Locum Forum Seminar:
SPECIAL REPORT

The Future of Regional Tourism, Weds 12 February, Urbis, Manchester

On Wednesday 12 February, tourism professionals from throughout the UK gathered at Urbis in Manchester for the latest Locum Forum seminar, focusing on the future of regional tourism. Here, we reprint summaries of the main six presentations made on the day.

UK tourism: What's going on?

David Geddes (Senior Associate Consultant, Locum Destination Consulting)

To most outsiders, tourism seems to be on a steady, progressive growth trend, and everybody seems to want a piece of the action. To a certain extent that is true, but in fact there quite dramatic changes taking place. Some parts of the industry are doing very well and going up while others are going down. And there is a process of quite dramatic structural change.

Visits to Friends and Relatives

The thing that really is going up tremendously is visits to friends and relatives (VFR). The figures released by the UK Tourism Survey are quite misleading when it comes to VFR, because when people get asked why they are in a certain place they might say that they are on holiday even though they are staying with friends and relatives. Even if they say that they are visiting friends and relatives, the Survey might decide they are really on holiday. As a result, all around the UK, wherever you look, you find that people think their levels of holiday tourism are greater than they actually are.

This is not to underestimate the significance of VFR. A recent ETC report showed that VFR is more important than commonly believed, because not only do the people who are visiting spend money but their host families spend more money than they otherwise would at the same time. VFR is also having a big impact in terms of the night economy. All over the country you see the night economy of towns and cities booming, a trend which is fuelled particularly by the greater ownership of cars by young people.

The other area that has really been booming is business tourism, a factor aided by the growth of infrastructure - new four-star hotels, wonderful conference facilities, many situated near motorway junctions.

Increasing outbound, decreasing inbound

As far as leisure tourism is concerned, the real growth area remains short breaks. These are very city-oriented on the whole, but not exclusively so. We have just done a piece of research in Cumbria which revealed that it does not get much VFR or business tourism, but it more than makes up for this through recent increases in the number of short breaks being taken in the county. While longer holidays taken in Cumbria have dropped, short breaks have risen dramatically. A big factor in this, of course, has been the rise of the budget airlines. Liverpool John Lennon airport, for example, has seen an enormous growth in passenger numbers over the last five years from under 1 million to over 3 million, and 80 per cent of the throughput is accounted for by outbound travellers. These are all people who would typically have taken a break in the UK and who are now finding it easy to get out to places like Barcelona, and the big question is what we are going to do about it. There is absolutely no reason to believe that this trend is going to change. The average length of stay is also decreasing for holidays taken in the UK.

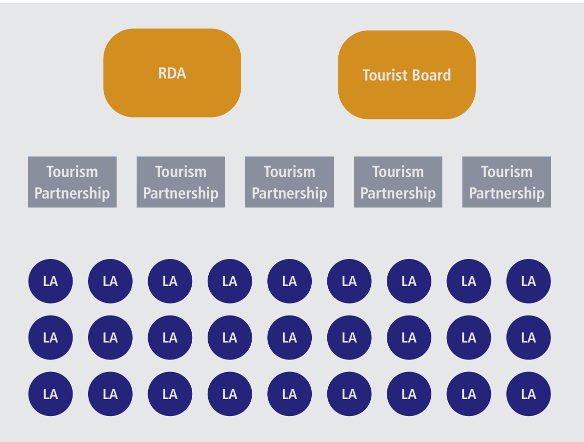
The other thing that is also on the decline at the moment, unfortunately, is overseas tourism. As with domestic tourism, the VFR section of overseas visitor arrivals is growing, but if these are taken out of the equation, the overall figure is on its way down, and this has been the case really since sterling went up in value in 1997. Britain is the most expensive country in the EU because of the strength of sterling, and that unquestionably is having a dampening effect on visits from overseas. One suspects that this is not going to change unless or until sterling goes down in value.

Two other big structural changes that are affecting the market are the increasing demand for self-catering as opposed to serviced accommodation, and the growth of the middle classes, empty nesters and silver surfers. Collectively, all of these trends mean that certain types of destination are doing well while others suffer. Among the more popular destinations are cities, branded hotels, self-contained holiday villages and destination retail. On the slide are traditional seaside resorts, visitor attractions, guesthouses and B&Bs.

Structural change

Following the examples set by destinations such as Spain and New Zealand, there is an increasing trend and realisation that when we brand and market our destinations, we need to be thinking about what is relevant and important to consumers as opposed to what is driven by political boundaries.

New organisational structure for tourism in England



At Locum we think of this in terms of a 'funnel', at the bottom of which you have operators and attractions waiting to visitors to come through the door (see Richard Tibbott's explanation of this on page 54). How do we get them to walk through the door? The branding and marketing approach needs to vary according to the markets in which you are advertising. A very basic principle is that the further away your market is, the bigger the brand you need to focus on.

At the top level, the branding and marketing of England is a big issue, which is being discussed at the moment. At the regional level, there is a big change with the impact of the RDAs and the influence they are already having on tourism.

