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FOREWORD

It has been eight years since the Edinburgh 2020 Tourism Strategy was launched and as it reaches the end of its intended lifespan, it is now time to look forward, beyond 2020.

Edinburgh is therefore embarking on the process of developing the new Edinburgh Tourism Strategy 2030 and it does so with a strong track record of success and growth. However, the world has changed dramatically since the current strategy was developed and it is essential that the city and the tourism sector use this opportunity to take stock, look to the future, consider how to work differently, do things better, and build on the successes to date.

With that in mind, in October 2018 the Edinburgh Tourism Strategy Implementation Group (SIG) initiated the process of developing a new Tourism Strategy for the city. This is being delivered via a phased approach:

- Phase 1 – Research & Evidence gathering
- Phase 2 – Industry & Stakeholder consultation
- Phase 3 – Consolidation of all research/evidence and consultation findings
- Phase 4 – Forming and agreeing the strategy with stakeholders
- Strategy Launch – in January 2020

The process of developing the new Edinburgh Tourism 2030 Strategy is being guided by the following agreed principles and will be:

- Delivered via a “Team Edinburgh” approach
- Designed to ensure an appropriate balance between residents, businesses and visitors, focusing on ‘Good’ Growth and the sustainability of both the city and sector
- Founded on a robust evidence base, inclusive consultation and transparent development process

Phase 1: Research & Evidence Gathering – Setting the Scene

The aim of the “Setting the Scene” report is very much to start the conversation about the future of tourism in Edinburgh. Using data and analysis from more than 200 sources, this report is intended to challenge thinking, highlight potential opportunities and issues and inform debate amongst the many stakeholders, partners, businesses and communities responsible for, and impacted by, tourism.

You can find out more about the development of the Edinburgh Tourism Strategy 2030 @

https://www.etag.org.uk/edinburgh-2020/developing-the-edinburgh-2030-strategy/

May 2019

Disclaimer: ETAG has published this report on behalf of the Edinburgh Tourism Strategy Implementation Group in good faith to inform the development of the Edinburgh Tourism Strategy 2030. ETAG has taken all reasonable steps to confirm that the information contained in the publication is correct, however ETAG does not warrant or assume any legal liability for the accuracy of any information disclosed and/or referenced and accepts no responsibility for any error or omission.
SETTING THE SCENE: METHODOLOGY

The research process for this report dealt with more than 200 documents submitted by the partner agencies to this project: The City of Edinburgh Council, the Data Driven Innovation Programme Team, Edinburgh Tourism Action Group, Marketing Edinburgh, Scottish Enterprise and VisitScotland, as well as the research team at TOPOSOPHY Ltd, the company commissioned to carry out this study.

These documents were collected and grouped by category, then systematically examined by TOPOSOPHY for evidence that would help to build a clear picture of the City of Edinburgh in the context of the global economy, national and international trends, the city’s urban development, and the evolution of its visitor economy.

The results of this evaluation are presented in this report. In each chapter evidence is presented, and key issues and questions raised at the end of the chapter under the heading ‘Implications for Edinburgh’. At the end of the report, a list of key takeaways is presented in Chapter 9.

The questions and issues raised here will form the basis of the industry and public consultation that will take place during 2019. The inputs of this study and the consultation will feed inform the Edinburgh Tourism 2030 Strategy, due to be presented in January 2020.
Chapter 1

The Global Context for this Analysis
The global context for this analysis is one of a complex scenario of changing geopolitical alliances, accelerating technological change, shifting consumer values, and ever-greater evidence of changes in the environment. The global economy has emerged from the global economic crisis of triggered in 2008, though with uneven rates of economic expansion. Currently, there is concern that growth momentum in many of the world’s economies might have peaked in 2018 and global expansion is projected to start cooling down gradually. Global real GDP growth is forecast at 3.8% in 2018 (a pace similar to 2017), declining to 3.5% in 2019–2020.¹

Tourism outperforms the economic cycle

Increases in commodity prices (especially the cost of oil, leading to pressure on airlines), the possibility of an escalation in the US-China trade dispute and a resulting slowdown in consumer demand caused by inflation are all potential risks to the gradual economic growth gathering pace around the world.

Yet in spite of the global economic turbulence of the past decade, the global tourism industry has, in many respects continued to ‘defy gravity’. Typically driven by an increase in affluence, tourism is a cyclical sector which can be expected to rise during periods of economic expansion and fall during periods of recession. Nevertheless, tourism continues to outperform the economic cycle and barring a major worldwide recession in the coming years, it is forecast to remain a growth sector, with international tourism arrivals expanding at 3% per year to 2025. Compared to a 55% increase in overnight stays over the period 2005-2015, globally, the decade to 2025 is forecast to see even more rapid growth; 56% for visits and 62% for overnights. This is equivalent to an increase of 5% in nights per year, well ahead of the forecast for world GDP growth over this period of around 3%.²

IMPLICATIONS FOR EDINBURGH’S VISITOR ECONOMY

• Beyond the present political turbulence in the UK, the global economy is in gradual expansion. Tourism is a growth sector, with global demand forecast to accelerate in the medium term

• Based upon global economic trends in isolation, the city could reasonably expect to see tourism demand increase within the lifetime of the Tourism 2030 Strategy, particularly from emerging market economies
Chapter 2

Global Megatrends
The city of Edinburgh doesn’t exist in a bubble. As a thriving city, seat of political power, a cultural hub, centre of commerce and transportation in Scotland, trends and patterns of behaviour sparked thousands of miles away can quickly start to shape the city in a multitude of ways. The city’s tourism sector is also shaped by global trends and shifts in consumer attitudes.

In broad terms, consumers around the world are keen to spend more of their disposable income on ‘experiences’ (for example, eating out, short breaks or once-in-a-lifetime holidays), and less on material good such as automobiles, fashion and home furnishings. Meanwhile, the internet has revolutionised the travel industry, putting consumers firmly in the driving seat as they can quickly build and book a trip online (in advance or while on the road), seeking out the best value for money and looking for inspiration from friends, family and influencers rather than from suppliers themselves.

‘Localism’ has also become a clear trend among travellers. In a globalised, interconnected world, travellers are paying closer interest in the local identity of the places they visit, beyond the main monuments and visitor attractions. As a result, visitors and local residents are increasingly inhabiting the same spaces, as visitors use peer-to-peer (P2P) platforms to rent residential properties, take tours to discover local food, art, music and nightlife and, attend events and shop for goods that are unique to the place they’re visiting.

In this section we present a series of megatrends that have the potential to affect Edinburgh’s visitor economy during the lifetime of the 2030 strategy. A ‘megatrend’ can be defined as a trend with longevity, one representing a fundamental shift in behaviour that is defining consumer markets. The megatrends selected here have been arranged into four categories: People, Place, Tech and The Visitor Experience.

### 2.1 PEOPLE

**AGE IS JUST A NUMBER:** In 2017, almost a quarter of everyone on the planet will be over the age of 50, a record number. These consumers are transforming what it means to be older in terms of lifestyle and are more demanding in their consumption needs, creating what is increasingly referred to as the “longevity economy”, challenging the notion of what is age-appropriate behaviour. Demographic change in England, Scotland’s biggest source market has led to a growth in the number of older people, and a rise in the average age of the whole of the UK, while high fertility rates sustained since the mid-90s have led to a rise in the number of young people (early Millennials and Gen-Z). At the same time, the decline in the number of people aged 35-49 is creating a ‘squeezed middle’ generation.

![Figure 2.1: Age structure of the UK population, mid-2016 compared to mid-2041 (ONS, 2017)](image-url)
Conversely, this trend is likely to affect the tourism workforce too, as people continue to work into older age and a wider pool of Gen-Z and Millennials has become available to work in the sector. By 2040 UK residents aged 65 years and over will make up 24% of the total population compared to 18% in 2016. Similarly, US and German residents (two of Scotland’s most important overseas markets) aged 65 years and over will make up 21.5% and 28.7% of the respective populations of these markets, populations compared to 18% and 21.1% respectively in 2016.

**FAMILY DIVERSITY:** As well as changing patterns in the population’s age structure in Scotland’s major source markets, the nature and composition of families is changing too. Families are becoming less horizontal and more vertical; with more tiers (parents and great-grandparents) but with fewer people in each generation. Changing social attitudes in recent decades have led to new types of family emerge, from gay and lesbian parents to extended families formed through divorce or separation. Migration and increased ethnic diversity add another dimension to this trend.

**CHANGING VALUES:** Generational and cultural changes feed into long-term shifts in consumer values, such as the trend towards more ethical purchasing decisions, or in expressions of personal identity, attitudes towards sexual orientation and gender identity, and multiculturalism.

### 2.2 PLACE

**URBANISATION:** Nowadays, more than half the global population (54%) already lives in cities and the number of city dwellers is assumed to rise continuously in future. In fact, by 2030 two-thirds of the world population are expected to live in cities. This this is significant because cities already account for more than 70% of global greenhouse gas emissions and use two-thirds of the world’s energy. While cities are constantly growing, so is the concentration of wealth, the demand for services and increased damage to the environment.

**THE CHANGING SHAPE OF THE URBAN LANDSCAPE:** As more and more of the world’s population becomes concentrated in cities, authorities are having to find ways to respond to sustainability challenges such as climate change, chronic diseases, aging and affordability. For example, faced with higher levels of sudden rainfall, planners are realizing that infrastructure needs to be built differently, with extensive use of permeable pavement and more green spaces in the form of parks, ponds and green roofs.

**THE CHANGING PATTERNS OF URBAN MOBILITY:** Just as disruption in retail is forcing city planners to consider alternative uses for vacant shops and online shopping has led to a growth in demand for warehouse space, changes in mobility and working patterns are expected to leave their mark on the urban landscape in the longer term. For example, rising fuel costs and environmental concerns are likely to lead to higher demand for car sharing, while autonomous vehicles are expected to enter the market imminently, creating greater demand for ride sharing. The resulting decline in demand for car parks could see them being converted to urban farms or sold for housing development.
TRANSFORMATION IN RETAIL: Once the focus of attention for large cities and small villages alike, global shifts in consumer behaviour are changing the face of retail space around the world, especially in the UK. The rapid rise of online shopping set against an overall decline in sales of goods such as clothes, music and electronic goods has led to some brands disappearing from the high street altogether. As a result, retail space is increasingly being used in new ways; for example, to inspire and familiarise consumers with products and services that may be sold instore or online, or for totally different purposes such as gyms, restaurants, museums or residential property.

RENAISSANCE NEIGHBOURHOODS: Gentrification in suburban neighbourhoods is nothing new, however the accelerated effect of urbanisation combined with declining home and car ownership among Millennials during the past decade has led to interest in urban living among this generation. Since city centre rents and property prices are often prohibitively expensive, many previously disadvantaged neighbourhoods in European and US cities have undergone a renaissance, with shops and services reflecting a renewed focus on ‘localhood’ and urban culture.

CAPACITY TOURISM: While not limited to urban spaces alone, ‘capacity tourism’ or ‘overtourism’ describes the effect of tourism – at certain times and in specific places – reaching the limits of what the local infrastructure and the local community is prepared to accept. A number of factors are driving destinations to reach their capacity, including prioritised spending among consumers in mature outbound markets, and increased affordability of travel to more of the population in emerging outbound markets. Easy travel planning online, the ‘bucket list’ effect fuelled by social media and spikes in demand caused by large groups and events are also important contributing factors to this.

While historic, well-connected cities such as Barcelona and Venice are among the most-documented examples of destinations that are struggling with capacity issues, the causes and consequences of tourism growth are complex and tend to play out differently according to local conditions and attitudes. NB: The effect of tourism growth in Edinburgh is explored further in Chapters 4-6.

2.3 TECH

Technology is an over-arching driver of many of the trends described in this chapter, however there are a number of current developments that are likely to influence both the supply and demand side of Edinburgh’s visitor economy in the coming years:

ARTIFICIAL INTELLIGENCE (AI): Artificial intelligence has is becoming known as the ‘new electricity’, working in the background to deliver more personalised results to travel planners, and help chat-bots to become smarter. Machine learning is also helping travel businesses (among many others) to make sense of large volumes of unstructured data connected to their businesses such as photos, videos, text and natural language.

THE INTERNET OF THINGS: As the use of sensors and interconnected devices (such as smart home technology) increases, hotels, airlines and other travel providers will use them to ‘up’ the experience they provide to make it ultra-personalised.
VOICE TECHNOLOGY: Consumers are already becoming used to voice activated services (such as searching, shopping and activating devices around the home), and this is likely to continue increasing at a rapid pace. While travel is complicated and processing multiple languages isn’t easy, this technology is expected to progress rapidly in the coming years.

AUTOMATION: Drone technology and autonomous vehicles essentially take humans out of the equation and is expected to cause major changes in mobility. Their use is expected to become more widespread everything from personal mobility to deliveries over the coming 10-15 years.

BLOCKCHAIN: While questions remain over the impact of cryptocurrency, major travel businesses and start-ups are already developing blockchain to solve a range of challenges, from the global distribution of travel products to improving loyalty programmes.

BIG DATA: Technology will enable market researchers to collect, store and analyse amounts of data never before imagined and in real time. This is important for market researchers, as it means their toolkit is expanding, and is becoming more efficient. Using tools in data management, companies will spend less time cleaning and managing data, and more time finding ways to use it creatively.

As the technologies described above are used more widely, in combination with the longer-term trend for buying goods and services online, how is this expected to shape consumer, and ultimately traveller behaviour?

THE SUPER CONSUMER: Artificial intelligence, machine learning, sensors, smart devices and new computing interfaces are evolving and becoming more integrated all the time. Consumers continue to master these technologies and regard them as the norm, they will increasingly find ways to put them to work for the purpose of working, playing eating shopping, learning or pursuing healthier lifestyles. In doing so, rather like the fictional superheroes of comic books, consumers will create smarter and more powerful extensions of themselves.

EVERYONE’S AN EXPERT: Online shopping has caused a fundamental shift in consumer attitudes because today, no longer is one source of information convincing enough (especially when that source is the brand or supplier itself). Instead, rather than be seduced by brands’ marketing, consumers look to each other or follow influencers for advice on what to buy and where, and how to get the best product or service for their money.

2.4 THE VISITOR EXPERIENCE

EXPERIENCE MORE: ‘Experience’ is already an over-used word when it comes to describing traveller behaviour, however an exception is made here to describe the fundamental shift that has taken place since the global economic crisis and is expected to continue over the coming decade. In the period to 2030, spending on services is expected to continue to accelerate at a faster pace than spending on durable goods.

TOURS, ACTIVITIES, FOOD AND RIDES CONTINUE TO SHIFT ONLINE: While the last 10-15 years have seen the consolidation of online tools for searching and booking flights and accommodation, the coming decade is likely to see the same effect take hold for tours, activities, meals and local rides. Online tools for restaurant bookings, meal sharing and food delivery have already altered consumer
behaviour surrounding meals and they are leaving their mark on the urban environment too for example in the shape of ubiquitous food delivery and ‘dark kitchens’.

In the future, tools for searching and booking activities online are expected to become more sophisticated, and push consumers overcome the ‘wait and see’ approach to booking their activities before they leave home. Meanwhile, advanced online booking for attractions is expected to grow, partly as a means of managing demand in crowded destinations.

**THE ART OF NOW:** The VisitScotland 2019 trends report highlights wellness as a deep-seated theme that is a major motivation for visits to Scotland and one is expected to continue in the future. Aside from the links between physical and mental wellbeing and Scotland’s natural scenery, the report highlights ‘the art of now’. This is described as consumers’ desire to seek enrichment through travel; placing a high value on educational experiences, creative pursuits, artisan produce and products. It also responds to travellers’ desire to make the most of short visits and do activities which disconnect them from stressful lifestyles at home.23

**THE POWER OF PEER-TO-PEER (P2P):** Few sectors have seen such rapid development in the collaborative economy as the tourism sector. Collaborative economy platforms have allowed individual hosts, drivers, tour guides and home-cooks to compete in the same marketplace as multinational corporations that have existed for many decades.24 Asset-light, tech-savvy Millennials have grown up used to not owning cars, houses, bikes and expensive equipment but renting it on demand instead. Up to 64% of UK consumers are estimated to have used collaborative economy services,25 and with 9,000 listings and 496,000 guest arrivals Edinburgh alone (July 2016-2017), Airbnb has now grown to compete with the world’s largest multinational hotel chains.26 While moves have been made to curtail the impact of short-term rentals in Edinburgh, these figures demonstrate that using collaborative economy services is well embedded in the behaviour of visitors to the city.
IMPLICATIONS FOR EDINBURGH’S VISITOR ECONOMY

• The profile of visitors from Edinburgh’s biggest source markets – especially the UK- will get steadily more diverse. Visitors will behave more according to ‘movements’ (e.g. “food-loving culturalists”) than to their nationality or age group and tourism suppliers will have to adapt to this mindset in terms of their market research and promotion.

• Older visitors in the coming decade will behave less and less like elderly travellers in times gone by, both in terms of their interests and level of activity. However, an ageing population will gradually require suppliers such as hotels and attractions to upgrade their infrastructure to support people with reduced mobility. It will also require city authorities to plan infrastructure such as parking and public transport facilities taking into account a potentially higher number of citizens with physical or sensory impairments.

• While populism and anti-globalisation movements have until now, mostly been associated with national governments, local residents’ frustration or unease could well manifest themselves at city level too, especially surrounding issues such as short term let effect on affordable housing, access to public services and tourism growth.

