Insight Department: Trends 2020

Travelling towards transformational tourism

February 2020
Welcome

Our inaugural publication in 2013 established our ethos to inform and inspire Scottish tourism businesses of the latest trends and drivers influencing the sector today. We continue this aim with this publication. We invite our readers to reflect on who their customers are, what motivates their actions and how their interests are changing. From here we can work towards Scotland having the most dynamic visitor economy in the world.

Change they say, is the only true constant. For tourism businesses in Scotland to remain competitive, it is important to be informed of the trends and drivers which will be influencing the behaviour of travellers now and in to the future.

Our 2020 Trends Paper will be an opportunity to look ahead to the mega drivers that will influence tourist behaviour for the next ten years. We will also be reviewing the period from 2010 and how behaviours have changed. For this year our annual trends look to the main theme underlying consumer decisions: sustainability.

Mega drivers are global, sustained and macro economic factors of global change which make substantial impact as they combine every aspect of society and the economy for the long term. Mega drivers by their nature are both complex and erratic.

In comparison, a trend is a manifestation of consumer behavior, attitude, or expectation. It may be a result of societal, technological, political, or environmental forces but is a reflection of a fundamental human need or desire.

In this ever-changing world, trends and drivers are just a means to an end. It’s how you apply the knowledge that delivers the competitive advantage.
The road to Transformational Tourism

As we start the next decade (2020s), it is an ideal opportunity to take a moment to reflect on where we came from in terms of tourism consumer growth and behaviour. The period from 2010 to 2019 produced some of the most influential behavioural shifts which we continue to see today. We started 2010 at the height of the global economic slowdown, a consequence of the preceding banking crisis of 2007/08. More recently, we have witnessed the rising of the millennial and Gen-Z cohorts, public awareness of sustainability and significant political moments such as Brexit.

So how are we on the road to transformational tourism? Over the last decade there has been a seismic shift in the supply and demand approach to tourism. Before 2010 many destinations, providers and tourism bodies were focused on growth, increasing visitor numbers, especially from the rapidly growing middle classes of the emerging markets. Travellers also had a transactional approach to tourism, taking advantage of the prevalent low cost airlines and competitive pricing for accommodation, activities and attractions the internet had delivered.

Following the economic slowdown in the early 2010s attitudes to travel began to change through the values of younger generations and a government focus on tourism as an economic lever for employment and social cohesion.
The road to Transformational Tourism

By the middle of the decade, visitors were now seeking experiential travel. Travel had become immersive, with visitors wanting meaningful engagement with a destination's history, people, culture, and environment. Culinary tourism, Set-Jetting film locations and living like a local, typified this behavior. Social Media, specifically Instagram, was a driver of this trend. At the same time, governments, public agencies and industry bodies saw tourism in terms of the “visitor economy”. An appreciation of the holistic impact tourism made throughout a nation. The direct effects are clear with tourism businesses employing people and contributing to the economy. It was the indirect effect of the other industries that benefited from a thriving tourism sector, from transport to agriculture, financial services to retail.

As we move into the new decade, experiential tourism has evolved. Travellers are now seeking transformational tourism. Driven by the mainstreaming of wellness, betterment and mindfulness, visitors want their trips to have meaning, challenge, connection and impact. Younger generations appear compelled by an novaturiant drive (to seek powerful change in their life, behavior or situation) are increasingly aware of the environmental cost of their travel so will seek out providers with sustainable credentials or offset their impact by volunteering. Destinations are increasingly a backdrop to personal fulfillment so promotion of lifestyle choices through digital marketing in more conversational format is now the norm.

We are also witnessing the development of destination management. Pursuing more visitors in an age of over-tourism is unsustainable. Industry and policy makers are focusing on seasonality and regionality to deliver the benefits of tourism through a balanced economy, society, culture, and environment. The future of tourism is ensuring that visitors receive the transformation they seek while understanding the needs of locals and the environment.
In 2010 there were 14.7 million visitors to Scotland, contributing £4.1 billion in expenditure to the economy. It is estimated (see note, page 14) that in 2019 we may see 16 million visitors, spending £5.5 billion. This is an annual average growth rate of about 2% trips per year and 4% expenditure.

