

Evaluation of the Tourism Innovation Programme

Final Report to Scottish Enterprise

January 2012

SQW

1: Introduction and methodology

- 1.1 In August 2011, Scottish Enterprise (SE) commissioned SQW, with survey partners IBP, to undertake an evaluation of the Tourism Innovation Programme.
- 1.2 The Programme represents the main suite of activities that SE, in conjunction with its partners Highlands and Islands Enterprise (HIE) and VisitScotland, undertakes to support innovation in the tourism sector. It has four main components:
- Tourism Innovation Group (TiG) – *this involved SE, HIE and VisitScotland*
 - Tourism Innovation Toolkit Workshops – *delivered by SE*
 - Tourism Innovation Fund (TIF) – *delivered by SE*
 - Tourism Intelligence Scotland (TIS) – *this involved SE, HIE and VisitScotland*
- 1.3 Each of these elements addresses various aspects of innovation, from the provision of softer guidance and ideas, participative workshops and awards, through to direct consultancy support. The total planned budget for the whole Tourism Innovation Programme has been just under £2.1 million over the three years 2008/09-2011/12. The actual spend to date (September 2011) has been just over £1.5 million. The breakdown by organisation is shown below.

	SE	HIE	VS	Total
TIS	742,391	247,464	In-kind	989,854
Toolkit	55,232	-	-	55,232
TIF	242,804	-	-	242,804
TIG	160,828	96,497	10,721	268,046
Total	1,201,255	343,961	10,721	1,555,936

Source: Individual project managers

Evaluation objectives

- 1.4 The brief highlighted eight main components:
- review the rationale for intervention
 - assess project objectives and targets achieved
 - assess project benefits including economic impact assessment
 - assess usage, quality and demand
 - assess the management and delivery
 - assess fit and contribution to other SE activities and key sector development

- assess contribution to the equity and equalities agendas
 - present key findings and recommendations for the future direction and delivery of the project.
- 1.5 The brief also required that there would be stand-alone chapters in the evaluation report for each part of the Programme.

Methodology

- 1.6 There have been four main elements of research involved in this evaluation.
- A desk review of relevant documentation on background, inputs and activities.
 - A series of consultations with relevant stakeholders. This included speaking to those involved in the delivery and management of the programme, both internal and external. For TIS, this involved speaking to Highlands and Islands Enterprise (HIE) and VisitScotland. We also consulted with key industry stakeholders who have benefited from some aspects of the Programme and some who were involved in the Tourism Innovation Group. Overall we consulted with 41 individuals. A list is attached as Annex A.
 - An online survey of businesses and organisations registered on Tourism Intelligence Scotland using surveymonkey. This provided feedback from 571 TIS registered users.
 - A telephone survey of businesses and organisation involved in the different ‘direct’ interventions of the Programme – TIS, Tourism Innovation Toolkit Workshops and TIF. This survey work was sub-contracted to SQW’s market research partner, IBP, who carried out interviews with 398 individual businesses and organisations i.e. Programme ‘users’.
- 1.7 Overall, the research involved a comprehensive sample of users. For TIS, we received feedback from nearly 850 out of the 3,700 registered website users. The TIF survey involved nearly half of the 225 users and for Toolkit we spoke to around a quarter of the 439 users. In Annex C of the report we provide a survey report which provides more detail on the approach used, sample sizes and robustness of data.

Report structure

- 1.8 Our report is structured as follows:
- section 2 provides an overview of the programme, including a discussion on the Programme’s rationale and objectives, on its structure and management, and also summarises the profile of beneficiaries
 - section 3 is our assessment of Tourism Intelligence Scotland
 - section 4 contains our assessment of the Innovation Toolkits
 - section 5 contains our assessment of the Tourism Innovation Fund

- section 6 provides a short review of the Tourism Innovation Group which was disbanded in early 2010
- section 7 considers the outcomes and impacts of the Programme, and its value for money
- section 8 summarises our conclusions and recommendations

1.9 There are two annexes:

- Annex A lists the stakeholders consulted in the course of our evaluation
- Annex B is a survey report on the survey sample and methodology.

2: Programme overview

- 2.1 This section provides an overview of the Programme in terms of why it was developed, how it was delivered, the profile of Programme users and its fit with wider tourism support being provided by the organisations involved (SE, HIE and VisitScotland). Feedback from individual users in terms of how it has addressed its main objective is included under the section on Programme impact (Section 7).

Rationale and objectives

- 2.2 It is widely accepted that innovation is a key driver of economic productivity in any sector and is vital in tourism. The public sector often makes the case for supporting particular sectors such as tourism and supporting businesses to become more innovative on the basis of market failure. Recent research on the visitor economy highlighted the main areas of market failure in relation to the tourism sector and three of them are worth highlighting in relation to the rationale for the Tourism Innovation Programme¹.
- 2.3 The first area of market failure is around information deficiencies. In this sector there is a belief that companies fail to recognise the potential benefits of investing in new product development. It naturally involves risk and an investment of time that businesses are often wary of making. Consequently, it can be argued that because of this, too few businesses invest as much as they should.
- 2.4 Tourism also has a second market failure argument for support around externalities. Tourism businesses, by their nature, generate strong “spill-over” effects. The benefit of attracting a new visitor is not only captured by the company that makes the investment but also by the many others that also have the opportunity to sell goods and services (without making the investment themselves). There is also a wider argument that improving standards collectively benefits the sector.
- 2.5 A further market failure relevant to this intervention is the externality associated with companies’ reluctance to invest in innovation because many new ideas can readily be copied. It is very hard to protect new ideas in the tourism sector and it often makes more sense for businesses simply to copy market leaders. This means that companies can be unwilling to invest either because they themselves will not make a sufficient return to make it worthwhile (others will just copy them).
- 2.6 The theory is backed up by research which demonstrates that the sector is one of the weaker performers in terms of innovation in the UK. The Community Innovation Survey (CIS) details the main indicators of innovation across a number of sectors. The data is not disaggregated to the tourism industry but it does include the hotels and restaurants sub-sectors. These figures show that:

¹ Deloitte (2008), The Economic Case for the Visitor Economy
(More generic examples of market failures are also set out HM Treasury’s Green Book (2003))

- of the eight categories in the CIS survey, Hotels and Restaurants was the least “innovation active”
- 10% of firms in the sub-sector were “product innovators”, compared to 26% of all Scottish businesses.

2.7 In each of the following sections we set out the stated rationales (as included in the original approval papers) for the different interventions within the Tourism Innovation Programme. Most of these are based around information deficiencies and the fact that within the tourism sector there is a reluctance to innovate. This has been the rationale for intervention since the Tourism Innovation Approach was first introduced in 2003.

2.8 Based on all these factors, the original aim of the Tourism Innovation Programme was *to foster a stronger culture of innovation in Scotland’s tourism sector*. Each element of the Programme also has its own stated objectives which are discussed in each relevant section of the report.

Has the case for intervention changed?

2.9 In our consultations with stakeholders, it was generally stated that there remains a strong case for intervention in this area i.e. overall stakeholders believed that the same market failures, as described above, exist for the sector. It was highlighted that although the Programme has managed to engage with many businesses across the sector, there remain large parts of the industry who are not currently engaged in the Programme. According to some, this type of Programme was always going to be a ‘slow burner’ and that changing culture and behaviour in such a diverse and fragmented sector was always going to be a long-term challenge.

2.10 It was acknowledged that for some, such as the larger tourism operators (hotels etc.), this type of programme will not be relevant as they will already be collecting market intelligence and investing in new products and services. However, in light of the fact that the sector is made up primarily of micro (often owner-managed ‘lifestyle’) businesses, it was generally felt that there remains work to be done in terms of supporting these smaller operators.²

2.11 Many consultees suggested that the rationale for supporting the industry with this type of intervention has become stronger because of the impact of the recession, and instead of looking to collaborate and innovate, there has been a tendency for businesses to retrench and focus on surviving. With the developments in technology over recent years, there are now significant opportunities for tourism business to offer products and services in a different way. Due to the nature of the sector, it was suggested that many businesses may need encouragement to adopt these new technologies.

Barriers to innovation

2.12 In this evaluation it is important to consider why businesses are not innovating or using market intelligence effectively. According to consultees, the main barrier for tourism

² According to the Scottish Government’s Tourism Key Sector Report (2009), 99% of tourism businesses are SMEs (i.e. employ less than 250 employees)

businesses is being able to spare the time and resources to look for relevant information and to think about how to do things differently.

- 2.13 Many consultees also believed that limitations in leadership and business management skills were also continuing to act as barriers to innovation in the sector. It was stated that with the low barriers to entry, anyone is able to set up a tourism business without any experience or training. In some cases this can mean that tourism operators take a less business-like approach to their operations, and as long as their business is ‘ticking over’ do not see the need to improve their products and services.

Comparisons with other sectors

- 2.14 It could be argued that these barriers and the fact that the sector is made up of so many small businesses is similar to other service sectors such as retail and food and drink. However, with the tourism industry, the spill-overs and externalities need to be taken into account. The feedback from consultees reinforced the point that small tourism operators do not usually consider the wider benefits (externalities) to their local economy of tourists spending elsewhere in shops, restaurants and spending on transport. In a sector with traditionally high levels of displacement, the importance of the sector is not just the direct employment it supports but also the indirect employment support through these spill-over effects.

Market adjustment?

- 2.15 As highlighted above, this programme or approach has been delivered by SE for some time now. The general consensus from stakeholders was that, although there have been *some* changes in attitudes and behaviour in relation to innovation, there remains much to do to help the whole sector see the benefits (i.e. the support needs to be broadened beyond those that have already been involved or those that are already actively developing new products, approaches etc.). The progress that has been made in this area can be seen in the setting up of Destination Management Organisation (DMOs) and trade bodies such as Golf Tourism Scotland.
- 2.16 The key question in terms of market adjustment is whether these new industry led organisations have the capacity and capability to take on the role that SE, HIE and VisitScotland currently have in terms of encouraging innovation in the sector. Based on the views of stakeholders, it would seem that this is not the case and that there remains a need for the public sector to continue with its leading role in order to address the on-going market failures that are relevant to the tourism sector.
- 2.17 In section 7 we highlight the responses from the business survey in terms of how attitudes have changed within the sector. Between 70 and 80% of respondents to the survey agreed that there is greater emphasis on developing new ideas, more importance being placed on collaboration and that generally there is a stronger culture on innovation compared to three years ago. Whilst these are positive findings, they represent the view of those that have participated in the Programme and are therefore more likely to provide this positive feedback compared to doing a representative survey of the whole sector.

Programme structure and management

- 2.18 As we will go on to discuss, the Programme includes a range of interventions with different levels of intensity, and each part addressing different aspects of innovation. Consultees suggested that TIS ('one to many') is typically supporting quite low levels (but nevertheless important) of innovation in terms of using market intelligence and customer feedback more effectively. The Tourism Innovation Toolkit project, which can be described as 'one to few' focuses mainly on collaboration and encouraging business to learn from each other. It was stated that the TIF project ('one to one') is most likely to support product innovation in the more traditional form.
- 2.19 Overall, the feedback suggested that the structure and balance of the programme is broadly about right. However, the main message was around the need to promote all parts of the Programme more effectively and potentially increasing the amount of one to one support to ensure the intervention leads to tangible economic benefits. Although internal SE staff (i.e. those involved in or that are aware of all elements of the Programme) viewed it as a Programme, external stakeholders believed that more should be done to ensure a more joined up process with a clear customer journey and stronger links between the different elements of the Programme.

Profile of Programme beneficiaries

- 2.20 The starting point for this evaluation was to pull together a database of all Tourism Innovation Programme users incorporating contact details from each of the project managers. The whole database has 4,119 entries, of which 3,113 (75%) are unique business/researcher entries. When all individuals are included sizeable proportions come from the public sector, visitor attractions and consultancy. However, when duplicates (i.e. multiple contacts from the same organisation) are removed a higher proportion of entries come from visitor attractions, consultancy, self-catering and student/researchers (see Table 2-1).

Table 2-1: Database breakdown by sector

Sector	All individuals - %	All individuals - No. of database entries	All individuals - rank	Unique entries - %	Unique - No. of database entries	Unique - rank
Public sector	13.81%	569	1	3.69%	115	10
Visitor Attraction	11.29%	465	2	12.0%	375	1
Consultancy	10.42%	429	3	11.6%	360	2
Self-Catering	8.74%	360	4	10.9%	338	3
Student/Researcher	8.42%	347	5	10.1%	313	4
Hotel	7.91%	326	6	8.5%	266	6
BB/Guest House	7.31%	301	7	9.5%	297	5
Education	5.90%	243	8	3.3%	104	12
Other	4.49%	185	9	5.6%	174	7

Sector	All individuals - %	All individuals - No. of database entries	All individuals - rank	Unique entries - %	Unique - No. of database entries	Unique - rank
Tour operator	4.39%	181	10	5.1%	158	8
Event organiser	3.42%	141	11	3.9%	122	9
Activity operator	3.08%	127	12	3.5%	110	11
Tourism Group/Association	2.74%	113	13	2.9%	91	13
Retail	2.33%	96	14	2.9%	89	15
Restaurant/Pub/caf�e	2.23%	92	15	2.9%	89	14
Business Tourism	1.87%	77	16	1.9%	60	16
Charity	1.38%	57	17	1.3%	42	17
Blank	0.24%	10	18	0.3%	10	18
Grand Total	100%	4,119	-	100%	3,113	-

Source: SQW analysis of beneficiary database

- 2.21 TIS users make up the largest proportion of the database with 3,694 entries (90%). There are 439 (11%) Toolkit entries and 225 (5%) TIF entries on the database. There is not a great deal of cross-usage between the interventions, as illustrated in Table 2-2. **Only eight unique companies have used all three interventions.**

Table 2-2: Usage and cross-usage

(no of users)	TIS	TIF	Toolkit
TIS	3,694	188	146
TIF	188	225	9
Toolkit	146	9	439

Source: SQW analysis of beneficiary database

- 2.22 Just over 3,700 (90%) entries on the database are based in Scotland. There are entries on the database from 46 different countries, including England (202), Ireland (44) and the USA (20)³. Analysis of the database at a Scottish geographical level is difficult due to the absence of information and different address formats from the amalgamated data sources. However, postcode information exists for over 3,400 database entries, and from this (see Table 2-3) it is evident that 20% of the database entries are Edinburgh based and roughly 12% are Glasgow based.

³ We understand that changes were made to the TIS website, so that only people stating they were based in Scotland could register as a user.

Table 2-3: Database by postcode area

Postcode area	No. of database entries
EH - Edinburgh	844
G - Glasgow	496
PH - Perth	369
IV - Inverness	308
AB - Aberdeen	235
PA – Paisley	183
KY – Kirkcaldy	181
KA – Kilmarnock	176
DG - Dumfries	154
FK – Falkirk & Stirling	151
TD - Galashiels	118
DD - Dundee	102
KW - Kirkwall	66
ML - Motherwell	42
HS – Outer Hebrides	32
ZE – Lerwick	16

Source: SQW analysis of beneficiary database

- 2.23 As part of this evaluation, SE was keen to review the profile of businesses and organisations involved in the Tourism Innovation Programme in terms of whether they are based in rural or urban areas. In the analysis below we have used the Scottish Government’s classification of urban and rural areas and looked at where Programme participants are based. The analysis shows that overall, 42% of those involved in the Programme are based in rural areas.
- 2.24 Using the Royal Mail’s post-codes for all business premises we can see that the Tourism Innovation Programme is supporting a higher proportion from rural areas as only 20% of all businesses are based in rural areas. This would be expected due to the importance of tourism businesses in rural areas but is nevertheless a positive finding in terms of the regional equity priorities of public sector interventions.

Table 2-4: Location of TI programme participants compared to all business premises

	All TIS (1983)	SE TIS (1489)	HIE TIS (494)	TIF (70)	Toolkits (164)	Prog. average	BP ⁴ data
Large Urban Areas Settlements	27%	36%	0%	36%	24%	29%	37%
Other Urban Areas Settlements	17%	20%	11%	17%	21%	18%	30%
Accessible Small Towns Settlements	6%	7%	1%	3%	10%	6%	7%
Remote Small Towns Settlements	7%	3%	16%	4%	3%	5%	7%
Accessible Rural Areas	17%	21%	6%	23%	26%	22%	10%
Remote Rural Areas	26%	13%	66%	17%	16%	20%	9%

Source: SQW analysis of beneficiary database (bases for each programme element)

2.25 In the following sections on individual elements of the Programme, we map where participants are located across Scotland based on the available post code information.

Fit with wider tourism support programme

2.26 The three main organisations involved in delivering the Tourism Innovation Programme have their own strategies and business plans which set out their wider priorities in terms of supporting the tourism sector. In the table below we comment on how the Programme fits with wider priorities.

Table 2-5: Fit with wider tourism support

Organisation	How the Tourism Innovation Programme fits with wider tourism objectives
SE	<p>As highlighted in SE's current Operating Plan, tourism is one of the key sectors for business support (as also stated in the Government Economic Strategy)</p> <p>It contributes to the Innovation Priority of SE's Business Plan priorities for 2011/12 to "Improve the operational efficiency or competitiveness of companies and sectors through the exploitation of new ideas" and specifically contribute to the measure of : "Number of companies accessing key sector market intelligence initiatives"</p> <p>SE's tourism sector delivery plan highlights that SE's interventions are based around the mutually supportive areas of industry leadership; destination development; product development; innovation; and company growth. The Plan states SE's aspiration to maintain the use of innovation support funding in relation to the Toolkit, TIF and TIS.</p> <p><i>The Tourism Innovation Programme cuts across all the activity areas highlighted above, not only in terms of encouraging increased innovation.</i></p>
HIE	<p>Similar to SE, HIE's operating plan sets out a priority of developing key sectors, particularly focusing on distinctive regional opportunities. The Tourism sector strategy specifically highlights the challenges and opportunities around innovation and states HIE's commitment to helping to improve sectoral intelligence through TIS.</p> <p><i>Since the demise of TIG in 2010, HIE's involvement in the Tourism Innovation Programme has been limited to TIS</i></p>
VisitScotland	<p>VisitScotland's operating plan emphasises its influencing role. It specifically mentions that it will continue to work in partnership with SE and HIE to ensure TIS continues to provide useful insights and practical hints and tips on how to use this intelligence to get ahead and stay competitive.</p>

Source: Various

⁴ Business Premises

2.27 SE provides a range of products and services to tourism based companies. As highlighted in earlier sections, much of the Tourism Innovation Programme support currently seems to be concentrated in the East Central part of the country. As shown in the Table below, over a third of the 98 DRM/ account managed tourism companies (for which we have post codes) are also located in this area. There are different ways to interpret this analysis. If an area currently has low levels of businesses engaging with the Programme (or indeed other tourism support) it could be seen as a positive or a negative – it could be argued that local business are already performing well and therefore do not need support from the Programme or that for some reason they are not aware of what is being offered.

Table 2-6: Analysis of location of 'users', Account Managed co's and SE regions/HIE

	TIS users	Toolkit users	TIF users	DRM companies
East Central	29%	45%	42%	34%
West Central	19%	24%	30%	28%
North East	6%	6%	6%	3%
Tayside	7%	4%	7%	6%
South	7%	16%	12%	7%
HIE	20%	5%	3%	1%

Source: SQW analysis of contacts database

2.28 SE's tourism support is targeted where there is likely to be greatest economic impact. Using the post-code definitions for the six key tourism destinations, again it is notable to see how there are a significantly greater proportion of programme participants in the city of Edinburgh compared to Glasgow, as shown in Table 2-7. This is also noticeable in relation to the tourism DRM/ account managed companies. Similar to what is stated in the previous paragraph, it is difficult to interpret why there are fewer Programme users in the Glasgow area than in Edinburgh. From discussions with the Glasgow destination manager, we understand that there have been efforts over the last 12 months to encourage more local businesses to get involved.

Table 2-7: Analysis of location of 'users' (with postcodes), Account Managed co's and SE destinations

	TIS users (2,154)	Toolkit users (196)	TIF users (70)	DRM companies (98)
St Andrews	1%	3%	1%	5%
Perthshire	1%	0%	0%	3%
Royal Deeside	1%	3%	0%	0%
Loch Lomond & Trossachs National Park	2%	2%	4%	11%
Edinburgh	27%	26%	26%	20%
Glasgow	11%	14%	9%	5%

Source: SQW analysis of contacts database⁵

⁵ It should be noted that the analysis in Table 2-4 and Table 2-7 is based on postcode details contained in the contact database. The quality of this postcode data varied significantly especially due to the self-completion nature of the TIS registration process. For this reason the bases used for analysis in these tables are not consistent

- 2.29 In addition to prioritising investment in the six designated key tourism destinations, SE has also prioritised promoting specific product areas. These are golf, sailing, mountain-biking and business tourism. HIE has a similar focus on promoting outdoor activities, adventure tourism, golf and marine tourism. When reviewing the different elements of the Programme in subsequent sections of the report, where possible, we make reference to how the projects are aligned with these key tourism product areas.
- 2.30 In the following sections we now go on to provide a review of each element of the Programme drawing on a review of performance data, discussions with stakeholders and a business survey. We start each of the sections with a summary of the key research findings.

3: Tourism Intelligence Scotland

- 3.1 Tourism Intelligence Scotland (TIS) is an online resource designed to encourage greater use of market intelligence in the tourism sector across the whole of Scotland. It is a joint initiative between Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and VisitScotland. This evaluation provides a geographic split in the survey results between the HIE and SE areas and Scotland as a whole.

Key research findings

Since 2008/09, SE and HIE have invested just under £1 million in TIS which is broadly in line with the projected spend. It has been jointly managed by SE, HIE and VisitScotland with overall project management carried out by SE and project delivery sub-contracted to Tall Poppies. An Industry Advisory Group was also set up to inform TIS activity.

The project has performed well against the agreed outputs and has generated over 4,000 registrations to the TIS website, produced eight Guides and circulated 15 editions of the Ear to the Ground newsletter. In addition it appears to be making good progress in addressing its original objectives with 70% of TIS users stating that the support has influenced their willingness to collaborate and their interest in new products and services. An even higher proportion (85%) of users state that it has influenced their use of market intelligence.

There was generally positive feedback from stakeholders on the efforts of the TIS project team to promote and raise awareness with tourism businesses and local groups. This includes the use of social media to direct traffic to the website.