• Debate surrounding tourism growth in Edinburgh is very much alive, driven in part by the city’s physical limitations on capacity during peak season and major events, as well as the use of residential property for short term vacation rentals. The situation is cities that are struggling to cope with even greater demand raises questions for Edinburgh’s authorities and tourism suppliers about how they plan and manage tourism growth in the future.

• The last decade has shown that even developed world cities can be affected by major weather events that disrupt vital services and endanger life. Strong winds, sudden storms, heavy rainfall and snow can disrupt tourism infrastructure such as transport networks or major events, increasing the need for contingency planning.

• Increased fuel prices, changes in work patterns and lifestyle trends and ride-sharing apps have already changed the way residents and visitors move around Edinburgh. As visitor demand increases and the need to reduce congestion becomes greater, new demands will be put on public transport as well as on on-demand services such as ride, bike and car sharing.

• While technological change can often seem quite distant and abstract, developments such as AI, chat bots, voice activation and the growing capacity to manage big data are rapidly changing our daily lives, both in the home and when we travel. The earliest adopters of these technologies within the visitor journey will be larger businesses with the capital to invest, (such as high-end and multinational hotel chains). However these innovations become more consumer friendly and affordable, pickup will accelerate among smaller suppliers to, and Edinburgh’s visitors will expect it. There will also be an increasing need for the city to collaborate with tourism suppliers and handle big data in order to tackle issues such as tourism growth (explored in more detail in Chapter 8).
Online shopping, the widespread use of reviews and the popularity of online influencers also demonstrate that the consumer is firmly in the driving seat when it comes to purchase decisions. Edinburgh’s tourism suppliers will be expected to become more conversational and approachable (helped by chatbots and instant messaging) in order to respond to reviews and satisfy consumer demands for real-time answers and instant booking. Furthermore, structural changes in the retail sector mean that the city must also be prepared for accelerated store closures, transformations or changes of use in the future.

‘Enriching experiences’, ‘wellness’, ‘slow tourism’ and ‘artisanal produce’ are usually more associated with rural life, than busy capital cities. Yet Edinburgh’s tourism providers will have to find ways to create experiences that are out of the ordinary in order to satisfy visitors’ curiosity and their need to disconnect from busy lifestyles at home. This will include creating spaces, atmospheres, tours and menus that resonate deeply with Scottish landscapes and culture, create a profound sense of place as well as satisfying traveller’s growing interest in pursuing healthy lifestyles.
Chapter 3

The National Strategic Context: UK
At the time of carrying out this analysis, the UK has been amidst a period of political turbulence, following the referendum on the UK’s withdrawal from the European Union in June 2016. Negotiations over the UK’s withdrawal from the EU and its future relationship, as well as political disagreements between Westminster and devolved governments in Scotland and Wales have made clouded predictions over the UK’s economic performance and its implications for the tourism sector in the years to come. Nevertheless, a series of indicators about the tourism sector in the UK, and Scotland in particular shine a light on a range of long-term issues and trends in tourism, each of which has implications for Edinburgh’s visitor economy.

3.1 A GROWING SECTOR, DRIVEN BY DOMESTIC DEMAND

Tourism has helped to drive the UK’s recovery after the 2008 recession, and combined visitor spending from domestic and international visitors is expected to increase at a rate of 3.8% per year to 2025.27 Tourism in the UK accounts for 9.6% of all employment and 9% of GDP. This makes it two and a half times bigger than the automotive industry, a bigger exporter than the insurance sector, generating growth at a faster pace than the digital sector.28

In recent years the weak pound has made travelling overseas more expensive for UK outbound travellers, and when combined with the shifts in consumer behaviour outlined in Chapter 2, these have led to increased interest among UK consumers for domestic travel. The weak pound against the US dollar and euro has also led to a record number of international visitors to the UK (expected to reach 41.7 million in 2018), creating a ‘tailwind’ for the UK’s tourism sector, a trend which is likely to be sustained for some time.29

Boosting the performance of UK tourism: At the same time, these figures mask a series of underlying difficulties faced by the UK’s tourism sector as a whole which, if addressed could help to bring about significant improvements in its performance. Three structural difficulties can be highlighted from the Tourism Sector Dead Bid, a document presented on behalf of the whole of the UK tourism sector to the Department of Business, Energy and Industrial Strategy in October 2017. These are explained below:

Transport and digital connectivity: Currently, around half of all visitor arrivals and spending in the UK are concentrated in and around London. Visitors often find that exploring the UK often requires navigating a fragmented transport network, with particular difficulties in covering the ‘final mile’ of their journey. Developing through-ticketing and improving local mobility (particularly in rural areas) remains an outstanding priority.

The concept of connectivity also extends to digital connectivity and visas; visitors are increasingly using digital technology to plan and book their travel and those tourism suppliers with limited or no digital connectivity are effectively left ‘off the map’. Meanwhile, increasing visa processing and the use of Electronic Travel Authority technology is necessary to improve the UK’s welcome, make marketing more efficient and increase repeat visits.
Labour market and skills: According to the Resolution Foundation, the UK economy is about to face ‘a dual shock of big increases in the relative cost of low paid labour and a potential reduction in the supply of it’. It reports that ‘a rising National Living Wage (NLW), auto enrolment and other increases in business costs will overlap at the bottom of the labour market with falling migration. Firms that have previously relied on low wage labour will see challenges posed to their current choice of business model. For the sectors and firms involved that means wrestling with serious questions about what they produce and how they produce it.’ Ending Freedom of Movement has been central to the debate on the UK’s withdrawal from the European Union, so this is highly significant for the UK hospitality sector workforce, more than 15% of which is composed of EU nationals. (Employment and skills are addressed in more detail in the Scotland’s Strategic Context section below).

3.2 THE NATIONAL STRATEGIC CONTEXT: SCOTLAND

Much like the performance of tourism in the UK as a whole, tourism in Scotland in recent years has been buoyant, with growth driven by a strong rise in international visitor arrivals.

KEY FACTS:

- The Sustainable Tourism Growth Sector is the second-largest sector in Scotland, in terms of employment. However, it also has the lowest productivity level in terms of gross value added per worker. This is largely due to the labour-intensive nature of tourism, and the high proportion of part-time employees in the sector.
- In 2017, there were 14,145 registered enterprises within the Sustainable Tourism Growth Sector in Scotland, accounting for 8 per cent of all registered businesses in Scotland. 96% of these businesses are small, with 0-49 employees.
- Aside from its economic contribution, tourism provides a number of wider benefits to Scotland, including promotion on the international stage, supporting other growth sectors such as food & drink, supporting communities in rural areas, providing flexible employment and career opportunities, and supporting Scottish culture and the arts.
- Scotland represents 7% of trips to the UK, and 8% of spend.
- In 2017, there were almost 14.9 million overnight visitors, and 151 million day visitors to Scotland.
- The influence of UK domestic tourism and the factors shaping it are important; in 2017 there were 11.66 million visitors from across Great Britain (England, Northern Ireland, Scotland and Wales) who spent overnight stays vs. 3.21 million overseas visitors.
- Edinburgh occupies a large share all overnight trips to Scotland. 63% of overnight trips by overseas visitors to Scotland were spent there in 2017, while Edinburgh received 45% of all overseas visitor spending in Scotland.
• The sustainable tourism growth sector in Scotland employs around 17,000 non-UK EU nationals and around 5,000 non-EU nationals. Over 9% of the Scotland’s tourism sector’s workforce are EU nationals, compared with 5% for Scotland as a whole.

3.3 TOURISM IN SCOTLAND: KEY ISSUES

While tourism helps to give Scotland a competitive advantage, the country’s tourism sector is affected in large part by the structural issues that affect the UK’s tourism sector in general. Challenges to the Scottish tourism sector in particular include:

Reliance on the UK domestic market: With 4 out of every 5 visitors to Scotland coming from across the UK (including Scotland), the country’s tourism market is highly exposed to trends in UK consumer demand for domestic travel. In recent years this has gradually grown, however low wage growth and value-conscious consumers, as well as concerns over UK economic forecasts related to Brexit threaten to restrain growth.

Unbalanced tourism demand: With Edinburgh accounting for 63% of overseas visitors’ overnight trips to Scotland, and 45% of their spending in 2017, there is a need to spread existing demand and future growth across more of the country.

Seasonality and low productivity: Seasonality is a feature for thousands of businesses across Scotland. It leads to under-utilised assets and higher staff turnover. As a labour-intensive business, staffing costs for businesses can be high, even in periods of low demand.

Supply of labour and skills: Compared to the overall Scottish workforce, workers in the tourism sector are far less likely to be employed in occupations that are considered ‘High skill’ (4 per cent against 26 per cent in Scotland. Connecting skilled staff to businesses that need them remains an ongoing challenge; a large proportion of tourism businesses report that their staff are under-utilised or over-qualified in relation to the jobs that they do, while a study of over 500 small tourism suppliers by the Scottish Federation of Small Businesses found that 1 in 5 businesses was held back by a lack of access to skilled staff.

Currently, 59% of the sector’s workforce is aged between 16-34, with 1 in 5 of employees in this age group reporting that they perceive their job as a stop-gap before pursuing their desired career. Low wage-employment is also pervasive; 40% of employees in the tourism sector are earning the Living Wage or more, vs. 82% of all Scottish employees aged 18 or over. Finally, there are concerns over the future of the labour supply, with non-UK nationals comprising a substantial share of the workforce.
Energy and utility costs, the state of the economy and competition: According to the Federation of Small Businesses in Scotland, tourism businesses (such as accommodation suppliers) are disproportionately affected by the cost of energy and utilities. Small businesses in general cite these, as well as general economic conditions and competition as the main barriers to their business’ growth. Tourism is a devolved power and its status as a ‘growth sector’ has caused the Scottish government to evaluate and address these issues more closely. The national tourism strategy Tourism Scotland 2020 is currently being evaluated with a new strategy due to be launched by the end of 2019.

Tourism funding and taxation: In recent years, continued austerity alongside increased demands on services have added to funding pressures for local authorities, posing challenges for local authorities in prioritising their services. This has resulted in declining investment related to tourism such as leisure and culture services and facilities for visitors, promotion and support services for local businesses. At the same time, a number of Local Authorities and the Convention of Scottish Local Authorities have called on the Scottish Government to grant them the powers to levy a transient visitor levy (TVL), or tourism tax (based on overnight stays on visitor accommodation) in their areas. These calls have been most intensive in destinations like Edinburgh where tourism is highly concentrated, since the tax is intended to contribute towards the costs of tourism growth in the city. In February 2019 the Scottish Government committed, through its budget announcement allowing Local Authorities to implement a TVL, with implementation expected to start around 2022.
IMPLICATIONS FOR EDINBURGH’S VISITOR ECONOMY

• The issues that affect tourism in the UK as a whole all have implications for Edinburgh’s future tourism strategy to some extent

• The UK government’s approach to visa issuance will affect the volume and origin of international visitor demand to Edinburgh

• The UK government’s strategic approach to transport connectivity and dispersing tourism (particularly from London), will affect visitors’ access to Scotland, and in particular Edinburgh as a potential destination during their UK visit

• The concentration of visitors in Edinburgh vs. the rest of Scotland raises questions on the city’s role in promoting dispersal

• The concentration of Scotland’s tourism businesses in Edinburgh gives business access to a larger pool of skilled labour than other destinations in the country, however the industry’s status as a ‘stop-gap’ employer needs to be addressed by industry as it keeps staff turnover high, raising costs for the city’s tourism businesses and restraining productivity.

• Closely linked to the above, Scottish public sector policy is now very much focussed on “fair work” and this is likely to impact directly on future investment priorities. Therefore the disproportionately low level of tourism employees earning the Living Wage, or above, may put the tourism sector at a disadvantage when competing for limited public sector resources, as well as its ability to recruit and retain staff.

• The end to Freedom of Movement following the UK’s withdrawal from the EU threaten to further reduce the supply of skilled labour in an industry that has a proportionately higher dependence on non-UK workers.

• In addition to these local conditions, Edinburgh’s tourism businesses are affected by economic conditions nationally, in particular the cost of energy and raw materials (such as food). Further inflation in these areas could create a challenging environment in which to do business, in light of the other factors (such as the supply of skilled labour) outlined above

• Further pressures on public funding for local authorities will affect the City of Edinburgh and its ability to invest in the tourism sector going forward (see Chapter 4)
Chapter 4

The Local Strategic Context: Edinburgh
One essential step to building up a contextual analysis for Edinburgh’s 2030 tourism strategy is to understand the developments that don’t immediately form part of the city’s classic tourism infrastructure (such as hotels or visitor attractions), but which nevertheless have a very real influence on the city’s ability to fulfil the objectives of the new strategy. These include the city’s economic performance, public funding, its workforce and skills base, issues surrounding environmental protection, neighbourhood regeneration projects and the role of Edinburgh’s residents in having a say on how the city develops (as demonstrated through the city’s current Edinburgh City Vision 2050 project).

4.1 EDINBURGH’S ECONOMY

A city full of success stories: As the Edinburgh Economy Strategy (June 2018) makes clear, “Edinburgh is a city full of success stories”. It recovered relatively well from the 2008 economic recession, and is now regularly voted as one of the best to live in. It has the lowest level of unemployment of any major city in the UK (3.8% in 2017) and receives more foreign direct investment than any other city in Scotland. Boosted by a highly skilled population (59% of Edinburgh residents are educated to degree level or higher) world-class academic institutions, a vibrant cultural scene and good transport connections, Edinburgh is the main economic centre of a wide city region. It is also the single most important driver of growth for Scotland’s national economy as a whole.

Set against a background of continued austerity, Edinburgh is still likely to see significant improvements included in the South East Scotland City Region Deal, which commits £1.3bn of investment across the region over the next 15 years.49

Managing growth for the benefit of all: Figures such as those above demonstrate Edinburgh’s attractiveness as place for businesses to invest, and for skilled individuals to come and work. Yet deep-seated challenges remain, especially when it comes to ensuring that all residents can participate in the city’s economic success and ensuring that the city can attract the skilled workforce that it needs. Edinburgh’s Economy Strategy highlights the following specific challenges posed by the city’s success:

• **Inequality:** Currently 1 in 5 of the city’s children are living in poverty, while 1 in 6 of the city’s households have no adult in work (a rate no better than Scotland’s average)

• **Brexit:** may pose future challenges in attracting businesses and skilled migrants

• **Protecting the environment:** With growth predicted, there is a pressing need for all sectors of the economy to adapt to the reality of a low-carbon future (for example, by reducing traffic in the city centre, banning polluting vehicles and encouraging more efficient energy use in businesses)

• **Slow productivity growth:** Productivity growth in the city in recent years has been slow. Output per capita grew by only 2% over the past five years, compared against 6% growth across the UK as a whole
• **Population growth:** With over half a million residents, the city’s population has increased by 12% over the past 10 years and is projected to grow by over 600,000 residents by 2041. This will place demands on the city to continue to provide good quality housing and jobs for an expanding population.

• **Availability of land:** There is high demand for office and hotel developments within the city centre where there are perceived constraints on the availability of space. The focus on the city centre has also delayed new developments in other areas of the city, and there are complaints that localised development has often been driven forward without buy-in from local communities.

In order to confront these challenges and build on the economic successes of the past decade, in June 2018 the City of Edinburgh Council launched its economic strategy for the following five years. The strategy has two priorities for the city’s economic growth:

• **Inclusion:** The strategy’s steps (see below) must deliver a positive impact for citizens, families, and communities in particular by reducing poverty and inequality. Inclusion also means that growth is environmentally sustainable and that the economy is fit for the challenges of the future.

• **Innovation:** The approaches taken in the strategy aim to create the conditions for new innovation to change the city – by capitalising on its knowledge base, its businesses, and its people.

These two priorities should be supported by the fundamental element of collaboration between the anchor institutions that guide the development of the city, principally: The City of Edinburgh Council, the Edinburgh Partnership, the Edinburgh Business Forum, and Edinburgh and South East Scotland City Region Deal Joint Committee, in partnership with other major institutions.

Based on these priorities, the strategy sets out eight steps for good enable growth. From each of these steps flows a series of actions to be taken by the City of Edinburgh Council in partnership with other institutions and the business community.

