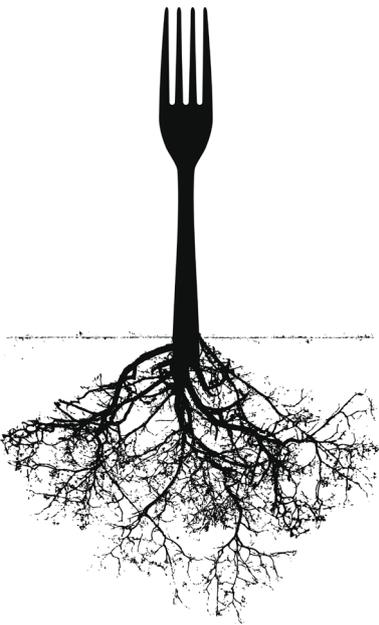




Scotland's National Tourism Organisation
Buidheann Turasachd Nàiseanta na h-Alba



Insight Department

Trends for 2015

December 2014



Trends for 2015

In today's rapidly changing world, having an informed outlook is vital. The tourism and hospitality sectors are increasingly sensitive to consumer trends and economic conditions. The VisitScotland Insight Team combines in-depth perspectives using industry knowledge to allow Scottish Tourism to meet the challenges of today's marketplace. In this our annual trends review, we have studied the consumer environment and highlighted key trends developing within the tourism sector. The document also includes six of our trends from 2014, which have been validated through evidence gathered throughout the year.

The trends highlighted within this document are intended to stimulate thought in the tourism industry throughout Scotland, allowing stakeholders to be alert to developing consumer trends that may affect their business throughout the year. The ever changing nature of the consumer environment, through technology, and society, means that stakeholders need to be aware of what trends may impact their business. Trends for 2015 by VisitScotland provide stakeholders with guidance on possible developments within the consumer environment for the coming year.

For the most up to date trend information, VisitScotland's Trends Team publish a monthly '**Trends & Statistics Snapshot**', which contains the latest data regarding Scotland's tourism performance, as well as providing commentary on the drivers that influence Scottish tourism businesses today and in the future. The monthly papers can be found in the 'Research and Statistics' section of our corporate website: www.visitscotland.org.

Emotional Uncertainty

Consumers are increasingly uncertain about predicting the future in terms of wealth generation. Baby Boomers see low interest rates eroding wealth; Generation-X are the squeezed middle having children and elderly relatives as dependants; Generation Y have entered an insecure workplace, and have only experienced austerity. Segments of consumers are becoming hesitant spenders taking fewer risks and require more research before committing to purchases, others take an attitude of why save, what's there to save for?

Reflection point: Identify your target markets, and be aware of what motivators and barriers are likely to be placed on them. This will help you develop the most attractive packages, to meet your current and future client's needs.

Selective Authenticity

Authenticity is a fluid concept and subject to individual interpretation. To one person it is the rural landscape, traditional music and heritage; to others it is contemporary urban culture and multi-ethnicity which defines modern living. In this increasingly personalised consumer economy, awareness of your customers' requirements remains central to product delivery. There is a place for all levels of authentic interpretation - traditional and modern, contemporary and kitsch - but it needs to be genuine, true to your product and connected to your customer.

Reflection point: Businesses should be aware that consumers may have different expectations of what is 'authentic' to them. Some may seek more traditional experiences, whilst others look for more cultural/contemporary pursuits. Communicate with consumers and try to tailor their expectations of the authentic to your business product. This may be tailoring information on different experiences, like visitor attractions or festivals to serving Scottish cuisine.

Provenouncement

The farm to fork phenomenon is changing shopping and eating habits through many consumer markets. Local food and provenance are now something to shout about. Farmers markets, food stalls at events and festivals are increasingly gastronomic, street food, and glocal (global / local). The move by consumers to understanding and seeking provenance has its links in trends of health and wellbeing, connections to landscape and appreciation of iconic produce. Recent research from VisitBritain has found that international visitors to Scotland are shopping for food-based souvenirs more than in other areas of the UK.

