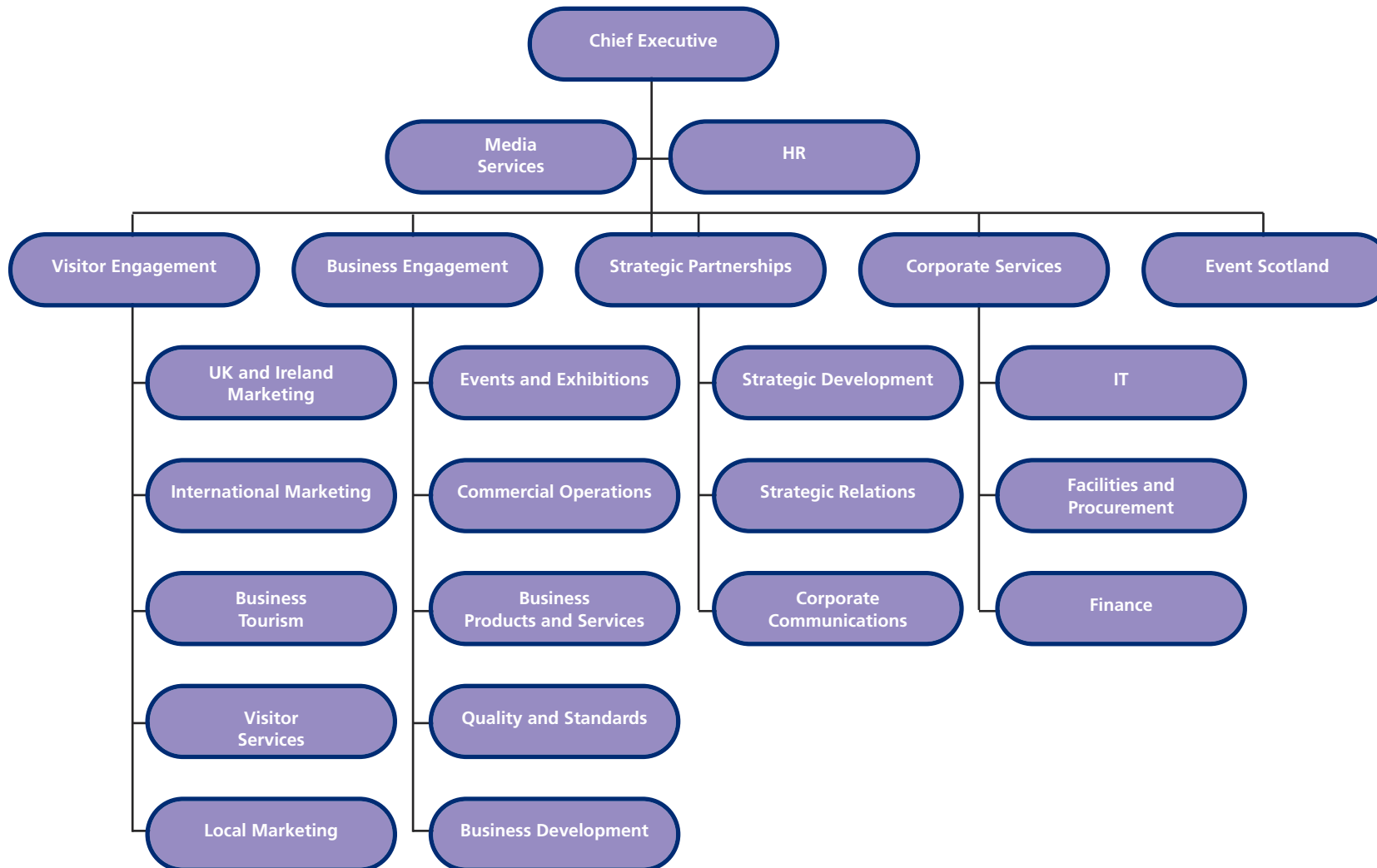
| External Risks | Mitigating Action |
|--|--|
| Lack of development of direct routes and transport infrastructure prevents growth | <ul style="list-style-type: none"> • influencing national transport strategy by working with other agencies to attract new routes • working with transport partners to promote a full range of access opportunities to the visitor and encouraging investment • canvassing Government support for direct air routes • continuing investment in support |
| Short or long term disaster impacts on visitor numbers | <ul style="list-style-type: none"> • environmental scanning to identify potential threats, possible outcomes and worst case scenarios • marketing strategy provides for possible switch in resources to different markets • Crisis Communications Manual further developed for new scenarios to minimise impact • integrated planning and organisation to ensure co-ordinated responses at local, national and international level • participation in Scottish Tourism Emergency Response Group and other relevant groups |
| Collapse of commercial partner due to financial pressures leading to disruption of services and loss of reputation | <ul style="list-style-type: none"> • implement procurement strategies and contracts that protect VisitScotland's interests • introduce service level agreements as appropriate to ensure delivery • optimise use of shared services and Government collaborative contracts • monitoring of contractual arrangements and performance levels and regular review and reporting at Board level |
| Resistance by tourism businesses to increased commercialisation of VS activities, leading to reduction in customers/income | <ul style="list-style-type: none"> • refreshed focus on business engagement to look after the needs of tourism businesses • delivery of products and services which assist businesses to drive growth • development of National Tourism Investment Plan |