However, there was a sense from our discussions with stakeholders that many parts of the tourism sector who would benefit most from this service are either not aware of TIS or are choosing not to get involved. It would seem as though more work needs to be done ensuring other public sector agencies (in particular local authorities and Business Gateway) are doing as much as they can to promote TIS. Many consultees also suggested that certain elements of the project could be delivered in-house across the three partners (especially with regards to business engagement) which may help leverage in more of VisitScotland's resources.

According to the TIS survey, there is regular usage of the website (with 25% using it one or more times a month) by registered users. It is being used mainly for accessing market information and the Opportunity for Growth Guides. Nearly half say they have actively used the information from TIS in some way (mainly in terms of helping people access funding and to better understand their markets).

Just under a third of TIS users have been able to report an output from using TIS (the most common being a collaboration with another business, a new use of social media and a new method of capturing customer feedback). Of this figure, 40% stated that it has had a positive impact on sales and profitability of their business.

This evaluation suggests that TIS impacts to date (i.e. to end 2010/11) have been approximately: £2.7 million in gross annual turnover amongst TIS users; £0.8 million in net annual GVA for Scotland and 33 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 1.4.

Extending the appraisal period to include expected future impacts, we estimate that the TIS impacts could rise to the following by 2014/15: £7.7 million in gross annual turnover amongst TIS users; £2.2 million in net annual GVA for Scotland; and 93 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 7.3.

Recommendations

1. Over the remainder of the three year funding period (to March 2012), target business engagement resources towards other public sector bodies to act as intermediaries for TIS (we understand this is already happening)
2. Encourage staff from SE, HIE and VisitScotland to more actively promote the project. For example, it is suggested that more could be done to promote TIS to the 9,000 tourism businesses involved in VisitScotland's Quality Assurance scheme
3. Improve the web registration process to ensure the TIS website is as accessible as possible (whilst still being able to capture relevant monitoring data). A separate recent analysis has highlighted a higher than average 'bounce-back' from the registration page
4. Continue to develop new approaches to promoting TIS to the sector building on the recent successes using social media and TIS TV. Consider the demand for a mobile application which would help users personalise their use of the website.

Rationale and objectives

3.2 The rationale for creating TIS is set out in the SE Approval Paper. It is based on evidence which came out of the 2006 'Tourism Framework for Change' strategy document which identified that there was a lack of effective gathering and utilisation of market intelligence to drive innovation in tourism. This project involves SE, HIE, and Visit Scotland combining to create a joint intelligence unit with the aim of becoming a *'world class centre of excellence to stimulate innovation and product development through the use of market and other intelligence'*.

3.3 The specific objectives of TIS are:

- to ensure that the right intelligence, e.g. market, product, technology and other issue-based intelligence is gathered and proactively disseminated to the industry
- to promote an exchange of market intelligence around the industry and to facilitate a dialogue about implications and follow-through action

- to promote a strong market and customer focus in Scottish tourism at all levels: Scottish, destination/local, and business
- to create a cultural change in the industry in relation to the gathering and use of market intelligence that supports the objectives of groups such as the Tourism Innovation Group
- to identify and learn from best practice in market intelligence gathering and dissemination locally, nationally and internationally
- to ensure that public and private sector resources in this area are applied effectively and in a co-ordinated way
- to promote awareness of competitor destinations and provide a basis for strategies to build competitive advantage for Scotland and Scottish businesses.

3.4 These objectives are quite generic and difficult to measure but are essentially around ensuring the industry is provided with the right market intelligence, encouraging sharing of intelligence and encouraging a culture change in how organisations use market intelligence. On the basis of the survey results which we will go on to discuss, it would appear that the project is making good progress to meeting these objectives. For example, around 70% of TIS users state that the support has influenced their willingness to collaborate and interest in new products and services. An even higher proportion (85%) of users state that it has influenced their use of market intelligence. However, in terms of ensuring a coordinated approach to providing information, it would appear that there is more work to be done to make better use of other public sector agencies as intermediaries that can promote TIS more effectively.

3.5 The development of the concept of a new unit responsible for tourism intelligence in 2007-08 was clearly influenced by activity in the English Regional Development Agencies (RDAs). During this period the three northern RDAs were investing significantly in tourism marketing and promotion and were all direct competitors in particular in the domestic market. This was highlighted in some benchmarking research commissioned by SE, HIE and VisitScotland which also reinforced the need for tourism data to be collected in a nationally coordinated manner which would provide authoritative intelligence to the private and public sector at a national and regional level⁶. It was felt that with such strong competition from the north of England there was a strong case for Scotland's three main agencies involved in supporting the tourism sector to harness resources and provide a more joined-up approach to encouraging innovation through the provision of better market intelligence.

Inputs and activities

Project expenditure

3.6 When the funding was approved for TIS in late 2008, there was a budget of over £1.2m for the four year period up to 2011/12. Three quarters of the funding was to be provided by SE

⁶ University of Stirling & the Moffat Centre (2007), Tourism Intelligence Unit International Research

with the remainder coming from HIE. It was agreed from the outset that there would be an in-kind contribution from VisitScotland of staff time and research resources.

Table 3-1: Approved budget (£)					
£	2008/09	2009/10	2010/11	2011/12	Total
Staffing, travel, subsistence	75,500	262,000	270,200	208,900	816,600
Website and IT set-up/maintenance	26,438	14,100	8,225	11,750	60,513
Major resources - Guides and Factsheets	20,269	34,075	35,250	34,369	123,963
Conferences and events	2,350	32,900	9,400	30,550	75,200
Research budget	0	23,500	35,250	47,000	105,750
Consultancy budget	0	5,875	5,875	35,250	47,000
Other	5,588	7,350	7,350	3,263	23,550
Total expenditure	130,144	379,800	371,550	371,081	1,252,575
<i>Proposed funding</i>					
Scottish Enterprise @ 75%	97,608	284,850	278,663	278,311	939,431
Highlands & Islands Enterprise @ 25%	32,536	94,950	92,888	92,770	313,144
Total funding	130,144	379,800	371,550	371,081	1,252,575

Source: Adapted from TIS Approval Paper

- 3.7 A summary of the actual project expenditure is shown below. The breakdown of the funding contribution for Scottish Enterprise and Highlands and Islands Enterprise has been as envisaged in the original approval paper (i.e. 75%:25%).

Table 3-2: Actual budget (£)				
£	2008/09 and 2009/10	2010/11	2011/12 (up to end Nov 2011)	Total
Total project spend	288,885	398,504	302,465	989,854
<i>Funding contributions</i>				
Scottish Enterprise @ 75%	21,6664	298,878	226,849	742,391
Highlands & Islands Enterprise @ 25%	72,221	99,626	75,616	247,464
Total funding	288,885	398,504	302,465	989,854

Source: SE TIS Project Manager

Delivery model and management

- 3.8 TIS is jointly managed by SE, HIE and VS, each with a representative on the Management Group. The overall project is managed by SE and project delivery is sub-contracted to Tall Poppies which has responsibility for providing and developing content for the website, developing resources and business engagement.

- 3.9 TIS receives advice and guidance from an Industry Advisory Group (Table 3-3), comprising of tourism representatives from a wide range of industry sectors. Up until now business

engagement activity has focused on trying to promote directly to the industry. Over the coming months, this activity will change to focus on promoting TIS to other public sector and intermediary organisations who also deal with tourism businesses on a day to day basis. There is more discussion on the project delivery model later in this section.

Table 3-3: TIS Industry Advisory Group

Name	Organisation
Iain Limond	JAC Travel Scotland Ltd
David Smythe	Association of Scotland's Self Caterers
Henk Berits	National Trust for Scotland
Louise Nowell	SYHA Hostelling Scotland
Marcus Kenyon	Apex Hotels
John Lennon	Moffat Centre, Glasgow Caledonian University
Colin Simpson	SLAED/Highland Council
Sue Crossman	Tourism Innovation Group
Chris Taylor	Scottish Government
Martin Reynolds	Festivals Edinburgh
Hugh Aitken	British Airports Authority
Eva McDiarmid	Association of Scottish Visitor Attractions
Anne-Marie Harwood	Scottish Exhibition & Conference Centre

Source: TIS website

Project monitoring

- 3.10 Each year the TIS project team produce Measurement Reports. In the table below we have highlighted some of the main metrics used to monitor the performance of TIS taken from these Measurement Reports.

Table 3-4: TIS monitoring – key outputs

	Y1: Apr09- Mar10	Y2: Apr10- Mar11	Y3: Apr11- Sept11	Total	Target
Website registrations (cumulative)	1,007	2,647	4,033	4,033	5,000
Guides	3	4	1	8	8
Newsletters (Ear to the Ground)	5	5	5	15	15
E-blasts and alerts	0	6	4	10	15
Case studies	53	27	56	136	30
TIS workshops direct	13	20	6	39	16 per year
TIS workshops indirect	0	22	5	27	20 per year
Promotion at Industry conferences and events	6 (885 attendees)	21 (1,261 attendees)	4 (192 attendees)	31	9 events (1000 attendees)

Source: Extracted from TIS Measurement Reports

- 3.11 From the outset there was a target of encouraging 5,000 people to register on the website by March 2012. As of September 2011, it already has over 4,000 registered users. However, the website is only one part of TIS. In addition, regular workshops take place to promote new Opportunity for Growth Guides and other tourism sector guides. In line with the target, eight Guides have been produced so far: Scottish Tourism in the Future; Walking Tourism; Knowing Our Markets; Golf Tourism; Adventure Travel; Food and Drink Tourism; Mountain-Biking; and most recently Sailing Tourism. Other brochures on Sustainable Tourism Businesses; Listening to Our Visitors; Scotland's Historic Properties have also been produced and disseminated.
- 3.12 The subject matter of these Opportunity for Growth Guides reflects both SE and HIE's focus on developing key tourism products areas⁷. For example in terms of promoting outdoor activity tourism, guides have been produced on walking, mountain-biking and adventure travel. Golf tourism and marine/sailing activities are also prioritised by SE and HIE as key tourism products and they have both been the focus of separate guides.
- 3.13 Another important output for TIS is the production of the monthly Ear to the Ground newsletter which provides market intelligence and trends and information on new initiatives/events aimed at promoting innovation in the industry. Once again under this metric, TIS has already reached its three year target and is likely to surpass it with ease now that the newsletter is being produced on a monthly basis. As highlighted in the Year 3 Report, TIS has exceeded most if not all of its targets, with six months activity still to take place.
- 3.14 The TIS Measurement Reports outline how the TIS team has been trying to increase usage of the website and TIS resources. In March 2011, the team started using social media (LinkedIn and Twitter) to promote TIS. According to the Year 3 Report, the TIS LinkedIn Group now has over 900 members and there are also over 900 Twitter followers⁸. At the end of October 2011, TIS TV was launched, attracting the interest of 180 businesses.

Website monitoring

- 3.15 We understand from our discussions with the TIS management and delivery team that over the last couple of years attempts have been made to improve the TIS website. In March 2011, a registration analysis was carried out which highlighted that the site's registration page has higher than industry average 'bounce back rate' (percentage of visitors who only view a single page of the site.)⁹. The analysis persuaded TIS to reduce the level of information being required for registration (in order to increase the completion rate of the registration form) and recommended trying to increase the volume of traffic to the site via social media (we understand this work is currently underway).
- 3.16 An analysis of traffic to the TIS site shows that Google Organic delivers the single highest amount of traffic (40%). Direct entries to the site are the second highest traffic segment. Referral traffic from VisitScotland properties accounts for the third largest traffic segment.

⁷ As stated on the SE website and in its Tourism Sector Delivery Plan 2011-14, the three key tourism product areas are golf, sailing, mountain-biking and business tourism

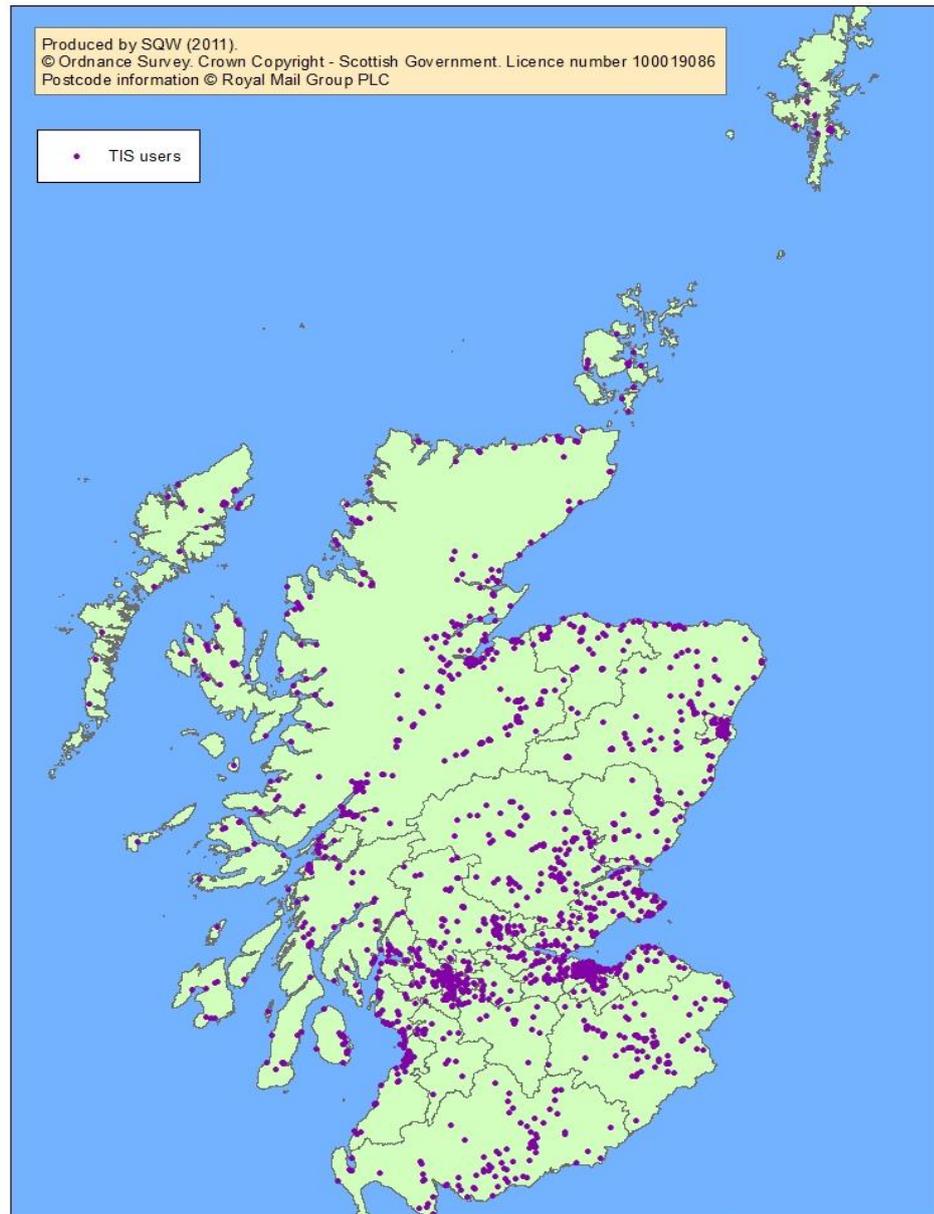
⁸ This was the situation in mid-November 2011

⁹ This was carried out by Dog Digital, a Glasgow-based web-site developer

The other main referral mechanisms are coming via Scottish Enterprise, the BBC website, surveymonkey and Bing (interestingly HIE is quite far down the list in terms of referrals).

Profile of TIS users overall

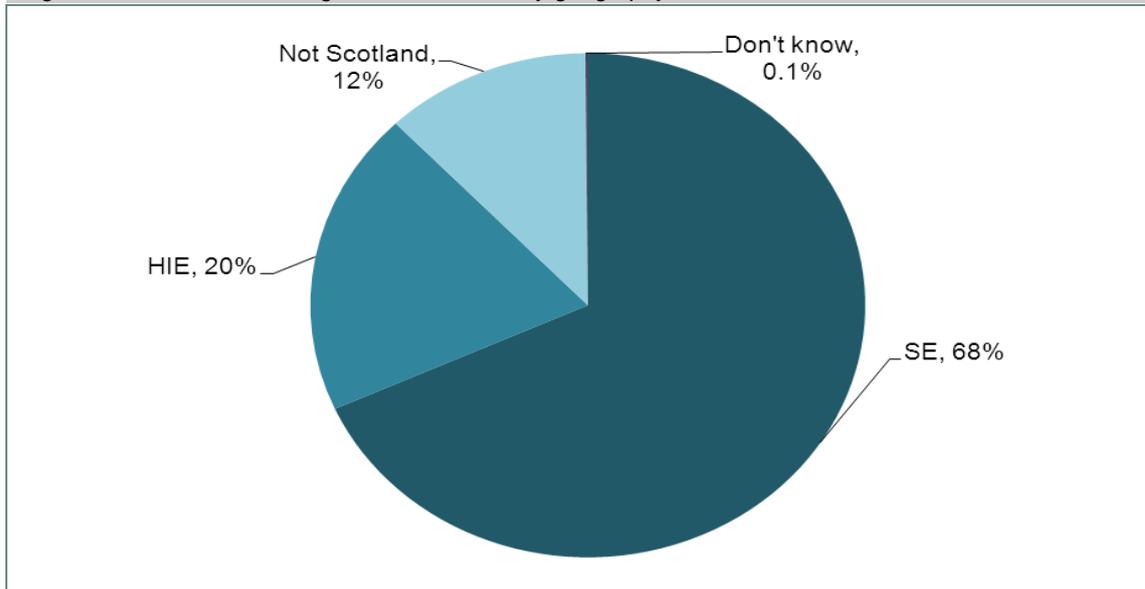
- 3.17 The map of Scotland below highlights the location of all TIS users (where we have post-code details). As well as the clusters around the cities of Edinburgh, Glasgow, Aberdeen and Inverness, it is interesting to note concentrations in Perthshire, around Oban, Ayrshire, the Scottish Borders and Dumfries and Galloway.



- 3.18 As of August 2011, there were a total of 3,777 registered users of the TIS website. Nearly 70% of the users are based in the SE area, a fifth based in the HIE area and 12% based outside

Scotland (Figure 3-1). In terms of the geographic location of Scotland's tourism businesses, around 14% are based in the Highlands and Islands¹⁰.

Figure 3-1: Breakdown of registered TIS users by geography



Source: SQW analysis of TIS contacts database – base 3,777

3.19 Overall, the largest proportion of registered TIS users (14%) are based in the public sector, followed by consultancy (11%) and visitor attractions (11%). Within the HIE area, the largest proportion of users are based in the self-catering sector (16%), followed by B&Bs (15%) and visitors attractions (14%). As reflected in this analysis, the public sector has an important role to play in terms of accessing the information and guidance and making sure that all the business and organisations that they are working with are aware of the guidance and tools available through TIS. In addition, the proportion of public sector users will also reflect those visitor attractions that are publicly owned. The full breakdown is provided below (Table 3-5).

Table 3-5: Registered TIS users by geography

Type of organisation	All	HIE	SE
Consultancy	412	11%	37
Visitor Attraction	414	11%	101
Self-catering	355	9%	119
Hotel	314	8%	75
B&B/Guest House	282	7%	108
Other	145	4%	22
Tour operator	163	4%	23
Activity operator	109	3%	39
Event organiser	111	3%	13

¹⁰ This is based on ONS business unit data for 2011 and using 2007 SIC codes 55 and 56 as a proxy for the tourism sector

Type of organisation		All		HIE		SE
Business tourism	63	2%	12	2%	39	2%
Restaurant/Pub/Café	78	2%	16	2%	57	2%
Retail	72	2%	15	2%	52	2%
Tourism Group/Association	92	2%	18	2%	55	2%
Private sector sub-total	2610	69%	598	81%	1748	68%
Public sector	531	14%	88	12%	411	16%
Student/researcher	347	9%	27	4%	209	8%
Education	241	6%	18	2%	177	7%
Charity	48	1%	8	1%	33	1%
Public and other sectors	1167	31%	141	19%	830	32%
Total	3777	100%	739	100%	2578	100%

Source: SQW analysis of TIS contacts database – base 3,777

- 3.20 Using the post-codes in the TIS contacts database, we have provided an analysis of where users are based in relation to the Scottish Government’s urban rural classification. Whilst 20% of all business are based in rural areas (using Royal Mail’s business premises data), well over 40% of TIS users are based in rural areas (Table 3-6). As would be expected this is significantly higher in the HIE area.

Table 3-6: Urban/ rural location of TIS users compared to all business premises

	All TIS (1983)	SE TIS (1489)	HIE TIS (494)	BP data
Large Urban Areas Settlements	27%	36%	0%	37%
Other Urban Areas Settlements	17%	20%	11%	30%
Accessible Small Towns Settlements	6%	7%	1%	7%
Remote Small Towns Settlements	7%	3%	16%	7%
Accessible Rural Areas	17%	21%	6%	10%
Remote Rural Areas	26%	13%	66%	9%

Source: SQW analysis of beneficiary database and Scottish Government urban/rural classifications

Profile of TIS survey sample

- 3.21 The survey of TIS users had two components. Firstly an e-survey was circulated to all 3,694 registered users (as of August 2011) with questions solely on TIS. This generated a response of 571, but it should be noted that not all respondents answered all the questions. This represents a response rate of 15%. In addition, to this we undertook a telephone survey of TIS users to ask them about the Tourism Innovation Programme as a whole, including TIS and any other elements of the Programme that they have participated in or were aware of. This generated feedback on TIS from a further 271 registered users. In terms of the feedback on TIS awareness, usage and overall feedback we have combined results from the two surveys. This gives a maximum response rate of 842 unique users out of a population of 3,694 which

results in a confidence interval of +/-2.97%. For questions in relation to impact we have used the online survey only¹¹. This includes feedback from 571 users out of a population of 3,694 which results in a confidence interval of +/-3.77%.

- 3.22 From those that completed the TIS online survey (571) and the TIS aspect of the telephone survey (271), over half of the respondents classed themselves as either sole traders (27%) or part of a private limited company (25%). Approximately 14% of respondents classed themselves as ‘other’ – many of these respondents were destination organisations, local tourism groups or community groups. From a geographical perspective a relatively higher proportion of respondents from the SE area were limited companies, whereas 35% of HIE respondents were sole traders. This reflects the business demographics of these areas. Also all the university and college respondents to the survey were from the SE area.

