

OVERVIEW OF COVID19 TOURISM IMPACTS ON EDINBURGH

SIG SPECIAL MEETING 16 APRIL 2020

EDINBURGH TOURISM – IMPACT OF COVID19

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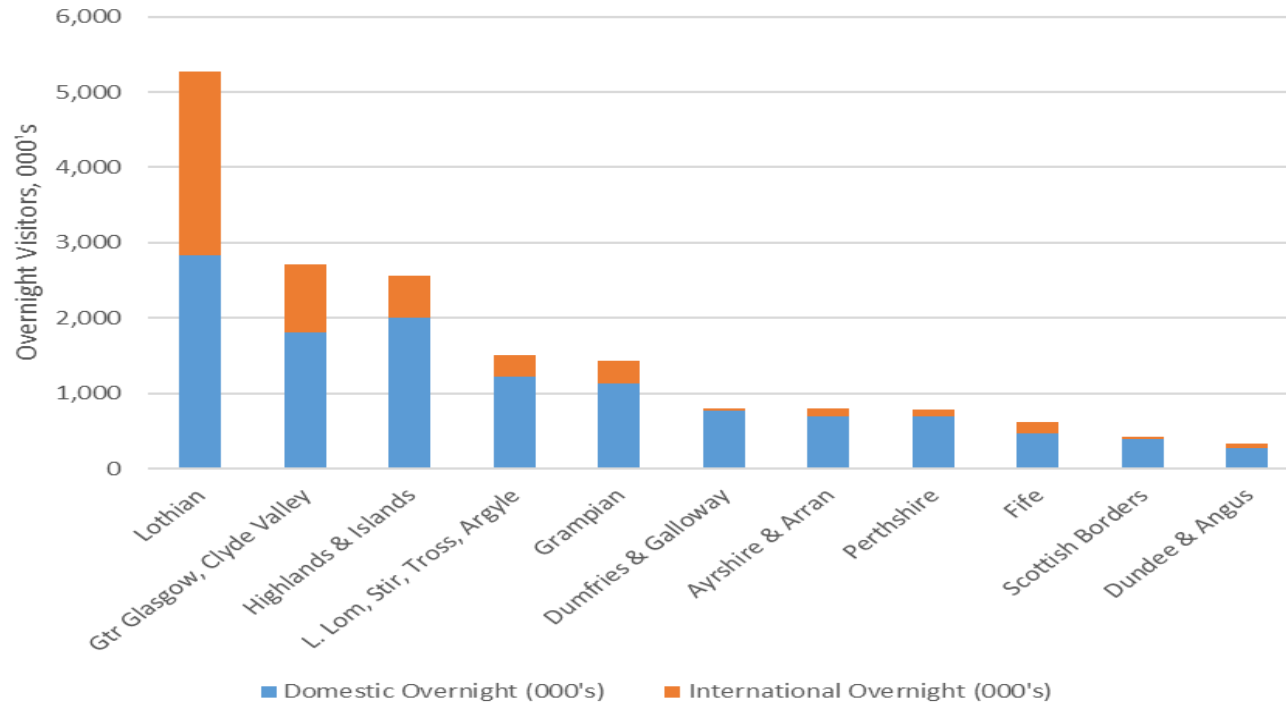


ESTIMATED IMPACTS - HEADLINES

- Assuming that that March 2020 to September 2020 is effectively written off:
 - Estimate almost **£1 billion** in visitor spend will be lost (based on 2018 Performance Monitoring stats)
 - Equates to around 18,500 FTE jobs
 - Conservative figure - international visitors more likely to visit in summer months – they stay longer, spend more & likely to tour rest of Scotland
 - Effectively means the value of tourism reduced to pre 2010 levels
 - Edinburgh facing higher impact and slower recovery than rest of Scotland, due to higher dependence on international markets (44% v 23% for Scotland as a whole)

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STR Forward Bookings (Edinburgh)

- 16-28 April: 10% of rooms are booked, 54 p.p. down on 2019.
- 29 April-28 May: 20% of rooms are booked, 40 p.p. down on 2019.
- 29 May-27 June: 29% of rooms are booked, 26 p.p. down on 2019.

Overnight Visitor numbers, 3 yr av.	Q1	Q2	Q3	Q4
Scotland	19.5%	26.0%	31.7%	22.8%
RUK	17.2%	26.3%	32.6%	23.9%
International	15.2%	28.8%	37.9%	18.2%

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BIG PICTURE

- The duration of the shock on tourism and recovery path is uncertain
- Sector analysts estimate an unprecedented drop in international arrival and tourism receipts in 2020:
 - UNWTO forecasting a global 20-30% decline **46% in Europe.**
 - OECD expects a 50-70% decline
 - Tourism Economics and STR expect a 40% drop in international travel
- Recovery of tourism activity likely to face a number of obstacles:
 - Global slowdowns and recessions
 - Changes in visitor behaviours and attitudes to travel
 - Further outbreaks; resumed social distancing