**How can the visitor economy support the city’s wider economic goals?**

Rather than asking “what can the city do for the visitor economy?” (The approach generally taken in tourism strategy planning), we believe that it is important to turn the question around, by asking “what can the visitor economy do for the city?” With this in mind, it is important to view the development of the city’s 2030 strategy through the lens of the Edinburgh Economy Strategy and identify where the visitor economy can be most effective in addressing the strategy’s action plan. Therefore, for the purposes of this analysis we have set out those growth enablers and corresponding actions that coincide most closely with the scope of the visitor economy.
<table>
<thead>
<tr>
<th>ENABLER 1: DELIVER NEW APPROACHES TO TACKLING THE BARRIERS THAT REINFORCE WORKLESSNESS, POVERTY AND INEQUALITY</th>
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<tbody>
<tr>
<td>Deliver targeted support to reduce living costs for people on low incomes:</td>
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<td>Improve the availability and affordability of childcare for those on low incomes:</td>
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<tr>
<td>Launch an Edinburgh Poverty Commission:</td>
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<td>Research the feasibility of a Citizens Basic Income pilot in Edinburgh:</td>
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<tr>
<th>ENABLER 2: REFORM EDINBURGH’S SKILLS LANDSCAPE TO MEET THE NEEDS OF OUR CHANGING ECONOMY</th>
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<tbody>
<tr>
<td>Launch a new regional employability and skills programme</td>
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<tr>
<td>Deliver new knowledge systems to improve service alignment and labour market intelligence</td>
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<tr>
<td>Launch an integrated employer offer</td>
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<tr>
<td>Develop our network of recruitment and skills centres</td>
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<td>Deliver targeted skills gateways for key sectors</td>
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<tr>
<th>ENABLER 3: SUPPORT EDINBURGH’S TRANSITION TO A LOW CARBON ECONOMY</th>
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<tr>
<td>Deliver tailored energy advice for households and businesses</td>
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<td>Developing low carbon supply chains</td>
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<tr>
<td>Delivering the low carbon workforce</td>
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<tr>
<td>Promote the business opportunities arising from the circular economy</td>
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<tr>
<td>Deliver a new Sustainable Edinburgh strategy</td>
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<tr>
<th>ENABLER 4: ESTABLISH EDINBURGH AS SCOTLAND’S LEADING CITY FOR FAIR WORK PRACTICES AND sociaL RESPONSIBLE BUSINESS</th>
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<tr>
<td>Co-produce a new Social Enterprise Strategy for Edinburgh</td>
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<tr>
<td>Promote a ‘fair work’ environment for Edinburgh</td>
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<tr>
<td>Deliver public sector leadership in fair work and good growth practices</td>
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<tr>
<td>Maximise the community benefit of City Region Deal procurement</td>
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</table>
| ENABLER 5: ENHANCE EDINBURGH’S POSITION AS THE UK’S MOST ENTREPRENEURIAL CITY | Make it easier to do business in Edinburgh  
Inspire entrepreneurship in all our communities  
Launch new approaches to identify and support businesses with the potential to scale-up  
Deliver workspaces to meet the needs of the future economy  
Harness Edinburgh’s opportunities as an international, outward looking city  
Support local businesses by making our procurement processes streamlined and accessible |
| --- | --- |
| ENABLER 6: ESTABLISH EDINBURGH AS THE DATA CAPITAL OF EUROPE | Deliver the Data Driven Innovation Programme  
Deliver a targeted skills gateway programme for Data Driven Innovation  
Launch a new City Innovation Strategy |
| ENABLER 7: BUILD ON THE SUCCESS OF OUR WORLD LEADING CULTURE AND TOURISM SECTORS | Deliver new and improved cultural spaces in Edinburgh  
Deliver the PLACE programme to sustain Edinburgh’s status as the world’s leading festival city  
Deliver a new strategy to enhance the success of tourism in Edinburgh |
| ENABLER 8: DELIVER WORLD CLASS PLACES FIT TO POWER GOOD GROWTH IN EDINBURGH | Deliver a new vision for the City Centre  
Deliver a pipeline of City Centre office development along strategic corridors:  
Deliver business and residential growth in Waterfront, West Edinburgh, and South East Edinburgh  
Link local people to the opportunities created by development  
Deliver affordable, good quality housing  
Deliver a modern and efficient transport network |
4.2 PUBLIC FUNDING

4.2.1 EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL

A range of other strategies, plans and programmes will feed into the Edinburgh Economic Strategy outlined in section 4.1. One of these is the Edinburgh and South East Scotland City Region Deal (CRD), a £1.3 billion programme of investment in innovation, skills, culture, housing and transport. It is to be administered by the City of Edinburgh Council together with five other local authorities in South East Scotland. Set up in 2016 and agreed in July 2017, the funding package will bring about a new relationship between the local authorities involved in order to boost the economy and address the challenges that the region faces.53

Three particular aspects of the CRD funding are of potential importance to Edinburgh’s visitor economy:

1. The provision of £350 million funding toward data storage and analysis technology to be distributed between five research, development and innovation (RD&I) hubs. One of the hubs, located at the Quartermile Old Royal Infirmary will be responsible for bringing together and processing multiple datasets from various specified sectors, including tourism. A Data-Driven Innovation Tourism and Culture Sector lead for the project is already in place, with a strategy shortly to be published. It is expected that the Hub will be able to provide data-processing and research services to a range of organisations in order to provide wide-ranging insights for the tourism sector on subjects ranging from overcrowding and transport congestion, to supporting decisions on investment and targeted marketing54

2. Up to £20 million from the UK and Scottish Governments, plus £5 million of capital funding from Edinburgh Council to support the delivery of the new IMPACT Centre. The Centre, due to open in 2021 will include a concert hall and performance venue, in the heart of Edinburgh (St Andrew Square) and will reinforce Edinburgh’s position as a pre-eminent Festival City55

3. A Food & Drink Innovation Campus in Musselburgh, near Queen Margaret University. In addition to leading research into the global market for healthy food, the Campus is part of a multi-agency regional employability and skills “escalator”, which will help people facing labour market exclusion into entry level employment and nurture indigenous and global talent to ensure skills needs are met in the sector56

4.3 TAXATION

The Scottish Government announced in February 2019 that it will progress legislation which will allow Local Authorities to introduce a TVL. The City of Edinburgh Council is advancing its own plans with a view to introducing a supplementary charge on overnight stays as soon as the legislation is in place. It is estimated that the tax could raise between £11.6 million and £14.6 million per year in Edinburgh. It is yet to be established in detail how this revenue might be reinvested and the Council will be consulting with stakeholders to discuss this going forward.57

The new legislation could be implemented by 2022. The budget announcements in
January 2019 resulted in challenges for the City of Edinburgh Council and difficult decisions were made on prioritising resources. Two key areas have been affected which will potentially have an impact on tourism in the city. Firstly, funds have been cut in Economic Development, changing the way the Council will implement the Economy Strategy outlined in section 4.1 above. Secondly, the City of Edinburgh Council is reducing its funding to Marketing Edinburgh (discussed further in Chapter 7), challenging it to become a fully self-sustaining business.

4.4 WORKFORCE AND SKILLS

Both Edinburgh’s economic success and its challenges surrounding poverty are reflected through the wide variance in skills sets among the city’s workforce. On one hand, the city’s economy has a strong competitive advantage in that 59% of residents are educated to degree level or higher, however at the same time, fully 1 in 6 households do not have an adult in work. This affects income levels, since these are skewed towards lower and higher wages, with relatively few individuals at middle income levels, an outcome which ultimately affects the city’s prosperity. The city’s Economy Strategy (June 2018) now plans to address this by shifting a focus from gateway/entry level employment towards career progression opportunities.

In Edinburgh’s tourism sector, the number of jobs in tourism-related sectors was 28,500 in 2010, and the Mid-term review of the 2020 strategy estimated a 15% increase to 32,900 by 2016. Based on additional visitor expenditure, an additional 5,558 jobs were expected to be created in tourism by the following year. Visit Scotland calculates a 22% increase in tourism employment in the Edinburgh city region between 2009-2017.

While this increase is positive, the evidence reviewed for this report also suggested an ongoing mismatch between the supply and demand of skills. On one hand tourism risks being constrained by skills shortages that have the potential to blunt the city region’s competitiveness in coming years, while on the other hand, as noted in Chapter 3 nearly 60% of the country’s tourism workforce is young, with a large share deemed to be over-qualified or under-utilised for their pay grade.

Low pay is another characteristic of employment in the tourism sector (only 40% of employees in Scotland’s tourism sector are earning the Living Wage or more). this may explain why, at a national level 1 in 5 employees of this age view their job as a stop-gap before moving on to their chosen career path. In a city with a highly-skilled resident population, this rate is likely to be higher still.

Another underlying problem identified at national level seems to be that tourism businesses seem reluctant to invest in developing skills within their own workforce (possibly on the assumption that they will move on). As a result, the 2016 mid-term review of the 2020 strategy found that in Edinburgh, similar to other parts of the Scottish tourism sector, customer service skills can still be ‘patchy’. The review found that there needs to be more of a commitment to developing the workforce of tourism businesses so that employees have the cultural and historical knowledge which can add value to a visitor’s experience.

Finally, the issues around workforce supply and skills may are likely to face pressure as Britain departs from the EU and heavier controls are placed on migration. Anecdotal evidence submitted for this report that around 15% of Edinburgh’s workforce was from countries outside the European Economic Area.
At the time of writing this report a study has been commissioned by the Capital City Partnership, with funding support from SDS, to identify “Tourism Skills Shortages and Gaps – Edinburgh and South East Scotland.” This work will provide further analysis, insights and recommendations for addressing these challenges which should be considered as part of the Phase 3 Edinburgh 2030 Strategy development process.

4.5 ENVIRONMENTAL ISSUES

Edinburgh has the lowest level of air pollution of the ten largest UK cities over the last two years and recorded the 2nd largest reduction (32%) in carbon dioxide emissions per population out of UK major cities between 2010 and 2013. It is also notable that in UK cities excluding London, Edinburgh also has the highest percentage (49.2%) of land identified as greenspace. Overall, almost 9 in 10 residents are satisfied with parks and green spaces in the city.

Nevertheless, the expected growth in visitors and residents in Edinburgh will also create its own impact on the environment, in terms of waste, CO2 emissions and the use of extra resources, as well as competing demands for available land. The sum of this impact has been described as the ‘invisible burden of tourism’ in that it is not immediately visible yet it places a strain on the local environment and population.

To meet the goal of ‘good growth’, the Edinburgh Economy Strategy makes transitioning to a more environmentally sustainable, resource efficient way of working a key priority. The city’s Sustainable Energy Action Plan contains a range of projects and actions designed to reduce Edinburgh’s CO2 emissions by 42% in 2020, compared against a base year of 2005. These include actions to increase energy efficiency of buildings, increase the use of heat networks across the city, increase the use of renewable sources for power and heat, encourage more sustainable use of resources and waste by businesses and consumers, and support more sustainable transport in Edinburgh.

4.6 MOBILITY AND PUBLIC TRANSPORT

By 2040, Edinburgh’s population will be close to 600,000, an increase of 100,000, and the city-region is also growing, accounting for a quarter of the Scottish population. This growth and the potential strain on the transport network and city spaces needs to be managed to improve access to public transport, increase journeys on foot and by bike, and prevent unsustainable increases in car travel. Furthermore, an ageing population (as identified in Chapter 1), is likely to face increased mobility needs, easier access to public spaces and special assistance during peak times, such as major events.

In order address some of the issues outlined above, in August 2018 the Council launched a public consultation on the future of mobility, setting out why Edinburgh, as a growing city, must shape its mobility system for the future to prioritise walking, cycling, and public transport over private car use. The consultation put forward a wide range of ideas, grouped around three main themes:
• **A fair and inspiring capital city:** with the objective of transforming the City Centre, reducing the dominance of cars, improving civic spaces, supporting local businesses and tourism, as well as access to employment, education and cultural heritage

• **A healthy city:** with the objective of promoting health benefits of walking and cycling, reducing ill-health of citizens from traffic-borne air pollution and cutting carbon emissions

• **A smart and thriving city:** Improving the efficient movement of goods and services, managing traffic volumes and freight as well as creating a fully integrated public transport network

Highlights from the consultation found that:

• Overall 88% of residents felt that Edinburgh needed to make changes to deliver a city fit for the future, of which 51% considered that an ambitious and widespread approach was needed

• 73% of survey respondents, including 60% of those identifying as having a disability, supported reductions in the amount of general traffic in the city centre and town centres to benefit both people who live in, work in and visit Edinburgh but also to improve conditions for those walking, cycling or using public transport

• 42% supported the extension of controlled parking zones (aimed principally at reducing commuter travel by car)\(^70\)

**Commuter traffic:** Commuters account for a significant share of those driving and using public transport into, within and out of Edinburgh on a daily basis. A report issued in March 2016 based on census data from 2011 estimated nearly 95,000 inward trips to the city per day, a figure which has likely increased since that time due to the city’s economic growth. Nearly two thirds of inward commuters travel by car, followed by 16% using the train and 15% by bus.\(^71\) A study published by the Bank of Scotland in 2018 found that Edinburgh’s high property prices were likely to lead to a rise in the number of commuters, given that the savings on the cost of a house in other towns and cities such as Dunblane, Glasgow and North Berwick would more than cover the additional cost of travel to Edinburgh city centre.\(^72\)

**Open streets:** The public consultation for ‘Connecting our city’ also found that two thirds of respondents were in favour of extending the Open Streets Programme following a trial in June 2018. The programme creates vehicle-free streets in the Old Town on first Sunday of every month (10am-5pm) with a potential to extend this to other town centres nearby. The programme is due to start in May 2019.

**Connecting West Edinburgh:** A successful, sustainable transport policy will also depend on connecting the City Centre with its suburbs and towns and cities beyond. There is currently a significant focus on West Edinburgh, as airport expansion, as well as the development of the International Business Gateway West (with 1,415 hotel rooms expected in the first phase), office development at Edinburgh Park and other housing developments will all put significant pressure on transport infrastructure.\(^73\) For this reason, major developments are expected in improving cycling and walking routes, as well as prioritising access to bus and tram routes from areas of western Edinburgh that currently suffer from poor connectivity.
Edinburgh tram extension to Newhaven: In March 2019 the City of Edinburgh Council approved the extension of Edinburgh’s tram service a further 2.8 miles to terminate at Newhaven, east of the city centre. In recent years, tram use has been increasing, and in 2018 7.3 million people travelled on the city’s trams. The £165 million project is estimated to see an additional 14 million passengers using the tram in its first year.

4.7 NEIGHBOURHOODS

Debate surrounding tourism growth in Edinburgh is very much alive, driven in part by limited capacity and high footfall in specific locations during peak times of the year and major events, as well as the growth in short-term holiday rentals through platforms such as Airbnb. Coping with greater demand raises questions for Edinburgh’s authorities and tourism suppliers about how they plan to manage crowds during major events and disperse visitors more effectively across the city and city region during the calendar year.

One pillar of the Edinburgh Tourism 2020 Strategy was ‘Extending the Footprint’ of tourism, developed partially in response to the concerns raised above. The aim of Extending the Footprint was to distribute visitors more effectively to other neighbourhoods in the city such as Stockbridge, Bruntsfield, South Queensferry and Portobello. It also identified opportunities linked to major infrastructure developments in Leith, West Edinburgh and the BioQuarter.

The 2016 Mid-term review of the 2020 strategy found that while there had been some positive developments in Extending the Footprint since the launch of the strategy (such as new hotels opening outside the city centre, extending Fringe events outside of the centre and the emergence of Airbnb) there were delays in progressing developments in West Edinburgh, and delays during the extension of the tram line to Newhaven would also limit the possibility of spreading visitors further throughout the city.

Future efforts to Extend the Footprint could well focus on the areas outlined above by capitalising on the city’s status as a ‘gateway to Scotland’, dispersing visitors into the wider city region by cooperating with other Scottish destinations under the framework of the new national tourism strategy, particularly when considering the recent opening of the V&A Dundee, as well as improved transport connections to Glasgow and the Edinburgh city region.

Also of note are the Locality Improvement Plans for 2017-2022 put forward by the City of Edinburgh Council in September 2017. These plans divide the city into four broad areas (North West, North East, South West and South East) and are the result of a comprehensive citizen engagement programme to ensure that they address the issues that matter most to residents, especially in those areas of the city experiencing the greatest inequality. Improvements to public spaces, cleaning and better access to culture and leisure facilities are among the priorities in each plan that could potentially benefit visitors too.
4.8 CITIZEN PARTICIPATION AND ENGAGEMENT

As cities grow and demand increases for space and resources, it becomes increasingly important for residents to have their say in the decisions that are made about the city and its development. As visitor numbers rise rapidly, and the leisure and retail offer evolve to fit around this, residents may feel less attracted to visit the city centre, or may feel a sense of alienation from public spaces. Lessons from European cities where this has occurred, demonstrate the need to find ways to keep residents engaged with their own city, increase civic pride, and ensure access to public spaces and events for all.

The North East Edinburgh Locality provides a useful example of this. The area has the city’s highest proportion of adults who live in low-income households and the highest proportion of adults with no qualifications (28%). However, in the coming five years, the area is due to see a series of major regeneration/development projects related to the Visitor Economy, including the St James Quarter, the Waterfront, the Leith Community Hub and Edinburgh BioQuarter, as well as large student housing growth. Portobello is becoming a popular area for visitors, but also suffers from significant levels of inequality. In a public consultation, more than 2,000 individuals and groups were asked about their community’s aspirations for the area. Residents said that they wanted:

- Young people to reach their full potential
- More opportunities for work and affordable leisure facilities
- People to feel part of their community
- The most vulnerable to be supported and protected
- Loneliness and isolation and the impact of children living in poverty to be reduced, and;
- A vibrant and thriving community that is strong, clean, green, safe and healthy

In March 2018 the City of Edinburgh Council established a Tourism and Communities Working Group to ensure that the views and considerations for communities and residents would be considered in the process of developing the Edinburgh 2030 Tourism Strategy. The Working Group will provide a forum to discuss views and considerations for communities and residents in relation to tourism, with views to be considered in the formation of the Strategy.

Finally, in 2016 The City of Edinburgh Council launched Edinburgh 2050 City Vision, the biggest-ever programme of citizen engagement aimed at encouraging the city’s residents to create a new vision and describe the type of city that Edinburgh aspires to be in 2050. Managed by Marketing Edinburgh and rolled out through a digital campaign that aims to touch every citizen in the city at least once, the aim has been to get residents to write their own ‘Thank you from the future’. The campaign is ongoing and is accessible through [www.edinburgh.org/2050](http://www.edinburgh.org/2050).
IMPLICATIONS FOR EDINBURGH’S VISITOR ECONOMY

• The issues raised around Edinburgh’s future as a city (such as population growth, neighbourhood improvements, transport policy and the environment) underline the need for these to be better integrated into future tourism planning, and vice versa. These issues suggest a strong rationale for the Council reviewing and enforcing the use of existing regulations in a way that is fair and inclusive, in the interests of the city’s residents.