Of course, all RDAs want to improve the image and the economy of their region. We are all hoping that their arrival on the scene and how they are able to work alongside Regional Tourist Boards and local authorities will hopefully lead to a more consistent, rational approach to the organisation of tourism

Cultural tourism: Manchester at the cutting edge

Frances Toms (Head of Cultural Strategy, Manchester City Council)

Culture has been at the heart of Manchester's regeneration for a very long time, well before this current fashion of cultural tourism. Many commentators were genuinely surprised at what they saw of Manchester, as the city hosted one of the most successful Commonwealth Games ever. Manchester exuded confidence, fun and professionalism in equal measure, and showed off its glittering new buildings. Media observers commonly assumed that the renaissance they saw was a recent phenomenon, the result of city-centre design-led initiatives since the IRA bomb in 1996, together with the impact of holding a successful major sporting event. They couldn't have been more wrong. Anyone who thinks this scale of image change and cultural renaissance can be achieved over a five- or six-year period needs to look closer.

Cultural renaissance

I first lobbied for culture and the arts to be used as a platform for tourism marketing in Manchester in the early 1980s, as a member of the Greater Manchester Tourism Association, which has since evolved into Marketing Manchester. At this time, West End shows came to Manchester's Palace Theatre and Opera House for the first time, and coaches would regularly line Quay Street, blocking the traffic during twice weekly matinees. While the tourism experts saw this as a problem, I argued that it was actually a fantastically successful marketing campaign to attract tourists into Manchester city centre. Eventually, those responsible for visitor guides were persuaded to include images of major theatrical productions or the latest temporary exhibition at the Manchester Museum of Science and Industry.

More importantly, a long-term regeneration of the city's infrastructure was also taking place - and this is the bit that takes a long time. The strategic importance of the airport was recognised and it was invested in. An ambitious plan to use the catalyst of a new international concert hall to realign the business and commercial centre of the city had begun to gain real momentum. Much credit must be given to the leader of the council at the time, Graham Stringer. He used to freely admit to me that he knew nothing about music or the arts, but he knew the economic magnet that a major cultural facility could be. He responded to the private sector champions of the arts at the time, most notably Bob Scott, who later went on to lead Manchester's two Olympic bids.

Recognising just like Barcelona the regenerative effect of hosting the Olympics, Manchester decided to take the huge gamble of bidding for the Olympic Games in 1990 and 1993, an experience that led ultimately to the technical excellence of the Commonwealth Games in 2002, and which sowed the seeds of image transformation. The local enthusiasm and commitment to the two Olympic bids also established the framework of the partnerships between the public and private sector, which were key to the success of the Games and particularly its legacies. Marketing Manchester was truly established in the wake of the bids. And culture, in the new sense that we understand it today, was recognised as being essential to the selling of the city, both in providing landmark buildings and for reflecting popular culture, high art, sport and entertainment.

Matching Bilbao and Barcelona

The IRA bomb in 1996, happening a month before the Bridgewater Hall opened, gave further impetus to the redevelopment of the city centre. The subsequent rebuilding plan, however, was not the result of an isolated event, but rather the next stage in the long-term plan. As in Bilbao, which itself followed Glasgow's lead in prioritising culture in the transformation of city image, Manchester put quality design and iconic cultural buildings at the heart of the process. This was therefore entirely consistent with the approach to the Bridgewater Hall project in the early 1990s, and indeed with the £35 million expansion and reinvestment in the Manchester City Art Gallery in the later part of the decade. What we saw last year was the latest phase in the completion of the process, just as the opening of The Lowry and the Imperial War Museum North were final chapters in the much wider and longer term regeneration strategy for Salford Quays.

The development of this array of iconic buildings has already had a number of direct economic benefits. The Bridgewater Hall opened in 1996 as part of the much wider regeneration of the Great Bridgewater area, a £42 million project built with the specific aspiration of helping to revise the image of the city whilst providing a signal of confidence that would enable Manchester's prime office core to move to a new part of the city centre. Seven years on, companies such as Ernst & Young, PriceWaterhousecoopers and Eversheds have relocated across Manchester to a totally new area, into 28,500 square feet of new offices. Two new hotels with 412 beds have been built close to the Bridgewater Hall, which otherwise would not have been built on this formerly derelict site. Overall, over 2,800 full-time equivalent jobs have been generated, along with public and private sector investment of over £100 million in the immediate area.

And Urbis, the cultural landmark building at the centre of the redevelopment masterplan following the IRA bomb, has had similar effects. The existence of Urbis and the Cathedral Gardens meant that we were able to attract £100 million of public sector funding and a further £490 million of private sector investment to the overall masterplan. Although much of the development was of the commercial retail nature, all investors were convinced by the potential of a high-quality cultural attraction at its centre, and that is fact.

Future tourism strategy

Manchester will now build on the achievements of the past two decades to deliver even more direct benefits to the deprived wards of Manchester. We will continue to develop our tourism infrastruc-ture, and build on the growing number of visitors who come to the city for its galleries and museums, theatres and sports events. We know from short breaks research done in spring 2002 that over 50 per cent of our visitors named galleries and museums as main attractors.

At the heart of our tourism approach will be continuing investment in the airport and transport infrastructure. We will be responding very positively to the many sports federations and sports events, both national and international, which are now clambering to come to Manchester. We will develop an even stronger commitment to hosting major cultural festivals and events. Tourism will be central to the implementation of the city's cultural strategy, and working closely with regional partnerships, in particular with Liverpool, whom we wish every success next month in the race to be Capital of Culture 2008.

We have already announced major new initiatives, not least of which is a new economic framework, spearheaded with our strong universities, that will help to define the new Manchester as a centre of ideas creation, a new knowledge capital. This will be a unique partnership: cross-regional, inter-city, on a scale to create a northern hub of economic, social and cultural activities.