	All TIS	SE	HIE
Charity	7%	7%	7%
Individual (no business or organisation)	6%	6%	8%
Not answered	2%	3%	1%
Other group	14%	12%	18%
Part of a limited company	25%	27%	20%
Public sector	15%	17%	11%
Sole trader	27%	24%	35%
University or college	3%	4%	0%

Source: TIS online and telephone survey – base: all (842), SE (622) and HIE (220)

Promotion and awareness

- 3.23 In the telephone survey of 398 companies, 101 respondees (25%) stated that they had not used the TIS website at all, of which 16 (4%) stated they had no need to use it and the remaining 85 (21%) said that they had not heard of TIS.
- 3.24 The awareness issue was discussed with stakeholders. On the face of it, TIS would appear to be well on target in terms of achieving 5,000 website registrations over the three year period. However, as highlighted above (Table 3-5) there is a relatively high proportion (30%) of users not based in the private sector. The general feeling was that the promotion and awareness is fine for some parts of the industry but there remains a significant challenge of trying to engage with new businesses and organisations and reaching out beyond the ‘usual suspects’.
- 3.25 Much of the project team’s time is spent on ‘business engagement’ activity and the feedback would suggest that TIS staff have been working hard in terms of attending local tourism group meetings (e.g. Destination Management Organisation and Area Tourism Partnership

¹¹ The online survey only asked questions about TIS. It was decided that using the feedback on impact from this survey was more straightforward than attempting to disentangle the results from the telephone survey which asked for feedback on the impact of the Tourism Innovation Programme as a whole

meetings) and trying to encourage new interest in the website and events. It was suggested by one consultee that around 3,000 business users probably reflects the ‘active’ part of the industry (i.e. those that are likely to get involved in these types of industry initiatives). However, another consultee noted that since VisitScotland regularly works with 9,000 businesses through its Quality Assurance scheme, there is surely scope for TIS to attract a greater number of registered users. Overall, SE estimates that there are around 20,000 businesses in the Scottish tourism sector¹². On this basis TIS is supporting 15% of the potential market. However as emphasised by stakeholders, a large proportion of the sector are micro businesses (and many owner-managed lifestyle businesses) differentiating it from the other key sectors that SE and HIE support.

- 3.26 We would suggest that the target market for TIS should be the figure of 9,000 businesses. It is this smaller figure that represents businesses who are aware that they contribute to the Scottish tourism sector (rather than perhaps say some pubs in the more urban areas), and also their involvement in VisitScotland’s QA scheme shows a willingness to improve the quality of their products or services.
- 3.27 Two common messages came back from the consultations in terms of future business engagement activity.
- Firstly, there was a recognition that although significant effort has been put in by TIS staff attending local tourism group meetings, it still feels as though a large number of businesses in the sector either do not see any benefit in using this type of resource or still do not know about it. In response to this issue, it was highlighted that over the coming months TIS’ activity should (and as we understand it will) focus on promotion to public sector organisations and intermediary organisations such as DMOs (rather than trying to engage businesses directly).
 - Many consultees acknowledged that there are likely to be many business-facing staff based in local authorities and Business Gateway who are not familiar with TIS and therefore will not be actively promoting the resource. This was in fact confirmed by a consultee involved in Business Gateway.
- 3.28 There was positive feedback on the introduction of different approaches to attract new interest in TIS and direct more traffic to the website. A few consultees involved in delivering and promoting TIS highlighted the increasing numbers signed up to TIS LinkedIn group and those now following TIS on Twitter. The recent introduction of TIS TV was also given as an example of TIS trying a range of methods to reach out to new parts of the sector¹³.
- 3.29 Although significant progress has been made in terms of the number of registered TIS users, it was felt that more needs to be done to attract new users. Consultees specifically highlighted the need for a more joined-up approach across all relevant public sector organisations to promoting TIS. As we understand it, this will be the focus of business engagement activity over the coming months (up to the end of the current three year funding period). Many people

¹² However, it is notoriously difficult to categorise a tourism business – for example, a rural pub in will mainly serve tourists but in urban areas pubs mainly serve local residents

¹³ We understand that around 180 organisations logged on for the launch of TIS TV in October 2011

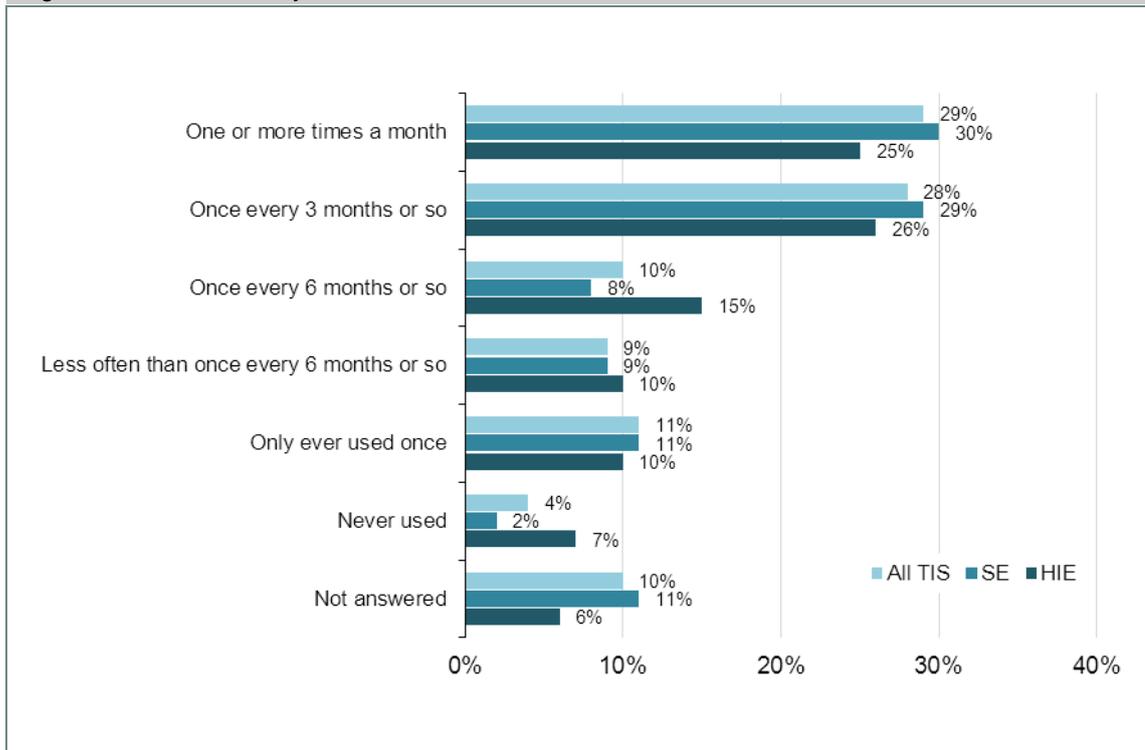
mentioned the need for TIS to work more closely with local authorities and Business Gateway. However, there were also some that suggested that within the managing partners (specifically VisitScotland and to a lesser extent HIE) there is a tendency to view TIS as an SE initiative.

- 3.30 It was also stated that more could be done to ensure other public sector organisations that regularly work with the sector do more to signpost and refer businesses to TIS. For example, although VisitScotland is one of the three project partners (and has an in-kind contribution), it would appear as though there is an opportunity for VisitScotland staff to do more in terms of promoting TIS when dealing with the 9,000 tourism businesses registered on their Quality Assurance scheme.

Usage of TIS

- 3.31 As well as knowing how many people are registered on the website, it is important to understand how often people are actually logging on the site. This gives a feel for how useful people actually find the service¹⁴. According to the survey of TIS users, 29% use it one or more times a month and a further 26% use it once every three months or so. This illustrates regular usage by over half of TIS users which is a positive reflection on the website and its content.

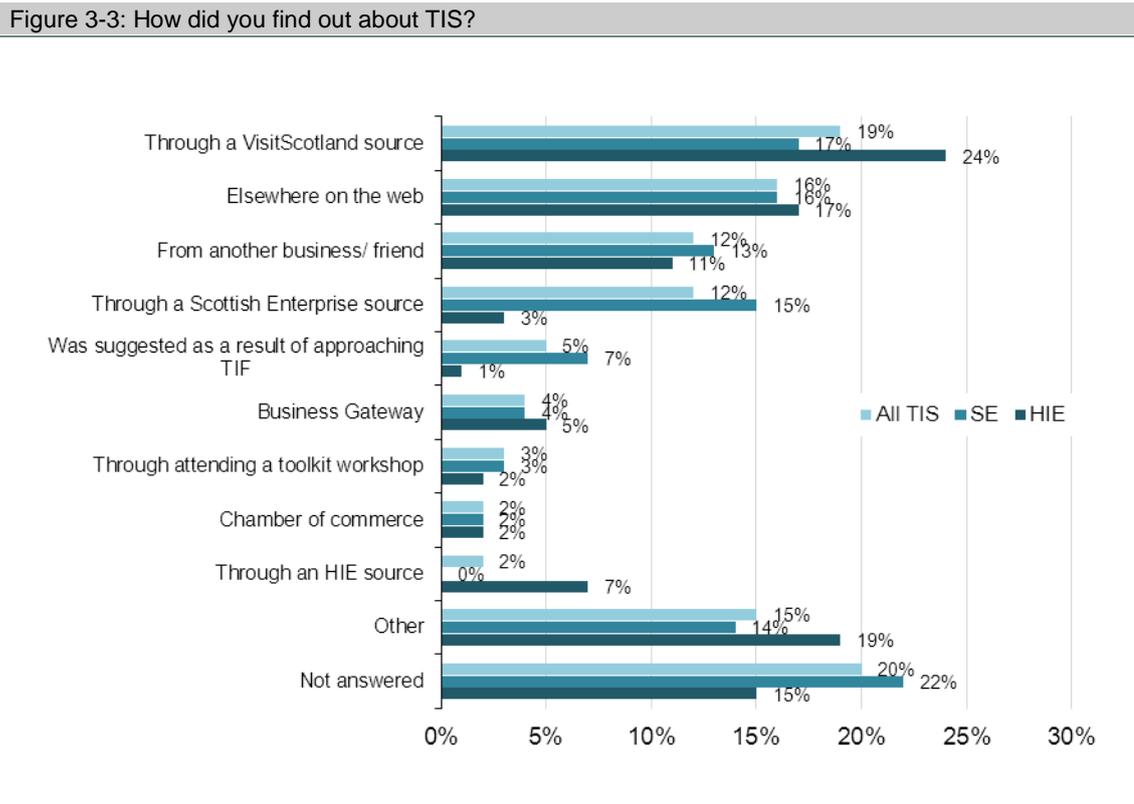
Figure 3-2: How often do you use the TIS website?



Source: TIS online and telephone survey - base: all (825), SE (605) & HIE (218)

¹⁴ Some could perhaps argue that if a business has used the website once to help with developing a new product idea and then proceeded to implement this innovative product, then there would perhaps not be a need to re-visit the website. However we would suggest that since over half of users use TIS to keep up to date with market trends/information then frequency of usage is an important indicator of how useful the resource is.

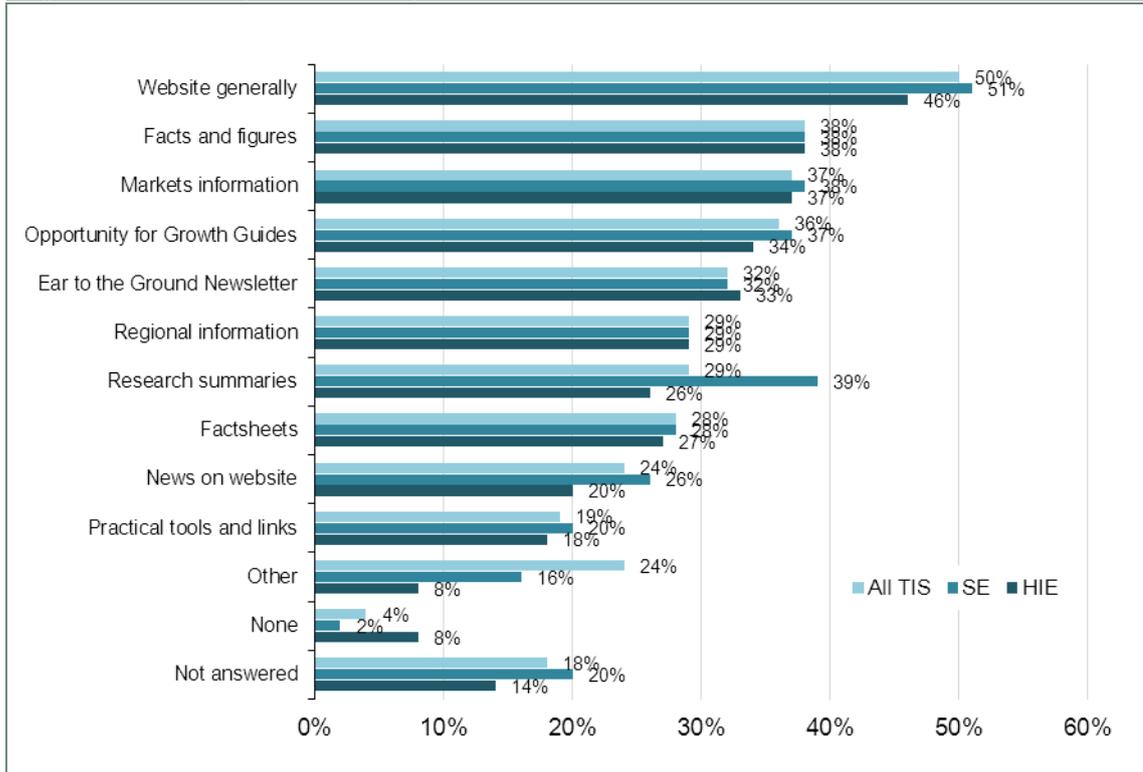
- 3.32 For those that have used the TIS website less than once in the last six months, the two main reasons were a lack of time (too busy running the business) and just wanting to use some of the data for their TIF application or other applications.
- 3.33 For all TIS respondents, just under a fifth found out about TIS through a VisitScotland sources and this was followed by elsewhere on the web (16%) and through a business/friend (12%). On the whole, respondents from SE and HIE areas display similar trends to the overall average, although of note is that roughly a quarter of HIE respondents found out about TIS through VisitScotland compared to only 17% of SE respondents (see Figure 3-3).



Source: TIS online and telephone survey- base: all (825), SE (605) & HIE (218)

- 3.34 For those respondents stating that they found out through an SE source, this was mainly through the SE website and in a very small number of cases through a direct email. Unfortunately they were not able to state exactly who the email was from. For those finding out about TIS through a HIE or VisitScotland source, again, this was mainly through their websites. There were three examples where VisitScotland staff visiting the business encouraged the business to register.
- 3.35 Half of the TIS respondents stated that the ‘website generally’ is the aspect of TIS they use – suggesting a mix of everything. Other popular aspects of the TIS service used by over 30% of respondents were facts and figures, market information, Opportunity for Growth Guides and the Ear to the Ground Newsletter. Usage trends were quite similar across the SE and HIE areas, apart from research summaries which 39% of SE respondents used and only 26% of HIE respondents used these. Four per cent of respondents indicated that although they had registered for TIS, they had not used any aspect of its service (see Figure 3-4).

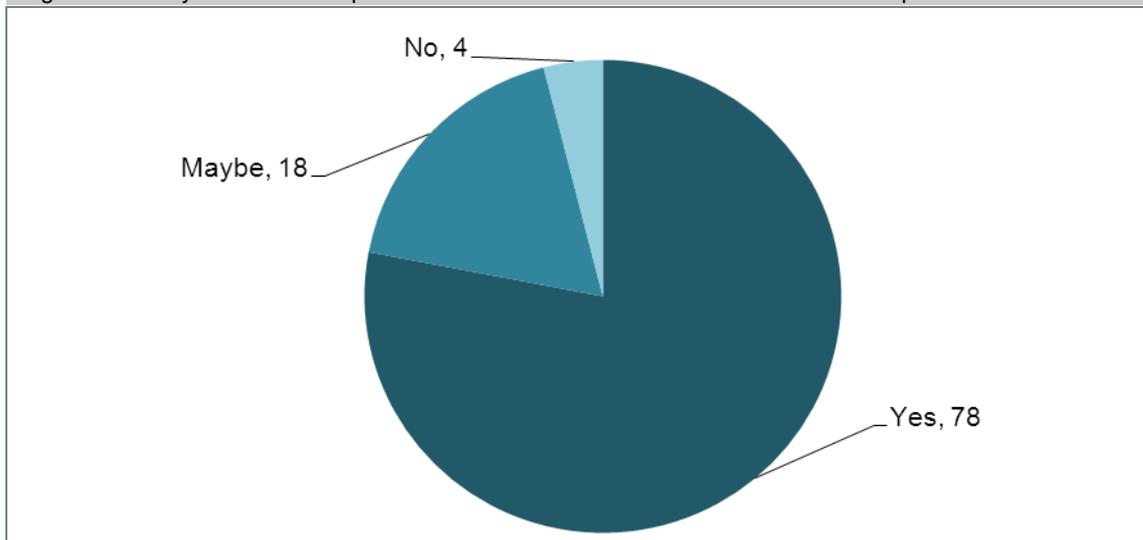
Figure 3-4: Which aspects of TIS do you use?



Source: TIS online and telephone survey- base: all (825), SE (605) & HIE (218)

3.36 Respondents were asked if they had attended any of the TIS workshops. Only 7% of the 825 TIS respondents stated that they had attended any of the TIS workshops (golf tourism or regional TIS events). TIS has delivered a range of workshops around Scotland over the last two years. In early 2011, TIS delivered a series of workshops with Golf Tourism Scotland across the main golfing destinations. The results from its own survey were very positive in terms of the workshop content (e.g. 73% stated the events were very useful and 91% said it had inspired them to think of new ideas on how to run their golf tourism business) and also in encouraging a change in behaviour. Nearly 80% stated that they intended to implement some of the ideas identified on the day.

Figure 3-5: Do you intend to implement some of the ideas identified at the workshop?

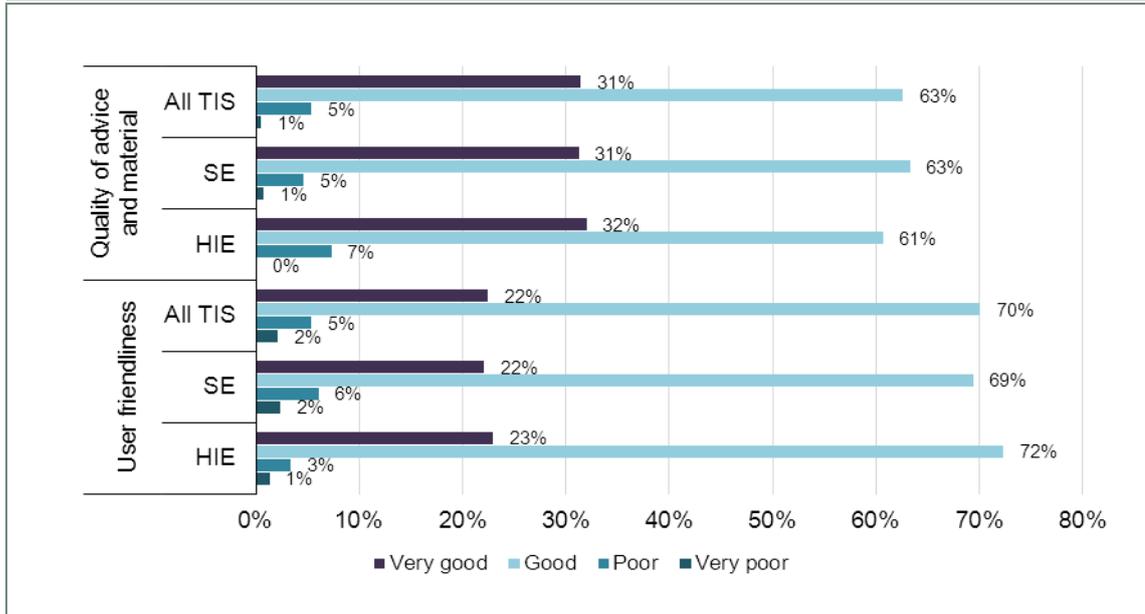


Source: TIS survey based on 23 golf tourism workshop attendees from February 2011

Quality of support provided through TIS

3.37 Generally feedback on the TIS service was very positive, with over 90% of respondents rating ‘user friendliness’ and ‘quality of the advice and material’ either very good or good. Just 5% of respondents rated these aspects of the service as poor and 1% of the respondents found the user friendliness of the service as very poor. These ratings of the TIS service were similar across both the SE and HIE areas (Figure 3-6).

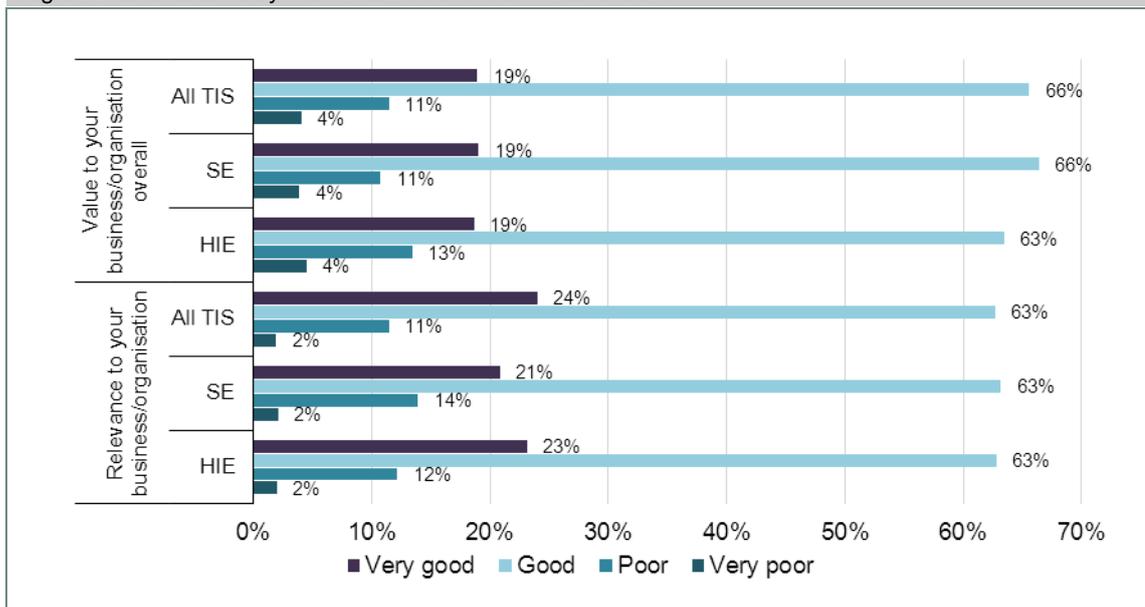
Figure 3-6: How would you rate TIS for user friendliness and quality of advice and material?



