

1. Background - The Welsh Visitor Economy

The Welsh visitor economy is an engine of entrepreneurship, regeneration, economic and social inclusion and sustainable growth. The Visitor Economy (VE) is broader than the more commonly used concept of tourism. It embraces not only the quantifiable but the intangible elements that make a successful destination and includes a wide set of stakeholders active in creating a high-quality public realm and a vibrant sense of 'place' for visitors, residents, etc. The VE directly impacts local economies through spending and supplier interactions; it also creates benefits for sectors including: creative industries, manufacturing (e.g. in hospitality & food and beverage) and health & life sciences (through medical tourism).

The management of the VE encompasses: shaping local identity; driving economic success, making the area attractive to investment and talent, managing innovation and change. As such, it becomes a mainstream activity for local authorities/public bodies in contrast to the more common approach that sees tourism as a discretionary, peripheral activity, focused on marketing. The VE covers:

- ✓ 'Attractors' (natural/built environment, heritage, cuisine, events and retail, sport, leisure and cultural facilities) that make a place distinctive and capable of engendering pride and creating a place worth experiencing.
- ✓ 'Infrastructure' that shape a sense of place and makes it a welcoming, accessible, safe, clean place (signage, transport, interpretation, ICT, etc.).
- ✓ Services for visitors, residents & students that create economic and social value (hotels/bars/restaurants, galleries, events and day-to-day services).

To create a successful visitor economy, it is vital to manage these components with a clear focus on market needs, a focus summarised in a destination brand, which gives shape and voice to ambition, improves perceptions and promises what can be delivered. In Wales, the VE is more economically important than in any other part of the UK, accounting for 4.9% of its economic output, with local authorities such as Anglesey and Pembrokeshire more dependent on the VE than English resorts such as Blackpool. Tourism delivers £6.9bn Gross Value Added to the wider Welsh economy and supports almost a quarter of a million FTE jobs.¹ In addition, it is a major export industry for Wales, with 80% of visitor expenditure coming from outside the country.²

2. Selling Wales to the World

¹ Figures from Deloitte, 2013.

² Ken Skates 2015. Written statement on the economic benefits of tourism to Wales.

Investment in the VE delivers results.³ The additional spend generated by Visit Wales' (VW) 2015 campaign was £307m, creating 6140 additional jobs in Wales.⁴ For every £1 spent by Visit Britain (VB) in international marketing, an overseas visitor spends £23 in Great Britain (GB) and in 2015-16 VB generated over £800m in additional visitor spend by overseas visitors.⁵ Wales' overseas market is a highly lucrative component of its VE, accounting for 10% of visitors and 20% of spend.

Future growth in the Welsh VE is likely to be driven by the overseas market. Currently branding activity has achieved acclaim, recognition and success; however, future investment needs to reflect the VE's current and potential contribution to the Welsh economy and Wales' position internationally, as well as its competitor context. Wales has long been much less well known internationally than its GB counterparts (including Scotland, the Lake District and SW England).⁶ This remains the case and low awareness of brand Wales, poor connectivity and an under-developed tour product have been cited as barriers to promoting Wales in international markets.⁷

Wales' position as an international destination has recently improved, almost reaching the 2% market share high of 2009. However, London has seen its market share grow at the expense of other regions over recent years and now accounts for 75% of all international visitor spend, compared to 70% in 2002.⁸ This presents major challenges to the Wales brand. In addition, Wales' competitors have access to significant funds to grow their visitor economies and destination brands from a stronger position. Many regional cities have well-funded marketing organisations such as Edinburgh, Glasgow, Manchester, Liverpool and Birmingham. In Wales, local authorities are withdrawing resources from tourism and seemingly fail to understand its importance to their economic success. For example, our capital city of Cardiff lacks the equivalent marketing partnerships seen in its competitor cities and attracts less overseas visitor (357,000 visitors) than Bristol (570,000).⁹

The international tourism context is hugely challenging. Wales is competing with powerful, well-resourced destination/place brands.¹⁰ Tourism marketing: increases brand awareness; enhances images and perceptions; increases visitation; and drives visitor spending. For each US\$1 spent in destination marketing US\$38 is generated in visitor spending across international markets.¹¹ Governments with larger tourism promotion budgets typically enjoy higher levels of international tourism spending.¹²

The relationship between VW and VB is an essential determinant of the effectiveness of Wales' overseas marketing. VB have a proven track record in overseas marketing and they are moving towards a strategy of London Plus, with significant funds being allocated to enhance the English

³ NAW 2014, Enterprise and Business Committee, Tourism 2014.

⁴ Ken Skates 2015. Written statement on the economic benefits of tourism to Wales.

⁵ VB 2016 figures.

⁶ Pritchard, A. & Morgan, N. 2001. Culture, identity and representation. *Marketing Cymru or Wales? Tourism Management*, 22 167-179; Morgan, N., Pritchard, A., & Hastings, E. 2012. Developing a New DMO Marketing framework: The Case of Visit Wales, *Journal of Vacation Marketing*. 18 (1) p.1-17.

⁷ Welsh Affairs Committee 2014/15, p.17.

⁸ VE 2016. Discover England Summary Insights.

⁹ ONS Travel Trends.

¹⁰ Morgan, N., Pritchard, A. & Pride, R. 2012. *Destination Brands*, Oxford: Elsevier.

¹¹ Destination Marketing Association International, 2014.

¹² Morgan, N., Pritchard, A., & Hastings, E. 2012. Developing a New DMO Marketing framework: The Case of Visit Wales, *Journal of Vacation Marketing*. 18 (1) p.1-17.

regional offering. It is vital that VW leverages VB activity, which during 2011-2014 generated the advertising equivalent of £6.9bn.¹³

3. The Future

Wales' local authorities need to realise the potential of the VE and invest in its infrastructure and marketing. Overseas visitors have a very poor understanding of UK geography outside London and of Wales. Itineraries and London Plus packages are important in facilitating visits and Wales is well placed to grow experiential, immersive, authentic, adventurous travel.¹⁴ Further product development assisted by VW will enhance its ability to grow this market.

The visitor economy is vital to the growth of the Welsh economy and to the wellbeing of its communities. It drives entrepreneurship; it is delivered locally and underpins its rural economy, being more economically important than agriculture. Tourism delivers high-quality facilities, which are key to delivering a successful overall Wales brand and enhancing residents' quality-of-life. A vibrant tourism industry supports Wales' ability to develop its other priority sectors as it enhances the public realm, delivers high-quality offerings valued by investors and has a key role in attracting wider investment and building resilient communities.¹⁵ Developing its overseas product offering and attracting more international tourist numbers and spend will be critical to this success.

¹³ VB Marketing Highlights 2011-2014, p. 26.

¹⁴ VE 2016. Discover England Summary Insights.

¹⁵ Scottish Enterprise 2015. Productivity and Tourism.