RDAs: Channels for change

James Berresford (Tourism Business Development Manager, NWDA)

The British Secretary of State for Culture, Media and Sport, Tessa Jowell, recently announced a review of tourism at the national level, and we expect to see a new body for tourism, which is the coming together of the British Tourist Authority and the English Tourism Council, for the purposes of marketing England. We will also see new strategic responsibilities given to the Regional Development Agencies, for the development of tourism in their regions, which includes the funding of Regional Tourist Boards. The RDAs can effect change in the regions, and most are making tourism a priority within their regional economic strategies.

Most RDAs are willing to put time, effort and resource behind this most important industry sector. The importance that we see in tourism, however, isn't about us becoming an alternative tourist board. There is a quote in the Northwest Development Agency's own vision for tourism in the Northwest that demonstrates how we and other RDAs approach tourism:

> 'The broad approach adopted by the Agency is to exert strategic influence and provide regional leadership in tourism, to inform and influence national and regional policy that directly or indirectly influences the region's tourism industry and to champion quality provision in all aspects of the industry.'

We're not about being do-ers, we're about being enablers, supporters, and helping shape the vision for the future. That's certainly the role we see ourselves as having in the NWDA. This whole idea of underpinning, supporting, reviewing, has really informed our thinking to date, and has led to us undertaking a formal review of tourism in the Northwest.

The Northwest approach

The Northwest is a region that can and does achieve, but like any other region it does suffer from the fact that tourism has suffered from under-investment in past years, and also from tremendous fragmentation. At the last count, in our region there were 20 largely unrelated tourism strategies, so focus and coordination clearly have to underpin everything we at the NWDA do.

Our approach has been to start by pressing ahead with a fundamental, grass-roots review of tourism in the region. Firstly, we identified the need for change. We established a new body, the Northwest Tourism Forum, to provide this focus for this review, which is as inclusive as we could make it. We tried to make sure that it was as widely representative as possible, including not just the region's two tourist boards but a whole host of other organisations, some of whom you might not expect to see involved: NWDA; Business Link; LSC; Cultural Consortium; Regional Assembly; LGA; North West Tourist Board; Cumbria Tourist Board; Cheshire & Warrington Economic Alliance; The Mersey Partnership; Marketing Manchester; Lancashire Tourism Partnership.

Establishing a vision

The purposes of our review were, firstly, to establish a long-term vision for tourism, and secondly, to identify the necessary action that we needed to put in place to fulfil that vision. Together, the action planning and the vision would form a strategy for tourism in the Northwest, which we hope will be published shortly, in the new financial year.

It was important that the vision was well-informed, so we did a number of studies, one of which was a benchmarking study, delivered by Locum. This was not a benchmarking study in the classic case, because what we did was to look at best practice throughout the world. We looked at New Zealand, largely because of their very exciting approach to marketing, we looked at Catalonia, because of their approach to brands, we looked at Scotland, for their work on structures, and we looked at Ontario, because they apply a very rigid framework, which encourages investment that they want to see and discourages investment they don't believe takes the tourism vision further forward.

We also undertook some futures work, again with Locum and also with the Henley Centre, to try to establish what the drivers of change behind tourism might be like five and ten years hence. It was a great experience working with stakeholders on that.

We wanted to pull together an economic impact analysis, and really this took the form of an examination of how well we can judge the industry's performance, or not as the case may be. Traditionally, tourism has suffered in the eyes of policymakers, because it can't stand up and be counted alongside the 'real' industries of engineering or chemicals or aerospace, and it just hasn't been seen as a serious contender by policymakers because of that. We simply have to address that and get it sorted out. Now we've run our study, we in the Northwest know what we need to do. We need a much richer vein of on-the-ground detail, and we need an overview at the regional level that really drills down into supply chain issues.

Concurrently with all of this, we ran a detailed consultative exercise. We surveyed our private sector businesses, we surveyed our tourism officers, and we ran ten thematic workshops whereby we began to test some of the theories that were emerging from the vision work. After doing all this, our tourism vision emerged: 'Our vision is for a tourism industry that, in ten years' time, is second to none. We wish to create the best tourism offer in Britain.' There is, of course, an awful lot more detail that sits behind this simple expression. In particular, there is a strategic framework for the development of that vision.

Visionary framework

The main programmes that will support and lead the vision forward are as follows:

NWDA: Visionary framework

Most are self-explanatory, but one or two of these strands represent fairly radical change, and show where the RDAs can actually be channels for action.

Star Brands and Winning Themes

We see the Northwest region as a basket of brands, and 'england-snorthwest' provides the umbrella brand. But actually we've identified attack brands, slipstream brands and development brands. The attack brands are those that we believe have the greatest international reach. They are the brands that will bring people to the region. In our area we've identified those as Chester, the Lake District, Manchester and Liverpool. The slipstream brands are those that perhaps don't have that international recognition and reach, but which have an equally important part to play in distributing visitors around the region when they are here, so they are not second-class citizens. The third area is development brands. They are our brands that we believe could become attack brands in years to come, but they are not quite there yet and will need our investment.