• With its focus on inclusive growth and innovation, the Edinburgh Economy Strategy provides a compelling context for framing the Edinburgh Tourism 2030 Strategy. A useful approach to guide thinking among tourism stakeholders during Phase 2 of the Strategy’s development will be to ask, “what can the visitor economy do for the city?”

• To date, in economic terms, Edinburgh has been a “city full of success stories”, however issues such as inequality of incomes and skills among the resident population, population growth, competition for available office space, adapting to a low-carbon economy as well as the outcomes of Brexit could also create headwinds to further economic development in the future.

• Continuing austerity and pressures on public sector funding will change the way the city government plans and directs economic development, and promotes the city’s profile. Ongoing financial challenges and increasing demand on services can affect the visitor experience. This poses a real challenge to all tourism stakeholders since an expected increase in visitor numbers will continue to drive demand for these services.

• Proposed changes to public transport policy promise to make Edinburgh a cleaner, healthier city, giving the City Centre back to pedestrians and cyclists by reducing the presence of cars and freight. At the same time, visitor demand will combine with a population increase to create new demands on public transport and accessibility, between the City Centre and outlying neighbourhoods, especially along the western corridor.

• Extending the footprint of tourism activity is a welcome approach to managing growth in the future. This means that Locality Improvement Plans will have to focus on improvements that benefit both residents and visitors through an ongoing process of consultation with local residents.

• The outcomes from Edinburgh 2050 City Vision, as well as the newly formed Working Group on Tourism and Communities should be taken into consideration when developing the city’s 2030 Tourism Strategy.
Chapter 5

Tourism in Edinburgh
As Chapter 4 has explained, the City of Edinburgh is undergoing significant changes in terms of a growing economy and population. These are increasing and placing new demands on the city’s infrastructure and also poses challenges for managing resources, protecting the environment and the quality of life of the city’s residents.

It is important to evaluate the development of tourism in Edinburgh in this context: visitors and residents increasingly share the same spaces, use the same resources (such as water and energy) and modes of transport and spend their leisure time in similar ways too. The city’s outstanding architecture, cultural attractions, shopping scene and major events are a major attraction for both visitors and residents alike. In fact, tourism demand helps to sustain a range of amenities such as good air connectivity as well as a strong offer in retail, food and drink, leisure and culture that make Edinburgh a great place to live, work and study in, and which are strengthened by the demand from visitors.

Edinburgh’s success is the result of the hard work of its tourism industry and substantial public and private investment. However, in an increasingly competitive global tourism environment, if the city is to maintain and build upon this success, it cannot be complacent. Edinburgh’s tourism stakeholders will have to work intensively in the future to maximise the benefits of tourism for the city and its residents, while reducing its negative impacts as far as possible.

The following section looks at the various components of Edinburgh’s visitor experience, discusses how they have evolved and raises key issues to consider in the future.

5.1 PUBLIC SPACES AND VISITOR PRODUCT

Visitors inhabit a variety of spaces in Edinburgh. Hotel development, short-term lets and increased shopping and leisure facilities are attracting increasing numbers of visitors to neighbourhoods such as Leith, Portobello and South Queensferry and the Western corridor. However, the city centre sees the greatest concentration of visitors.

**Old and New Town:** Edinburgh’s built, and natural environment are undoubtedly the key attraction for the city; in particular the medieval Old Town alongside the world-renowned eighteenth century classical New Town, all situated in a spectacular landscape of hills and valleys beside the wide estuary of the Firth of Forth. It is the recognition of these qualities that led to the city’s inscription by UNESCO as a World Heritage Site in December 1995. Around 23,300 people live within the Old and New Towns World Heritage Site, and five times as many people (108,500) work there. The Site also contains nearly 4,500 individual buildings, of which over 75% are listed for their special architectural or historic interest. While tourism has been the catalyst for the regeneration of key areas of Edinburgh’s UNESCO World Heritage Site, maintaining a good quality of life for local residents, a vibrant economy and the preservation of a globally-recognised heritage site can present major challenges to the city authorities. This is especially the case at peak times such as summer and winter festivals, and times of high visitor demand. Since the Site also experiences the city’s highest levels of footfall:
The overall objective of the World Heritage Site Management Plan for the area (2017-2022) is to advocate for ‘sustainable tourism within the World Heritage Site and the city’. In terms of visitor management, three priorities in particular were identified:83

- How to deal with the concentration and volume of visitors on the Royal Mile
- Need for more informative street signage
- A better balance between tourist shops and shops for those who live and work in the area

NEW AND FUTURE DEVELOPMENTS

The following areas are currently undergoing redevelopment or have permission to start. Each development will create additional capacity for visitors to Edinburgh, help to extend the footprint of tourism and provide a greater range of products and services to visitors.

**St James Quarter:** Currently under development and with a total area of 1.7 million square feet, the St James Quarter is due to open progressively during the course of 2020-2021. The area will include 850,000 sq ft of retail space, including 85 new shops and 32 food and beverage units, an Everyman Cinema, up to 150 new homes, the five-star W Hotel, a Roomzzz Aparthotel and three new public squares. It represents a major development for the city of Edinburgh and is one of the largest regeneration projects currently underway in the UK.84

**Granton Waterfront:** There are ambitious plans to transform Granton Waterfront with 4,000 new homes, services, retail and high-quality public spaces, over the next 15 years. The Council has developed a mixed use Masterplan and the aim is for the area to become a space where visitors and residents will want to spent a significant amount of time.

**Haymarket Development:** In February 2019 fresh plans were drawn up for a new development close to Haymarket Station. The site was sold in June 2018, and the plans issued in 2019 sought permission for hotels, offices, retail, leisure, public houses, restaurants, car parking and associated works.85

**Forth Bridges area:** The Scottish Government has set up the Forth Bridges Forum, with the aim of optimising the value of the three bridges as a destination in itself, maximising the World Heritage Status to drive tourism to the area and helping to
extend the footprint of tourism in Edinburgh. The area already sees through-traffic from cruise visitors, and if plans are taken forward, new viewing areas and an interpretation centre related to the bridges could be developed to attract more visitors to the area.

**The Scottish National Gallery Project:** Work is now underway to refurbish the Gallery in order to refresh the way that Scottish art is displayed, as well as improve visitor access and facilities. The £22m project will see the new Gallery opening in 2021, with the main access point moving to Princes St Gardens as well as a refreshed restaurant and a coffee shop.

**City Centre Transformation:** The City Centre Transformation (CCT) is a multi-layered project headed by the City of Edinburgh Council, aimed at revitalising the city centre for the benefit of all. Currently in its consultation phase, the CCT aims to ensure that the city centre is:

- **Fair:** offering an environment that is safe, welcoming and accessible to all
- **Connected:** via public transport and prioritises journeys by bike and on foot, reducing the dominance of traffic
- **Thriving:** with vibrant resident communities and an environment that supports the city centre’s retail, cultural, entertainment and leisure role
- **Inspiring:** with streets and public spaces that enrich and revitalise the natural and historic environment

Final recommendations to the CCT will be presented to the Council in August 2019.

**Flagship stores and attractions:** Edinburgh’s status as being home to a range of flagship stores and attractions in the UK and Scotland will play an important role in the City Centre Transformation outlined above. Prince’s Street is already home to a significant proportion of these, and subject to planning approval, the city’s main thoroughfare will see a major new visitor experience and brand attraction, the Johnnie Walker Experience. Part of a £150m investment in Scottish Whisky tourism, the attraction will occupy the site of a former department store and will feature an arts venue, rooftop bars, a drinks academy and superstore. A further attraction is due to open in St Andrew’s Square in 2021: the IMPACT Centre will include a concert hall and performance venue, in the heart of Edinburgh as well as restaurant and café facilities.
PUBLIC SPACES AND VISITOR PRODUCT: KEY ISSUES

Evidence reviewed for the purpose of this report highlighted the following visitor economy-related issues that affect the city centre’s urban environment:

**Competition for land:** Evidence reviewed for this report found that the city is facing a decreasing supply of available land, which is likely to intensify as the city’s population increases. Demand for attractive locations is increasing not just for hotel development, but also office space and residential accommodation.

**Changes in the dynamics of Edinburgh’s retail environment:** It is important to consider that the fate of Edinburgh’s flagship stores (and by extension its main shopping areas) will be determined by the major structural changes that are occurring in the UK’s retail sector, as well as new developments such as the St James Quarter emerging within the city itself. These all have the potential to affect the dynamics of footfall and spending within the city centre, and further store closures, transformations and relocations could follow in the coming years. Subject to changes in planning regulations, a possible outcome could be alternative property use, such as that outlined above.

**Impact of visits varies by visitor profile:** The way that visitors move around Edinburgh, the places they go, the time of day that they visit and how much they spend varies considerably according to their purpose of visit. For example, visitors attending a business event may stay at their meeting venue throughout the day and only go out in the evening, while day visitors (particularly cruise visitors) or those visiting friends and relatives may spend a relatively short time in the city centre during peak times. Groups often travel according to a pre-planned itinerary, while independent travellers have more freedom to choose when and where they visit.

In recent years, the numbers of day visits to Scotland and Edinburgh in particular have increased sharply. These can include visitors from elsewhere in Scotland, cruise passengers disembarking for the day, or visitors coming from nearby English cities. According to research by VisitScotland in 2017, across the East of Scotland by far the most popular day activity is to visit friends and family, followed by eating out, doing an outdoor activity, shopping for special items (e.g. fashion, music) and going out to a bar or pub.

**Bottlenecks for pedestrians:** During summer and winter peaks, space in Edinburgh’s most crowded areas (in particular Castle Terrace, High Street, Prince’s Street and North Bridge) does not meet demand. The Essential Edinburgh footfall counter clocked an average of 45,000 people per day in August 2017, more than double the June 2017 average of 21,870 per day. The pressure on pavement space during peak periods is most evident when pedestrians are waiting to cross at junctions since it can lead to pedestrians stepping onto the road and into bus lanes. However, according to the Council report ‘Tourism in Edinburgh’, outside of the areas listed above, there is no indication that significant and sustained bottle-necks occur on a regular basis.
‘Urban clutter’: Bottlenecks in pedestrian flows can be made worse by urban clutter, such as temporary advertising (e.g. sandwich boards), tables and chairs outside pubs and restaurants and other street furniture. It is also notable that the 2017 Edinburgh People survey found that only 53% of residents were satisfied with maintenance of pavements and footpaths falling to 42% among people aged 65+. As a result of the issues raised above, the Council’s Small Area Plan (part of the 2017-2022 Locality Improvement Plan for South East Edinburgh) includes a programme of de-cluttering and environmental improvement campaigns in key streets and public realm areas where people live. Following complaints from residents with impaired vision and mobility, a ban on temporary street advertising has already been put in place.

Street cleaning: The cleanliness of streets, and the disposal of waste has caused problems in recent years and let to a rise in complaints by Edinburgh residents, particularly in the city centre. According to the Edinburgh People survey, 66% of residents are satisfied with street cleaning – a higher percentage than in 2015-2016 yet quite lower than years prior to 2014 (84% in 2013). In order to tackle the situation, during 2017 the council made better use of digital intelligence (including smart bin technology and recording), and deployed highly mobile on-street ‘barrow beat’ staff, significantly reducing service request levels down to 171 in August 2017 from 409 in the same period in 2016.

Noise ‘accumulation’: is a concern for residents in some areas. This includes noise from vehicles (including open top bus tours), amplified walking tour guides, or noise from concerts or the ‘Tattoo ‘carrying’ into some streets more than others. In order to address the problem, the Council’s Noise Team, event promoters and festivals have sought to manage and monitor event noise much more carefully. A Public Spaces Protocol has been developed and includes recommending the introduction of fair ‘end times’ to events that take place on streets and in public spaces near residents.

The issue of ‘inconsiderate busking’ (creating nuisance noise and blocking footpaths) has also been raised. The Council has been working with Police Scotland to ensure that buskers know the rules and that these rules are properly enforced. Some residents have complained about the impact of some ‘silent disco’ walking tours on noise levels, as guided tour groups using headphones sing and dance in busy areas during their tour. This has also raised questions over tour group licencing; a licence is required for anyone carrying out a service in a public place in exchange for money, however a large number of traders are avoiding this by taking bookings and payment exclusively online. In November 2018 the Council discussed bringing an end to this type of tour in light of the nuisance that it created for residents.

The night-time economy: The night-time economy in Edinburgh is significant, adding to the city’s rich cultural and entertainment scene. There also is a balance to be struck in terms of demand from visitors and residents, as well as the effect on local residents’ quality of life. The core offer of the night-time economy revolves around pubs, bars and clubs, as well as theatre, concert halls and cinemas. While the visitor offer in the daytime is generally structured around museums, attractions and retail, the night time economy is more structured around patterns of local interest and demand. As such the range of family-friendly activities and spaces for families and the elderly is somewhat limited.

At the same time, there is concern about the impact of the night-time economy on residents in the City Centre. In November 2018 the Council took the decision to extend the areas of the city classed as having too many premises selling alcohol. Previously, only Cowgate and the Grassmarket were designated as offering over-
provision of licensed premises – but under the new licensing statement, the Old Town, Princes Street, Leith Street, Tollcross, Dean Village, the West End, Haymarket, Southside, Canongate and Dumbiedykes will all also be included in the ruling. 97

**Traffic congestion:** Some of the sources of pressure on the road network during peak periods can be traced specifically to tourism, in particular touring coaches and day tours from cruise liners can both impact on the inner-city network, and on regular passenger services. The Council has sought to address this problem by improving use of its Scoot Loop system (adaptive programming of traffic signals in real time) at busy junctions. 98 This traffic is of course, in addition to Edinburgh’s daily traffic flows from commuters, schools, universities and local residents using shops and other local services.

**Servicing the tourism sector:** Besides congestion from tourist passenger transport, and crowd congestion in popular areas, greater numbers of people spending time in the city increases demand for servicing shops, restaurants and hotels through freight deliveries, as well as greater demand on waste collection services. 91% of the 5,000 residents surveyed for the ‘Connecting our city plan’ in 2019 wished to see the impact of larger goods vehicles on the city centre and town centres reduced through the introduction and enforcement of controls by vehicle size, weight and delivery time. Meanwhile, 93% of respondents supported investment in freight depots in and around the city to enable first and last-mile delivery by smaller, cleaner vehicles. 99

## 2. VISITOR ACCOMMODATION IN EDINBURGH

Over the past decade, Edinburgh’s supply of hotel rooms has increased by 5,000, with 30% of new hotel room completions occurring in the past two years. 100

![Hotel development completions in Edinburgh 2002 to 2017 (number of rooms)](chart)

Edinburgh Tourism Strategy 2030: Setting the Scene

The growth of accommodation supply in Edinburgh has not only been driven by new hotel developments but by other sectors too: serviced apartments, hostels and above all, short-term lets. The following section gives an overview of data and trends relating to the city’s accommodation supply:

ACCOMMODATION IN EDINBURGH: KEY FIGURES

- 8,000 people work in Edinburgh’s visitor accommodation sector

Current accommodation supply (as of December 2018):

- **Hotels:** 167 hotels, 13,180 rooms (Dec 2018)
- **Serviced apartments:** 40 apartments, 1488 keys
- **Guest houses:** 200 B&Bs, 1,400 bedrooms
- **Hostels:** 15 hostels, 2,327 bed spaces
- **Student accommodation for vacation rental:** 35 residences
- **Self-catering properties:** 394
- **Camping/touring parks:** 4

Future accommodation supply:

- As of January 2018, the following **hotel** developments were forecasted in Edinburgh:
  - 5 hotel developments underway (340 rooms)
  - 34 hotel developments with planning consent, yet to get underway (2,858 rooms)
  - 15 hotel developments awaiting planning consent (2,148 rooms)

When combining the two sets of data above, and assuming that all five hotel developments ‘underway’ were completed by December 2018, if all developments that held or were awaiting planning consent went ahead, this would represent a total of 216 hotels (29% increase on current supply) and 18,806 rooms (36% increase on current supply). It is acknowledged that the two sets of data supplied (from December and January) may not be directly compared and that they assume no hotel reductions or closures. However, they refer to hotels only, and also do not consider any additional serviced apartments or hostels that may also open.
ACCOMMODATION IN EDINBURGH: ISSUES AND TRENDS:

Demand for more hotel provision within the city is high. It continues at a time when business growth, entrepreneurship and new-starts is also applying pressure on availability of office and workspace. Hotel developers are also typically able to outbid office developments for land and leases, since hotel leases carry less risk and offer better returns on investment.104

Changes may come to the way that land is allocated. As the City of Edinburgh council notes, the current Edinburgh Local Development Plan was prepared during the economic downturn and therefore emphasizes flexibility to help stimulate development. With the city’s property market now in better health, the preparation of the second Local Development Plan over the next two years will consider whether a different approach to allocating land is required in order to deliver an appropriate mix of uses, particularly in the city centre. This will be influenced by the Council’s new Economic Development Strategy.105

An imbalance of budget hotels: Currently, five hotel brands (Premier Inn, Travelodge, Holiday Inn/Holiday Inn Express, Ibis/Ibis Styles and Apex) account for around one third (4,600) of all hotel rooms in the city.106 As shown in the figure below, 1-3-star hotels and budget hotels represent the largest share of the city’s hotel supply.