Source: TIS online and telephone survey- base: all who answered these questions (561), SE (412) & HIE (148)

3.38 Nearly 90% of the respondents thought the relevance of the TIS service to their business or organisation was either very good or good. A similar proportion (85%) thought that the overall value of TIS to their business or organisation was either very good or good. Geographically there were no differences in terms of ratings.

Figure 3-7: How would you rate TIS for relevance and value?



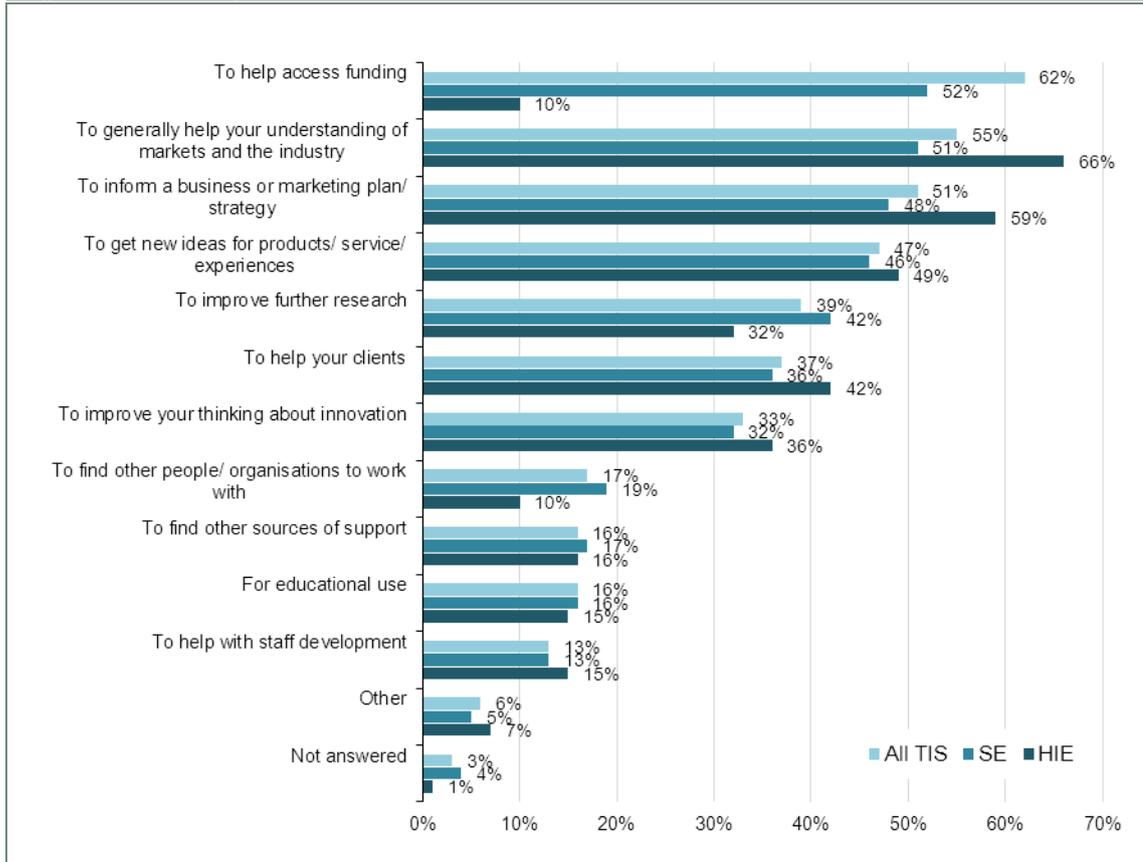
Source: TIS online and telephone survey- base: all who answered these questions (511), SE (367) & HIE (144)

- 3.39 From the stakeholder consultations there was mixed feedback on the website design and structure. Some stated that it had a very professional, eye-catching and modern design (according to one consultee, contrary to the usual public sector website). In addition, it was stated that the usability of the site has improved following a re-launch last year. However, there were some who felt that perhaps too much emphasis has been put on the design and that it has in fact become slightly overwhelming, making it difficult to work out where to look for specific information. With this type of online resource there is clearly a balance to be struck. On one hand it is a Scotland-wide resource that needs to have something that will be of interest to local groups around the country. However, if it becomes too difficult for people to find the information that they are looking for, it is likely to turn people off.
- 3.40 One consultee also stated that in some areas the tone of the website (and indeed some of the resources) can occasionally be quite patronising ('it looks like it is trying to attract visitors rather than businesses' was one comment on this issue). There was a general consensus that the registration page on the website could be made easier (so that new users are not put off from registering). There were also quite a few comments on the limitations of the search facility on the website although it was stated that this has improved over the last 12 months.
- 3.41 When stakeholders were asked about the most useful content available through TIS, the examples provided usually included the Opportunity for Growth Guides, the Ear to the Ground Newsletter and the availability of market intelligence. This is in line with the results from the survey of TIS users. One consultee believed that the market data is likely to be extremely useful for new start-ups in the sector. It was also suggested that TIS genuinely provides something different to other sources of data on the sector in that through the guides and newsletters, research and intelligence is disseminated in a form that is much more 'digestible' for the average small tourism business. One consultee stated that Scotland was unique in providing this type of resource to tourism businesses.
- 3.42 Interestingly, larger tourism businesses consulted as part of this process suggested that the content available through TIS is often too generic, perhaps suggesting that most value will be generated for smaller firms in the sector. It was also stated the larger players are more likely to be able to afford their own more specific market intelligence and would have less need for TIS resources.

Outputs and outcomes

- 3.43 Approximately half (47%) of respondents to the online survey and the TIS aspect of the telephone survey stated they had used TIS (the online resources and/or the workshops) information or ideas. The most popular use of the service was to help access funding (62%), followed by to help general understanding of the markets and industry (55%) and to inform a business or marketing plan (51%). The least popular usage of TIS was in terms of staff development (13%), educational use (16%) and to find other sources of support (16%). There is a significant difference in the number of respondents that use TIS to help access funding between the SE and HIE areas – just 10% of respondents in the HIE area compared to 52% in the SE area. One reason for this marked difference is the availability of the TIF in the SE area and this would suggest a strong link between those that use TIS and TIF (see Figure 3-8).

Figure 3-8: How do you use the information or ideas from TIS?



Source: TIS online and telephone survey - base: all (374), SE (277) & HIE (97)

3.44 The use of social media was seen as making a positive contribution to increasing awareness in TIS (although this approach will not be appropriate for all parts of the industry). In response to some suggestions that it was difficult to find the most relevant information on a ‘busy’ website, a number of consultees highlighted the potential benefits of creating a mobile application for the TIS website (making it easier for industry representatives to keep up to date when on the move). There may be other opportunities to promote TIS through relevant websites such as TripAdvisor which are probably being used regularly by a range of Scottish tourism businesses.

3.45 As well as the examples highlighted in the wider survey, the stakeholder consultations also highlighted examples of where public sector organisations were making use and benefiting from TIS resources. For example, Historic Scotland benefited from advice received from attending a ‘Listening to Our Visitors’ workshop which has subsequently helped them improve their customer feedback forms across their own visitor attractions. Similarly, organisations such as the Forestry Commission and Scottish Natural Heritage which regularly support the development of small rural business have reported benefits of using the TIS guides when working with these businesses.

It keeps us up to date with the market and it makes us think outside the box
[TIS telephone survey respondent]

3.46 Respondents were asked what difference the TIS service had made to their business or group. The responses indicate the TIS makes the most difference to businesses or individuals at the

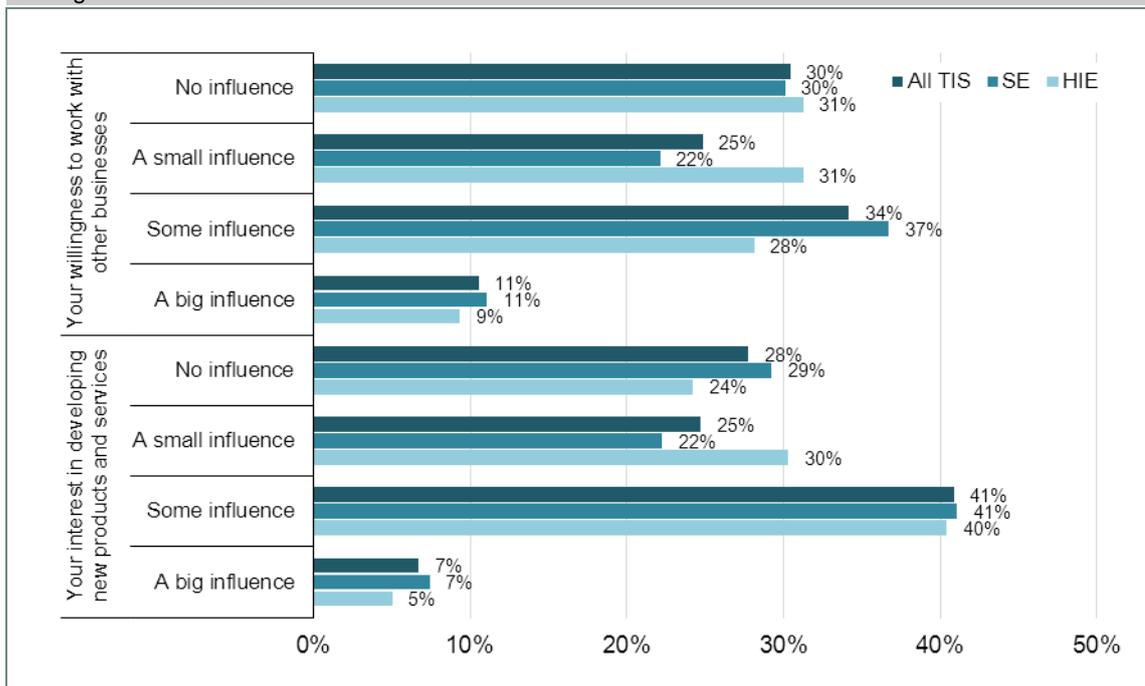
early stage of their project or idea. Examples given included *idea validation*, *confidence in idea*, *identification of customer target groups* and *signposting to TIF*.

3.47 A number of respondents suggested improvements that could be made to the website and its contents. The following are a flavour of the suggested changes:

- a forum for peer-to-peer discussion
- more tailored sub-sections, e.g. museums and galleries, by destination , etc.
- remove the need to log-in to access information
- resources on skills and qualifications in the tourism sector
- a student section
- less repetition of articles that have already appeared on the VisitScotland website.

3.48 Nearly three quarters of respondents stated that TIS has had some influence on their interest in new products and services, including 7% stating a big influence and 41% reporting a moderate influence (Figure 3-9). In terms of willingness to collaborate, 70% of respondents stated that TIS has had some influence in this respect.

Figure 3-9: Extent TIS support made a difference to interest in developing new products/services and willingness to collaborate



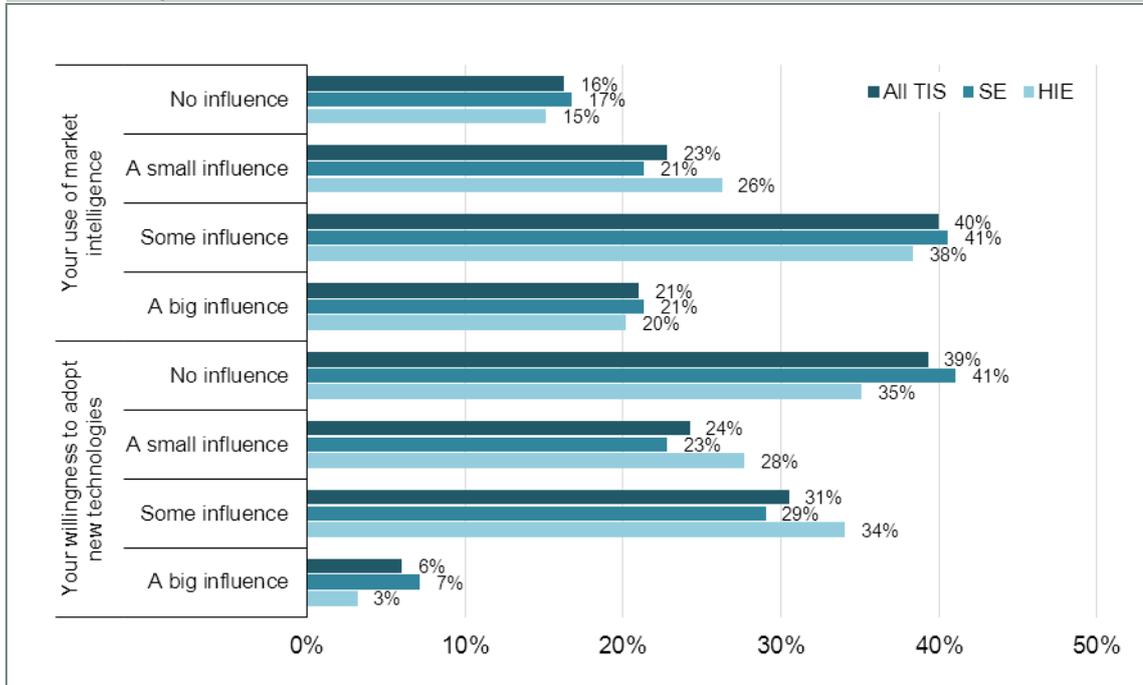
Source: TIS online survey – base: all (328), SE (229) & HIE (99)

3.49 According to 61% of respondents, TIS support has had some influence on their willingness to adopt new technologies, including 6% who stated a significant influence and 31% who reported a moderate influence (Figure 3-10).

3.50 As would be expected with a resource such as TIS, a very high proportion (84%) of respondents stated it has had an influence on how market intelligence is used. Within this figure, more than one in five stated that it has had a significant influence.

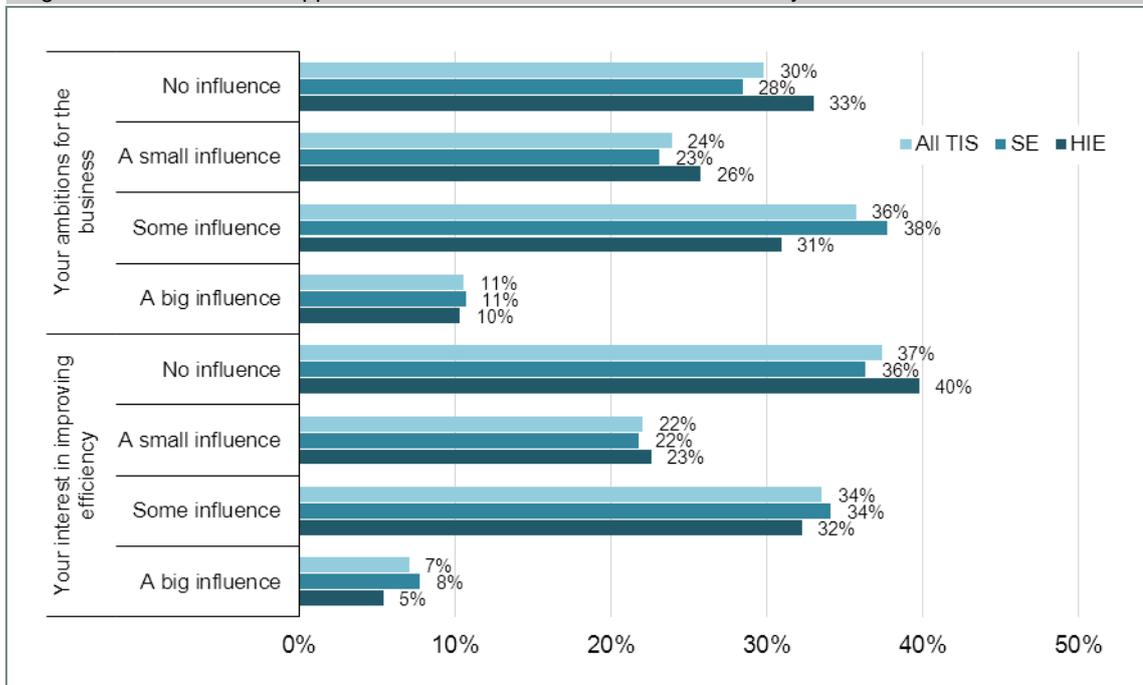
3.51 In addition, 63% of respondents stated that TIS has had some influence on efficiency and 71% stated it has had some influence on overall ambitions for the business (Figure 3-11). On the whole there was no statistically significant difference between the SE and HIE areas.

Figure 3-10: Extent TIS support made a difference to willingness to adopt new technologies and use of market intelligence



Source: TIS online survey – base: all (318), SE (224) & HIE (94)

Figure 3-11: Extent TIS support made a difference to interest in efficiency and business ambition

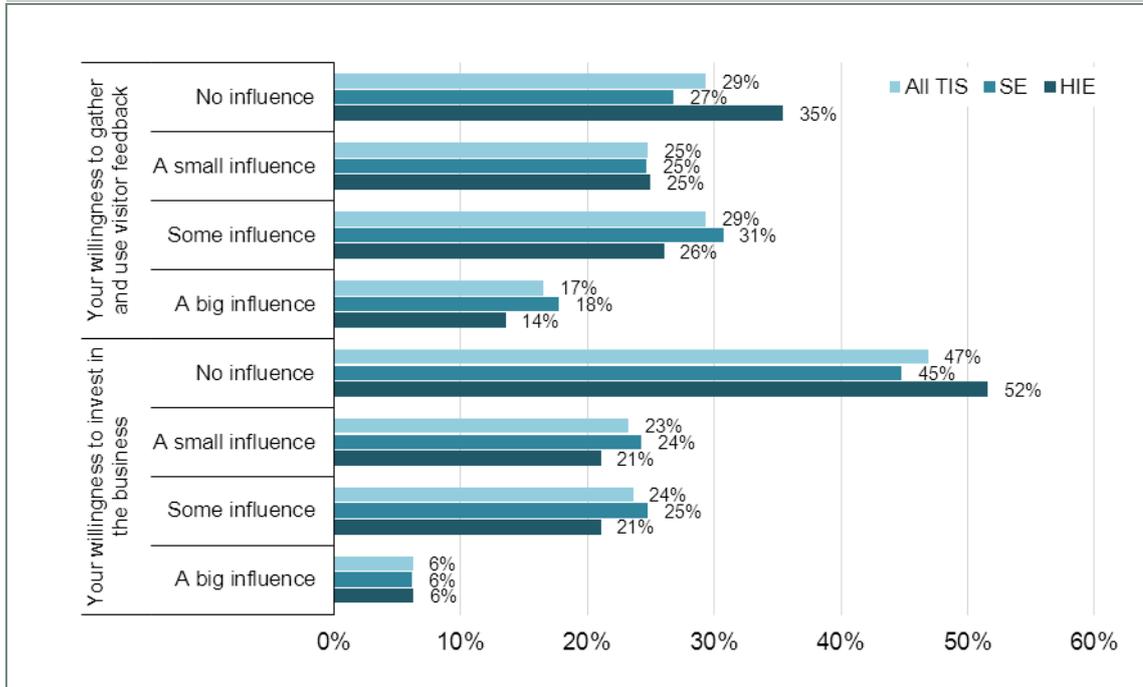


Source: TIS online survey – base: all (313), SE (220) & HIE (93)

3.52 Over half (53%) of TIS users stated that the support has had some influence on investment decisions and 71% reported some influence on how they gather customer feedback (Figure 3-

12). Again this influence would be expected with this type of resource (especially with reference to the Listening to Our Visitors publication).

Figure 3-12: Extent TIS support made a difference to willingness to invest and willingness to gather user feedback



Source: TIS online survey – base: all (305), SE (210) & HIE (95)

3.53 Table 3-8 indicates that just under a third of TIS users have been able to report a tangible output from TIS. The Table also shows that the greatest changes that have come about to date as a result of TIS involve increased business collaboration, use of social media and new methods for capturing customer feedback. About 70% of TIS users indicated that they had no new results because of TIS (23%) or did not answer the question (46%).

Table 3-8: As a result of TIS, have you, or do you intend to do any of the following.....