Supporting the Best

This also represents the new way in which the tourism industry needs to work. Personally, I believe that the limited amount of money that has been available to the industry has been spread far too thinly in the past, and I think it is time now to support the best. Our strategy, therefore, is going to identify beacon businesses, which themselves, through a clustering approach in their communities, can make a difference at the ground level. For us, that means targeting business advice and business support to those that have the capacity to change. That is quite a radical approach, because there are an awful lot of people in tourism who we all know shouldn't really be in this business. They're not trading profitably, they're not doing themselves any favours and they're certainly not doing the industry any favours. So our business advice has got to be targeted towards a transitional arrangement for them out of the industry.

Signature Projects and Polishing Gems

The whole strategy and vision that we have is predicated on the fact that we have an excellent product in the Northwest and with a little shining that gem can become a real treasure. The example I sometimes use is the Beatles Experience in Liverpool. It's a fantastic theme, but maybe the actual experience around it isn't that wonderful, and with a little polishing it could truly be a gem. But equally we've identified a number of what we're calling signature projects, projects that if they happened in this region would change the face of tourism in the region. There is a view, for example, that it might be a good idea to establish a centre that rivals or is better than the National Exhibition Centre in Birmingham, as an international convention and exhibition venue. Then there is Blackpool, which people are now viewing increasingly as the 'Las Vegas of the North'. I can assure you that it is much, much more than that, and my colleagues in Blackpool have put in a tremendous amount of time and effort into developing a masterplan for the future of Blackpool, and if we can get behind that as a signature project for the Northwest, it will make fantastic change for the region.

Each of our programmes is underpinned by six cross-cutting themes, things that we want to ensure in order to deliver them successfully: learning and skills; sustainability; market focus; business excellence; quality; and accessibility. We want to deliver the best in each of these six areas. We can't develop signature projects, we can't develop business improvement, and we can't develop strategic brands or attack brands without commitment to these areas.

Windermere's forthcoming watersport speed limit is one example of enforced change

From vision to reality

Establishing the vision has been the 'easy' part, and now the hard work begins. We have to change this vision into reality. We have therefore embarked upon the second stage of our review, which is the detailed planning process, and it is at this stage that important issues like our relationship with the new national body begin to emerge. It's at this stage that resource implications begin to emerge. And it's at this stage that structural issues will come under the spotlight.

I think we all know that we have to achieve greater efficiencies and effectiveness in our tourism spending, so we will have to review our tourism structures and we're beginning to do that. At the moment it's probably a little too early to say what the precise detail of that is, but it is safe to say that we feel there is certainly scope for a regional body, a regional function of some kind, which is unfettered by membership issues, which actually has the headroom to be able to drive policy and to be able to drive this strategy. The work will be done in consultation with and supported by strengthened sub-regional marketing organisations, who will pick up the membership issues, and who will need to pick up the industry development issues. There is a long way before we get to that picture, but we believe that that is the challenge facing us.

So what will change look like? Firstly, we will have a strategy for England's Northwest with nine core programmes, and I very much hope that we will have the resource to deliver that ambitious vision. Importantly, we will also have an industry that is committed to change, through greater coordination and greater prioritisation, but also an industry that is not afraid of committing resource to supporting the best. We cannot afford to be let down in the tourism industry any longer by a lack of quality and a lack of professionalism. We realise how ambitious this is but also that this grand plan cannot happen on 1 April 2003. We recognise, therefore, that there will be a transitional period, and we're committed to funding our two Regional Tourist Boards during that time and putting more funds into the tourism industry.

But the honeymoon won't last forever. Unless the industry is prepared to pick up this challenge, is committed to change, is going to think about how it concentrates and backs winners, does begin to compare itself effectively with other, 'serious' industries, and does achieve greater coordination of spending, then the RDAs will lose patience. But the RDAs are in this for the long term, and the industry has to respond to that. Already, far too many people see the RDAs as just an alternative funder. When I arrived at the NWDA a year ago, sitting on my desk were bids worth £20 million for tourism projects. I'm delighted to say that we managed to fund a fair proportion of those, but the industry needs to embrace this new way of thinking, and see that RDAs are really *catalysts* for change and not just alternative funders. I hope for those not fortunate enough to be in the NWDA region that the other RDAs will embrace tourism and take such drastic measures to improve the industry in their regions. It might even lead to everyone at grass roots realising that tourism is a serious industry, and having pride in that industry.

Tourism for tomorrow

Chris Collier (Chief Executive, Cumbria Tourist Board)

Tourism is nothing without the operators, often micro-businesses, that make up the bulk of the industry in any one particular area. We need to start thinking a little more about that when thinking about the process of major strategic change if we are going to make sense of tourism in the future, and make the best of the opportunities.

What is actually keeping the industry awake at night, and what are we doing to help that? Six years ago, when I came into the industry for the first time, operators consistently told me they wanted three things: marketing, marketing and marketing. In the six years since, marketing has become just one of the things preying on the minds of tourism operators in my area, along with things like staff recruitment and retention.

Staff recruitment and retention

The problem of staff recruitment and retention is complex. First and foremost, the image of the industry is still that it is women's work, seasonal and part-time in nature, and poorly paid. There are also lifestyle issues about the industry. We work whilst other people play, and not everybody wants to be able to do that. The more enlightened operators are taking this quite seriously and are planning their working patterns to ensure that people do still have a good life. But in many tourism areas, particularly rural ones, lifestyle issues are bigger than that. They are about whether or not you can use your mobile phone, whether or not there are good entertainment opportunities in the area, and whether the transport is good enough. Young people starting out in the industry don't want to in an isolated rural area where they can't use their mobile phone, there is nothing happening in their village during the evening, and the last bus goes at 5.30pm. They want to be where things are happening, like Manchester or Liverpool, for example.