The start of the 2010s was dominated by the aftermath of the global financial crisis, nominally ending in 2011, but with effects felt far longer by consumers and businesses.

The first few years saw growth in domestic overnight tourism which contrasted with a decline in foreign trips by UK residents at the same time. The 2012 London Olympics occurred in the same year as the premiere of the Disney film “Brave”, inspired and located in Scotland, launching one of the first joint marketing campaigns between an animated film and a tourist destination.

2014 heralded two of the biggest global sporting events hosted in Scotland, the Glasgow Commonwealth Games and golf’s Ryder Cup. It was also the year of the Scottish Independence referendum and first broadcast of the hit Scottish-set TV series Outlander.

During the period 2012 to 2015 there was improving consumer confidence and steady recovery across most markets performance. In the last few years we have seen a return of UK residents taking more overseas breaks despite the 2016 Brexit vote, but 2019 recorded a resurgence in domestic holidays, especially by Scots, demonstrating the appeal of home grown tourism remains strong.
Mega Drivers to 2030

What are the factors that will underpin our understanding of consumer and industry development for the next 10 years? The following are the widely accepted mega drivers which will have the greatest impact through to 2030.

**Environmental Sustainability**
Concern over natural resources, climate change and the natural environment has pushed its way to the forefront on many consumers’ minds. Individuals are increasingly aware of their personal impact of their behaviours. This is increasingly having profound effects on behaviours relating to consumerism, travel, food and work. Sustainability should present balance between protecting the natural environment, economic growth and retaining vibrant social communities and cultural identities.

*Throughout this decade we will observe competition for resources, growing awareness of the challenges a changing environment will bring and increasing need to ensure there is sustainable delivery of goods and services.*

**Population Transformation**
A growing global population will have fundamental impacts on many aspects of society. Asymmetric growth projections from different geographic regions will over time change the current market profiles of the current travelling public. In the east there is a growing younger, educated, affluent society that is increasingly seeking new experiences and influencing the consumer environment. In the west, it is seen that there is a stable, older, healthier demographic with complementary and different outlooks on products, services, travel and experiences.

*As we move through the 2020s we will witness existing market demands change and new market opportunities present themselves.*
Mega Drivers to 2030

Pacific-isation of global influence
Economic forecasts predict that the China economy will, by 2030 exceed that of the US. Alongside the other developing economies of the far-east, we will witness shifting geo-political influence to the pacific region over the forthcoming decade. This will be accompanied by a growing affluent population and a recognition of their position in the global hierarchy.

*How the established economies of the world respond, react and embrace this change will bring challenges and opportunities for businesses globally.*

Technological Adaptation
Hyper-connectivity, digital-first and fast-moving will be the business model of the future. Technology, as it is today will play a fundamental role for both companies and consumers alike. Consumer expectations for personalisation, convenience, immediacy and information will be met by enterprises embracing the digital revolution, breaking barriers to entry and engaging directly with their customers.

*Information will influence the social, cultural and political landscapes of the future which will at one moment bring us closer together through commonality and at another push us into digital tribes based on our values, beliefs and behaviours.*
Mega Drivers to 2030

Unpredictability & the unknown
The final mega driver we need to consider is the unpredictable event. That is to say, one that is beyond what would normally be expected of a situation and has potentially severe consequences. These events are know as black swan events, a term popularized by Nassim Nicholas Taleb, a professor, writer, and former Wall Street trader. Black swan events are characterised by their extreme rarity, their severe impact. Over the last decade we witnessed the failure of the financial system following the sub-prime market crash and the eruptions of the Icelandic volcano, Eyjafjallajökull grounding aircraft.

*It would be folly to try to predict the unpredictable, but an awareness that the unknown can happen does prepare the mind for any situation.*

Growing Global Urbanisation
It is estimated that three-fifths of the world’s population will live in urban areas by 2030. Megacities are already growing around the world, and with migration is the mixing and melting of different cultures, behaviours and attitudes. Urbanisation and migration are influencing consumer behaviours and activities. Wellness and betterment are already seen as an antidote to the “always on”, connected, FOMO (Fear of Missing Out) challenges of an increasingly stressed urban society.