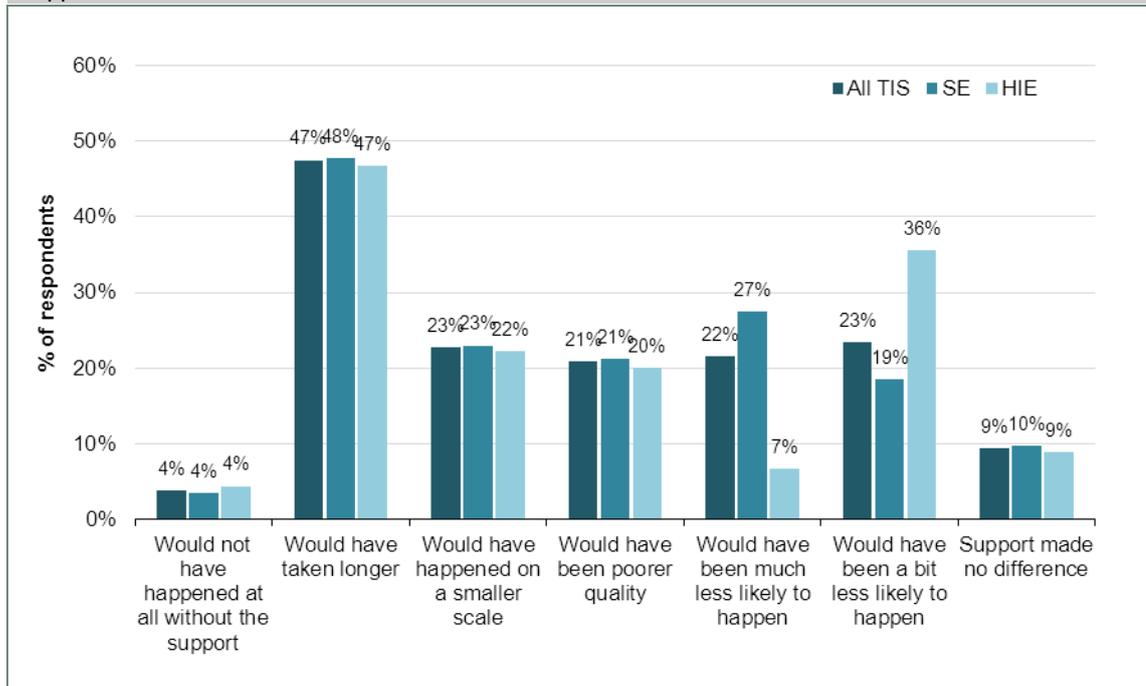
	Have done			Intend to do		
	All TIS	SE	HIE	All TIS	SE	HIE
A collaboration with other businesses	26%	29%	20%	22%	22%	24%
Use of social media	25%	25%	26%	17%	19%	14%
A new method to capture customer feedback	22%	24%	17%	25%	23%	31%
A process within your organisation for identifying, accessing and implementing new ideas	21%	21%	18%	20%	20%	19%
A new website	18%	17%	21%	16%	16%	17%
A new product or service	18%	19%	16%	22%	23%	19%
New environmental actions	15%	15%	14%	11%	11%	10%
An electronic booking system	12%	14%	9%	12%	12%	10%
Additional training	12%	14%	8%	16%	19%	8%

	Have done		Intend to do			
Measures to reduce costs	11%	11%	11%	13%	14%	12%
Other	3%	3%	5%	2%	2%	1%
None of the above	43%	43%	43%	42%	42%	43%

Source: TIS online survey – base: have done = all (307), SE (220) & HIE (87) and intend to do = all (292), SE (209) & HIE (83)

- 3.54 Of the respondents who implemented a new project or change, about 90% said that the TIS support has made some level of difference in terms of time, quality, scale, etc. (Figure 3-13). A small proportion (4%) stated the project or change would not have happened at all without the support. Approximately 10% stated the support made no difference (meaning that 90% stated that the support provided some form of additionality).
- 3.55 A greater number of HIE respondents stated their project or change would have been a bit less likely to happen without the support (36%) compared to the overall average (23%). Otherwise responses were quite similar by geography.

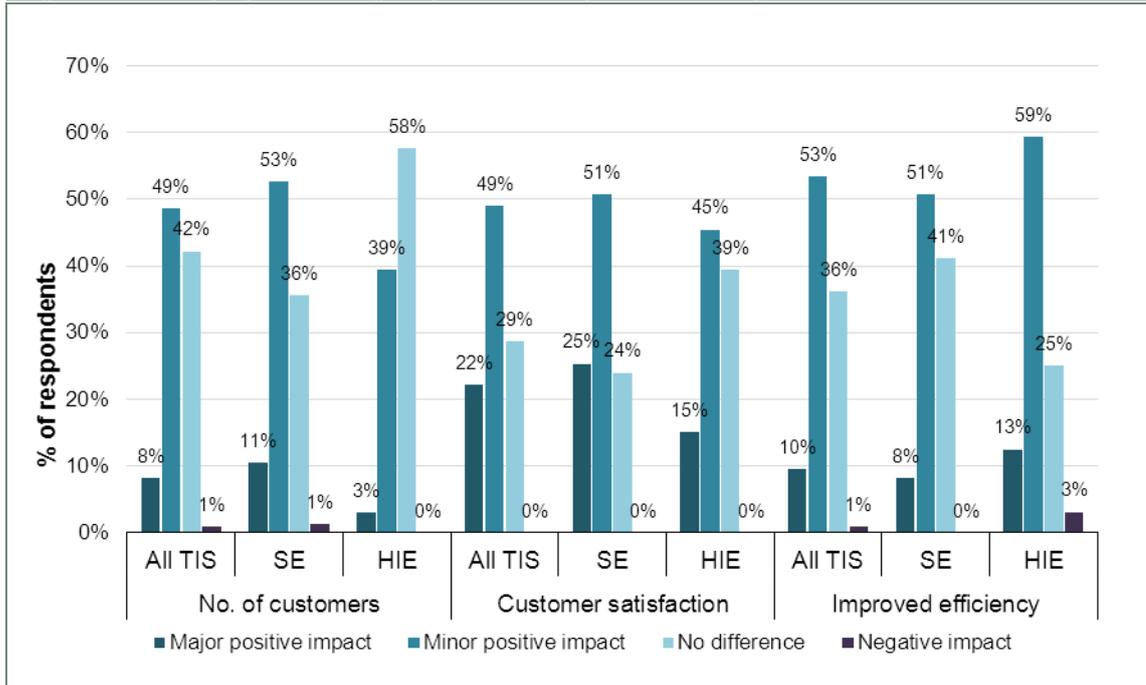
Figure 3-13: What would have happened to the new project or other change of you had not received the support?



Source: TIS online survey – base: all (158), SE (113) & HIE (45).

- 3.56 To date, the new project or change identified by respondents which has impacted on business performance is greatest in the area of customer satisfaction, with 71% of respondents stating a major or minor positive impact. Customer numbers was the area where the highest number of respondents stated that the new project or change had made no difference (42%) as shown in Figure 3-14.

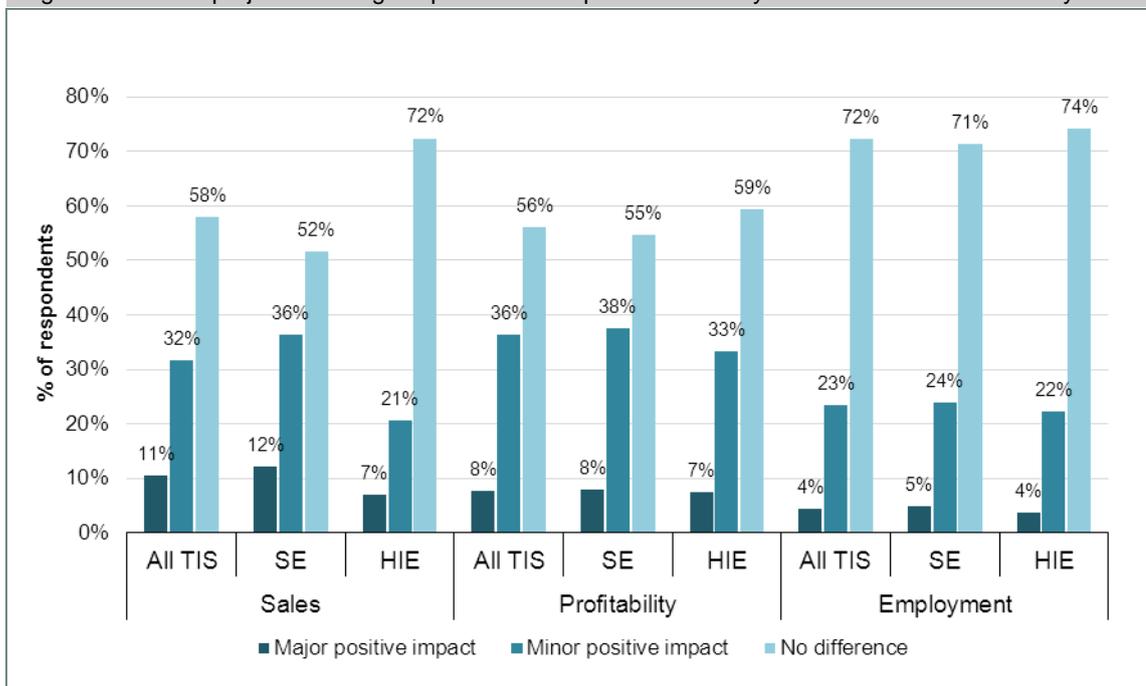
Figure 3-14: New project or change impacted on the performance of your business to date



Source: TIS online survey – base: all (109), SE (76) & HIE (33)

3.57 Over 40% of respondents stated that the new project or change had positively impacted on their sales and profitability (Figure 3-15). However, only 27% believed there had been a positive impact on employment.

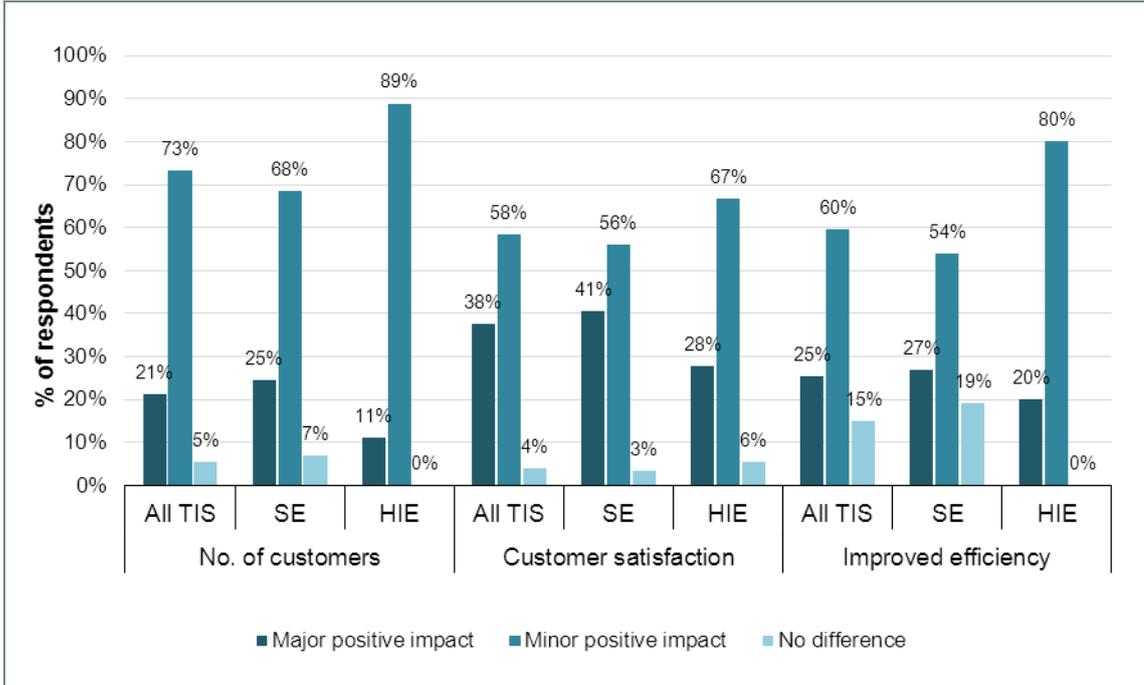
Figure 3-15: New project or change impacted on the performance of your business - last financial year



Source: TIS online survey – base: all (95), SE (66) & HIE (29)

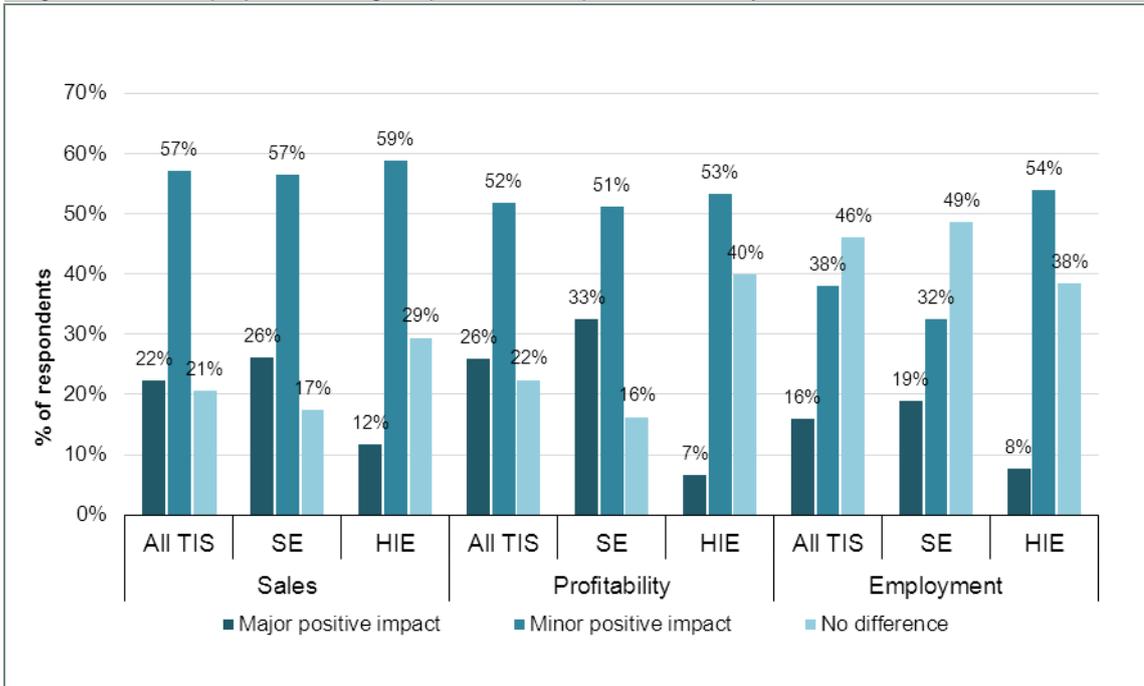
3.58 In terms of anticipated future impact the trends are very much the same as those exhibited in the impact to date (see Figure 3-16 and Figure 3-17).

Figure 3-16: New project or change impacted on the performance of your business - future



Source: TIS online survey – base: all (75), SE (57) & HIE (18).

Figure 3-17: New project or change impacted on the performance of your business – future



Source: TIS online survey – base: all (63), SE (46) & HIE (17).

Future delivery model

3.59 Many stakeholders stated the current model of sub-contracting to Tall Poppies seemed to be quite expensive. However at the time of approval it was the option assessed to be the most appropriate delivery model – the feedback now suggests that in the current economic climate it may be more appropriate to consider a shift in the model with a new approach to wider business engagement through public sector intermediaries. There was a suggestion that there

could be better coordination amongst project partners to maximise the existing resources and networks within these organisations to ensure each organisation plays its own part in promoting TIS to local groups and businesses and also other public sector bodies.

- 3.60 In the context of diminishing public sector finances, it is likely any future TIS model will need to be delivered with reduced levels of funding. Some consultees with detailed knowledge of the project suggested that the three project partners will need to consider how much of the project could be delivered ‘in-house’ and how much depends on external expertise. Significant costs are currently being incurred by posting out hard copies of the Opportunity for Growth Guides to all registered TIS users. In the future, it may have to be the case that Guides are available as downloads from the website and hard copies can be requested as and when required.

Economic impact

- 3.61 The economic impact model developed for this evaluation¹⁵ suggests that TIS impacts *to date* (i.e. to end 2010/11) have been approximately:

- £2.7 million in gross annual turnover amongst TIS users
- £0.8 million in net annual GVA for Scotland
- 33 net jobs for Scotland.

- 3.62 Extending the appraisal period to include expected future impacts, we estimate that the TIS impacts could rise to the following by 2014/15:

- £7.7 million in gross annual turnover amongst TIS users
- £2.2 million in net annual GVA for Scotland
- 93 net jobs for Scotland.

- 3.63 The estimated impacts of TIS on gross turnover, net GVA and net employment over time are given in the tables below, for Scotland, for the HIE area, and for the SE area.

Scotland

Table 3-9: Impacts of TIS for Scotland – gross annual turnover and net annual GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIS users in Scotland (£m)	0.8	2.7	6.1	6.8	7.9	7.7
Total net GVA impact of TIS for Scotland (£m)	0.2	0.8	1.7	1.9	2.2	2.2
Discounted net GVA impact	0.2	0.7	1.6	1.7	1.9	1.8
Cumulative Present Value of net GVA						

¹⁵ The model is provided separately as an Excel workbook. Key assumptions are summarised in section 7 of this report.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
impact for Scotland (£m)	0.2	1.0	2.6	4.3	6.2	8.0

Source: SQW economic impact model

Table 3-10: Gross and net employment impacts of TIS for Scotland

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIS user population (FTE)	12	44	96	108	125	122
Net employment impact of TIS in Scotland (FTE)	9	33	74	83	96	93

Source: SQW economic impact model

HIE area

Table 3-11: Impacts of TIS for HIE area – gross turnover and net GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIS users in HIE area (£m)	0.1	0.2	0.4	0.5	0.8	0.5
Total net GVA impact of TIS for HIE area (£m)	0.0	0.1	0.1	0.2	0.2	0.2
Discounted net GVA impact	0.0	0.0	0.1	0.1	0.2	0.1
Cumulative Present Value of net GVA impact for HIE area (£m)	0.0	0.1	0.2	0.3	0.5	0.6

Source: SQW economic impact model

Table 3-12: Gross and net employment impacts of TIS for HIE area

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIS user population (FTE)	0.8	2.9	6.4	8.7	12.0	8.7
Net employment impact of TIS in HIE area (FTE)	0.6	2.2	4.9	6.6	9.2	6.7

Source: SQW economic impact model

SE area

Table 3-13: Impacts of TIS for SE area – gross turnover and net GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIS users in SE area (£m)	0.7	2.6	5.7	6.3	7.1	7.1
Total net GVA impact of TIS for SE area (£m)	0.2	0.7	1.6	1.8	2.0	2.0
Discounted net GVA impact	0.2	0.7	1.5	1.6	1.7	1.7
Cumulative Present Value of net GVA impact for SE area (£m)	0.2	0.9	2.4	4.0	5.7	7.4

Source: SQW economic impact model

Table 3-14: Gross and net employment impacts of TIS for SE area

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIS user population (FTE)	11.2	40.7	89.9	99.8	113.4	113.2
Net employment impact of TIS in SE area (FTE)	8.6	31.1	68.6	76.1	86.5	86.3

Source: SQW economic impact model

Economic impact ratio

- 3.64 Discounting both the costs and the net GVA benefits at 3.5%, with 2009/10 as year 0, we estimate that the Economic Impact Ratio of the TIS intervention rises to 7.3 by 2014/15, as shown in the table below.

Table 3 -15: Economic Impact Ratio for TIS

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted net GVA impacts (£m)	0.21	0.75	1.59	1.73	1.94	1.82
Cumulative discounted net GVA impacts (£m)	0.21	0.96	2.55	4.29	6.22	8.04
Discounted costs (£m)	0.29	0.39	0.42	0.00	0.00	0.00
Cumulative discounted costs (£m)	0.29	0.67	1.10	1.10	1.10	1.10
Economic Impact Ratio (cumulative)	0.74	1.42	2.33	3.90	5.67	7.32

Source: SQW economic impact model

4: Innovation Toolkits

Key research findings

Since 2008/09, SE has invested £55,000 in the Innovation Toolkit workshops. This is significantly less than the projected budget of £180,000 and it would seem as though the budget was somewhat overestimated.

Although the number of workshops delivered has been marginally less than expected, the project is likely to over perform in terms of the number of businesses that have been supported (many of which have been visitor attractions and tour operators). The workshops have also supported a large number of public sector organisations involved in the sector.

Once again, we would suggest that the project objectives are quite generic. However, based on the feedback from stakeholders and workshop participants, it would seem as though the project is broadly addressing its objectives. For example, 63% of participants stated that they used the events to find other people and organisations to work with

Although the Toolkit workshops initially had a high profile when launched in 2003, stakeholder consultees felt as though there has been lower awareness in the sector over the last couple of years. Many of those who receive information about the workshops are likely to have already been involved.

For those that have taken part in the workshops, there remains very positive feedback. This is highlighted by event feedback forms and the survey of Toolkit participants. Nearly 90% of participants rated the quality of advice and material as either 'good' or 'excellent'.

Over 40% of participants agreed that they had identified some specific actions that they could take from the session and just under a third stated the workshops had helped them identify specific partners that they could work with in the future.

Our economic impact model suggests that Toolkit impacts to date (i.e. to end 2010/11) have been approximately: £0.5 million in gross annual turnover amongst Toolkit users; £0.2 million in net annual GVA for Scotland; and 7 net jobs for Scotland; with an Economic Impact Ratio of 3.8.

Extending the appraisal period to include expected future impacts, we estimate that the Toolkit impacts could be the following in 2014/15: £0.4 million in gross annual turnover amongst Toolkit users; £0.1 million in net annual GVA for Scotland; and 5 net jobs for Scotland; with an Economic Impact Ratio of 11.6.

Recommendations

1. Review and refresh the Toolkit, incorporating any new approaches from the market to encouraging innovation and collaboration
2. Ensure all relevant internal SE staff working with tourism businesses and

groups are fully aware of the support that is available through the Innovation Toolkit and the types of organisations/ businesses that it is aimed at

3. Maximise efforts in persuading participants complete post-event feedback questionnaire to inform future delivery
4. Incorporate a more formalised process of aftercare ensuring workshop participants take forward their agreed action plan and can benefit from other relevant SE products and services (including potentially TIF).

Rationale and objectives

- 4.1 The Tourism Innovation Toolkit is a tailored workshop designed to help develop new ideas and more creative thinking for businesses. The workshop aims to provide market insights and to inspire tourism businesses to generate innovative ideas and develop new ways of working to drive growth through innovation. The Toolkit objectives are to:
- enhance the creative environment of businesses
 - foster collaboration; and
 - provide an action plan for an innovation journey.
- 4.2 Once again, we would suggest that these are quite generic objectives. However, based on the feedback from stakeholders and workshop participants, it would seem as though the project is broadly addressing its objectives. For example, 63% of participants stated that they used the events to find other people and organisations to work with. Workshop participants have also been provided with an action plan to take forward what has been agreed at the workshop.
- 4.3 Workshops are delivered to either businesses or groups. The two approaches are as follows:
- a one-day workshop designed for groups of companies with a geographical or business activity in common
 - an experienced facilitator working with a business in a one-day interactive workshop tailored to generating innovative ideas to boost the potential of the company.
- 4.4 The workshop process also generates industry case studies to build confidence and capability in participating companies to encourage and stimulate new approaches and ideas. This process is also linked to the wider Tourism Innovation Programme as these ideas can then be supported under the Tourism Innovation Fund (TIF) and/or other SE products and services.
- 4.5 The project rationale is in response to the need to develop greater innovation in the Scottish economy (GES, 2007). The approval paper cites the Community Innovation Survey 4 results, which provide evidence that there is scope to improve current levels of innovative behaviour within the tourism sector. The two key market failures highlighted are:
- information and knowledge deficiencies - a lack of knowledge, sharing of market intelligence and awareness of the benefits of innovation in the sector

- externalities - Scotland is competing globally as a tourism destination with an ever-increasing number of competitors. To compete globally, we need to develop a critical mass of new products/services that play to Scotland's destination strengths.