The balance of budget and high-end accommodation: Views differ on the correct balance of budget and high-end leisure and business-class accommodation in the city, and whether demand for high-end hotels is satisfied by the current supply. In the coming years, the city’s high-end hotel supply is due to expand with two large developments; Virgin Hotel, Victoria Street (225 rooms) and W-Hotel Edinburgh St James (214 rooms).107 Furthermore, the first Hyatt Regency in Scotland is due to open at Edinburgh Marina with 187 rooms by 2020.108

‘An attractive place to invest’: A study carried out for the City of Edinburgh Council on the accommodation market found that investor saw Edinburgh as a very attractive place to invest given the high occupancy rates in the city, however the shortage of available land was a concern.
Uncertainties on the horizon: While Edinburgh has proved to be fertile ground for hotel development, the impact of the Transient Visitor Levy (TVL) on demand (currently under consultation) and the impact of Brexit on the workforce remain to be seen. Local resident opposition to further hotel development could also increase as those hotels currently under development start to open.  

SHORT TERM LETTING IN EDINBURGH

The short-term rental of private accommodation has rapidly become a major feature of Edinburgh’s visitor accommodation market. As more of Edinburgh’s residents have joined P2P platforms such as Airbnb to rent out spare rooms or whole properties to visitors, certain aspects of this activity have become of concern among the city’s residents and political decision makers.

Between July 2016 and September 2017, the number of Airbnb listings in Edinburgh grew from 6,300 to 9,600, representing a 52% increase. According to an infographic released by Airbnb during 2018, in 2017 Edinburgh had a total of 10,500 ‘active listings’, 42% of Scotland’s total of 25,200. It is important to qualify these figures by noting that unlike a hotel room for example, not all Airbnb listings are available all year round, as hosts may only rent a room or apartment while on holiday. At the same time, it is important to consider that Airbnb is not the only platform that enables P2P accommodation bookings, hence properties may appear on multiple sites, and the total number of actual P2P listings in Edinburgh could be higher than the figures issued by Airbnb suggest.

(NB: Airbnb was invited by ETAG and the City of Edinburgh Council to submit a wider range of up-to-date data on its activity in Edinburgh for this report, however at the time of going to press, no data had been received).

In August 2018, the City of Edinburgh Council announced its concern about certain aspects of the short-term let market on the quality of life for local residents. Among the issues identified were:

- An erosion of sense of community in areas with dense concentrations of short term lets;
- Unsuitability for tenement properties;
- Potential lack of safety standards compared to other types of visitor accommodation;
- Noise and antisocial behaviour created by guests using short term lets, and;
- Inappropriate use of residential property for commercial use

The Council has called on the Scottish Government to introduce a discretionary licencing system for operators of short-term lets, with those property owners wishing to rent for more than 45 nights per year required to obtain a licence, pay the appropriate taxes and uphold relevant safety standards.
AIRBNB IN EDINBURGH: KEY FACTS

- Total guest arrivals: 640,000 (46% of Scotland)
- Number of nights a typical listing is booked: 41 (i.e. not all listings are available throughout the year)
- Total host earnings (GBP £): 61.6M
- Total economic activity (GBP £): 238.7 million
- Earnings of typical host (GBP £): 4,300
- Number of active listings: 10,500 (42% of Scotland)

ACCOMMODATION AND THE TRANSIENT VISITOR LEVY

In February 2019 councillors in Edinburgh voted in favour of a transient visitor levy (TVL), or ‘tourist tax’, the first of its kind in the UK. The proposals include a £2-per-night charge added to the price of any room, for the first week of a stay. This charge would apply to all accommodation including hotels, hostels and Airbnb-style short-term lets. The Scottish Government has now formally committed to progressing legislation on a TVL, and following the legislative process this is likely to come into effect around 2022. The City of Edinburgh Council has already pledged to introduce the TVL once approval is given by the Scottish Parliament.\(^\text{113}\)

5.3 VISITOR ATTRACTIONS IN EDINBURGH

Paid visitor attractions represent a major pillar of the visitor economy in Edinburgh, and the city accounts for seven of Scotland’s ten most popular attractions. Between 2014 and 2017, 10 in 12 major attractions saw double-digit growth in their visitation, while there were 2.1 million more visits in Edinburgh’s 7 most visited attractions than in 2017 than 2014 (+29%).

![Evolution of Visits (000s) in Edinburgh’s Visitor Attractions (2014-2017)](chart.png)
In 2017 Edinburgh Castle broke the 2 million visitor record and welcomed a record of more than 600,000 visitors during July and August 2017 alone, an increase of 12% year on year. As a result, the Castle introduced capacity managed time slots in 2018 and has advanced plans to promote advanced ticket sales. Together with the National Museum of Scotland, both make the top two most visited UK attractions outside London.

The City of Edinburgh Council operates 14 of the city’s mid-size and smaller museums, accounting for over 800,000 visitors per year. In October 2016 the Council took the decision to reduce the opening times of its museums from 7-days to 5-days per week in response to its Transformation programme. While money was saved on staffing costs, a study of the impact of the closures found a 21% reduction in visitor numbers at a time when visitor arrivals had risen as a whole in the city, as well as reputational damage to the city’s attractions as a whole. In 2018 a one-year pilot programme was introduced to open the museums 7-days per week, from 10am-5pm.

Finally, although not a visitor attraction per se, Edinburgh’s appearance in films and TV series is providing an additional motivation for visitors to visit the Edinburgh city region. Over many decades, many locations in Scotland have become famous as a dramatic and distinctive backdrop to many Hollywood blockbusters and TV series. According to VisitScotland’s ‘TV Set in Scotland’ brochure, 10 locations in Edinburgh stand out for their presence in film and TV series, and some tour companies have set up tours around this, offering visitors an opportunity to see these locations up close and to discover the story behind them.

Most recently, Outlander and Mary Queen of Scots have been filmed at Craigmillar Castle. According to the Castle’s management, year-on-year visitor numbers jumped by 16% around the time of Outlander being filmed, and a further significant increase is expected as a result of interest from its role in Mary Queen of Scots.

5.4 FOOD AND DRINK IN EDINBURGH

According to VisitScotland, visitors spend around £995 million on eating and drinking when they’re on holiday in Scotland with spending by UK tourists accounting for £656 million and overseas tourists accounting for £339 million. Overseas visitors place a high value on discovering Scotland’s traditional food and drink as a reason for visiting, and since 42% of their overnight stays in Scotland are spent in Edinburgh, the city is well placed to act as a ‘shop window’ for the multitude of food and drink products available in the rest of the country, and encourage the engagement of tourism businesses in the development and promotion of ‘authentic’ food and drink experience.

Given the varied nature of food service businesses across the city, it is difficult to accurately measure the number of establishments, particularly as they may be frequented by visitors or local residents. However, in relation to the visitor economy, it is notable that Edinburgh has the second highest number of Michelin Awarded restaurants of all major UK cities after Bristol. Edinburgh also has the highest number of food tours and activities in the UK after London.

In 2015 an Edinburgh world Heritage Food Trail was created, and ETAG published a Food and Drink Business Opportunity Guide in order to improve coordination among businesses and help them to gain more from visitor spending. In the coming years, two major iconic food and drink related attractions are due to open in the city, as the Jonnie Walker Centre will open in the former House of Fraser building on Prince’s
Street, and Leith will become home to the Port of Leith Gin Distillery for gin and whisky development. As the 2018 Food Tourism Scotland strategy makes clear, there is a significant opportunity for the hospitality sector to develop links with food suppliers in Scotland, and add value to what they offer by developing high quality food and drink experiences.

5.5 FESTIVALS & EVENTS
LEISURE EVENTS IN EDINBURGH

Edinburgh’s event portfolio is emblematic of the city’s success as a global hub for the performing arts, literature, science and many other fields of human endeavour and creativity. Edinburgh’s Festivals collectively attract audiences of more than 4.5 million and have an economic impact of £313 million annually. Aside from attracting visitors from around the world, the Festivals represent an important investment in the local economy. In 2016 the Festivals spent £10.5 million on event production, with £9.3 million of that spent on local Scottish companies, while £9.3 million was spent on creative talent with 56% of that spent on Scottish-based individuals and organisations.

Beyond the numbers, the international profile of the Festivals, the variety of events; and the number of participants, permanent and temporary staff and the many formal and informal training opportunities that coincide with events production combine to give the Festivals a specific role in the Scotland-wide cultural and events ecosystems. The Festivals (in particular the Fringe) also play an important role in promoting equality, inclusion and freedom of speech, and leave the legacy of a large number of performance venues that are used throughout the year.

2017 marked the 70th anniversary of Edinburgh as the Festival City and saw a 9% increase in ticket sales and a 29% increase in the number of countries represented in the programme. The adjacent figure shows the level of attendance at major festivals in Edinburgh that year compared to 2012:

![Figure Evolution of Attendance (000s) in Edinburgh’s Festivals (2012-2017)](image-url)
Between 2012 and 2017, the aggregate attendance of the most popular festivals increased by 12.3%. Given that different festivals appeal more to different audiences, international visitors are likely to have fuelled growth in the Festival Fringe, the Art Festival and the Hogmanay Street Party. On the other hand, local residents are likely to have fuelled growth in the Jazz & Blues, Film, Book festivals.

Of these events, it is the Royal Edinburgh Military Tattoo that attracts greatest share of international visitors (classed as coming from outside Scotland), at 82% followed by the Festival Fringe (62%), Edinburgh’s Hogmanay (61%) and the Art Festival (52%). While these figures are important since they also imply associated visitor spend on food, drink and accommodation, the city’s authorities and Festival organisers place a high priority on ensuring that local participate too.

The Edinburgh People Survey 2017 found that:

- 67% attended a festival in Edinburgh over the last 2 years – a higher attendance compared to 2016 (62%), 2015 (63%) and 2014 (58%)
- The proportion of residents who believe the festivals make Edinburgh better saw a dip in 2017 to 76%. In 2015 the figure had been 78% in 2015 and 80% in 2016
- Unemployed people were less positive, with 57% considering Edinburgh to be a better place and 30% saying the festivals make no difference
- Since 2012 the percentage of City Centre respondents who said that the Festivals make Edinburgh a better place to live fell slightly from 82% to 76%

It is also notable that the Festivals run engagement and access programmes that seek specifically to include groups that have traditionally been less likely to access Festivals, including people in some communities that are geographically far from the city centre, and/or households that are economically disadvantaged.

Beyond the Festivals, a range of large sporting events such as the Tri Series, Ironman and the Tour of Britain also add to the city’s event portfolio and help to attract diverse audiences to the city. This is in addition to scheduled sports events such as major football and rugby matches.

Managing the City during major events

The issues raised in the section ‘Space and Visitor Demand’ section above become particularly acute during major events; both in the summer and winter. For example, during the three weeks of the Festival in August 2017, Lothian Buses/East Coast Buses confirmed that they carried an additional 1.05 million passengers compared to the year trend, in other words, an extra 350,000 passengers per week across all services.

In its 2018 report Managing our Festival City, the City of Edinburgh Council noted that the city’s expected population growth combined with the growth ambitions set out in the Thundering Hooves 2.0 Festival strategy would cause major challenges for the city, especially given the reality of reducing public funding for these events. Managing the city (in particular visitor flows) during major events is an ongoing task for the City of Edinburgh Council, working in cooperation with venues and event organisers. There are fears however, that a reduction in public funding by the Council could weaken the scale and attractiveness of the city’s events, as well as the quality of the visitor experience during the events themselves.
5.6 BUSINESS EVENTS IN EDINBURGH

Edinburgh is widely perceived to punch above its weight as a business events destination. This is predominantly attributable to the city's high position in the International Congress and Convention Association (ICCA) world rankings. According to International Passenger Survey data, there were over 209,000 business visits to Edinburgh and the Lothians in 2017, with an average length of stay of 3.15 nights and an average spend per visit of £622. During that year, 17% of GB domestic visitors to Edinburgh, and 10% of overseas visitors came to the city for a business event. However, when compared to Scotland as a whole, Edinburgh lags behind slightly; in 2016 20% of GB visitors and 11% of overseas visitors to Scotland in the country for a business event.

The Edinburgh Tourism 2020 strategy identified Business Events as a target market, specifically focusing on international association and corporate meetings. A Business Tourism Working Group was created and Convention Edinburgh (part of Marketing Edinburgh) is accountable to the City of Edinburgh Council to deliver specific KPIs in terms of economic impact achieved through confirmed conferences. Given that business visitors show higher levels of spending when compared to leisure visitors, and spread visits throughout the year, the international marketplace for business events is highly competitive, and many cities invest heavily in a Convention Bureau and a subvention fund in order to host international associations.

The city currently targets a wide variety of meetings and conferences and has numerous venues with a capacity to host meetings of up to 500 participants (for example, Edinburgh First, Surgeons Quarter, Physicians International Conference Centre, Radisson Blu and the Sheraton Grand Hotel & Spa). The Edinburgh International Conference Centre (EICC) has capacity for significantly bigger events still. In terms of occupancy rates, it is believed that there is capacity for growth at the city’s meeting and conference facilities, as demonstrated by the fact that in 2017 the EICC ran at an occupancy rate of 54.93%, yet the city is somewhat restrained by the lack of hotels with a capacity to host large conferences and delegates in the same place (500 bedrooms or more). It is also important to note that Edinburgh has competition from other UK cities in this field, for example the ICC Wales, the AECC in Aberdeen and the Belfast ICC.

TRANSPORT CONNECTIVITY

5.7 EDINBURGH AIRPORT

Edinburgh Airport is Scotland’s busiest and UK’s 6th busiest airport. In 2018 the airport handled 14,292,131 million passengers, a 59% increase on passenger traffic in 2011, and a 6.6% increase on 2017. In 2017 Edinburgh handled more domestic passengers than London Heathrow and today the airport is served by 37 airlines flying 227 routes to 157 destinations. In recent years the airport has experienced a surge in international passenger traffic. While Edinburgh is increasingly served by long-haul carriers, the top four international destinations are Amsterdam, Dublin, Paris and Copenhagen, all important hub airports for long-haul traffic as well as being important source airports in their own right.

According to the Airport’s Masterplan 2016-2040, by 2030 the airport is expected to handle 19.2 million passengers (a 34% increase on the 2018 figure, which itself was ahead of the original forecast for that year), and to cater for this growth the airport will be spending £250 million over the next 10 years. The first five years of this
development will include additional retail space in landside terminal and departure lounge as well as improved check-in and immigration facilities.\textsuperscript{141}

Source: Edinburgh Airport (2016), Masterplan 2016-2040, p.58

Currently 52.8\% of all surface passenger traffic at the airport originates from the City of Edinburgh, and in recent years there has been a concerted effort to encourage passengers to use public transport via bus or tram, which now connects the airport to the national rail network via Edinburgh Gateway station.\textsuperscript{142}

Edinburgh has always played an important role as a gateway to the rest of Scotland, however airport expansion is likely to see this role take on greater importance.

\subsection*{5.8 EDINBURGH’S RAILWAY STATIONS}

Source: City of Edinburgh Council Edinburgh by numbers 2018

The number of rail passengers traveling to and from Edinburgh stations increased to 27.9 million in 2017, an increase of over one million on 2016. The number of rail passengers using Edinburgh stations reflects growth of 27\% since 2012 (22 million).\textsuperscript{143}

During the last ten years, Edinburgh Waverley, Scotland’s busiest station has seen its footfall more than double from 10 million to over 24 million and the latest estimates
suggest that it will more than double again, to 49 million, by 2048. A Waverley Masterplan was published in April 2019 setting out a 30-year plan to improve accessibility to the station from the Old Town, Waverley Bridge and Princes Street.\textsuperscript{144}

The city’s rail connectivity has undergone significant improvements in recent years, with work ongoing to increase reliability, capacity and quality of rail services. These include:

- Increasing capacity and reliability of services between Edinburgh and Glasgow through the Edinburgh Glasgow Improvement Programme. This Programme has included the electrification of the Glasgow-Shotts-Edinburgh line, allowing longer trains to run, more frequently and with faster journey times
- Newer, more reliable electro-diesel trains on the East Coast Mainline, operated by LNER
- New £100m fleet of Caledonian Sleeper trains between London and Edinburgh, due to come into service during 2019. As well as providing improved connectivity between London and Southeast England (thereby improving the city’s connections with a major source market), these trains will provide an additional, high-quality visitor ‘product’ that can be combined with the visitor experiences that Edinburgh offers

5.9 EDINBURGH’S CRUISE FACILITIES

Between 2010 and 2016 cruise arrivals doubled at UK ports,\textsuperscript{145} and during 2019 Scotland’s ports are expected to receive 920,000 passengers, a 15.8% increase on the 2018 figure of 794,577 passengers. A study commissioned by cruise Scotland in 2010 forecast arrivals of 830,000 by 2025, however based on current bookings, that figure is due to be reached during 2019.\textsuperscript{146}

Total cruise passenger numbers in at Forth Ports in 2018 reached 139,585 in 2018, more than doubling since 2014.\textsuperscript{147} The city is accessible via four ports; Leith and Rosyth (both ports), as well as Newhaven (anchorage point), all operated by Forth Ports Ltd. An additional anchorage point is operated at South Queensferry by the City of Edinburgh Council. Evidence shows that between 2018-2019 Edinburgh handled a greater amount of both transit passengers (who visit the city on a stopover) as well as turnaround passengers (who use Edinburgh to either start or finish their cruise).