Reflection point: Do you serve traditional dishes, or use local produce? Shout about it! Interest in provenance is growing, as consumers now seek transparency when it comes to the origin of their food.

Value Disparity

Value for money still doesn't mean cheap. We have long held that since the banking crisis consumers still recognise the inherent value of goods and services and will pay accordingly. Consumers will set budgets (see Emotional Uncertainty) and hunt for bargains but we are not experiencing a race to the bottom in terms of price. Consumers will rebel against unnecessary or hidden costs and recognise and reward quality through patronage. In tourism, leisure and hospitality terms, a premium will be placed on experience and pricing should reflect that.

Reflection point: Provide clarity in promoting your products. Researching of products and services is common practice now, so stand out amongst your competitors. From budget to luxury, consumers want to have value for money. Offers, discounts, vouchers and bundles are popular and may help businesses in attracting clients in low or quiet periods. Building rapport with new consumers may build repeat custom.

Personalised, Augmented Experiences

Providing individual services and attention to customers is expected more often. Personalisation is becoming main stream. Customer relationship management and data mining allow detailed consumer profiling. This allows tourism providers to tailor experiences and build customer retention models. This level of customer service resonates well with visitors but it should be remembered that there are detailed data protection laws and permissions that are also required and individuals are conscious of data abuse.

Along with personalisation are developments in wearable technology to enhance visitor experiences. Beacons, Bluetooth and Google Glass have enriched the tech-savvy visitors recently and with an ever connected society it is expected to continue to develop.

Reflection point: An awareness of data legislation, and consumer perception of data use, and its security is a good starting point. Consider the consumers position.

C₃: Consistency, Consistency, Consistency.

Understanding your customer's journey is central to consistent customer service. McKinsey & Company research found that, since 2009, customers are valuing an "average" experience less and have less patience for variability in delivery. Globally, in 2013, 66% of consumers switched brands due to poor customer service, 4% up on 2012. 82% of those who switched said the brand could have done more to stop them. Ensuring consistency may be achieved through a few simple actions: understand all points of contact your customer has with your organisation; fix areas where negative experiences are common as a single negative experience has four times greater relative impact than a positive one; gather customer feedback through surveys; staff training on obtaining verbal anecdotes or embracing "gamification", providing amusing apps which will reinforce your brand and provide feedback which will enhance your knowledge and complete your customer journey feedback loop.

Reflection point: Communications can greatly influence consumer decision making process. Although it's challenging to please everyone, your response to criticism (both positive and negative) is highly regarded in the decision making process of consumers.

Power of the Purple Pound

In 2013, around 14% of domestic overnight trips to Scotland were made with a member of the party having a recognised accessible need. The expenditure by this group was £391 million. Within the UK, the 11.9 million disabled people are said to have a disposable income of £80bn collectively.