4.6 In addition toolkit workshops make a significant contribution to one of the key objectives of the Tourism Industry Demand Statement: *“To generate business growth by helping companies actively engage in innovation activities and contributing to a stronger collaborative culture of innovation both within and between businesses”*.

Inputs and activities

Project expenditure

4.7 Table 4-1 sets out the budgeted expenditure in relation to the Innovation Toolkits which covers the costs of the managing agent, the venue costs and the costs in relation to the workshop facilitators. Originally it was anticipated that this project would cost around £60,000 each year (excluding VAT) as is shown below.

Table 4-1: Budgeted expenditure as per approval paper

	2009/10 (£)	2010/11 (£)	2011/12 (£) ¹⁶	Total (£)
Managing Agent	31,000	31,000	31,000	93,000
Facilitator training/feedback - Quality control	3,650	4,400	4,400	12,450
Venue costs and catering	5,500	5,500	5,500	16,500
Sub-total for project manager costs	40,150	40,900	40,900	121,950
Workshop facilitator costs	20,000	20,000	20,000	60,000
Total project costs	60,150	60,900	60,900	181,950

Source: Innovation Toolkit Paper and discussions with project manager

4.8 As show in Table 4-2 below the actual costs of running the Innovation Toolkits have been significantly less than originally anticipated. Up until September 2011, the total project spend is just over £55,000 with nine months of the approved funding to run. Even if by the end of the three years, the spend reaches £75,000, this is well below the original budget of £180,000. From discussions with the project manager it would seem that in the anticipated budget the project manager costs were significantly over-estimated. Another apparent reason for the underspend was the fact that some of the workshops costs have been covered by existing project budgets within the regional offices.

Table 4-2: Actual project spend (to September 2011)

	2009/10 (£)	2010/11 (£)	2011/12 (£)	Total (£)
Project manager costs	8,343	6,208	1,292	15,843
Workshop facilitator costs	17,345	18,961	3,083	39,389

¹⁶ Although the approval paper only provides costs for 2009/10 and 2010/11 we have assumed the third year would have the same budget as Year 2

	2009/10 (£)	2010/11 (£)	2011/12 (£)	Total (£)
Total project costs	25,688	25,169	4,375	55,232

Source: Discussions with project manager

- 4.9 It should be highlighted that the actual project costs do not include any internal (SE) costs. This approach was agreed with the client at the outset. However during stakeholder consultations it was highlighted that a reasonably significant resource is required firstly to manage the administration (estimated to be around 0.3 FTE split between the tourism and innovation team) and also in terms of the time spent by destination managers in preparing organisations and groups prior to attending a Toolkit workshop. It needs to be noted that factoring these internal costs in would have a significant impact on the economic impact ratio.

Delivery model and management

- 4.10 The Tourism Innovation Toolkit project is managed by staff based in SE's tourism and innovation teams. An external project manager is appointed to manage the Toolkit and SE's innovation team manage the external project manager. The project is promoted to Account Managers, Destination Managers and Key SE Tourism Product Managers as the aim is to target businesses and organisations working in these priority areas. The project is also promoted through the SE website.
- 4.11 The first stage is for an application form to be completed by either the Account Manager or Destination Manager which is then reviewed for strategic alignment. If the application from a group of businesses (or an individual business/attraction as has been the case) is approved, SE then selects one of its facilitators to run the workshop. SE set up a framework for external facilitators who are contracted as and when required. The toolkit itself was developed a number of years ago and was a fundamental element of the original Tourism Innovation Approach developed by SE in 2003.

Project monitoring

- 4.12 Table 4-3 shows output targets for the Toolkit project over its three year period. Although the number of workshops delivered has been marginally less than expected, the project is likely to over perform in terms of the number of businesses that have been supported. Up to September 2011, 329 businesses have been involved and 110 public sector organisations (there was no set target for the number of public sector participants).

Table 4-3: TI Toolkit targets

Outputs	Targets as per approval paper	Achieved to date (end Sept 2011)	SQW comment
Number of companies active in innovation (participating in workshops)	300	329	With 6 months still to run under the current approval, under this metric the project is currently overachieving
Workshops delivered over the course of the project	60	38	With 6 months still to run under the current approval, under this metric the project is slightly below target
New collaborative projects initiated as a	20	-	As part of on-going monitoring we understand that this data

Outputs	Targets as per approval paper	Achieved to date (end Sept 2011)	SQW comment
result of workshop participation			will be available shortly
Businesses actively using market intelligence	50	146 (Toolkit/TIS cross usage)	Project over-achieving
New products/processes/ services or business models implemented	15	-	As part of on-going monitoring we understand that this data will be available shortly
New innovation case studies	10	-	As part of on-going monitoring we understand that this data will be available shortly

Source: SQW review of TI Toolkit documents provided by SE

- 4.13 In Table 4-4 below, we set out a list of the Tourism Innovation Toolkit workshops delivered in each calendar year. This shows the mix of workshops based around a particular product (e.g. mountain-biking or food and drink) or destination (e.g. St Andrews) and in a few cases individual visitor attractions (e.g. Hopetoun House).
- 4.14 Based on the information provided on the workshop topics, it would appear that around two thirds of the workshops as listed below have had a direct link to SE's destination and key tourism products based approach (which is focused on mountain-biking, golf and sailing).

Table 4-4: Toolkits delivered to date by year

Toolkits	Date	Destination or key tourism product?
(10)	2009	
Food Perth	Jun-09	Y
MRG	Jun-09	Y
Newcastleton	Jul-09	
Leisure cycling	Sep-09	Y
Glasgow Contemporary Art Festival	Sep-09	Y
Deeside	Oct-09	Y
Angus outdoors	Nov-09	
Textiles	Nov-09	
Light Nights	Nov-09	Y
Crail	Dec-09	
(16)	2010	
Mystery visitor, Dumfries and Galloway	Jan-10	
7S Mystery Visitor	Feb-10	Y
Adventure tourism, Perth	Mar-10	Y
Edinburgh World Heritage	Mar-10	Y
Sea Bird Centre	Apr-10	
Piping Live	May-10	Y

Toolkits	Date	Destination or key tourism product?
Ancestral tourism	May-10	
Glasgow Film Theatre	May-10	Y
Antonine Wall	July 2010	
7 Stanes	Aug-10	Y
Stirling	Aug-10	
St Andrews Partnership	Sep-10	Y
Midlothian Food and Drink (MFD)	Sep-10	
Fife Tourism Partnership delegate list	Sep-10	Y
Edinburgh Cruise	Oct-10	Y
Glasgow City of Music	Dec-10	Y
(3)	2011	
Hopetoun House	Jan-11	
Loch Lomond	Feb-11	Y
Glasgow Restaurateurs Association	2011	Y

Source: SQW review of TI Toolkit documents provided by SE

- 4.15 We were provided with feedback documents from a selection of Toolkit workshops that were completed by event organisers and workshop attendees. This feedback was collected by the Toolkit management. Table 4-5 summarises the feedback information, which on the whole is largely positive.

Table 4-5: Toolkit workshop evaluations

Summary of feedback	
Facilitator evaluations 2009-10	This was a review of toolkit facilitators by event organisers. Overall the feedback was positive from the organisers on all aspects of the toolkit preparation and delivery. All the organisers believed that they could do with further support from SE to deliver the outputs/actions of the toolkit workshops.
Workshop evaluations 2009-10	<p>This was a review of the toolkit workshops by attendees. It should be noted the sample size is small as very few attendees completed the evaluation forms. Over all the attendees were 'largely satisfied' with the workshop events. There was some negative feedback relating to the venue environment and overuse of technical language.</p> <p>Some individuals were able to identify actions that they would take away from the workshop, which included:</p> <ul style="list-style-type: none"> • arranging future meetings to continue the dialogue started at the workshop • developing further the outline plan started at the workshop • more collaborative work with other businesses.

Source: SQW review of TI Toolkit documents provided by SE

Profile of Toolkit participants

- 4.16 Based on the original contacts database provided to us for the Tourism Innovation Toolkit, about three quarters (72%) of participants have been from the private sector (Table 4-6), with

visitor attractions¹⁷ accounting for a large proportion of participants at 18%. Once again, there is relatively high involvement from the public sector in the Toolkit workshops. This reflects the importance of SE, local authorities and other public agencies working alongside local tourism businesses in developing new products, services and approaches to tourism development.

Table 4-6: Breakdown of Toolkit participants

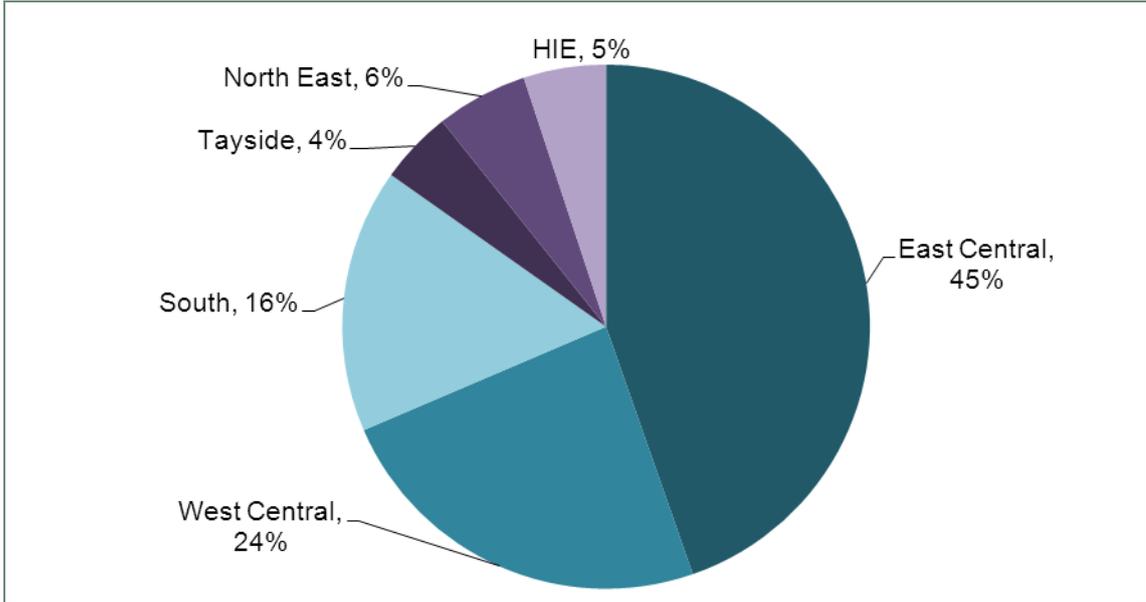
Type of organisation	Number of organisations	% of total
Visitor Attraction	63	18%
Event organiser	26	7%
Retail	23	6%
Restaurant/Pub/Café	18	5%
Tourism Group/Association	19	5%
Activity operator	14	4%
Consultancy	15	4%
Hotel	16	4%
Other	14	4%
Self-catering	16	4%
B&B/Guest House	12	3%
Business tourism	10	3%
Tour operator	11	3%
Private sector sub-total	257	72%
Public sector	78	22%
Charity	8	2%
Education	3	1%
Public and other sectors	89	25%
No details	10	3%
Total	356	100%

Source: SQW review of TI Toolkit documents provided by SE

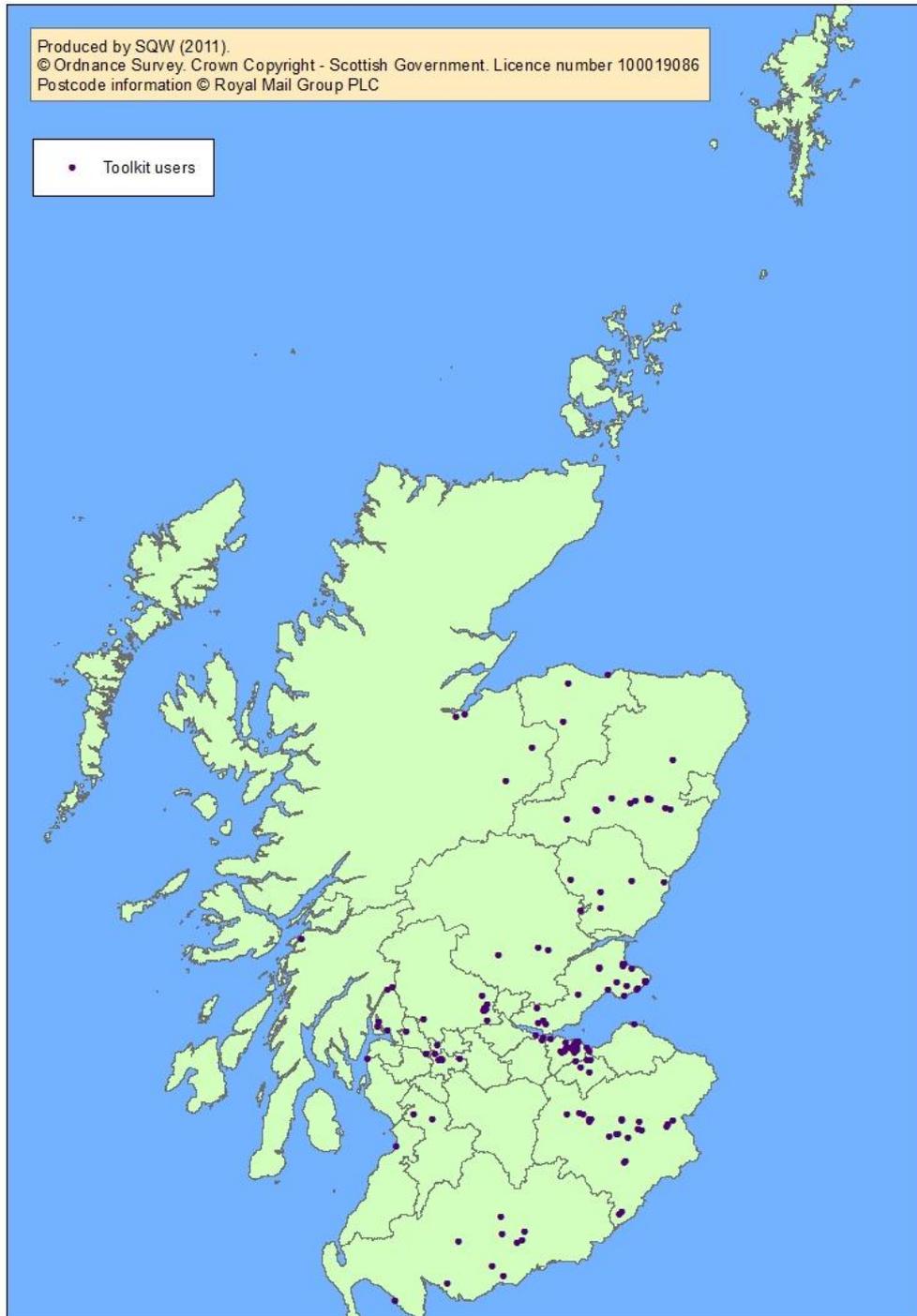
- 4.17 Just under half (45%) of participants are based in East Central Scotland and a further 24% are based in West Central Scotland (Figure 4-1).

¹⁷ It should be noted that some of these visitor attractions will in fact be owned by the public sector but we have not been able to identify this from the monitoring data available

Figure 4-1: Geographic breakdown of Toolkit participants



Source: SQW review of TI Toolkit documents provided by SE



4.18 Once again, it is possible to use post-code data for toolkit participants to see where they are based in relation to the Scottish Government's urban rural classification. Whilst 20% of all businesses are based in rural areas, according to Royal Mail's business premises (BP) data, 40% of Toolkit participants are based in rural areas (Table 4-7).

Table 4-7: Urban/ rural location of Toolkit participants compared to all business premises

	Toolkits (164)	BP data
Large Urban Areas Settlements	24%	37%
Other Urban Areas Settlements	21%	30%
Accessible Small Towns Settlements	10%	7%
Remote Small Towns Settlements	3%	7%
Accessible Rural Areas	26%	10%
Remote Rural Areas	16%	9%

Source: SQW analysis of beneficiary database and Scottish Government urban/rural classifications

Profile of Toolkit survey sample

- 4.19 For the survey of Toolkit users, we excluded any contacts where they had already been contacted in relation to TIS and/or TIF which left 345 contacts out of the total population of 439. A total of 112 interviews were completed which results in a confidence interval of +/- 8.0%
- 4.20 The Toolkit was accessed by a range of businesses and organisations, with 29% of Toolkit user respondents being part of a limited company and a further 23% being sole traders. Other organisations that accessed the Toolkit included partnerships, member organisations and an association.

Table 4-8: Profile of Toolkit respondents

Type of business/organisation	Number	% of responses
Individual (no business or organisation)	3	3%
Sole trader	26	23%
Part of a limited company	32	29%
University or college	-	-
Public sector	22	20%
Charity	14	13%
Other group (please specify)	12	11%

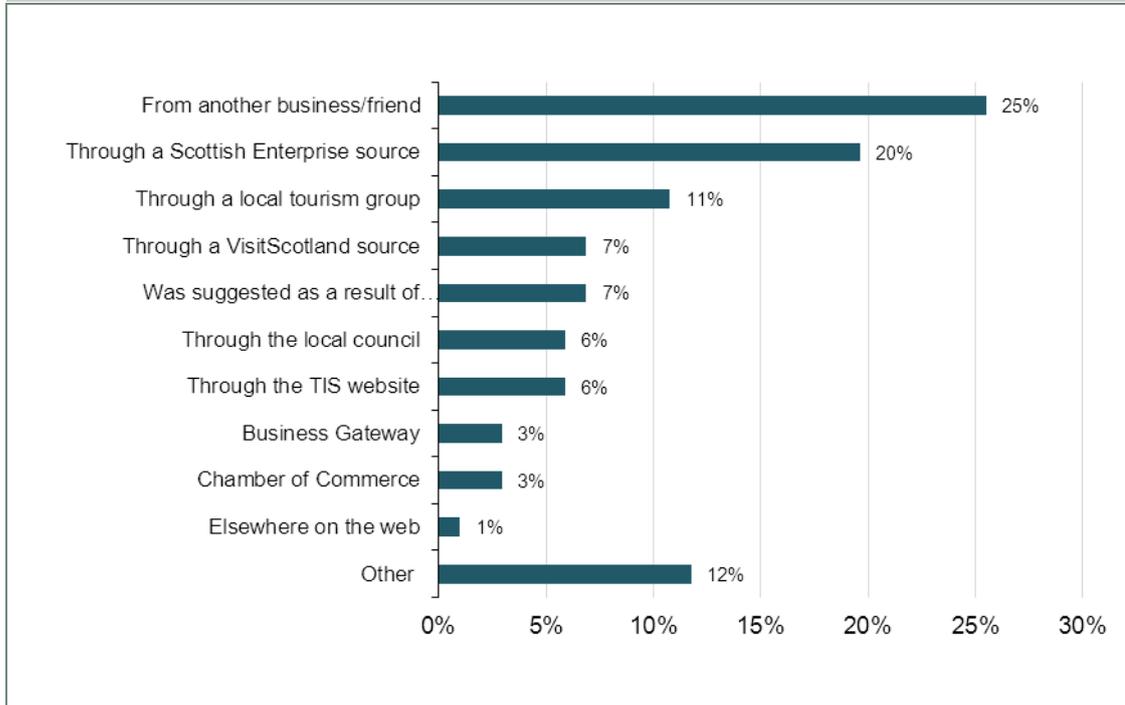
Source: Toolkit phone survey – base 112 companies

Promotion and awareness

- 4.21 Of the 112 Toolkit contacts, 102 (91%) recalled having participated in the Tourism Innovation Toolkit workshops. The remaining 296 contacts interviewed as part of the wider Tourism Innovation Programme survey had not been involved. The vast majority of these other Programme users simply had not heard of the workshops. A very small number (14 or 5%) had heard of the Toolkit workshops but stated they were either too busy to attend or did not think they were relevant for them.
- 4.22 Those that had participated in the Tourism Innovation Toolkit workshops had heard about them through a range of sources (Figure 4-2). Informal networks had played an important

role, with ‘from another business/friend’ being the most common way that respondents had heard about the workshops. In addition to Scottish Enterprise sources, a number had also heard about the Tourism Innovation Toolkit through third parties, such as local tourism groups, VisitScotland and their local council. This highlights the importance of partnering with other organisations to raise awareness of the available support.

Figure 4-2: How did you find out about the Tourism Innovation Toolkit?