In 2018 Edinburgh was voted as the best cruise destination in Western Europe by the website CruiseCritic, however there is evidence to suggest that some cruise facilities are sub-standard for a destination as popular as Edinburgh. Issues have been raised around poor on-shore facilities, long transfer times (up to 2 hours for loading and unloading passengers using tenders) and restricted port durations for ships.\textsuperscript{148}

Cruise tourism is a largely seasonal activity, with a greater share of ship calls concentrated in the summer months. Cruise ship calls are highly structured and work against a strict schedule, with a large number of transport suppliers, guides and other and attractions working in a synchronised way to service passengers during their visit. As a result, this can put pressure on the city as large groups of passengers from different ships visit the city at the same time. This can add to already-intense demand at key attractions such as the National Museum of Scotland, Edinburgh Castle and the Royal Mile.
5.10 COACH TRAVEL IN EDINBURGH

Edinburgh attracts a wide variety of visitors arriving on private-hire coaches. These can include fans attending sports fixtures, visitors attending Festival events, cruise ship passengers visiting for the day, multi-day long-range tours as well as local school groups. As described in section 5.9 above, groups such as cruise visitors often arrive in the city centre during peak season and during busy times of day, following strict schedules set out by cruise companies and tour operators. When multiple coach arrivals occur at the same time, this has the potential to put pressure on parking facilities and visitor attractions. Questions have also been raised about the value of group visitors to the city, who often stay and eat their main meals outside of the city and have limited ability to roam and spend freely. Research conducted for this report found a lack of reliable data about the number and type of group visits to the city centre, highlighting the need for improved monitoring in the future.
IMPLICATIONS FOR EDINBURGH’S VISITOR ECONOMY

- Collectively, Edinburgh’s history, heritage and built environment provide the biggest attraction for the city’s visitors. The appearance, identity and feeling of ‘authenticity’ of these attributes can be affected in a myriad of ways. The concerns highlighted in this chapter regarding public spaces and visitor demand highlight how an increased number of visitors can impact the quality of life of local residents and damage to the city’s most attractive assets, damaging the overall quality of Edinburgh’s tourism offer. Safeguarding these for the benefit of residents and visitors will require a much greater of collective, cohesive intervention than has been the case to date.

- ‘Growing pains’ associated with the development and growth of the city as a whole may lead to increased concerns raised by local residents who could oppose tourism related developments in the future. In terms of the city’s transport infrastructure, a growing economy in the city and increased property prices will draw more commuters in from surrounding areas, while the expansion of Low Emission Zones and traffic reduction in the city centre will place more demand on public transport.

- Tourism stakeholders often have competing interests (for example, local residents may wish for fewer large groups in the city centre, while tour operators seek to sell as many group tours as possible). Navigating these issues and reaching consensus will require a much more concerted effort to strengthen the city’s approach to proactive tourism management.

- The urban environment in Edinburgh’s Old and New Town UNESCO World Heritage Site is a particular source of concern for local residents. Disquiet about the impact of tourism in urban spaces often tend to germinate in historic districts, and Edinburgh is no exception in this regard. Implementing the World Heritage Site Management Plan effectively is likely to require more remedial intervention by city authorities, enforcing existing regulations more vigorously, and reviewing existing powers for their effectiveness.

- Similar to other towns and cities across the UK, the prosperity and urban environment of Edinburgh’s main retail areas is vulnerable to major structural changes occurring in the UK’s retail sector. The opening of the St James Quarter could pull the ‘centre of gravity’ of Edinburgh’s retail environment away from Prince’s Street, which itself could see store closures or transformations by occupants of existing stores. This raises the need for increased flexibility in the use of properties along the street in order to maintain footfall and open up further attractions for visitors.

- Key elements of Edinburgh’s tourism infrastructure are currently undergoing expansion and upgrades, in particular the city’s airport where a 34% increase in passenger numbers is expected by 2030, and its hotel stock, where a 36% increase in room supply is expected if all planned and requested developments go ahead. This will significantly expand the number of visitors who could reach and stay in the city over the coming decade.
• Edinburgh plays a vitally important role in sustaining the wider visitor economy of Scotland, acting as a major gateway to the Edinburgh city region and the rest of the country. From a strategic point of view, this itself poses a challenge for the public sector to encourage better visitor dispersal while balancing the interests of city centre businesses that are keen to retain and increase their own market share.

• With a significant share (over 60%) of Scotland’s international overnight stays spent in Edinburgh alone, calls are likely to increase for the city’s tourism stakeholders to work more closely as part of the national strategy towards visitor dispersal; whether through raising awareness of the tourism offer in the rest of the country, or proactively helping visitors to plan trips outside of the city.

• The supply of accommodation has the capacity to directly shape the quantity of visitors coming to Edinburgh. If emerging themes are to be raising quality, ensuring authenticity, managing quality and driving spend, then thought must be given to the roles of hotels in this, as a key aspect of the visitor economy.

Short-term private accommodation rentals have long played a role in hosting visitors when demand out-strips hotel supply in Edinburgh, especially for major events. However, the growth of P2P platforms enabling P2P rentals appears to have had a negative effect on the availability of housing on in the private rental sector. The Council has taken steps to remedy this situation but has limited powers, currently. The council is in continuing dialogue with the relevant national government powers and the P2P platforms in order to mitigate any further impact on local residents and the Scottish Government has now initiated a formal consultation on future legislation.

• Private investment is capitalising on visitors’ increasing appetite for food and drink experiences and small businesses have also been supported in identifying opportunities to develop their presence in the market, however evidence reviewed for this analysis suggests that more could be done to boost food and drink tourism in the city. It will be important for the Edinburgh 2030 strategy to identify how it will address the priorities set out in the recently published Food Tourism Scotland strategy. Furthermore, there are questions over the sector’s ability to fulfil the demand for skilled labour in catering and hospitality.

• Evidence suggests that cruise passenger arrivals are increasing in Edinburgh. With cruise visits concentrated in peak season and often occurring during peak hours this will put further pressure on the city’s infrastructure. This will require closer scrutiny of how the city manages group visits in general, in light of the capacity of groups to put pressure on space and visitor attractions in the city centre, vs. the spend per visitor. More research and ongoing monitoring are needed in order to build a greater understanding of the group travel market and how it impacts the city’s visitor economy.

• Edinburgh’s biggest attractions are catering to record numbers of visitors, while smaller publicly-funded museums have experienced continued public service funding challenges. This highlights the opportunity for a future strategy to promote dispersal towards lesser-known attractions, boosting their revenue and reducing their reliance on public funds.
- Evidence reviewed for this analysis highlighted broader opportunities for Edinburgh’s attractions to showcase Scotland’s food and drink, as well as unique aspects of its culture, language and literature. In the longer-term, this could form part of a national dispersal strategy, linking Edinburgh with other Scottish destinations.

- Edinburgh’s Festivals have become world-renowned, and beyond the impact of visitor spending, they bring a considerable number of benefits to the city, boosting its international profile, reputation and cultural life. The city’s events continue to develop in a complex environment; attendance is growing at a time of increased visitor numbers in the city in general, and there are signs that public funding may be reduced at a time of rising demand. Furthermore, other major recurring events such as rugby matches and standalone events place further pressure on public resources in terms of security and waste management.

- In the future, issues connected to seasonal peaks related to the festival (e.g. pedestrian flows, noise, visitor behaviour) could become increasingly conflated with broader public opposition to tourism growth, fuelling a sense of alienation if residents are not readily engaged and resources are not sought from elsewhere, such as private funding and sponsorship. Meanwhile, public authorities cannot in all cases be expected to subsidise the costs associated with major events, the cost of which should be considered by organisers, rather than passed on to visitors through ticket prices, potentially reducing fixtures taking place in the city. This would have inevitable consequences for the range and price of events available to visitors.
Edinburgh has made significant progress on key targets that the 2020 Tourism Strategy originally set out in 2012. Besides the objective of reducing seasonality across the sector, tourism in Edinburgh had already performed strongly by the end of 2017 against strategy targets. According to the Performance Monitoring Report that was published in October 2018\textsuperscript{150}, the tourism sector in Edinburgh is ahead of target for key core indicators:

- The total number of visitor trips (domestic and overseas, staying visitors) increased by 30% from 2010 (3.27 million) to 2017 (4.26 million)
- The total expenditure of all staying visitors increased by 46% from 2010 (£1,015 million) to 2017 (£1,478 million)
- The average spend per trip of all staying visitors increased by 12% from 2010 (£310) to 2017 (£346)
- 8,600 jobs were estimated to be supported by the increase in tourism expenditure.

A variety of resources including the Great Britain Travel Survey (GBTS), the International Passenger Survey (IPS), STR Global and numerous reports by domestic and international organizations provide additional insights in areas such as the overall performance of tourism sector in Edinburgh and the expected evolution of key markets toward 2030\textsuperscript{151}.

6.1 TOURISM DEMAND - CONTEXT

In Europe, international overnight stays grew by 5.2% in 2018, though with slower growth than in 2017 (+9.1%)\textsuperscript{152}. Europe is forecasted to see further, yet slower growth of inbound tourism from 2019 (+3.3%) to 2020 (+2.8%) and 2021 (+3.0%). A “wait and see” attitude among investors and travellers is generated from risks related to a wider economic slowdown, Brexit, and geopolitical and trade tensions\textsuperscript{153}.

If Edinburgh is able to remain resilient despite this uncertainty it could continue to benefit from continued growth in its major overseas markets. Forecasts of outbound travel spend per travelling household from 2015-2025 are positive in all key markets such as the US (+19%), Germany (+26%), Italy (+10.5%), Spain (+67%) and Australia (+23%)\textsuperscript{154}. This is evident from an analysis of Edinburgh’s performance to date, and a closer look at the major trends occurring in each of the city’s major overseas markets.
6.2 OVERALL PERFORMANCE OF THE TOURISM SECTOR

Late in 2017 the signs were already positive for the city’s tourism sector in 2018, with Edinburgh included among top 20 city destinations worldwide based on predictions for the growth of bookings by European travellers. According to 2017 figures, Edinburgh managed to sustain its ongoing performance and strengthen its position as a city tourism destination as shown by the following four indicators:

1. Edinburgh extended its position among major UK cities, attracting 700,000 more international visitors than Manchester (in 3rd place). This difference in 2014 was no bigger than 590,000 international visitors (source: IPS)

![Figure 6.1 International Visits (000s) in the Top 10 UK Cities (2017)]

2. Edinburgh maintained a balanced distribution of international visitors among age groups (e.g.): Millennials aged 25-34 (24%), 35-44 (19%), 45-54 (19%) and 55-64 (17%) (source: IPS)

3. The city saw increased numbers of international visitors boosting key performance indicators across all types of accommodation. In 2018 hotel occupancies narrowly decreased by 1% (83% compared to 84% in 2017) and RevPAR (revenue per available room) remained stable close to £85 – the highest figure since 2012. In addition, occupancies saw record figures in 2017 for all other types of accommodation including guest houses (59%), self-catering units (77%) and hostels (65%) over a 6-year period since 2012. This is significant achievement given that competition increased in terms of stays in short term lets. During the same period, Airbnb bookings in Edinburgh rose by more than 70%.

155, 156, 157
6.3 DAY VISITORS TO EDINBURGH

GB day visits to Edinburgh increased by half a million from 2012 (19.36m) to 2017 (19.85m) (three-year averages), but respective spend decreased from £927m to £899m. Across the East of Scotland, GB day visitors demonstrated increasing interest in some specific activities including ‘going on a day out to a beauty or health spa/centre’ (+62%), ‘taking part in sports, including events or competitions’ (+19%), and ‘attending a special public event such as a festival, exhibition’ (+16%) (three-year averages 2015-2017 compared to 2014-2016). This suggests the importance for the city to enrich its portfolio of in-destination experiences in order to stimulate future demand for new or repeat visits among GB and day visitors.

6.4 OVERNIGHT VISITORS TO EDINBURGH

GB VISITORS

At the same time, spend by GB staying visitors to Edinburgh rose from £714m in 2012 to £829m in 2017 (non-average figures). In fact, spend growth (+16.1%) was substantially stronger than visit growth (+5.2%). It was also fuelled by growing business spend (+33%) against a leisure spend under pressure (-5%) over the period 2012-2017.

Domestic visitors are expected to continue playing a key role for further tourism growth especially given:

• Their highly valued perceptions of Edinburgh as a safe city during a period of international turbulence\(^ {158} \)

• The established position of city breaks as the most favourite type of holiday for the GB market\(^ {159} \)

• The capacity of Edinburgh to meet the expectations of key target segments including curious travellers, engaged sight-seekers and food-loving culturalists among GB travellers\(^ {160} \)

Figure 6.4 GB Perceptions of Safety in World Cities (% very/fairly stable) (source: BDRC Continental)
INTERNATIONAL VISITORS

According to the International Passenger Survey (supplied by the Office for National Statistics) there were around 2.01 million trips to Edinburgh by overseas visitors in 2017, 757,000 more than in 2012. This growth (+60%) was stronger than the UK national average (+44%) and gave an overall 63% share for Edinburgh in Scotland’s inbound tourism. This was particularly fuelled by leisure visitors, who took a bigger share of leisure trips in Edinburgh (71%) than other UK city including London.

Furthermore, in 2017 spend by overseas visitors in Edinburgh surpassed £1 billion for the first time, with an 84% increase compared to 2012. The average spend per trip by overseas visitors increased by 15.3% from £440 in 2012 to £507 in 2017.

Figure 6.5 Evolution of International Visits (000s) and Spend (£m) in Edinburgh and Scotland (2012-2017)

Among the first and second-tier markets of overseas visitors, Edinburgh achieved significant results. Spend from 2012 to 2017 was driven by visitors from USA (+161.5%), Germany (+88%), Italy (+94.5%) and Australia (+69%), in particular. During the same period 4 markets including Belgium (+461%), India (+365%), Sweden (+289%) and China (+208%) recorded impressive 3-digit growth of visits to Edinburgh.

In terms of seasonality, around 7 in 10 overseas visits in Edinburgh and the Lothians are concentrated in the high season (Q2 and Q3). There is also some evidence that Q4 has improved its position against Q1. For instance, Q4 improved its share of overseas visits/trips to Edinburgh and the Lothians from 15% in 2012 to 16.7% in 2017. For Q1 the share of visitors reduced from 15% in 2012 to 13.3 in 2017. Improvements in this area are possible as long as Edinburgh maintains a strong position within an increasingly competitive environment.
In fact, the main markets of inbound tourism in Edinburgh currently coincide with the most dynamic markets for city tourism in Europe\textsuperscript{162}. Besides the Spanish market, growth of overnights in Edinburgh from 2014 to 2017 outscored the continental performance of the fast-growing Chinese market along with the established markets of US, Germany, France and Italy.

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<tr>
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<tbody>
<tr>
<td>USA</td>
<td>32.6</td>
<td>41.8</td>
<td>28.2%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Germany</td>
<td>25.4</td>
<td>30.2</td>
<td>18.9%</td>
<td>5.3%</td>
</tr>
<tr>
<td>France</td>
<td>19.0</td>
<td>20.3</td>
<td>6.8%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Italy</td>
<td>17.1</td>
<td>15.8</td>
<td>-7.6%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Spain</td>
<td>12.2</td>
<td>15.9</td>
<td>30.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>China</td>
<td>5.6</td>
<td>9.8</td>
<td>75.0%</td>
<td>16.5%</td>
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<tbody>
<tr>
<td>USA</td>
<td>1,488</td>
<td>2,088</td>
<td>40.3%</td>
<td>31.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>868</td>
<td>924</td>
<td>6.4%</td>
<td>-18.5%</td>
</tr>
<tr>
<td>France</td>
<td>431</td>
<td>763</td>
<td>77.3%</td>
<td>82.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>235</td>
<td>531</td>
<td>126.2%</td>
<td>-11.2%</td>
</tr>
<tr>
<td>Spain</td>
<td>1,164</td>
<td>375</td>
<td>-67.8%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>China</td>
<td>118</td>
<td>240</td>
<td>106.8%</td>
<td>-40.7%</td>
</tr>
</tbody>
</table>

Table 6.1 Evolution of City Tourism Overnights by Key International Markets in Europe (source: European Cities Marketing) and Edinburgh (source: IPS) (2014-2017)

- There are several interesting findings based on the spend pattern of visitors in Edinburgh and Scotland as a whole by the group of Near Neighbours as identified in the strategy Tourism Scotland 2020
  - Italy surpassed France in 2017 despite a smaller number of visits
  - Spain is the only market with negative performance over the 4-year period (2014-2017)
  - Switzerland saw the strongest growth over the same period
  - For the Benelux Market, Scotland saw stronger growth than Edinburgh
  - The opposite case accounts for the Nordics, where visitors from Denmark, Norway and Sweden spend in sum £24 million more in 2017 than in 2012 compared to an aggregate decrease of £5 million at the country level