Urbis

Another big issue in attracting staff is the cost of housing, particularly in tourism areas, where costs have rocketed lately. People coming into the business find it very difficult to find accommodation. And then there is the whole issue of skills and training, and making sure that people have the skills to deliver the kind of welcome that we want. In many cases, businesses train staff just to have them poached by others, who are not investing in training, leading to high turnover levels in tourism employment and high dropout on college courses.

Pressure on costs

Across a range of areas, there are pressures on costs that make it very difficult for businesses to compete effectively with the low-cost airlines and the offers that are happening overseas. Business rates in the service sector, for example, are linked to turnover, not to profit. This means that on the same high street, accommodation providers are paying a far higher business rate than retailers, despite having very similar turnovers. There are also major employment costs, that we are all aware of - National Insurance increases, employment benefits continuing to grow all the time, such as maternity and paternity leave, all having high impact on small businesses. And part-time and temporary staff increasingly now have the same rights as full-time and permanent staff.

Many tourism businesses in cities as well as rural areas are now having to provide staff accommodation themselves directly. The staff accommodation package normally covers not just the accommodation but also utilities, council tax, uniform and food. Only a very small amount of that can be offset against the minimum wage.

New taxes are coming in, including the climate change levy, and there is increasing pressure on costs with respect to goods and services. VAT we all know about, and we know that our rivals overseas are paying significantly lower VAT in many cases. Insurance has also come to be a major factor, having suddenly escalated. One small business in my area, had insurance costs in 2001 of £1,000. In 2002 this had become £2,000, and this year the figure had risen to £4,600. Bigger businesses have seen similar increases. How do businesses cope with those sorts of escalations, and who is fighting this battle on their behalf?

Product development

We as the tourism experts know exactly what tourism businesses should be doing, and we are very good at telling them. But we are less good at finding ways for them to make it happen. For a start, we are telling them that they have got to start enhancing their facilities if they are to compete with competitors, particularly overseas, that are able to offer the rounded destination experience that consumers are looking for. Whilst it is seen as important for hotels, B&Bs and guesthouses to provide add-on facilities such as a spa or a 9-hole golf course, it is incredibly difficult for them, at their level, to provide this sort of offer. How are we going to help these operations, which are unique in the world in terms of their product offer, to be able to compete?

In particular, how are we going to help the industry in cases where you might have problems obtaining planning permission? Recently in Grasmere, for example, the local people have stood up and said that they don't want a new hotel development despite the fact that the operator was highly reputable. They thought it was out of character and out of keeping with the village. Who is right - the hotelier who wants to develop or the people, who want to retain the distinctiveness of their village? Over in Windermere, the new 10 miles-per-hour speed limit that will come into force in two years will cut one water-sport dependent business off at the knees, and already a request for planning permission by a business that wishes to fill the gap that this will leave has hit problems. The very organisation that has taken away one livelihood is also refusing an opportunity to replace it.

There is a need to develop the staff accommodation product, but there is a problem of available sites in city centres and in rural areas there are issues concerning planning permission. There are also issues of enforced change, such as obligation of operators to provide better facilities for disabled visitors, and infrastructure, particularly infrastructure in the public domain. Many operators are concerned that the quality of public domain in their areas is falling behind the competition overseas. The quality of public toilets, signage, roads, pavements and so on is becoming a serious issue nobody has a statutory obligation to provide improved infrastructure, and the funding isn't being put in place.

Access to markets

A lot of businesses are concerned about access to markets, and especially the use of IT. Certainly, a lot of work is being coordinated on behalf of the industry, but we must make sure that the industry then has the skills to make effective use of the new opportunities.

Additionally, there is a lot of business advice out there for operators, but there is nowhere near enough tie-up between the people who are giving this advice and the tourism agencies setting strategy. These agencies have access to detailed customer research, but how many Business Link advisors do they talk to, to ensure that they go out and impart that knowledge to the tourism businesses they are meeting? The Tourist Boards are not paid to give business advice any longer, other people are, but that link seems to have been severed. Consequently, business advice is being given in isolation and is less effective.

How are we helping?

While national bodies, regional bodies, local authorities and destination management organisations are all running new tourism initiatives and making decisions that will ultimately impact on operators, all that these businesses are really concerned with doing is keeping their head down, getting on and doing the day job. How do we find better ways of pulling together to really market for them effectively, for example? How do we better pool our resources to make sure that we're getting the best return on each pound invested in marketing? My solution is 'Keep it simple, stupid!', as Bill Clinton so famously said.

Regional Development Agencies need to influence the economy and they do want to help tourism businesses to be successful, so how do we motivate those businesses to work together rather than in isolation? We have to base it on working around a brand, a brand that they can relate to, that will definitely bring them new business. And if we are wedded to our own artificial administrative boundaries, then we are doing a disservice to the industry and the economy as a whole. It is down to us to make sure that we are thinking sensibly and logically, and not clinging on to our own ambitions and aspirations.