RISK ANALYSIS

| Internal Risks | Mitigating Action |
|---|---|
| <p>Operational: VisitScotland.com may not deliver what is required by VisitScotland, the trade, the visitor or the potential visitor resulting in loss of credibility and inability to match on-line competitors</p> | <ul style="list-style-type: none"> • performance monitoring against business plan • devise and implement content strategy to reduce duplication and effort and rationalise websites • improve data capture to increase customer database and better knowledge of visitors |
| <p>Operational: VisitScotland's performance may attract adverse media commentary putting pressure on relationships with the trade and Government</p> | <ul style="list-style-type: none"> • series of face to face meetings with key media, building on established relationships and creating new contacts • host key media at a series of events and develop a programme which will generate positive coverage for VS in business/trade press • work closely with the Scottish Tourism Forum and other industry groups to ensure more effective engagement/communication of key strategic messages |
| <p>Financial: lack of sufficient income from: grant in Aid, Local Authorities, European Funding and Commercial income reduces scale and effectiveness of VS activities</p> | <ul style="list-style-type: none"> • reinforce to Government the contribution made by tourism and by VisitScotland to sustainable economic growth • develop/implement a strategy which maximises the benefit of European structural funds • develop new activities and sponsorship to generate additional income |
| <p>People: shortage of the necessary skills and training for staff and training expertise will impact on the delivery of business objectives and on credibility</p> | <ul style="list-style-type: none"> • develop a manager's toolkit and related learning and development activities to support managers re-education • revisit management development programme to ensure it meets the needs of the organisation • establish an organisational effectiveness and talent management system for career development and training • conduct a learning needs analysis of the HR team, re-skilling and developing the team as appropriate |
| <p>Technology: inadequate investment in IT may prevent VisitScotland from operating efficiently and leave it behind the competition in technology</p> | <ul style="list-style-type: none"> • continue the evolution of the infrastructure network to an efficient and reliable standard through the next phase of the Enterprise Management Project • implement new IT strategy • forward planning of capital budget and expenditure for replacement and upgrading of workstations, servers and core business systems |

APPENDICES

APPENDIX ONE: VISITSCOTLAND ORGANISATION CHART



APPENDIX TWO: FIVE DRIVERS FOR GROWTH

CAPTIAL INVESTMENT

If Scottish tourism is to grow, we need to see an extension of the type of investment recently witnessed both in cities and rural areas, for example in many of the larger hotels and golf course developments, that will vastly improve prospects for both leisure and business tourism. In some areas there is a need for improved facilities for business tourism, while in others there are gaps in accommodation or visitor attractions for leisure visitors.

CROSS-SELLING

To increase visitor expenditure, tourism businesses need to start selling related products or services, for example the accommodation provider recommending restaurants; the activity provider recommending accommodation; the taxi driver recommending retailers. We also need to make it easier for our visitors to buy what we have to offer, through combined and discounted attraction tickets, joined up offers like activity with accommodation, dinner with theatre and more.

CAPACITY UTILISATION

Across Scotland there are varying levels of occupancy and there is seldom 100% occupancy at any time. In practically any other business, even the highest rate of occupancy – 63% for hotel rooms – would be considered unacceptably low overall capacity utilisation. One of the quickest, most cost effective wins for tourism businesses would be to make more effective use of their existing assets and for a concerted effort to be made to extend the season.

MARKET POSITIONING

Scotland will never be a mass tourism destination like Spain, nor does it have the low costs of an emerging tourism economy like Poland. We can and we should, however, position ourselves against countries like Sweden and Switzerland where a reputation for quality pervades the whole industry. It is not a question of only dealing with luxury tourism; rather it is representing high quality in all our market sectors, from hostels and B&Bs through to resort hotels and distinctive exclusive use venues.

INCREMENTAL MARKETING

Both the private and public sectors have to maintain high levels of expenditure in marketing to guarantee Scotland's voice is heard amongst the competition. Marketing spend must be constant: it's not a one-off exercise. It's about building awareness and if this stops, that awareness will quickly fade in a world where people are bombarded by enormous amounts of information and marketing messages.



CORPORATE PLAN 2009/2012