*Opportunities for destinations that can provide a balance of rural, urban, unique and authentic that provides an alternative to what may be to some a generic urban existence will develop in parallel to the ongoing expansion of this global urbanisation.*
As a reflection of changing and evolving consumer behaviours, our tourism trends for 2020 demonstrate the theme of transformational tourism.

Travellers in 2020 are looking for smart ways to reduce their carbon footprint, with searches on Pinterest for ‘eco-friendly travel’ up by 73 per cent this year, while others are looking at visiting destinations who are practicing green principles, with ‘eco-city concept’ searches up by 47 per cent. Rail travel is increasing in popularity as an alternative to short haul flights. Indeed it is establishing itself as a fashionable and responsible tourism experience. Tågskryt (loosely translates from Swedish as “train brag”) is the idea is that people encourage each other to travel by train instead of plane by posting pictures from their rail trips online. This activity embodies the transformation tourism experience as the journey is now very much part of the overall vacation experience compared to the past where the necessary requirement was to get to your destination as quickly as possible.

In line with the values of the modern traveller, destinations that demonstrate their green credential are increasing in popularity. Opportunities for visitors to contribute to projects that preserve culture or the environment are key attractors for many different demographics as it is seen by the visitor they are giving something back to the destination. In response to the reports of over-tourism younger travellers are looking at “alternative” destinations and different times of the year to reduce pressure on locations that are showing the strain of tourism popularity. This opens opportunities for destinations to drive incentives for seasonal travel and promote sustainable mobility by having lower carbon travel options to a wide distribution of destinations.
Trends 2020: Transforming the Typical

Businesses and providers are looking at disrupting their brands to attract new markets. By taking a root and branch look at their current offering, can new, radical products be incorporated into their business model? Taking advantages of traditionally quieter periods to disrupt seasonality is a sustainable activity. Can restaurants embrace the vegan trend during the week to attract new and broader markets? Accommodation providers can look at providing limited time opportunities to communal tribes such as cycling or running clubs where specific amenities for the tribes activity are provided along with opportunities for them to bond and build social networks.

Knowledge of the social media channels utilised by these communities will allow access to provide inspiration and information of appropriate products. The benefit of this trend is to retain a core brand essence while maximising access to new markets during periods where businesses might not have maximum capacity.

An example of this is Virgin Voyages who are looking to unveil some big changes to the typical cruising experience. The hipster design, adults-only policy, on-board tattoo parlour and vegan eats featured on Virgin Voyages could interest a brand new generation and type of traveller in cruising, encouraging other cruise lines to change up their offerings.
Trends 2020 - Solivagant Spirits and the March of the Global Nomad

**Solivagant (Soul-I-Vay-Gant)** derived from the latin for a lone wanderer, reflecting the growth of single households due to declining or rejecting attitudes to marriage and increased numbers of divorced households. Represented by both younger and older cohorts, these individuals embrace single life in a positive affirmation of their individuality.

The trend of living alone amongst single later lifers (typically over 50’s) are typically wealthier, have a desire to travel, experience new and different places, meet new people and (possibly) being unencumbered by restricting relationship ties will travel throughout the year. The silver nomad is part of a growing cohort of mature aged travellers with a keen sense of adventure. They travel around a country staying in a campervan, caravan or tent for a reasonably long time. This is a commonly used term in Australian and New Zealand but is increasingly seen throughout the world. Younger people are delaying or eschewing co-habiting relationships to focus on careers, personal development and solo travel. This is resulting in a forecast increase in single households in the future.