In my experience, RDAs are treating tourism as a serious industry, and they are seeking to provide real help to make it thrive. They need to get close to the industry. In order to influence operators and to engage them they must work through the brand. Destination marketing or management organisations are uniquely placed to bring together the industry in a market-led approach. Strengthen the DMO and you get more industry buy-in. We can inject more funding to support the industry by finding matched funding to accessed resources from EU and Government programmes. But the opportunities for matched funding are diminishing before our eyes, largely because of the merger of the national tourism body and the funding through the RDAs. Membership is a device that can be used by DMOs, for two reasons: one, to influence quality and performance, and two, to generate the matched funds to be able to draw down EU and Government funds.

And what of the national body? A quote from the BTA's latest update states that 'small businesses will now be able to make contact with one agency only for information on tourism trends or for promotion at home or abroad'. It goes on to say that large businesses can do exactly the same thing. I'm not sure if they have thought through fully all of the issues that are keeping small businesses awake. If we are not addressing those issues, we will not get buy-in from small businesses. I'm not certain if a national level body can deliver all of that. I'm quite sure that the small businesses in my area are not going to want to talk to London about those issues and concerns, let alone hand over their whole marketing budget to an organisation that is centrally based. We need to take a bottom-up approach, which really thinks seriously about what the industry needs. Because if we don't, the tourism challenges of today culd potentially become the crises of tomorrow.

Economic data for tourism: Addressing the current deficit

Calvin Jones (Senior Research Office, Welsh Economic Research Unit)

There is a need for a defensible and objective valuation mechanism for tourism and its contribution, which can tell us how many jobs it really creates, what turnover it generates, what the gross value added is, and so on. All of these issues up to now have been very difficult to measure, because it is not an industry as such.

The Tourism Satellite Account

In truth, tourism is not an industry as such. It is actually a facet of final demand, like household consumption or government consumption. A tourist is defined only by what they do and where they are when they buy something or demand a service. That is one of the reasons why it has been so difficult to measure in the past, and one of the reasons why some of the ancillary type services like local retailers have fallen out of the equation, because you can't see them very easily.

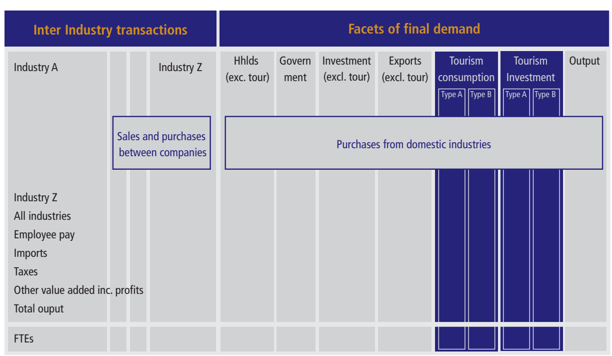
A Tourism Satellite Account (TSA) enables you to do this. It is consistent with national and regional accounts, which is very useful when you are trying to make a case for resources in support of tourism. It also enables consistent comparison of performance with other industries both *within* a region or country and *between* regions and countries.

What we at the WERU have found very interesting in working on Wales' TSA is differentiating tourist demand from wider local demand in core tourism activities and operations. We have been looking at what proportion of a place's restaurant turnover is down to tourists and what proportion is down to local demand. This is one of the things that there has been great problems trying to ascertain in the past, and is something that a TSA can do. A TSA also allows multiplier estimation for different types of tourist, and thus further modelling sophistication and impact assessment.

The table below is a very simplified version of what a national or regional account might look like.

It is a very conceptually simple thing, which is extremely difficult to build. What you have to identify is of the goods bought in the

The TSA within the accounting framework



country, how many goods in every sector - and there are 123 sectors in the UK - are bought by tourists. It's a very big job. The blue columns are what we really mean when we're talking about a TSA, as distinct from normal national accounts.

Tourism impact and planning model for Wales

We have now got a TSA for Wales, which allows us to talk about the multipliers, the proportion of GDP that is attributable to tourism, and so on. We did extensive primary research that has allowed us to disaggregate tourism into sub-sectors - B&Bs versus large hotels, for example. The TSA has enabled us to derive key variables including gross value added, turnover per head, and multipliers. For large hotels, tourism-related turnover accounts for only about half of the overall figure. In Canada, meanwhile, the tourism-related percentage of turnover for restaurants is only about 20 per cent. This shows that when we talk about tourism activity, as opposed to the 'tourism industry', we have to be quite careful about what it is that we are talking about. In some post-industrial areas of Wales, this figure for large hotels would be far lower than 50 per cent, because the demand is mostly from local residents. The TSA results have meant that we can think more clearly about the tourism-related employment and start to think about policy in a more sophisticated way, between different sectors and also the extent to which sectors are dependent on tourists.

In the case of large hotels in Wales, for example, the 1.49 output multiplier they achieve means that for every £1 of turnover in a large hotel there is an extra 50 pence of turnover throughout Wales. The figures are higher for B&Bs and guesthouses because they do more local sourcing by and large. Big chain hotels are using labour very efficiently, and so don't need too many people, but obviously have quite high value added, because they have quite high profit margins, compared to marginal B&Bs and guesthouses, which are highly inefficient in economic terms. The policy implication of this is that if you want more value added, then you will get this from more upmarket hotels in city centres.

The TSA differs from traditional impact analysis methodologies in a number of ways. Not all gross expenditure in the UK Tourism Survey is included - for example, a little Welsh doll made in Taiwan is not a Welsh product, so we know that this does not support the economy regionally. A TSA is *not* an accounting of employment in tourism-related sectors - it is far more sophisticated than that, and produces more realistic results. It produces a consistent measure - you can divide value by value added, for instance, or employment by employment. The TSA is a defensible approach that produces a replicable figure, which is consistent with national accounting methodologies, and which is far lower than anything said before. This last point is something that tourism managers and authorities can't get away from.