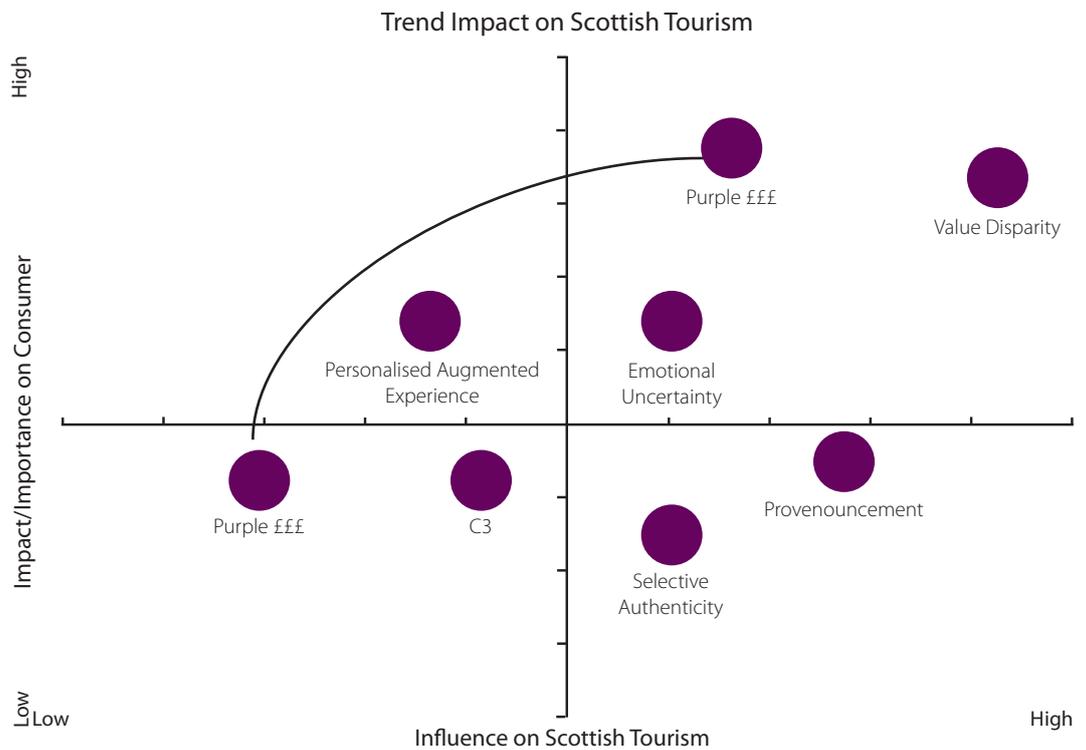
There are many innovative ideas recognising the accessible market around the world, such as Canada's "Signs Restaurant" which teaches customers sign language to relay their order to its deaf staff, an enterprise designed to tackle unemployment rates amongst the local deaf community. San Francisco airport has installed location detecting beacons to help blind travellers navigate to their destination through a mobile app. For most tourism businesses there are simple changes, gathering customer feedback from disabled visitors to adapt your product, and considering whether your websites, forms are accessible?

Reflection point: For businesses who haven't considered this market, the starting point is an access statement. If you have facilities to support specific accessibility needs, make them known via your contact information and relevant booking platforms. Simple additions to your business may go a long way in improving the visitor experience to an accessible tourist. Only 6% of trips including disabled visitors to Scotland had someone with mobility impairment. Within this potential market, tourism providers should be aware of the diversity. Staff training may want to consider any preconceptions on what a disabled consumer is.

Trend Impact on Scottish Tourism

The table below displays the importance and impact of the trends on the consumer, as well as the influence on Scottish tourism.

Trends found within the High/High (Top Right) quadrant are expected to have the greatest impact on the Scottish tourism industry. This would suggest that consumers are becoming hesitant about spending significant quantities, and are more likely to take fewer risks when considering purchases. However, there is also an element that consumers have adopted a stance of rejecting saving for the future, due to unattainable mortgage deposit levels. Consumers are also using this uncertainty to their advantage when seeking value for their purchases. This doesn't mean they are looking for the cheapest possible outcome, but the best value. This consists of building a rapport with an organisation via their transparency, and lack of hidden costs, which builds trust with the consumer.



Trend Impact on Scottish Tourism

New trends like Provenance and Selective Authenticity have a big influence on Scottish Tourism, but a lower impact or importance on the consumer. With consumers seeking provenance in terms of food and appreciation of iconic produce, stakeholders within the Scottish tourism industry need to be aware of the growing trend for authenticity. However, caution needs to be taken in interpreting authenticity as everyone has different interpretations of what is authentic. This could be either traditional or modern practices.