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</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>240</td>
<td>69</td>
<td>110</td>
<td>59.4%</td>
<td>20.3%</td>
<td>174</td>
<td>265</td>
<td>63.9%</td>
<td>32.4%</td>
</tr>
<tr>
<td>France</td>
<td>107</td>
<td>49</td>
<td>46</td>
<td>-1.2%</td>
<td>42.1%</td>
<td>130</td>
<td>106</td>
<td>-3.4%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Italy</td>
<td>102</td>
<td>22</td>
<td>52</td>
<td>136.3%</td>
<td>-19.3%</td>
<td>56</td>
<td>74</td>
<td>30.8%</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Spain</td>
<td>88</td>
<td>18</td>
<td>25</td>
<td>39.7%</td>
<td>34.4%</td>
<td>97</td>
<td>109</td>
<td>12.7%</td>
<td>173.8%</td>
</tr>
<tr>
<td>Irish Republic</td>
<td>88</td>
<td>22</td>
<td>23</td>
<td>6.1%</td>
<td>14.5%</td>
<td>80</td>
<td>93</td>
<td>15.6%</td>
<td>50.9%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>73</td>
<td>18</td>
<td>25</td>
<td>39.7%</td>
<td>34.4%</td>
<td>28</td>
<td>35</td>
<td>23.8%</td>
<td>36.3%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>70</td>
<td>12</td>
<td>42</td>
<td>238.1%</td>
<td>51.1%</td>
<td>42</td>
<td>75</td>
<td>80.4%</td>
<td>38.6%</td>
</tr>
<tr>
<td>Denmark</td>
<td>61</td>
<td>12</td>
<td>23</td>
<td>90.8%</td>
<td>67.2%</td>
<td>38</td>
<td>28</td>
<td>-0.1%</td>
<td>23.5%</td>
</tr>
<tr>
<td>Norway</td>
<td>57</td>
<td>28</td>
<td>39</td>
<td>43.6%</td>
<td>120.6%</td>
<td>68</td>
<td>68</td>
<td>-0.9%</td>
<td>97.4%</td>
</tr>
<tr>
<td>Sweden</td>
<td>56</td>
<td>18</td>
<td>20</td>
<td>12.5%</td>
<td>-35.2%</td>
<td>46</td>
<td>41</td>
<td>-10.5%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Belgium</td>
<td>48</td>
<td>7</td>
<td>18</td>
<td>151.2%</td>
<td>98.3%</td>
<td>18</td>
<td>59</td>
<td>221.5%</td>
<td>156.1%</td>
</tr>
</tbody>
</table>

Additional findings relate to the groups of Distant Cousins and Emerging Markets, again as identified in the strategy Tourism Scotland 2020:

- US is by far the most important market for inbound tourism, with Edinburgh generating 71.5% of additional US spend in Scotland in 2017
- Australia and Canada together accounted for 30% of US visitor spend in Edinburgh in 2017, with timid growth recorded over the period 2014-2017
- China has not yet managed to match the growth of overnights with increased expenditure both in Edinburgh and Scotland over the 4-year period
- Besides the rather low figures of Russia and Brazil, India showcased a promising growth pattern both in Edinburgh and Scotland as a whole

<table>
<thead>
<tr>
<th>Source Market Visits Ranking</th>
<th>City of Edinburgh (International Passenger Survey)</th>
<th>Scotland (International Passenger Survey)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>394 267 200 55.8% 29.6%</td>
<td>426 356 27.0% 9.0%</td>
</tr>
<tr>
<td>Australia</td>
<td>97 45 49 8.9% 28.5%</td>
<td>130 134 3.7% 31.7%</td>
</tr>
<tr>
<td>Canada</td>
<td>67 31 28 30.9% -43.0%</td>
<td>88 90 2.2% -30.6%</td>
</tr>
<tr>
<td>China</td>
<td>52 28 24 -13.7% -7.8%</td>
<td>62 64 -8.8% 20.8%</td>
</tr>
<tr>
<td>India</td>
<td>43 5 13 149.4% 87.2%</td>
<td>23 64 186.0% 91.7%</td>
</tr>
</tbody>
</table>


Overall, there are important takeaways for all target markets as summarized in Table 6.4, in a period of strong growth for European city tourism and inbound tourism in Edinburgh.

In the case of Near Neighbours, Edinburgh is flexible to develop a smart approach to different markets based on systematic monitoring of economic conditions. That is evident when looking at the pair of Spain and Italy. In 2017, Spaniards had slightly more bednights (15.9 million) than Italians (15.8 million) across city tourism destinations in Europe, whereas Italians spent more than Spaniards and French in Edinburgh based on IPS. A similar pattern is identified between Netherlands (limited growth recently) and Belgium (strong growth recently), showing how important it is for Edinburgh to continue keeping a close eye on different markets and adjust its priorities according to up-to-date outbound travel trends.

For Distant Cousins and selected Emerging Markets, there are clear priorities in the cases of US, Australia and China, while Canada and India are currently the most important markets to watch.

**China market - observations**

It is widely acknowledged that the official International Passenger Survey statistics do not necessarily reflect the actual volume or value of the Chinese visitor market in the UK as a whole, or in Edinburgh specifically. This is due to specific challenges relating to the IPS methodology and the characteristics of the Chinese visitor market (many Chinese visitors travel in groups and may be reluctant to participate in surveys due to the language barrier). It is also notable that the vast majority arrive via London, but tour around the UK.
The City of Edinburgh has therefore been using visitor statistics from Edinburgh Castle as a proxy to provide a more accurate picture of the Chinese market, since the Castle asks every visitor where they are from. In 2017, the Castle recorded 177,000 Chinese visitors, putting it in the top 3 international source markets for the Castle after the US and France, showing 13% year-on-year growth since 2016. With the ongoing rapid growth of the Chinese market and introduction of the new direct Edinburgh – Beijing flight in 2018, alongside the city’s active promotion to the Chinese market, it is anticipated that China will continue to be a significant area of growth for Edinburgh.
<table>
<thead>
<tr>
<th>Source Market</th>
<th>IMF Real GPD Annual Changes</th>
<th>Seasonal Spread of Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 Projection</td>
<td>2018 Projection</td>
</tr>
<tr>
<td>Germany</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>France</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Italy</td>
<td>1.2%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Spain</td>
<td>1.2%</td>
<td>2.2%</td>
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<tr>
<td>Netherlands</td>
<td>1.2%</td>
<td>2.6%</td>
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<tr>
<td>Switzerland</td>
<td>1.2%</td>
<td>1.8%</td>
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<td>Denmark</td>
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<td>Norway</td>
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<td>Sweden</td>
<td>1.2%</td>
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<tr>
<td>Belgium</td>
<td>1.2%</td>
<td>1.5%</td>
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<tr>
<td>USA</td>
<td>6.6%</td>
<td>2.5%</td>
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<tr>
<td>Australia</td>
<td>6.6%</td>
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<tr>
<td>China</td>
<td>6.6%</td>
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<tr>
<td>Desk Research Findings</td>
<td>Expected Evolution Toward 2030</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Scotland’s history &amp; culture is a stronger motivator for visitors from Germany (53%) in comparison to domestic and international travellers on average (33%). German travellers are less concerned with their budget (59%) compared to travellers from other Near Neighbour and Distant Cousin markets. German travellers are less motivated to visit a city (30%) while on vacation compared to travellers from France (40%).</td>
<td>Stability growth dependent on the overall appeal of Scotland to German travellers.</td>
<td></td>
</tr>
<tr>
<td>In contrast to the German market, French travellers are more concerned about their budget (77%). In 2017, French consumers increasingly tended to mix online travel agencies and short-term rental platforms for city breaks in France and Western Europe.</td>
<td>Slow growth in visitor spend with prospects for boosting Q1 visits.</td>
<td></td>
</tr>
<tr>
<td>Italian travellers are more concerned with budget restrictions (80%) than travellers from Near Neighbours and Distant Cousins. 1 in 3 Italians and Spaniards booked travel on mobile in 2017. However, Italian adults had in 2017 the lowest share (33%) of Europeans who purchased online among all age groups.</td>
<td>Strong growth subject to constant monitoring due to budget restrictions and volatile economic conditions.</td>
<td></td>
</tr>
<tr>
<td>Spanish travellers are the most motivated to visit a city (56%) on an outbound trip. Public holidays based on several long weekends allow Spaniards to enjoy short breaks as much as possible over a year. Tourism and city breaks are popular trips in Scotland for the Spanish visitor.</td>
<td>Moderate growth with prospects for boosting Q1 visits.</td>
<td></td>
</tr>
<tr>
<td>Dutch travellers are the least motivated to visit a city (26%) on an outbound trip. Dutch and Swedish adults enjoyed in 2017 the highest country share (84%) of individuals in Europe with online access via smartphone.</td>
<td>A hesitant market subject to further review along with the Belgian market.</td>
<td></td>
</tr>
<tr>
<td>The UK was the 6th most popular destination for Swiss outbound travel (2016).</td>
<td>Stable growth with prospects for boosting Q1 spend.</td>
<td></td>
</tr>
<tr>
<td>Danes have a below average propensity to visit rural and coastal areas of Britain. 1 in 4 Swedish booked travel on mobile in 2017.</td>
<td>Stable growth with prospects for boosting Q1 visits.</td>
<td></td>
</tr>
<tr>
<td>Outbound tourism increased from 11.1 million trips in 2012 to 15.8 million trips in 2017.</td>
<td>Stable growth with prospects for boosting Q1 visits.</td>
<td></td>
</tr>
<tr>
<td>50% of US travellers to Europe visit more than one country. Scotland's history &amp; culture is a stronger motivator for visitors from the US (50%) in comparison to domestic and international travellers on average (33%).</td>
<td>Stable to strong growth dependent on confidence of consumers from the mid to long-term</td>
<td></td>
</tr>
<tr>
<td>Scotland’s history &amp; culture is a stronger motivator for visitors from Australia (40%) in comparison to domestic and international travellers on average (33%).</td>
<td>Stable growth both in visitor trips and spend.</td>
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<tr>
<td>77% of Chinese travellers to Europe visit more than one country. Industry players should rethink their assumptions about Chinese outbound tourists because Chinese travellers have diverse needs, highly value fine dining and still opt for package tours. Outbound tourism traffic in February is high due to Chinese travellers seeking to enjoy Chinese National Golden week.</td>
<td>Strong growth with prospects for boosting Q1 visits.</td>
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</table>

Table 6.4 Future Outlook for Key Markets: Near Neighbours, Distant Cousins and Emerging Markets
IMPLICATIONS FOR EDINBURGH’S VISITOR ECONOMY

- Edinburgh has the potential to target different age groups among different country markets, aiming at the best mix that will boost visitor spend and improve the seasonal balance of visitors.

- Plans for developing new hotels must be informed by ongoing demand and opportunities for diversifying the mix of inbound tourists. Performance data on short-term rentals by Airbnb and other platforms should also inform these plans.

- The GB market is likely to see further growth if Edinburgh manages to persuade diverse groups of travellers that it possesses a wealth of activities and facilities that can exceed their expectations and respond to their tailored needs, especially for day/weekend break leisure activities.

- The prospect of boosting visits and spend from January to March is closely related to targeting leisure travellers from specific country markets (e.g. France, Spain, Belgium, Switzerland, the Nordics, and China), as well as business travellers.

- Edinburgh has been among the leaders of city tourism growth in Europe over the period 2014-2017 and future prospects lie both in city breaks and the city’s status as a gateway to the rest of Scotland.

- Among the markets of Near Neighbourhoods, Edinburgh will have to focus on specific target segments in the cases of Germany, France, Italy and Spain to sustain or freshen growth. It also has the potential to further expand its audience base in Benelux, the Nordics and Switzerland.

- As the leading destination of Scotland, Edinburgh could be further benefited by its proximity to several destinations in Western Europe and be part of promotional activities for multi-destination trips (e.g. combined trips to Ireland and Scotland) in markets such as the US.
Chapter 7

Edinburgh’s Tourism Leadership Governance & Delivery
As the preceding chapters have shown, Edinburgh’s growth in popularity as a place to live, work, invest and visit is creating new demands on the city’s authorities to ensure a good quality of life for the city’s residents, deliver an outstanding experience for visitors, all while competing on the world stage to attract talent, investment and visitor spending to support a vibrant economy. Doing this effectively requires consensus and collective effort from a wide range of stakeholders.

This section looks in greater depth at how Edinburgh has managed tourism leadership, governance and delivery to date. It evaluates the role of the main stakeholder groups involved and highlights the issues that will need to be addressed in the future.

7.1 URBAN TOURISM: THE GLOBAL CONTEXT

Cities are complex places, where pressing issues such as urbanisation, globalisation, migration, digitalisation, the environment and even peoples’ perception of place and identity all come together. They are the place where global trends meet local character. As tourism arrivals in cities around the world have increased, tourism has come to represent a greater share of the urban economy and a major source of employment. However, the growth and spread of tourism both in city centres and outlying neighbourhoods has presented city authorities with a complex scenario to manage.

7.2 TOURISM LEADERSHIP, GOVERNANCE AND DELIVERY IN EDINBURGH: WHO’S INVOLVED?

The Edinburgh Tourism 2020 Strategy issued in 2012 called for a ‘collective leadership approach’ to implementing the strategy. Given the complexity of the tourism sector and in realising the strategy’s ambitions for growth, it was essential that the many partners involved in this should take a coordinated and consistent approach to implementing the strategy.

As a direct response to this, the Strategy Implementation Group (SIG) was formed. The SIG brings together senior stakeholders from across the tourism sector who collectively are responsible for overseeing the successful delivery of the strategy. The following section lists the members of the SIG, with a brief description of each organisation:

- **The City of Edinburgh Council** is largely responsible for Edinburgh’s day-to-day city management, with decisions on areas as diverse as traffic, food licencing, air quality and public safety that affect both residents and visitors

- **The Edinburgh Tourism Action Group** brings together the component parts of Edinburgh’s tourism sector. It is responsible for strategy formation and oversight, business support, training, market intelligence and B2B networking
• **VisitScotland** is Scotland’s national tourism organisation. Its objective is to grow Scotland’s tourism sector and give it a renowned presence in the global marketplace. VisitScotland supports Scotland’s tourism sector in a variety of ways, including measuring tourism performance, providing business intelligence and marketing toolkits, as well as carrying out quality standards programmes.

• **The Edinburgh Hotels Association** is the unified voice of the hotel industry in Edinburgh, representing the interests of its member hotels.

• **Edinburgh Airport** is Scotland’s busiest airport, and the UK’s 6th busiest. It connects Edinburgh with 157 destinations served by 37 airlines.

• **Transport for Edinburgh** provides integrated public transport across Edinburgh, delivered through two operating companies; Lothian Buses and Edinburgh Trams Ltd.

• **Edinburgh’s Cultural Sector** brings together the city’s cultural attractions (such as museums and galleries), and its major cultural events.

• **The Edinburgh Chamber of Commerce** is an independent membership organisation which supports more than 1,000 organisations and businesses in Edinburgh to grow and achieve success.

• **Marketing Edinburgh** is the promotion and marketing organisation for the city. Along with members, partners and stakeholders the organisation is responsible for promoting Edinburgh as a world-class destination to visit, invest, live, work and study.

• **Scottish Enterprise (SE)** is Scotland’s national economic development agency and a non-departmental public body of the Scottish Government. To deliver a significant, lasting effect on the Scottish economy, SE work with partners in the public and private sectors to identify and exploit industry opportunities. SE supports Scotland’s tourism sector in a variety of ways including through a strategic programme of Destination Development support to key strategic visitor destinations such as Edinburgh.

### 7.3 MANAGING TOURISM GROWTH IN EDINBURGH

The European Cities Marketing *Toolbox on Managing Tourism Growth in Europe (2018)* poses key questions around destination management and can serve as a useful framework for considering Edinburgh’s future approach. The *Toolbox* sets out ten tools that organisations responsible for tourism leadership, governance and delivery can deploy in order to manage their destinations more effectively. It is a forward-looking document that summarises the functions that tourism stakeholders could undertake to manage tourism growth effectively.

Table 7.1 lists the tools with a brief description and sets out the members of the ETAG Strategy Implementation Group that currently fulfil the function (fully or partially). This list is not, of course exhaustive, since the visitor economy is extremely complex. Ultimately, a huge range of organisations (both public and private) are responsible for delivering the visitor experience.
### TOOL FOR MANAGING TOURISM GROWTH

| Strategy formation, destination planning and zoning: Ensure that tourism is aligned with the city’s holistic strategy towards urban development. Address management issues in a highly localized way by the effective use of zoning (e.g. Locality Improvement Plans, Small Area Plans) | City of Edinburgh Council | Edinburgh Airport | Edinburgh Chamber of Commerce | Edinburgh’s Cultural Sector | ETAG | Marketing Edinburgh | Scottish Enterprise | Transport for Edinburgh | Visit Scotland |
|---|---|---|---|---|---|---|---|---|---|---|
| ✔ | | | | | | ✔ | | | |

| Forming partnerships: Take the lead role in ‘starting the conversation’ around tourism and what it means for the city. It should aim to become the ‘nucleus of a network’ adept at managing relationships between local government, businesses and citizens’ organisations | | | | | | ✔ | ✔ | | |

| Smart marketing: Engage with all groups that have an interest in the city and become highly focused on specific segments that are targeted for growth. Marketing to local residents matters too, in order to keep them engaged in the city’s cultural life and reduce any sense of alienation | | | | | | | ✔ | ✔ | ✔ |

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<table>
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<tr>
<th><strong>TOOL FOR MANAGING TOURISM GROWTH</strong></th>
<th>City of Edinburgh Council</th>
<th>Edinburgh Airport</th>
<th>Edinburgh Chamber of Commerce</th>
<th>Edinburgh's Cultural Sector</th>
<th>Edinburgh Hotels Association</th>
<th>ETAG</th>
<th>Marketing Edinburgh</th>
<th>Scottish Enterprise</th>
<th>Transport for Edinburgh</th>
<th>Visit Scotland</th>
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<tr>
<td><strong>On-the-ground visitor management</strong></td>
<td>✓</td>
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<td>Become more involved in managing public spaces in order to improve visitor flows, cut traffic, extend the opening hours of attraction and identify nuisance activities caused by tourism</td>
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<td><strong>Technological solutions: Use technology</strong></td>
<td>✓</td>
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<td>to monitor visitor flows and queues, as well as pre-booking and differentiated pricing for attractions</td>
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<tr>
<td><strong>Public education:</strong> Carry out online marketing and digital street advertising to tackle problem issues and ensure a pleasant urban environment (e.g. waste management, noise levels), while working with local suppliers to spread the message</td>
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<tr>
<td><strong>Managing the collaborative economy:</strong> Work with the relevant government agencies to upgrade and introduce regulations where needed, in order to reduce the impact of short-term letting and other P2P activities on local residents</td>
<td>✓</td>
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## Table 7.1, distribution of tourism leadership, governance and delivery responsibilities in Edinburgh

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<tr>
<td>Taxes, caps and limitations: Where there is a severe risk of damage to the destination’s built and natural environment, consider imposing caps or limitations on access to specific areas or attractions. Taxes should be applied widely and fairly, including all new business models such as P2P short-term lets</td>
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<tr>
<td>Measurement and monitoring: Upgrade key performance indicators to ensure that they take into account residents’ quality of life and find new ways to monitor the impact of tourism activity around the destination, particularly with the use of technology</td>
<td>✔️</td>
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<td>✔️</td>
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<tr>
<td>Dialogue and consultation: To ensure that wellbeing becomes a core element of tourism development, set up bodies that can manage dialogue with these communities in a balanced and neutral way</td>
<td>✔️</td>
<td>✔️</td>
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Figure 7.1: Overview of destination marketing and management responsibilities in European cities today. (Compiled from European...
Cities Marketing, Manifest on the Future of DMOs, and the Toolbox on Tourism Growth in Europe).