Potential future developments

Wales is now looking at more disaggregation on the demand side, which should help the WTB to determine where Wales' higher value visitors are coming from. We are also looking to extend the labour element of the TSA to include skills and occupations, and also to extend the TSA to include tourism-related capital expenditure.

The English regions, meanwhile, currently suffer a lack of robust economic data from the ONS. There will be growing pressure upon the ONS to provide better measures of regional accounting, which can support this sort of modelling, as RDAs become more proactive. RDAs will want the statistics not just for tourism but all sorts of sectors, and they will get better over time.

There remains a tension between regions that maybe have more interest in tourism or access to better staff or financial resources, which can push ahead, and maybe get a TSA, and those that do not have the interest or resources. It is crucial, however, that TSA planning for the regions moves forward on the basis of the lowest common denominator, to make sure that no region gets left behind.

TSAs are useful policy tools, especially where an employment module exists. Most TSAs rely heavily on national or regional input-output accounts to trace indirect effects. Without this thing to hang off, you cannot have good, believable multipliers. Getting robust and consistent data for all regions of the UK, though, would be a short-term output that we can all be happy with. Even if we don't all have TSAs, it would be nice to know with some reliability how much people are spending, and on what, in our regions.

What we have found in Wales is that once you have got this structure in place, you can do lots with it, and it doesn't cost you very much. But to build the thing in the first place is not an ad hoc, one-off exercise. It is a slow process. If you are going to have a good understanding of how tourism works in the regional economy, then you need to build capacity within your public sector agencies, and within the private sector and education sector. You need a long-term partnership approach, which means the capacity and understanding and knowledge stays in the region.'

Competing in the global attention economy

Sue Warren (Senior Managing Consultant, Locum Destination Consulting)

These days branding incites something of a religious fervour - nobody wants to pray at the altar of the commodity market, or the undifferentiated destination. And whether or not we are convinced about the value that branding adds, the point is that even when places do not consciously manage their destinations as brands, people still have images of them anyway. These images will influence people's decisions related to purchasing, investing, living there and visiting. Images represent a simplification of huge amounts of data about a place.

Branding is all about shaping expectations and creating a promise. Polaroid's problem, said the chairman of its advertising agency, was that they kept thinking of themselves as a camera. But the brand vision process taught us something: Polaroid is not a camera - it's a social lubricant.

Richard Branson refers derisively to the Anglo Saxon view of consumers, which holds that a name should be associated with a product like sneakers or soft drinks. He opts instead for the Asian trick of the *keiretsus* - a Japanese term meaning a network of linked corporations. 'The idea is to build brands not around product but reputation. I call these "attribute" brands. They do not relate directly to one product - such as a Mars bar or a Coca Cola - but instead to a set of values.'

Comparing New Zealand's Brand Value Pyramid

Brand value pyramid	Microsoft	Nike	New Zealand
What the brand is and purity (functional benefits)	Global networking	American sports icon	Freedom
What the brand does (emotional benefits)	Help people realise	Excelling	New Pacific Freedom
Tagline articulation	Where do you want to go today?	Just do it	100% Pure

The brand process

Identifying what we want people's expectations to be and finding those core values is always the first step in the process of positioning or repositioning any destination brand. It is during this process that people realise that a destination brand may not be as contemporary or relevant in today's marketplace as we think and may not be helping a destination to cut through in terms of its competitive positioning and growth potential.

In creating a destination's marketing strategy you have to know how your image compares to your competitor's. Destination brands can't be purely 'concept-driven' brands like Starbucks. They know their customers don't truly believe there is a great difference between products, which is why brands must establish 'emotional ties'. Destinations must make emotional connections to a particular target market and be simple, appealing and distinctive, but as important is the desired image must be close to reality and believable.

New Zealand's branding has repositioned its tourism and trade in the global attention economy. Just as no corporate would ever take its brand for granted neither should destinations because brands deliver value for marketing externally; for inward investment; and for the people who live in the place.

Why brand?

The challenge of economic development for destinations has gone way beyond the limits of public policy. The new economic order has transformed economic development into a market challenge as well. Countries compete with other countries and so do regions and iconic locations and unique themes. The need to attract tourists, businesses and talented people and to find markets for exports demand that as managers of destinations we adopt strategic marketing management tools and conscious branding strategies.

Additionally, what is the size of your home market, local tax regulations, levels of skills in the local population, the cost of labour, security and so on? And what is the external environment like - the opportunities, threats, and competitive forces? How do factors like image, attractions, infrastructure and the attitude of the local people affect purchasers' - or tourists' - decisions?