Customer personalisation is increasing in importance to consumers on a daily basis, with more and more businesses looking to build a rapport with the consumers as well as collecting data on the preferences of their consumer. Although there may not be a capacity for all tourism businesses to operate data retention techniques such as this, there may be those who wish to begin the process to build customer rapport. However, care must be taken when considering recent concerns with data protection and abuse.

Trends which currently have a low impact on both the consumer and Scottish tourism are C₃ and Power of the Purple Pound. C₃ highlights the growing importance of customer service and the expectations that consumers have of their providers. However, this trend has a lower impact on both consumers and the tourism industry at present due to the development of new trends. This indicates that consistency is an important characteristic for consumers. However, it may not be at the forefront of their minds. The Power of the Purple Pound may not be recognised as an immediate concern to both consumers and stakeholders within the tourism industry, however, it is a growing trend among those who are travelling or travel with someone who has a recognised accessible need.

A collective disposable income of £80bn from 11.9 million UK disabled people is an untapped and attractive market for tourism businesses, in which more consideration should be taken to attract accessible guests, and make their experience more enjoyable and stress free.

2014 Trends Validation

Trends Validation

Since January 2014, the Insights team have been scanning the consumer environment to validate the most developed trends throughout the year. Here is a list of the most prominent trends discovered over the course of 2014.

Mod-stalgia – Nostalgia has always been here. Reminiscing with fondness to past times or a reflective desire to re-live the past can be a magnet to travellers to previously visited destinations. Mod-stalgia evolves this to the next stage. It is embracing the past through the comforts of today.

The adaption of past experiences with a modern twist has been recognised throughout the tourism industry during 2014, along with other business sectors. The holiday park sector has certainly embraced the Mod-stalgia trend with the increase of 'glamping' accommodation units available across Scotland, as well as the UK. The term 'glamping' comes from glamorous and camping, and has attracted a range of demographics to the camping sector, and is not dominated by young adults. Some 'glamping' accommodation units can also be utilised all year round as some of the units used are sturdy structures. This has enabled some holiday parks to boost their income during the low seasons. Other examples of Mod-stalgia may be that of the adaption of visitor attractions to operate to different audiences out with normal operating hours. The National Museum of Scotland runs adult-only 'lates' events, which allows guests to peruse the museum in a more relaxed environment with alcoholic refreshments. Other visitor attractions have also taken on this idea, which is becoming increasingly popular. Edinburgh Zoo has also run a similar programme, which allows guests to attend silent discos, partake in face painting, and visit animal exhibits. This allows the consumer to relate their initial experiences of these attractions to their childhood, and adapt them to their tastes and experiences in the present day.

Soul Recharge - Stress is a continuing bi-product of the global economic woes we experienced in the recent past. Multi-tasking has become engrained in our psyche. Consumers now look to combine their vacation with fitness or wellbeing activities and it turns out the aspiration to get well has become quite a money-spinner for the international tourism segment.

As we enter into another year of improved technology and calls for more consumers to be instantly connected to one another, the demands and expectations for consumers to reply increase. This has led some consumers to seek 'escapism' from technology or the mental strains of their day jobs. Wellness and health are becoming ever more prevalent factors for consumers, therefore we have seen a number of accommodation providers provide 'retreat' type breaks. The Scottish Youth Hostel Association trialled a 'Tech Detox' holiday, allowing consumers to leave their smartphones and tablet devices at home, reconnect with nature, and undertake digital free pursuits. Whilst this is not a sign of consumers abandoning technology, it does identify a need to engage in the physical world once again, and take a break from the digital.

One Foot in The Past (Folklore & History) - Visitors' interest in history and folklore will be more focused than ever, especially poignant with the centenary of the start of the First World War and Bannockburn's 700th anniversary. The most direct connection with history had traditionally been genealogy and this has always been a draw for the Diaspora. But myths and legends have drawn visitors to the regions, from Nessie in the Highlands to Tam O'Shanter in the Lowlands.