IMPLICATIONS FOR EDINBURGH

The evidence reviewed for this analysis indicate that visitor demand is strong in Edinburgh and will continue to grow in the future. As a result, new demands will be placed on the various bodies responsible for tourism leadership, governance and delivery in the city. It is also important to note that across the many responsibilities outlined in table 7.1, there is considerable variation in the way that these are currently addressed and funded. More coordination across these functions will be required going forward to address new demands.

Furthermore, new challenges may arise that require attention, as demonstrated by the rapid rise in short-term lets in the city in recent years. Growth in arrivals among specific groups or peaks in demand that coincide with the city’s major events are also likely to require greater collective intervention in order to mitigate the effect on the city’s infrastructure and on residents’ quality of life.

Evidence from other European cities that have experienced a rise in visitor numbers suggests that for effective city management, these tasks, as well as those identified in table 7.1 should become better integrated. The creation of the Edinburgh 2030 Tourism Strategy offers the opportunity to evaluate the existing spread of responsibilities among key agencies, and to examine new ways of addressing these in the future.

With this in mind, in preparing the city’s 2030 tourism strategy and in planning tourism leadership, governance and delivery going forward, it will be crucial to ensure that:

- There is appropriate coordination and collaboration across stakeholders
- That the appropriate stakeholders are actively delivering in their specific space
- There is clarity around gaps in delivery, and that these gaps are addressed in a timely and effective way
- Ensure the city’s approach to leadership and delivery creates resilience and flexibility in addressing new challenges and opportunities
Chapter 8

Tourism & Data-driven Innovation in Edinburgh
8.1 DATA-DRIVEN INNOVATION AND TOURISM IN EDINBURGH

As discussed in Chapter 2, organisations of all sizes will have to become increasingly adept at handling data, and at putting it to work in tackling every-day challenges. With so many aspects of the visitor journey digitalised it will become ever-more important to use the patterns revealed by large-scale data analysis in the course of decision-making. The tools for doing this are becoming more readily available and affordable, even for small and medium-sized businesses.

Data will have a much larger role to play in urban planning and city management too. It will inform decisions on investment, resource allocation and forecasting demand for public services. With visitor behaviour adding an extra level of complexity to city planning, it is more important than ever for public and private organisations to become skilled at collecting and analysing data and presenting it in creative ways.

It is notable that several large travel technology and marketing companies are either native to Edinburgh or have a large presence here. These include Expedia, Skyscanner, TravelNest, Booking.com, CritonApps and 80 Days. The process of composing the Edinburgh Tourism 2030 Strategy could provide a good opportunity for connecting these businesses, as well as travel tech companies from elsewhere more closely with Edinburgh’s tourism sector itself; for example, in terms of supporting the sector with skills training, partnership building and strategic planning.

8.2 THE EDINBURGH AND SOUTH EAST SCOTLAND DATA-DRIVEN INNOVATION PROGRAMME

Taking into account the need for Edinburgh’s business community and city administration to take more data-based decisions in the future, addressing this need has formed a key element of the Edinburgh and South East Scotland City Region Deal. The Edinburgh and South East Scotland Data-Driven Innovation Programme (DDIP, discussed in Chapter 4) will contribute to:

- Advancing knowledge about the Tourism and Culture sectors;
- Helping businesses and public organisations to improve their capacity to handle data, and;
- Use data to help solve tourism and culture-related challenges for the city
Having performed a comprehensive analysis of Edinburgh’s visitor economy and having posed questions about its future development, there is an opportunity to identify gaps in our collective understanding about the city, and how these could be filled using data processing from diverse sources. A non-exhaustive list of suggested areas to explore is listed as follows:

1. **Hotel development:**
   
   Forecast modelling of hotel development in order to understand its impact on local communities, demand for local shops, transport and other services.

2. **Collaborative economy:**
   
   Assess the economic and social impact of ride-sharing and short-term rentals across Edinburgh’s neighbourhoods (e.g. monitor rental house prices, housing availability and the sentiment of residents in areas with growth activity through Airbnb-style platforms).

3. **Group travel:**
   
   a. Map and categorise the type of groups visiting the city centre, duration of stay attractions visited to identify times and locations of peak demand.
   
   b. Understand the impact of coaches (touring buses) on city centre traffic and parking demand.

4. **Events and festivals:**
   
   a. Identify opportunities for dispersing events outside of the city centre, and model the resulting demand on ticket sales and local community impact.
   
   b. Explore the relationship between various aspects of the festival experience, including ticket pricing and sales, sponsorship, online marketing, event and festival experience, venue management, food and beverage supplies, safety and security, waste management, etc.
   
   c. Equip festival organisers and authorities with real-time data on crowd flows and monitor this against social media sentiment or complaints received.
5. Visitor attraction management:
   a. Assess spatio-temporal patterns of visitor flows across the Old and New Town (e.g. with mobile app analytics, Wi-Fi tracking) in order to facilitate the management of experiences in key hotspots during specific periods
   b. Monitor queues at major attractions in order to inform visitor behaviour in real-time

6. Market demand:
   a. Carry out a market demand segmentation for Edinburgh and triangulate with data from third parties (online travel agents, travel review sites, search engines) in order to generate psychographic profiles of visitor (rather than categorising by age/nationality)
   b. Monitor visitor sentiment on visitor sentiment (especially regarding complaints/negative comments) in real time from user-generated content. Contrast with user generated content by local residents

7. Resource use and waste management:

   Develop a sustainable impact scorecard for tourism in Edinburgh covering resource use and waste generated (through weight of waste collected, frequency of collections or smart bin data), and display it through a dashboard for all stakeholders to use
Chapter 9

Key Takeaways
VISITOR DEMAND

1. Globally, tourism is a growth sector, and during the lifetime of the 2030 Tourism Strategy, the city can expect to see increased demand from its traditional and emerging markets. At the same time, during the period to 2030 both hotel supply and airport capacity is expected to rise by over 30%.

2. Some markets have seen impressive growth since 2012 and evidence suggests that Edinburgh is benefitting from a current surge in overseas visitor demand to the UK. However, the US market currently spends more than the next three overseas markets combined, and there is a case for spreading demand more evenly across a wider range of markets.

3. For many overseas visitors, Edinburgh is Scotland’s ‘shop window’, but often they do not venture further. This underlines the opportunity for the city’s tourism suppliers to connect visitors better with the country’s food, landscapes, heritage and traditional culture by bringing elements of these into the experiences that the offer in the city, and in encouraging them to explore further beyond the city too.

4. Collecting data, managing it and turning insights into improved products and experiences will prove crucial if businesses are to get better value from visitors and operate more efficiently.

THE BUSINESS ENVIRONMENT

5. The story of the city’s tourism sector in recent years is one of success however this masks somewhat some structural weaknesses such as the mismatch of skills with available position, under-utilised staff in unskilled positions, underinvestment in the workforce and a lack of career progression.

6. Issues such as the seasonal imbalance of tourism demand and the rising cost of energy and raw materials (e.g. food) continues to hold back business productivity.

MANAGING THE CITY

7. One of the biggest challenges for a growing city is to keep it moving. While reducing traffic in the city centre may inconvenience some visitors and businesses, it stands to benefit the general quality of life of local residents, and improve the urban environment.

8. ‘Extending the footprint of tourism’ was one of the aims of the 2020 Strategy and has developed at a varied pace around the city. The need for concerted action to advance and expand this programme further is now even clearer. Concerted action will also be required to ensure that both residents and visitors can benefit from improvements that are made to the city, and that extending the footprint of tourism is done in close consultation with local residents.
9. The collaborative economy has added volume and variety to Edinburgh’s tourism offer, however the frequency of use, and scale of short-term P2P lets in particular remains unclear. Since it has the capacity to affect the supply of affordable housing and quality of life of Edinburgh’s residents, it should be better monitored and controlled

10. Festivals and events are part of the city’s identity, and bring benefits beyond pure economic value, however their growth should be carefully managed in the future. Major events that take place in sensitive/historic areas could prove to be a ‘tipping point’ for the way that local residents feel about the presence of visitors in the city

11. The leadership, governance and delivery of tourism in Edinburgh is currently spread across a range of public and private sector partners. Growing tourism demand at a time of urban expansion will put pressure on the various bodies involved for more frequent and collective intervention, (not less) in order to manage tourism demand with effective and measurable responses. There is a greater need for more effective coordination and collaboration across all partners identified in Chapter 7
Chapter 10

S.C.O.R.E. Analysis
A SCORE analysis (strengths, challenges, options, responses and effectiveness) is best suited for measuring strategic issues which are interrelated. It also allows for analysis before and after action has been taken; in this case the present situation analysis of Edinburgh’s visitor economy, vs. after the strategy has been developed and implemented. This SCORE analysis takes a broad overview of the present state of Edinburgh’s visitor economy, allowing for lessons to be drawn in developing Phases 2 and 3 of the Edinburgh 2030 Tourism Strategy.

**EDINBURGH’S VISITOR ECONOMY:**

**What are its STRENGTHS?**

- Tourism is a thriving sector in Edinburgh, in a city ‘full of economic success stories.’ The city’s visitor economy has exceeded the growth targets established in the city’s 2020 Tourism Strategy, ahead of schedule
- Tourism in the city helps to sustain and grow a wide variety of culture, leisure and retail services, as well as a world-class cultural programme of events
- The tourism product in Edinburgh is highly diverse and caters to a wide variety of leisure and business visitor profiles. It has significant capacity to sustain multi-day and repeat visits for both domestic and overseas visitors
- Transport connectivity within Edinburgh, and between Edinburgh, the rest of the UK and beyond has undergone significant improvements during the lifetime of the existing (2020) Tourism Strategy, with further upgrades and increases in capacity expected in the coming years
- New developments taking place are taking place in Edinburgh city centre and outlying neighbourhoods that are expected to broaden the city’s appeal to more diverse audiences, encourage longer stays in the city and repeat visits
- The city’s Festivals help to position Edinburgh strongly on the international stage, account for a significant amount of visitor spending in the city, and leave a year-round legacy of high-quality event venues, a strong local culture and arts sector and investment in skills
- The tourism sector benefits from a large pool of highly-qualified labour in light of the city’s large student population, and large proportion of the population with tertiary education or higher
What are its CHALLENGES?

• While tourism is growing globally, this growth is occurring against a backdrop of global uncertainty; a gradual economic slowdown, political turbulence in Edinburgh’s key inbound markets, Brexit and the accelerating effects of climate change. These conditions are likely to remain in play during the lifetime of the next strategy.

• While strong demand has driven growth, challenges remain on the supply side of Edinburgh’s visitor economy, for example in matching available jobs to employees with the right skills, understanding and adapting to market trends and in increasing the added value of products and services offered.

• The city’s tourism stakeholders face the challenge of adapting to digital change at a time when consumers are spending more of their time online, are researching and booking through large distribution platforms and expect consistent, instantaneous interaction with suppliers through online channels.

• Despite overall growth across a range of indictors (overnight stays, spending, day visitors), visitor demand in Edinburgh remains relatively unbalanced with visits concentrated in high season (Q2 and Q3) and in specific markets; particularly from the UK and US (with the US representing more in spending than the next three overseas markets).

• Tourism is growing at a time when the city’s population is expanding, creating competing demands for affordable accommodation, available land, public funds and other resources. As a result, its impact on the city is attracting greater scrutiny.

• In particular, there are concerns that public space does not meet demand in certain locations, during peak times of year and during major events.

• The ability of the sector to attract and retain staff, related to the industry’s status as a ‘stop-gap’ and low pay employer, the potential end to Freedom of Movement and the public sector policy focus on ‘fair work’ will be a key challenge.

• In recent years the number of day visitors (particularly cruise visitors) has grown rapidly, however such visitors often put pressure on city centre infrastructure and attractions during peak times. Little is known about their spending patterns in the city, and there is a lack of overall data specific to Edinburgh on the day/group visitor segment.

• Responsibility for tourism leadership, governance and delivery in Edinburgh is currently fragmented across a range of public and private organisations with varying roles and abilities to intervene to solve challenges.
OPTIONS: What are the OPPORTUNITIES?

• One of the key opportunities identified by this situation analysis is that of aligning the city’s future tourism strategy with the city’s Economy Strategy, ensuring that tourism growth in the future is inclusive and drives innovation in the city’s economy.

• There is also a significant opportunity to develop tourism in the future in a way that improves the prosperity and overall quality of life of local residents, through improved public spaces, leisure and cultural services.

• Edinburgh has the opportunity to leverage its existing appeal and international profile to spread demand across a broader range of markets (particularly overseas markets), and more evenly throughout the year.

• Edinburgh has the opportunity to develop specific products and markets that are of high value to the city; for example, business visitors and high-spending leisure visitors.

• Edinburgh’s tourism stakeholders (particularly agencies responsible for planning and managing tourism) have the opportunity to make more informed decisions based on improved insights and forecasts. These efforts will be strengthened by the work of the Data Driven Innovation Programme arising from the South East Scotland City Region Deal.

• Related to this, there is the opportunity to use technology (e.g. data management, timed ticketing, queue monitoring, traffic and transport monitoring) to forecast and manage visitor flows.

• Edinburgh has the opportunity to improve the quality of the visitor experience in popular parts of the city by reducing the dominance of traffic and encouraging visitors to discover the city on foot and by bike.

• Edinburgh’s tourism stakeholders also have the opportunity to promote the dispersal of visitors throughout the wider city region and in Scotland.

• There is a key opportunity to build a new coalition of tourism leaders and decision makers around the demands posed by the 2030 Tourism Strategy.
OPTIONS: What are the RISKS?

Tourism in Edinburgh is highly complex, with demand and supply influenced by a wide range of interrelated factors that are determined globally, nationally and locally. Therefore, risks can arise from a variety of sources. Examples of ‘external’ risks to the city’s visitor economy include turbulence or economic decline in key source markets, tightening of UK visa restrictions affecting the flow of overseas visitors, the collapse of a major tourism supplier or extreme weather incident.

On a local level, to the extent that Edinburgh’s tourism stakeholders have some degree of control, risks may include:

• Tourism growth affecting the quality of life of local people in adverse ways, resulting in a ‘backlash’ against further tourism growth in the city
• A mismatch in perceptions between key groups of tourism stakeholders (residents, visitors, business community, political decision makers) on tourism’s impact and future growth ambitions
• Tourism developments in less economically advantaged neighbourhoods having only a minimal effect on the prosperity and quality of life of local residents
• A reduction in public funding for visitor management and economic development at a time of rising visitor demand, resulting in decline in quality of key aspects of the visitor experience
• Tourism development in Edinburgh causing damage to the city’s built and natural environment

What is the RESPONSE?

The future response to the strengths, challenges and options set out above will be addressed in Phases 2 and 3 of the process to develop the city’s 2030 Tourism Strategy. As explained in Chapter 7, there is currently a wide range of organisations responsible for tourism leadership, governance and delivery in the city. Future tourism growth is likely to require more frequent, consistent and decisive responses which are well tuned to the needs of the city’s people. In short, these responses should seek to maximise the opportunities and minimise or neutralise the risks outlined above.
**What is its EFFECTIVENESS?**

To date, in line with common practice, the performance of Edinburgh’s visitor economy in Edinburgh has been measured through a select series of indicators such as the volume of visits, overnight stays, visitor spend and jobs created through tourism. While these will remain an important baseline indicator of the health of the tourism sector in the city, it will become increasingly important to consider tourism’s wider impact on the city and its people. For example, this could be done by evaluating to what extent the city’s tourism sector meets the objectives of the city’s Economy Strategy, the Heritage Management Plan for the New and Old Towns, by continuously monitoring perceptions of the impact of tourism among local residents and the sector's ability to align with the City Vision 2050.
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