Putting destinations on a path to prosperity

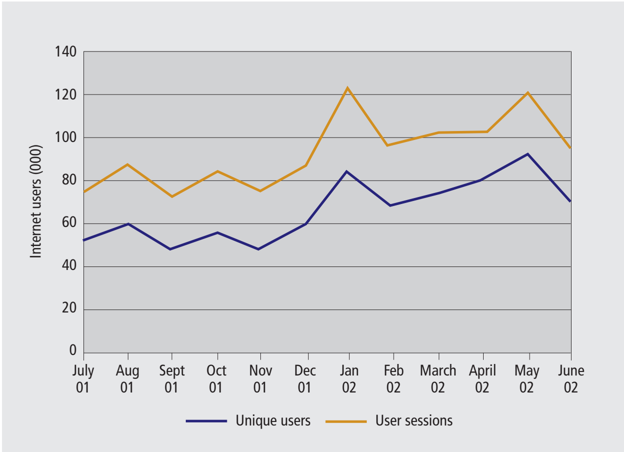
The process has to have government (central and/or local), business, academic institutions and residents aligned, committed, with a shared vision. All these parties have to collaborate if any national or regional development programme is going to really take root and grow. Then there is the challenge of attracting business. Foreign investment that provides new activities, new resources and new wealth requires an investment attraction strategy. The activities of local authorities, industry groups and academic institutions must all be coordinated to go after companies that are attractive to your region and you have to provide a compelling sell. Success in attracting tourists and attracting business will be hugely beneficial for the local economy: increased business and financial services, and knock-on effects such as greater retail spending, all of which helps create communities that are great places to and live and work and which have skilled populations.

Companies choose locations on the basis of key factors such as the local business climate, quality of life, local labour market, taxes, access to customer and supplier markets, infrastructure, education and training opportunities, access to research and development facilities and capital availability. Destination images have to play a big part in the evaluation. They can lend a positive reputation, and the way the destination is marketed provides important pieces of information to the potential investor. After that, it's all about whether the destination brand does and has what it says it has.

New Zealand - creating a powerful niche destination brand

New Zealand believes that at home and abroad, a powerful national brand is a powerful way to promote itself for tourism and investment, both growth platforms for the future. In a joined-up marketing and development campaign, the New Zealand government, working with the country's leading businesses across tourism and trade, launched a radical campaign a decade ago called The New Zealand Way. It was owned equally by Tourism New Zealand and Trade New Zealand, and its clients and participants were over 170 of New Zealand's leading businesses, which had earned the right to carry the brand - the fern - and take New Zealand to the world.

Increasing virtual visits



Source: British Tourist Authority

The values that the fern encapsulated included innovation, 'can do' attitude, and environmental and multicultural awareness.

The family of 'fern flyers' included tourism companies like Air New Zealand, the national carrier, a host of tourism companies, hot sports teams like the New Zealand All Blacks and Team New Zealand, defenders of the America's Cup, and exporters like Anchor Butter and wine companies, as well as outstanding individuals like the late Sir Peter Blake and Sir Edmund Hillary. That way, a niche player like New Zealand could make a much louder noise than it would otherwise be able to do in the global attention economy.

The campaign lost its focus a few years ago but the fern as the visual expression of 'Brand New Zealand' soared to a new level of acceptance and use. It sits as the logo alongside the names of many New Zealand public sector organisations - Trade New Zealand, Investment New Zealand, Tourism New Zealand, Cricket New Zealand, Creative New Zealand, and so on.

Now, a few years on, New Zealand is doing some serious soul searching on how competitive its image is, and is looking to Brand New Zealand to provide the vision and strategy for a new campaign. Such a campaign is seen as being a catalyst to assist the whole environment of the public and private sector, to encourage entre-preneurialism and innovation - providing a strategy to take New Zealand into the marketplace hand in hand with the brand positioning.

And that's where Tourism New Zealand has excelled in launching the '100% Pure New Zealand' brand, presenting the Brand New Zealand story, based on what consumers say looking in from the outside, about what contemporary New Zealand is.

The first stage of the repositioning process was to establish New Zealand's core values and its brand. Comprehensive research was undertaken to establish this. The next phase of the research was to define what the country represented and how this should be translated into a brand personality.

This research concluded that the outside world saw New Zealand as being full of green hills, sheep and aggressive Maori warriors - somewhat boring. This is very different to how New Zealanders saw their country, so there needed to be a better use of images of the brand to shift perception.

'New Pacific Freedom' was the revised platform on which communications were planned - the landscape, people, adventure and culture were identified as New Zealand's intrinsic assets. The revised positioning was: 'an adventurous new culture on the edge of the Pacific Ocean'.

The table (previous page) compares New Zealand's core values - as they appeal to the head and heart. The brand is New Zealand, the brand essence is landscape and the positioning is New Pacific Freedom. The values behind this are: contemporary and creative, spirited and free, emotions set against a backdrop of New Zealand's stunning natural landscape.

The logo incorporates an image of the country's two islands to mark the 'place' and the strapline '100% Pure New Zealand'. In terms of marketing, New Zealand's tiny budget is maximised through its focused branding strategy, through the power of industry partners to extend funds and activity, public relations, direct marketing and events capitalisation.

Most critical has been the use of non-traditional media; the award-winning website, www purenz.com, is integral to the New Zealand brand, and continues to be used by over 65,000 unique users each month, with a big leap in numbers during January 2002, when the first *Lord of the Rings* film was released.

As virtual visits have increased, so have physical visits. Between 1997, visits by overseas tourists as a whole rose from 4.3 million to over 6.3 million. The campaign's overall goals are to build a strong, global brand and to double tourism foreign exchange receipts to NZ$3billion by 2005, as well as recover ground lost to Australia, New Zealand's closest competitor. At the current rate, New Zealand is well on course to achieve all of these objectives.

A full copy of the post-event report can be requested from: Christine Randell, Locum Destination Consulting, Rockwood House, 9-17 Perrymount Road, Haywards Heath, West Sussex RH16 3TW.