2014 has seen a number of events associated to history and folklore throughout the UK, which brought about a number of key events that enticed consumers to visit a number of historical destinations and invigorate interest in Scottish folklore. The 'Bannockburn Live' event attracted 20,000 consumers over two days to the historical battle site to commemorate the 700th anniversary of the event and the opening of the new visitor centre. The event showcased a 200-strong re-enactment group, as well as live music and a range of other historical information. The recent phenomena in 'medieval' folklore has been fuelled by popular TV shows such as Game of Thrones, which has led to the creation of similar series. Although yet to air in the UK, the multi-million pound US TV show Outlander has been filmed in a number of Scottish locations, and is based loosely around Scottish folklore and history. This may lead to a developing interest for long-haul markets to visit Scotland for film related-tourism aspects, also known as 'Set-jetting'. There has also been a growth in the interest in the 'paranormal', which has led to the creation of the 'Scottish Paranormal Festival', held in Stirling over Halloween.

Modern Clans - What is the family unit? No longer should the family unit be considered as 2.4 children households. We have been aware for some time of the multigeneration effect with grandparents, parents and children sharing holidays together.

With the 'Baby Boomer' generation still being one of the leading travel markets, an interest to introduce their children and grandchildren to cultural experiences is becoming more evident. The 'Baby Boomer' generation are also seen as cash rich and one of the least affected demographics of the economic downturn. A study by MMGY Global found that more than 20% of their customers are grandparents, and 40% of this group have taken a grandchild on holiday with them recently. This trend is likely to increase over time, due to 'Baby Boomers' having larger amounts of disposable income and free time to travel. A strong emphasis on cultural experiences is also likely to transform the needs of attractions and accommodation providers when considering the needs of multigenerational travel groups.

Techspectations - As we immerse ourselves more and more into the digital world, what we increasingly value is time. As we seek the physical and tangible invariably engaging with it through the ephemeral, our interaction with technology becomes more complex.

2014 Trends Validation

Consumer expectation on technology has arguably grown to dependence, with many consumers now seeking the use of their smartphone or tablet devices at all points of travel. The basic WIFI packages available today in free zones may not always meet expectations, as technology develops more demanding and sophisticated devices that require greater levels of WIFI and data usage. An article from 'HotelNewsNow' found that accommodation providers in the US are being put under increasingly high levels of pressure to provide a 'tiered' level of WIFI, which offers both a basic and premium package level of data. This looks to be signs of the hospitality sector responding to consumer demand, which may help to dictate consumer choice of their destination (see Value Disparity). However, this seems to be an issue which has been identified within Scotland as it was identified as having the worst mobile coverage in the UK by the Federation of Small Businesses (FSB). Consumers should be aware that digital and mobile communications may be difficult in some rural areas of Scotland, but this is an issue mobile providers are working to rectify.

Immediacy Culture – Consumers are becoming wise on how to 'play the game' when it comes to purchasing items online, such as eBay items, holidays, and discount websites. The advent of sites such as Lastminute.com has allowed consumers to book their holiday/time off at work weeks/months in advance, but the chosen destination may not have been decided. This has an effect on booking trends, allowing the consumer to wait for the best possible deal for a number of destinations.

The 'Immediacy Culture' trend seems to be developing within the 'Millennials' and 'Generation Y' demographics, as the younger generations are more adventurous and open to developments within technology and communication. Budget accommodation providers/social media platforms such as 'Airbnb', and 'Trip4real' allow consumers to undertake travel on budgets, but provide authentic cultural experiences delivered by locals. This is becoming a more popular form of travel, especially given the recent financial downturn, which had a huge effect on the younger generations. However, the idea of authenticity may have changed by demographic too. A study by Ofcom found that 30% of 16-24 year olds have adopted the use of streaming websites to consume music and have moved away from both radio and physical purchases of music. This may indicate that the younger generations are more open-minded to what is deemed authentic due to their over exposure to technology.

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