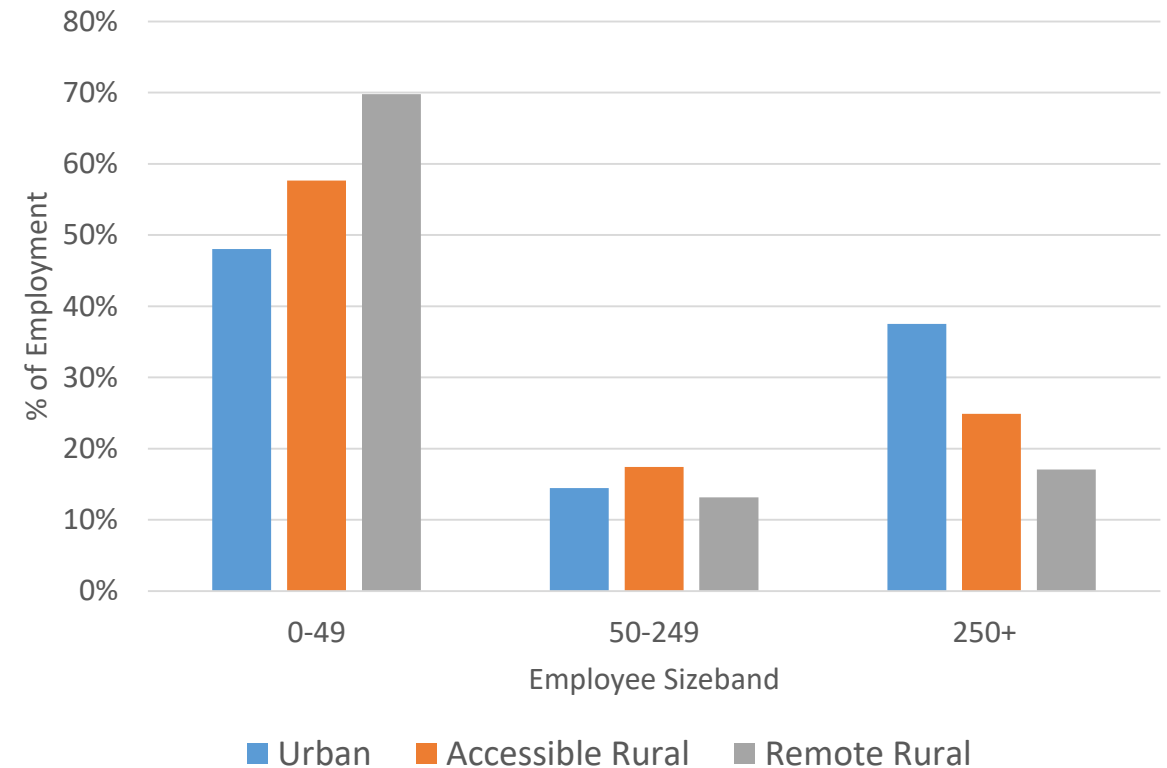
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- Half of employees are in medium & large enterprises
- Vulnerable workforce
 - Large number of 'low skilled'
 - Insecure or flexible work
 - Importance for young people
 - Large number of low paid posts
 - EU and international workers critical to the sector

Employment in Accommodation & Hospitality, Employee Sizeband, 2018



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VISITOR OFFER

- Core attraction of “history, heritage & architecture” remains, however huge uncertainty around:
 - Connectivity – air routes, coach & cruise
 - Intermediaries - travel trade, tour operators
 - Survival of core products – festivals & events, attractions, venues, retail, F&B offer
 - Accommodation - self catering, B & B, independent hotels, hostels
 - Knock on impacts throughout the wider tourism supply chain

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LEISURE MARKET

- Projections are of a “phased” recovery:
 - Day trips – “holiday@home”
 - Staycations – UK domestic market
 - Visiting friends & relatives (VFR) likely to be an early driver
 - Overseas markets unclear - positive signs from Chinese market
 - Anticipate propensity to travel will vary by geography, generational and socio-economic factors
 - All markets will be hit by global economic downturn/recession

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BUSINESS TOURISM

- Mixed messages:
 - Some traction with the “postpone don’t cancel” messaging
 - EICC forecasting busiest January on record for 2021, Edinburgh First reporting strong forward sales
 - Challenges around large scale association conferences – long lead-ins
 - Longer term conference pipeline weakened
 - Potential permanent disruption to non-discretionary business travel

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RESPONSE TO DATE

- Driven at a national level – UK & ScotGov
- National agencies/Scottish Tourism Alliance/Industry Bodies
- Scottish Tourism Emergency Response Group (STERG)
- Focus on business & employee support
- Now increasing recognition that destinations require support
 - Recovery – rebuild
 - Wider impacts across the whole of Edinburgh/Scotland economies

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LOOKING FORWARD

- Rebuilding the tourism sector will take time – huge challenge and no quick fixes
- Will require “Team Edinburgh” & “Collaborating to Compete” mindset
- Strong foundations to build on:
 - Core appeal of Edinburgh as a destination
 - Existing structures & networks – SIG, ETAG, Festivals Edinburgh
 - Established principles for future tourism development via the new strategy
 - Tried and tested development & delivery models:
 - Short Life Working Groups
 - “Pay to play” project & campaign funding