Tourism businesses will start to recognise the impact and importance of single travellers. Often solo travellers substitute the desire for experiences to compensate for their lifestyle choice. Therefore they may travel with pets as companions, travel in informal groups that develop and change as the journey continues. Therefore there will be a need for flexibility, provision of their own (affordable) space and communal areas to meet and mingle with others.
Trends 2020 – Rise of the Reviewistas

There has been a steady and persistent growth in online review volume over the years. A proliferation of review platforms has opened the opportunity for guests and customers to provide feedback on products both to providers but also to other potential customers. Alongside the traditional channels, such as TripAdvisor, there are the Online Travel Agencies who increasingly push demand for feedback from their clients. Google has one of the largest shares in online feedback through their mapping app and there are specific platforms such as TrustPilot.

For some customers, a review is an opportunity to respond to specific quality of service experience, for others it is a social media outlet to add an informed voice to a discussion where they can be an amateur critic.

Businesses should develop processes to respond to feedback and criticism:
- Monitor the channels and respond back in a proactive way.
- Take opportunities to analyse feedback, and regularly feed comments through to maintenance or training programmes.
- Be proactive in gathering feedback; send out customer surveys, converse with the customer base with regular engaging content around product and a human face behind a brand allows future visitors to connect.

Customers can become advocates and referrals are cheaper and more impactful in customer lifetime value than only going after new leads.
Trends 2020 – Pre-Crastination

A pre-crastinator is a person who has the urge to get everything done in advance. The term was coined by psychologists in 2014 to explain why some people do things sooner than they really need to be done, even if it costs them more time and energy. A growing phenomenon of the stressful lifestyle many people find themselves through a consistently switched on connected society. Leisure providers, through provision of wellness products may facilitate a customer’s goal of relaxing and recharging. However, sometimes the best journeys are the ones that take the wrong turn, which allow for unexpected adventures.

Tourism providers need to be flexible and informative, provide advice and reassurance to visitors that no matter what is out there, they are supported along the way.

For example, current societal reliance on GPS applications has developed a “travel fear” in some people worried about not making it to a destination without some wrong turn. This may, in the short term also be reflected in “Range Anxiety” which limits journeys in electric vehicles to a distance of half their charge (clearly something that will diminish as an integrated charging network develops).
Scotland’s coasts and waters have shaped our culture, our history and our way of life for thousands of years. From our stunning beaches and coastlines to our inland waterfalls, lochs and rivers, Scotland’s bountiful supply of water has supported our farming and fishing industries, contributed to our industrial heritage by powering canals and mills, and continues to provide a critical ingredient for our whisky making.

Given the nature of Scotland’s coastline and the types of businesses operating in these areas, it is perhaps not surprising that the majority of trips (67%) made to our seaside and coastal locations by GB residents taking overnight trips are purely for leisure purposes compared with 56% of trips to Scotland as a whole. Indeed the recreational asset value of Coastal Regions, Lochs & Reservoirs and Rivers and Canals to Scotland's economy is calculated at £11.3 billion.

With 2020 being the year of Coasts and Waters we expect to see a wave of aquatic interest in tourism related to seas, lochs, rivers and canals. The ongoing interest by travellers around the theme of routes extends to our waterways. Scotland has over 11,000 miles of coastline, 137 miles of canals, 31,460 freshwater lochs and several navigable rivers, alongside the 118 inhabited islands. Innovative products have developed recently which harness this valuable and accessible resource.

Wild Swimming is a growing popular pastime. Scotland’s clean water and stunning landscape are a draw for the recreational and event focussed swimmer. Sea Kayak routes along the west coast, including island hopping have developed over time for those seeking an exhilarating active experience. For an equally challenging but more sedate route, self-propelled canal journeys can be undertaken by kayak, canoe or aquatic-bike organised by Scottish Canals. These take place between Edinburgh and Glasgow and along the Great Glen Canoe trail.
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Note for charts on Page 4 – Visitor statistics for 2019 are based on available published figures for domestic overnight and international inbound tourism trips and spend to Scotland for the period January to September. Projections for the year were calculated using a three year annual average of trips and spend from 2016-2018 from the period October-December to estimate typical performance over this period. At the time of this documents publication it is expected that figures for October to December 2019 will be available by May 2020. At that point a revision of the charts with the actual data will be produced and published.