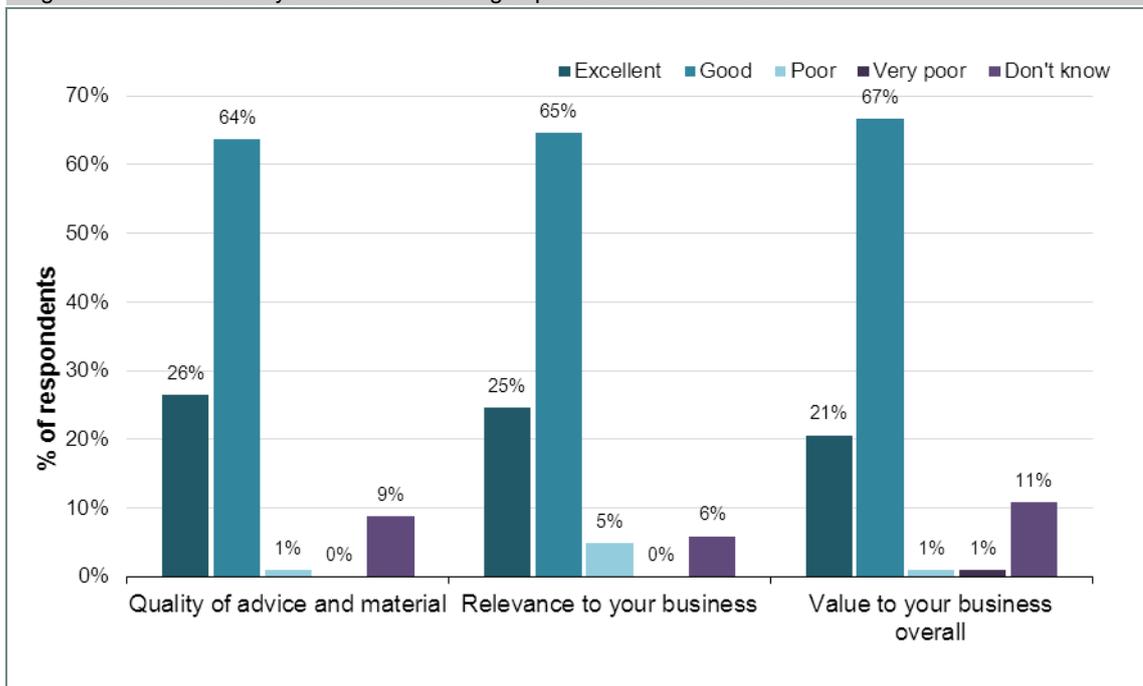
Source: Toolkit phone survey – base 102 companies

- 4.23 Our discussions with stakeholders highlighted the importance of the links between internal SE staff in the Destination and Key Product teams and individual businesses. A couple of consultees expressed surprise that there has not been more interest from both Glasgow and Aberdeen City and Shire (with applications from these areas being lower than other destinations – see Figure 4-1). It was also suggested that new approaches to promotion may be required in the future as many of the tourism businesses that SE deals with are now likely to have been involved in these workshops at some point since they were first introduced back in 2003.
- 4.24 For example, although the workshops are promoted in the biannual SE publication ‘Innovation in Action’ publication, it was acknowledged that this is probably sent out to those who have probably already participated in the workshops.
- 4.25 The fact that the support has been broadened out recently beyond the six SE destination areas was welcomed by one consultee but it was acknowledged that SE needs to manage expectations and demand by prioritising where there are likely to be most benefits. In linking this part of the Tourism Innovation Programme with the destinations/ key tourism products approach, it is important to recognise that most of the workshops should be taking place with either groups from the destination or organisations involved in developing key tourism products.

Quality of the support provided through the Toolkits

- 4.26 Overall, respondents were largely positive about the Toolkit session, with 90% rating the quality of advice and material as either ‘good’ or ‘excellent’ (Figure 4-3). Most also found that the sessions had been relevant to their business and were positive about its value to their business overall.
- 4.27 There was similar positive feedback from some of the stakeholders that had participated in the Toolkit workshops (albeit prior to the current three year funding period). Some consultees stated that even though the project is still proving to be a useful resource for businesses and organisations, there is potential to refresh the toolkit and look to incorporate new approaches from other sectors to help to encourage innovation and collaboration.

Figure 4-3: How would you rate the following aspects of the Toolkit session?



Source: Toolkit phone survey – base 102 companies

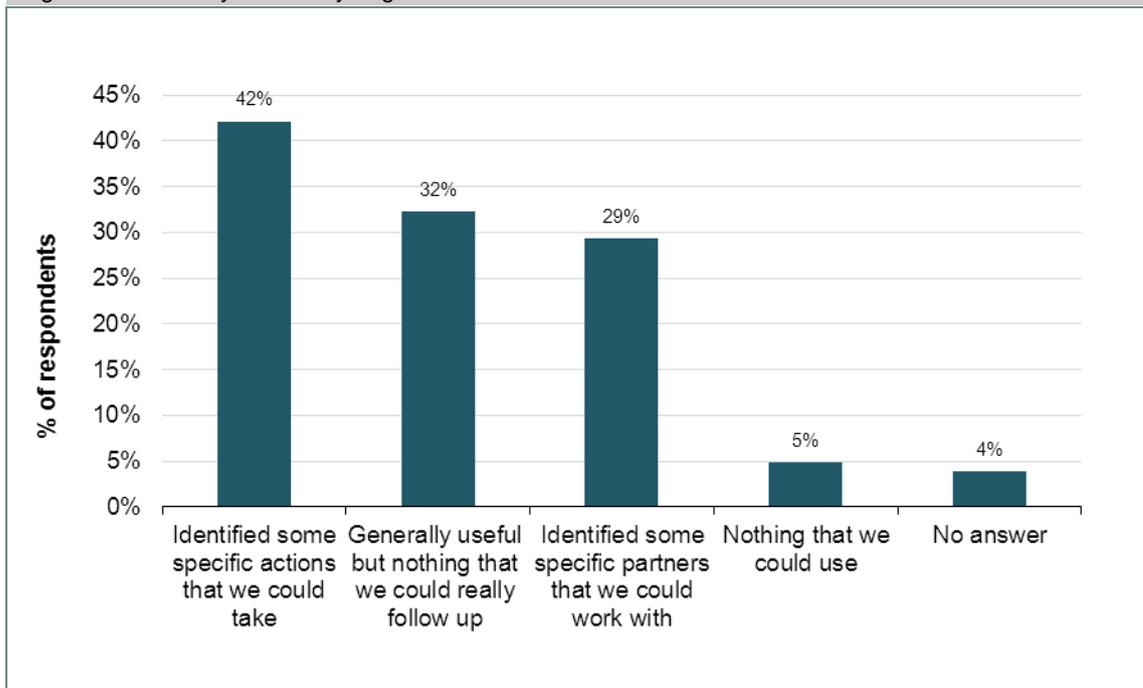
- 4.28 When asked to comment on two things that worked well in the sessions, the most common responses related to the general organisation and facilitation of the sessions and the opportunity for networking. The sessions were seen to have been effective at bringing a good mix of people together and seven respondents commented that the sessions had been well attended.
- 4.29 In contrast, two respondents felt that the sessions had been poorly attended and two felt that the speakers were not relevant to their business. A lack of follow-up was also highlighted by three of the respondents.
- 4.30 This issue of the need for more follow-up was also highlighted in the stakeholder consultations. It was stated that under the current model, there is simply an expectation that workshop participants will implement some of the ideas that have been discussed and then included in the action plan. In order to help participants progress an idea and potentially apply to TIF to develop a new project, it was suggested that there needs to be some on-going

dialogue with workshop attendees. This links in with earlier recommendations that a clearer customer journey is established for the wider Tourism Innovation Programme.

Outputs and outcomes

- 4.31 Forty two per cent of respondents agreed that they had identified some specific actions that they could take from the session, with a further 33% finding it generally useful but not leaving with anything that they could really follow-up (Figure 4-4). Just under a third stated the workshops had helped them identify specific partners that they could work with in the future.

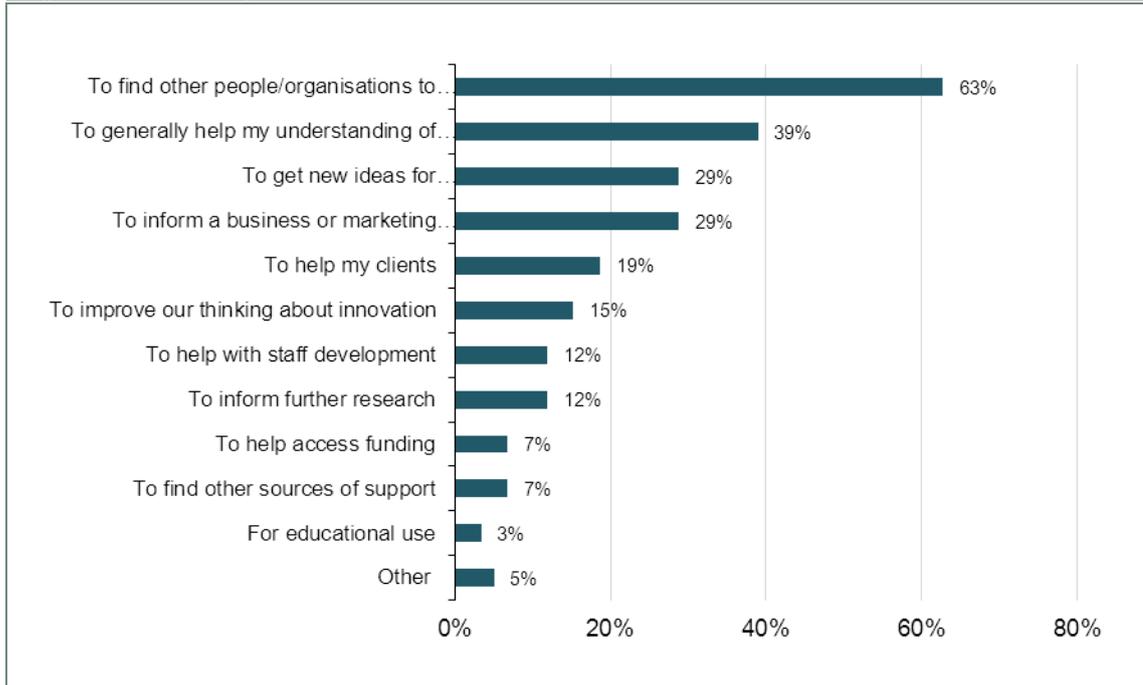
Figure 4-4: Broadly what did you get from the session?



Source: Toolkit phone survey – base 102 companies

- 4.32 Out of the 102 businesses/ organisations that have attended a toolkit session, 59 stated that they have taken the information and used it in some way. The most common way that people had used the information was to find other people or organisations to work with (63%) or to generally help their understanding of markets and the industry (39%). This is shown in Figure 4-5 below.

Figure 4-5: How did you use this?



Source: Toolkit phone survey – base 59 companies

Economic impact

4.33 Our economic impact model suggests that Toolkit impacts *to date* (i.e. to end 2010/11) have been approximately:

- £0.5 million in gross annual turnover amongst Toolkit users
- £0.2 million in net annual GVA for Scotland
- 7 net jobs for Scotland.

4.34 Extending the appraisal period to include expected future impacts, we estimate that the Toolkit impacts could be the following in 2014/15:

- £0.4 million in gross annual turnover amongst Toolkit users
- £0.1 million in net annual GVA for Scotland
- 5 net jobs for Scotland.

4.35 The estimated impacts of Toolkit on gross turnover, net GVA and net employment over time are given in the tables below.

Table 4-9: Impacts of Toolkit for Scotland – gross annual turnover and net annual GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for Toolkit users in Scotland (£m)	0.2	0.5	0.9	0.4	0.4	0.4
Total net GVA impact of Toolkit for Scotland (£m)	0.0	0.2	0.2	0.1	0.1	0.1

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted net GVA impact (£m)	0.0	0.1	0.2	0.1	0.1	0.1
Cumulative Present Value of net GVA impact for Scotland (£m)	0.0	0.2	0.4	0.5	0.6	0.7

Source: SQW economic impact model

Table 4-10: Gross and net employment impacts of Toolkit for Scotland

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for Toolkit user population (FTE)	2.6	8.5	13.6	6.4	6.4	6.5
Net employment impact of Toolkit in Scotland (FTE)	2.0	6.5	10.3	4.9	4.9	5.0

Source: SQW economic impact model

- 4.36 Discounting both the costs and the net GVA benefits at 3.5%, with 2009/10 as year 0, we estimate that the Economic Impact Ratio of the Toolkit intervention rises to 11.6 by 2014/15, as shown in the table below – but note the cautions in section 7 re interpretation of this ratio, relative to other parts of the programme.

Table 4-11: Economic Impact Ratio for Toolkit

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted net GVA impacts (£m)	0.05	0.15	0.22	0.10	0.10	0.10
Cumulative discounted net GVA impacts (£m)	0.05	0.19	0.42	0.52	0.62	0.71
Discounted costs (£m)	0.03	0.02	0.01	0.00	0.00	0.00
Cumulative discounted costs (£m)	0.03	0.05	0.06	0.06	0.06	0.06
Economic Impact Ratio (cumulative)	1.76	3.82	6.77	8.43	10.04	11.63

Source: SQW economic impact model

5: Tourism Innovation Fund

Key research findings

Since 2008/09, SE has invested £126,000 in core costs and £116,000 from its Innovation Support Grant on the TIF project. The spend on core costs is lower than anticipated mainly due to lower numbers of TIF applications.

Over the three year period, the project expected to receive 225 applications. After round 7, it had received 82 bids (with two rounds left). The main reason for lower than expected application numbers (to date) was suggested to be the level of project promotion.

It is difficult to measure progress against agreed targets as many of the supported projects remain in progress and have yet to generate outputs.

Similarly measuring the progress against objectives is challenging. In some areas such as raising awareness of innovation and producing case studies the project has delivered, perhaps just not quite on the scale of what was envisaged. In terms of supporting growth companies in the sector, this is more difficult to measure.

Up to round 7 there have been 20 winners and these have typically been visitor attractions or tour operators, and use ICT has been a common theme for winning projects. Most of the winners have come from East Central Scotland. The average size of Innovation Support Grant awarded has been just over £14,000.

The most common way for participants to find out about the Fund has been through word of mouth or at events. It was acknowledged by stakeholders that there has been limited promotion of TIF, which is likely in part to have resulted in lower number of applications.

Although the guidance on eligibility has been clear, the quality of submissions has been very mixed. Consultees were in favour of the relatively strict criteria but it was suggested that more should be done to attract interest from larger tourism companies who would be more likely to generate greater economic impact (not including Account Managed companies who can already access innovation grants through their Account Manager)¹⁸.

As perhaps would be expected (since they have been awarded funding), TIF 'winners' have been very positive about the value of the support and funding provided. However, in addition, nearly half of unsuccessful applicants also described the support as good, reflecting the range of support provided to winners and non-winners. The introduction of consultancy support was particularly welcomed by stakeholders.

Consultees expressed some concerns about the level of grant up-take. It was

¹⁸ In this case there would need to be more scrutiny placed on the displacement issue when awarding funding to larger tourism companies

suggested that in some cases this was due to businesses changing their plans due to the economic conditions.

Our economic impact model suggests that TIF impacts to date (i.e. to end 2010/11) have been approximately: £1.6 million in gross annual turnover amongst TIF users; £0.4 million in net annual GVA for Scotland; 19 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 3.1.

Extending the appraisal period to include expected future impacts, we estimate that the TIF impacts could be the following in 2014/15: £1.4 million in gross annual turnover amongst TIF users; £0.4 million in net annual GVA for Scotland; and 17 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 6.9.

Recommendations

1. Improve promotion and awareness, in particular to other public sector organisations. This would include using TIS more effectively to promote TIF and the eligibility criteria.
2. Review concept of innovation for tourism businesses to assess appropriate criteria for TIF awards i.e. whether the innovation applies to the company or the sector as a whole
3. Review levels of funding that can be awarded through the Fund and potentially provided higher levels of funding to larger tourism companies
4. Review whether introducing thematic rounds would help to encourage greater numbers of applications and better quality bids
5. Provide greater support to award winners to ensure that projects can be taken forward and grant funding can actually be drawn down
6. Ensure adequate project monitoring to keep track of how companies are progressing with their project and the impact that it is having on their performance

Rationale and objectives

5.1 The Tourism Innovation Fund (TIF) provides matched funding of up to £30,000 and professional one-to-one advice to help develop and commercialise innovative tourism ideas. The objective is for winning projects to become exemplars for Scottish tourism innovation and where possible be developed into case studies to help stimulate further innovation throughout the industry. The target audience for TIF is SMEs. The TIF project objectives are:

- to increase the level of business innovation in Scottish tourism
- develop a 'culture of innovation' within Scottish tourism
- raise awareness of the economic benefits of innovation within Scottish tourism, especially in light of the economic downturn

- identify new tourism Growth Prospects for Scottish Enterprise
- generate new business collaborations within the tourism industry
- produce a collection of new tourism innovation case studies for subsequent promotional use and dissemination of best practice.

5.2 Many of these objectives are very strategic and are similar to the main aim of the whole Tourism Innovation Programme. As a result some are easier to measure than others. In terms of raising awareness of innovation and producing case studies for dissemination, this has been achieved through the TIF winners being promoted through SE publications such as ‘Tourism Innovation in Action’. Based on the evaluation evidence, it is not possible to state whether the project has identified growth prospects for SE as many of the supported projects are still on-going.

5.3 The TIF was developed in response to the Government Economic Strategy (2007) which highlighted the need for innovation across Scotland’s key sectors to drive growth. In particular, innovation surveys¹⁹ had identified opportunities for improvement in the tourism sector. The TIF approval paper cited that market failures (information deficits and externalities) exist in this area because there is a need to stimulate innovation within the sector and a lack of good product development examples to help inspire a change in culture

Inputs and activities

Project expenditure

5.4 Over the project period total costs were envisaged at approximately £240,000 (including VAT). Although this covered consultancy and support costs to be provided to winners and unsuccessful applicants, this budget did not include the grants provided to TIF winners. Although this grant funding was ring-fenced with the previous TIDA project, under TIF, it was decided that the grant funding would come out of the Innovation Support Grant. Consequently, there was no specific budget allocated for TIF grants.

Table 5-1: Budgeted spend as per approval paper

£000s	2008/09 (£)	2009/10 (£)	2010/11 (£)	2011/12 (£)	TOTAL (£)
Delivery Costs	7,500	42,500	37,500	47,500	135,000
Specialist Support Costs (for winning projects)	0	23,000	23,000	23,000	69,000
Sub-total	7,500	65,500	60,500	70,500	204,000
VAT	1,300	11,500	10,600	12,300	35,700
TOTAL	8,800	77,000	71,100	82,800	239,700

Source: SQW review of TIF documents provided by SE

¹⁹ For example, the Community Innovation Survey as mentioned at the start of the report

- 5.5 Up until September 2011, the spend against core project costs has been just over £126,000. Although there are a few months still to run, there will be a significant underspend on the project (although we understand the timescale may be extended to use up this funding).

Table 5-2: Actual TIF project spend

	Spend up to end Sept 2011 (£)
Core project costs	126,403
TIF grant expenditure	116,401
Total	242,804

Source: TIF project manager

Delivery model and management

- 5.6 The Tourism Innovation Fund is the successor to the Tourism Innovation Development Awards (TIDA). Like TIDA, the Fund is distributed on a competition basis where companies apply for grant funding of up to £30,000. Unlike the ring-fenced TIDA, the TIF grants are awarded from the non-sector specific Innovation Support Grant. In theory, this means that TIF could support as many companies as it wants. However, in practice the TIF team estimate how much funding they are looking to provide to successful applicants. In addition to the expenditure relating to TIF winners, there is a fixed non-grant budget for other elements of the programme including administration (including paying for a managing agent) and the support that is made available to unsuccessful applicants.

- 5.7 The criteria for applications is clearly stated on SE's website:

- Successful projects will demonstrate industry-level tourism innovation combined with a real potential to achieve significant business growth as a result (for example, generating higher tourism spend; increasing overnight visitor numbers; getting visitors to stay longer; or extending the season out with peak months).
- The intention is for winning projects to become exemplars for Scottish tourism innovation and where possible be developed into case studies to help stimulate further innovation throughout the industry.
- The innovative idea could be based on a product, service or business process. Financial support from TIF can contribute to costs incurred in the development of an idea, for example, market research, producing samples, feasibility studies or preparing for market launch.
- TIF does not support pure marketing projects that are intended only to promote existing products and/or experiences (VisitScotland's Business Growth Fund supports collaborative marketing project ideas). TIF also does not support capital expenditure project costs.

- 5.8 Although the TIF grants come out of the Innovation Support Grant (ISG) there are some differences in terms of the types of businesses that will be supported. Normally ISG is only provided to account managed companies and those with high growth potential. There is some flexibility with TIF because of the different types of businesses in the tourism sector.

However, on the flip side, the criteria are tighter in terms of the required level of innovation. The innovation should be new to the industry in Scotland, not just to the firm as would be the case normally for ISG and the potential impacts could also come through the contribution to the growth of other firms (as visitor attracted will also spend money with other companies and sectors). The aim is that they will be seen as genuinely new ideas and inspire others.

- 5.9 The application process has involved a series of rounds (or ‘calls’) over the last two and a half years. The initial stage is to receive the enquiries which are appraised for basic eligibility (i.e. that they are tourism businesses and based in the SE area). A selection of these enquiries are then invited to submit full applications and then a small number (typically around five) are asked to present to a judging panel. Even if a project is unsuccessful at the application stage there is a range of support made available. For successful applicants, grants of up to £30,000 are available as well as consultancy support (up to five days which can cover marketing, technology, project management, collaboration etc.).
- 5.10 In delivering TIF, SE is supported by a managing agent to help with appraising applications and organising judging panels.

Project monitoring

- 5.11 The time period for TIF is over three years beginning in January 2009. It will feature nine competitive rounds, with seven completed by June 2011. It was anticipated that up to five winning projects would be awarded per competition round delivering nearly 45 new or improved products, services or business processes and also approximately half would be collaborative in nature. Table 5-3 shows the profile of TIF applications from Rounds 1-7. The number of winning projects has not met original expectations of five per round: on average there have been three winning projects per round. So far there have been 82 full applications and 20 winners, resulting in a success rate of 25%. The average size of grant awarded has been just over £14,000.
- 5.12 There is some uncertainty regarding the lower than expected applications to TIF. The main reason put forward by stakeholders involved in the project has been around the level of promotion. There is a balance between keeping the promotion relatively low key in order to manage expectation and ensuring sufficient relevant businesses know that the support is available.

Table 5-3: TIF applications from January 2009 - June 2011

Round	Expressions of Interest	Full Apps Received	Invited to present	No. of winners	No. supported	Referred for Surgery	Referred for Toolkit
1	45	13	6	4	-	3	1
2	39	12	5	4	-	10*	1
3	30	12	4	3	-	4	5
4	31	15	5	3	1	3	2
5	18	5	1	1	-	3	0
6	29	14	4	3	1	1	0

Round	Expressions of Interest	Full Apps Received	Invited to present	No. of winners	No. supported	Referred for Surgery	Referred for Toolkit
7	12	11	3	2	2	0	1
Total	204	82	28	20	4	24	10

Source: SQW review of TIF documents provided by SE * all those invited to present were offered a surgery in advance

- 5.13 We understand that an eighth round recently took place, with over 20 applications which has translated into a further three TIF winners. Table 5-4 sets out the TIF project targets as stated in the project approval paper, together with information on the extent to which these have been achieved to June 2011.

Table 5-4: TIF quantifiable targets

Project targets as per approval paper	Target	Achieved to end Sept 2011	SQW comment
Average applications per round	25 (225 in total)	12(82 in total)	Although not within the evaluation period we understand that the latest round of TIF (Round 8) attracted 20 applications. Overall though the numbers have been lower than anticipated
New products/services launched or new business process/model implemented	36	7	We understand that there are a further 20 in the pipeline but it is currently too early to report
New collaborative projects initiated	25	-	Not currently being tracked
New tourism innovation case studies created	20	18	On the basis of those TIF winners showcased in the Tourism in Action publication, this is broadly on target
Businesses showing demonstrable improvements	10	-	We understand that this is an old measure that was phased out very early on in TIF and consequently has not been tracked.
Businesses actively using market intelligence	40	188 (cross usage of TIF and TIS)	This has been measure by looking at the number of TIF applicants that are also registered for TIS. This is significantly higher than the original target.

Source: SQW review of TIF documents provided by SE

- 5.14 Although not in Approval Paper, a significant output for TIF is the number of businesses supported to innovate (this is businesses that have had innovation support equivalent to 0.5 days). This is an activity measure, but captures the meaningful support that all the ‘non-winners’ have also benefited from. Based on discussions with the TIF project manager, we understand there are 40 businesses that have been supported to innovate.

Profile of TIF participants overall

- 5.15 TIF participants come from a wide range of organisation types, as illustrated in the table below. Tour operators and visitor attractions are the organisation types with the highest proportion of participants (together accounting for 33% of TIF participants), and these groups have also gone on to have the highest proportion of winners, by some margin: accounting for 61% of TIF winners.

Table 5-5: Profile of TIF participants, by type of organisation

Type of organisation	All TIF companies		TIF winners		non TIF winners	
Tour operator	39	17%	9	39%	30	15%
Visitor attraction	36	16%	5	22%	31	15%
Other	33	15%	1	4%	32	16%
Consultancy	15	7%	1	4%	14	7%
Activity operator	14	6%	2	9%	12	6%
B&B/Guest House	14	6%	0	0%	14	7%
Business tourism	11	5%	1	4%	10	5%
Event organiser	11	5%	2	9%	9	4%
Hotel	11	5%	0	0%	11	5%
Self-catering	11	5%	2	9%	9	4%
Tourism Group/Association	10	4%	0	0%	10	5%
Charity	7	3%	0	0%	7	3%
Retail	5	2%	0	0%	5	2%
Restaurant/Pub/Café	4	2%	0	0%	4	2%
Education	2	1%	0	0%	2	1%
Public sector	1	0%	0	0%	1	0%
Student/researcher	1	0%	0	0%	1	0%
Total	225	100%	23²⁰	100%	202	100%

Source: SQW review of TIF documents provided by SE

- 5.16 The majority of TIF participants come from East Central and West Central Scotland, as shown in Table 5-6 (together accounting for 72% of participants). Organisations from East Central Scotland have claimed the lion's share of TIF grants to date: accounting for 65% of TIF winners, which is considerably higher than the region's overall share of TIF participants (42%).

Table 5-6: Profile of TIF participants, by geographic area

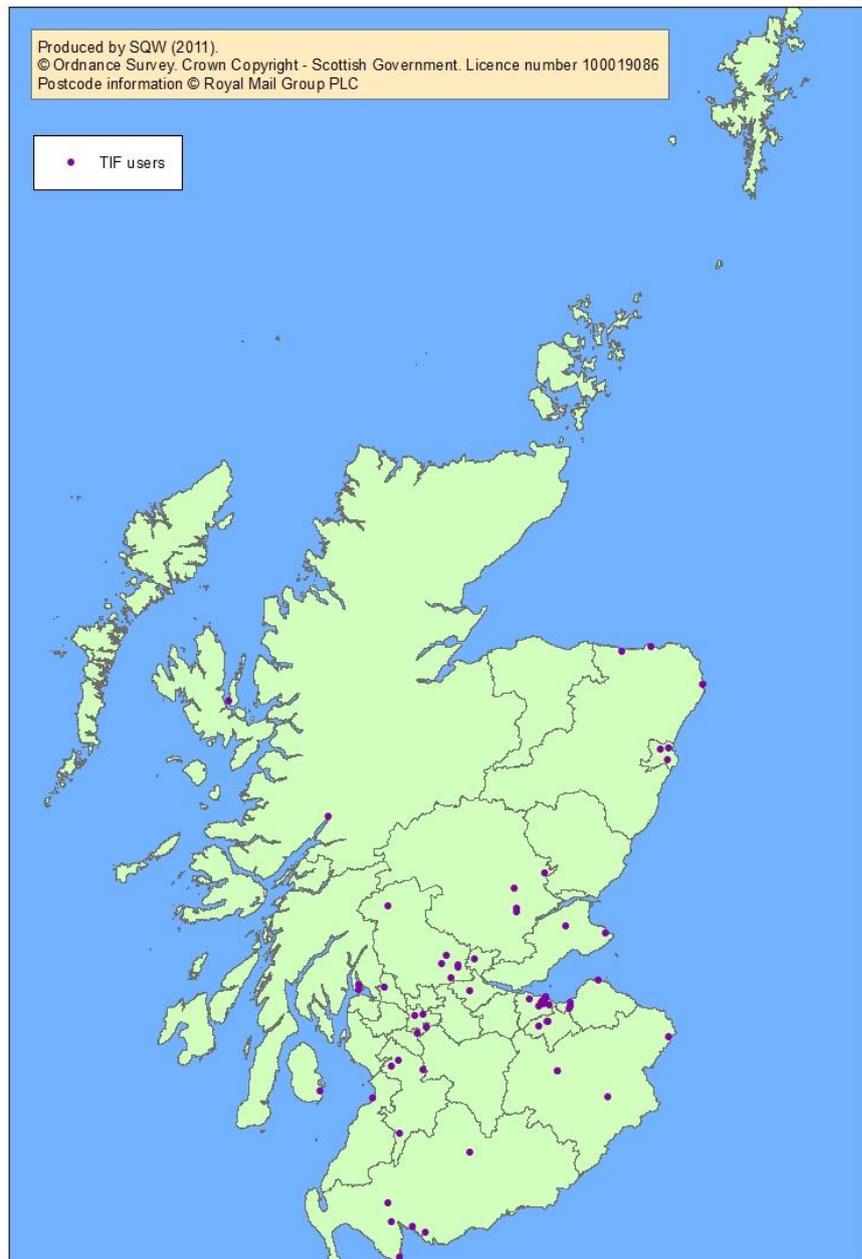
	All		Winners		Non Winners	
East Central	95	42%	15	65%	80	40%
West Central	68	30%	4	17%	64	32%
South	26	12%	1	4%	25	12%
Tayside	15	7%	2	9%	13	6%
North East	13	6%	1	4%	12	6%
HIE	7	3%	0	0%	7	3%

²⁰ This figure includes multiple contact names for the same organisation. The total number of TIF winners is 20.

	All		Winners		Non Winners	
Not Scotland	1	0%	0	0%	1	0%
Total	225	100%	23	100%	202	100%

Source: SQW review of TIF documents provided by SE

5.17 The map below highlights the location of TIF applicants and reinforces that fact that a high proportion of TIF applications have come from the Edinburgh area.



5.18 Similar to the other elements of the Programme, around 40% of TIF applicants are based in rural areas, as defined by the Scottish Government urban rural classifications (Table 5-7). This is higher than the proportion of all businesses located in rural areas, which is 20%.

Table 5-7: Urban/ rural location of TIF applicants compared to all business premises

	TIF (70)	BP data
Large Urban Areas Settlements	36%	37%
Other Urban Areas Settlements	17%	30%
Accessible Small Towns Settlements	3%	7%
Remote Small Towns Settlements	4%	7%
Accessible Rural Areas	23%	10%
Remote Rural Areas	17%	9%

Source: SQW analysis of beneficiary database and Scottish Government urban/rural classifications

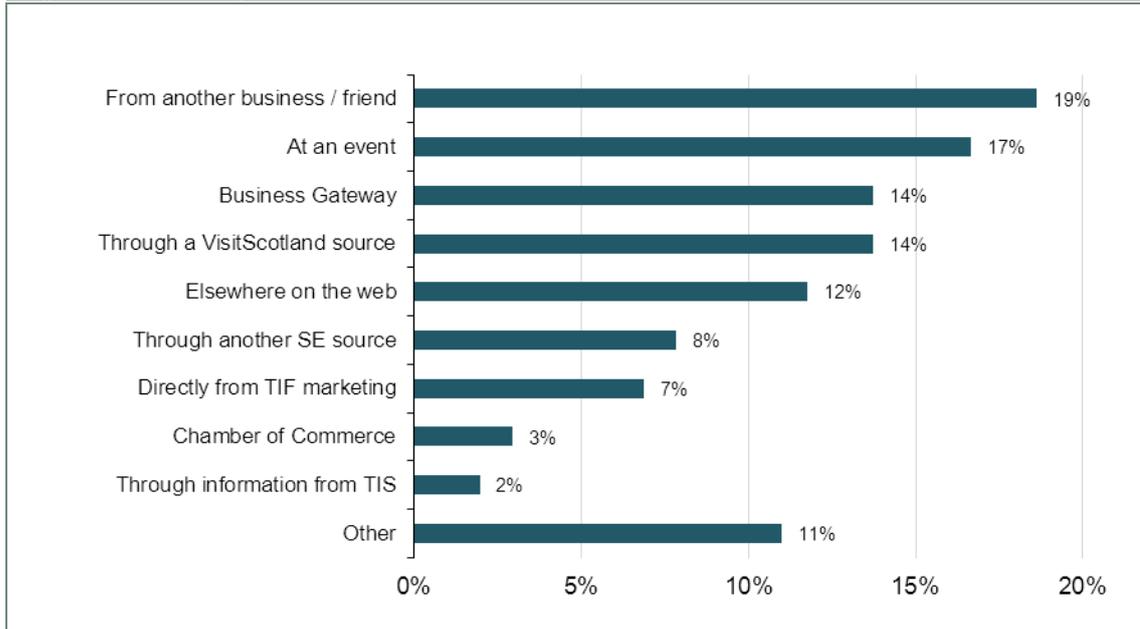
Profile of TIF sample

- 5.19 Based on the database of TIF users, 220 unique cases were identified and 102 interviews were completed. Within the sampling attempts were made to interview as many of the 20 winners as possible – in the end we received feedback from 15 of the TIF winners. A sample of 102 out of a total population of 225 contacts results in a confidence interval of +/-7.2%. All 102 respondents were tourism businesses or operators.

Promotion and awareness

- 5.20 The awareness of TIF was relatively low amongst our phone survey sample of companies: out of the 305 survey respondents with no involvement in TIF so far, 189 (62%) have not heard of it, 47 (15%) did not answer (which we can assume it because they have not heard of it either). Of the remaining 61 contacts, 47% stated they or their project was not eligible, 36% said they did not need to apply, 13% are considering it in the future, 2% are too busy and 2% said it was too bureaucratic.
- 5.21 A total of 93 survey respondents had had some engagement with TIF. As illustrated in Figure 5-1, these had come to TIF via various routes, with word of mouth (from other businesses or friends) being the most frequently cited (18%).

Figure 5-1: How did you find out about the Tourism Innovation Fund ?



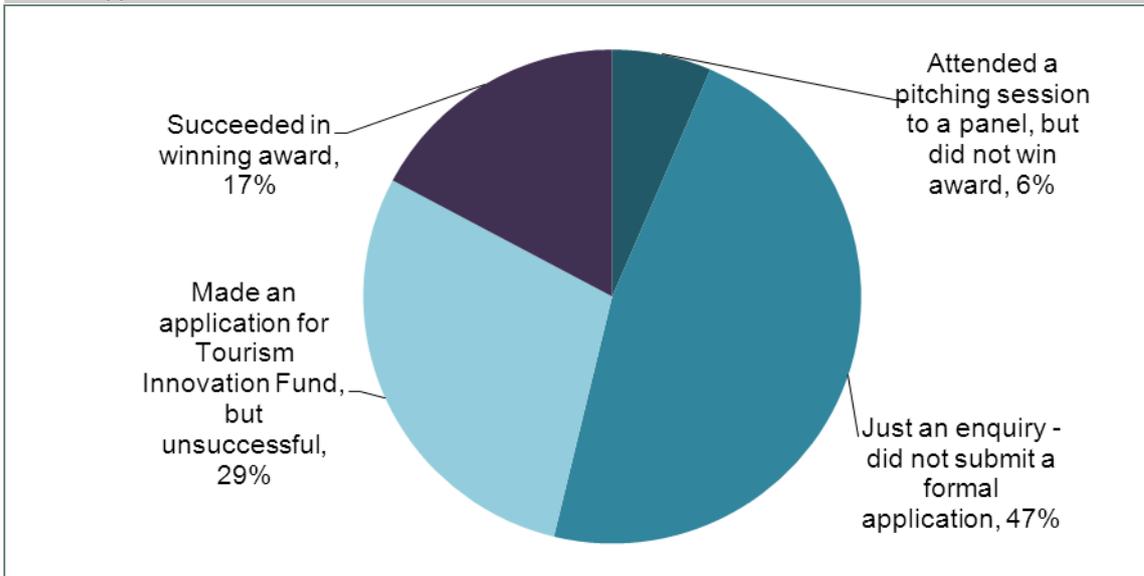
Source: TIF telephone survey – base 93 companies

- 5.22 In terms of those who found out about TIF through either an SE or VisitScotland source, this was mainly through the websites, although there were a few occasions of people being informed at events and in one case through their VisitScotland Key Account Manager.
- 5.23 The survey's finding regarding a relatively low level of awareness across all businesses and organisations involved in the wider Tourism Innovation Programme aligns with feedback from stakeholders, which seemed to suggest that awareness of TIF was reasonably high amongst SE staff but less so with external consultees. Although it was reported that TIF is being promoted through SE's website and publications, Tourism Innovation Programme events and through the Destination Management Organisations, staff closely involved with the project recognise that the marketing and promotion of TIF could be improved and perhaps 'needs some fresh thinking'. From the feedback from external (SE) consultations, there was certainly greater awareness of the VisitScotland Growth Fund. It was suggested that the scale of the Fund is relatively small in terms of the number of applications, and the number of successful applicants.

Progress made with TIF application

- 5.24 Just over half (53%) of the respondents who had had some interaction with TIF had gone on to submit a full application for the grant (Figure 5-2).

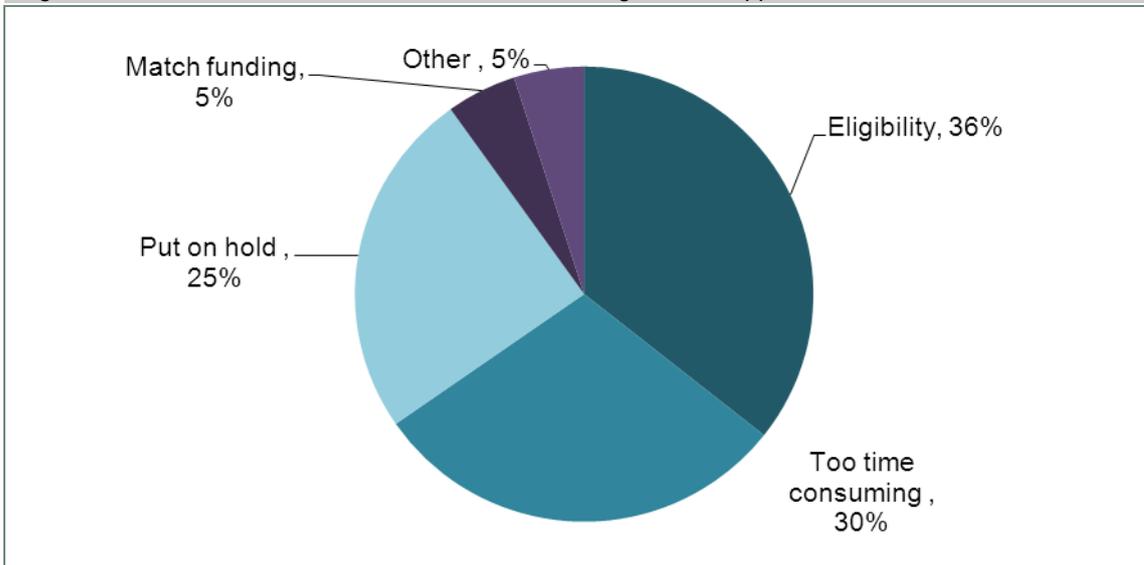
Figure 5-2: Can you confirm how far you got with your enquiry or application for Tourism Innovation Fund support ?



Source: TIF telephone survey – base 93 companies

5.25 Of the people who had made enquiries of TIF but not gone on to submit an application, the primary reasons for not doing so were (in)eligibility (36%) and a perception that it would be too time consuming (30%). A quarter of these respondents (25%) suggested that they had put the application on hold.

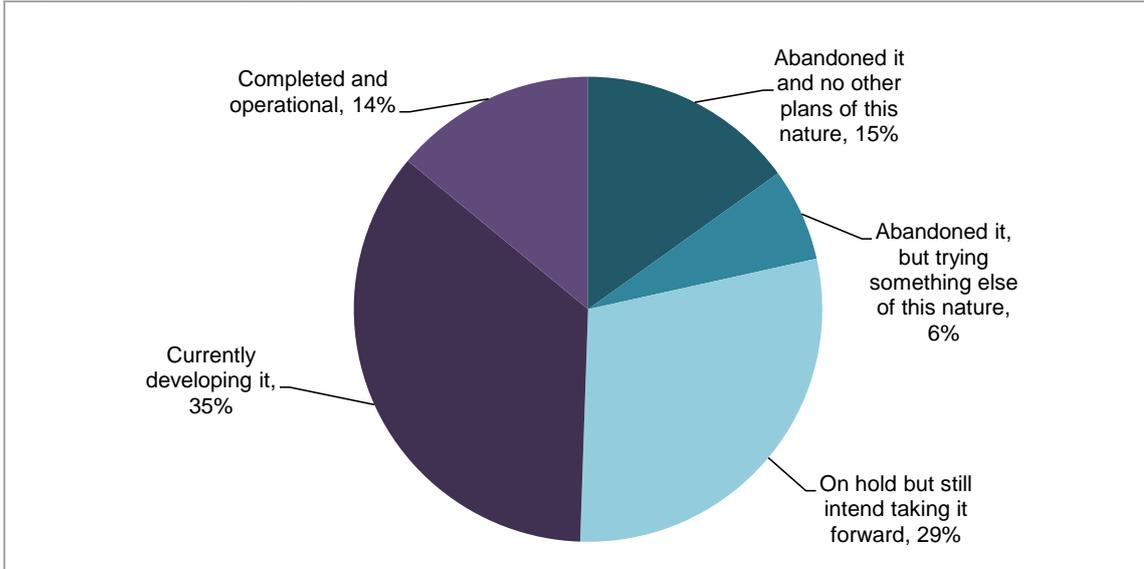
Figure 5-3: What was the main reasons for not submitting a formal application ?



Source: TIF telephone survey – base 44 companies

5.26 Of the TIF participants, 21% had abandoned the original idea, 29% had put the idea on hold for now, and 49% were either in the process of developing the idea or had implemented it (Figure 5-4).

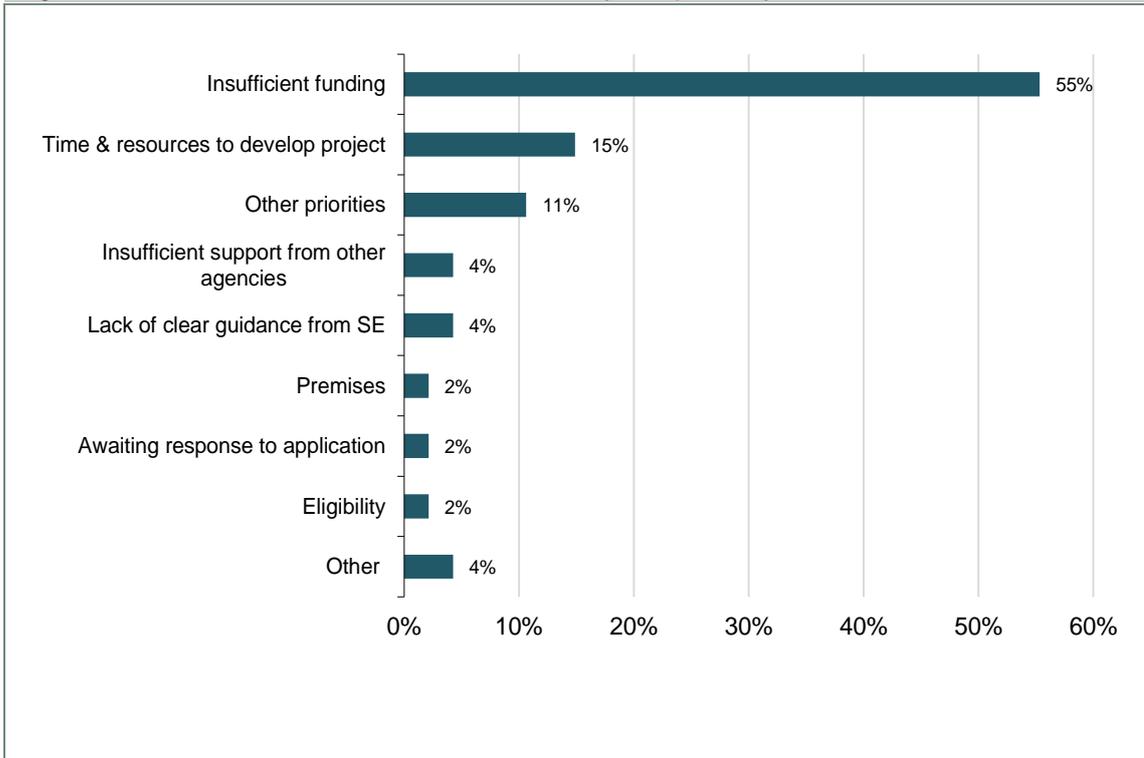
Figure 5-4: What stage is your idea ?



Source: TIF telephone survey – base 93 companies

5.27 By far the most common reason for TIF participants abandoning or putting their idea on hold was lack of funding (cited by 55%), followed by a lack of time and resources (cited by 15%) as shown in Figure 5-5.

Figure 5-5: If it has been abandoned or is on hold, can you explain why ?



5.28 Feedback from those stakeholders who were familiar with TIF suggested that despite clear guidance and information on the eligibility criteria, there has been a real mix in quality in terms of the applications submitted to TIF. Over the last couple of years, the Fund has continued to attract interest from those simply looking for some funding without giving too much consideration to the innovation focus. In the context of the current three year funding

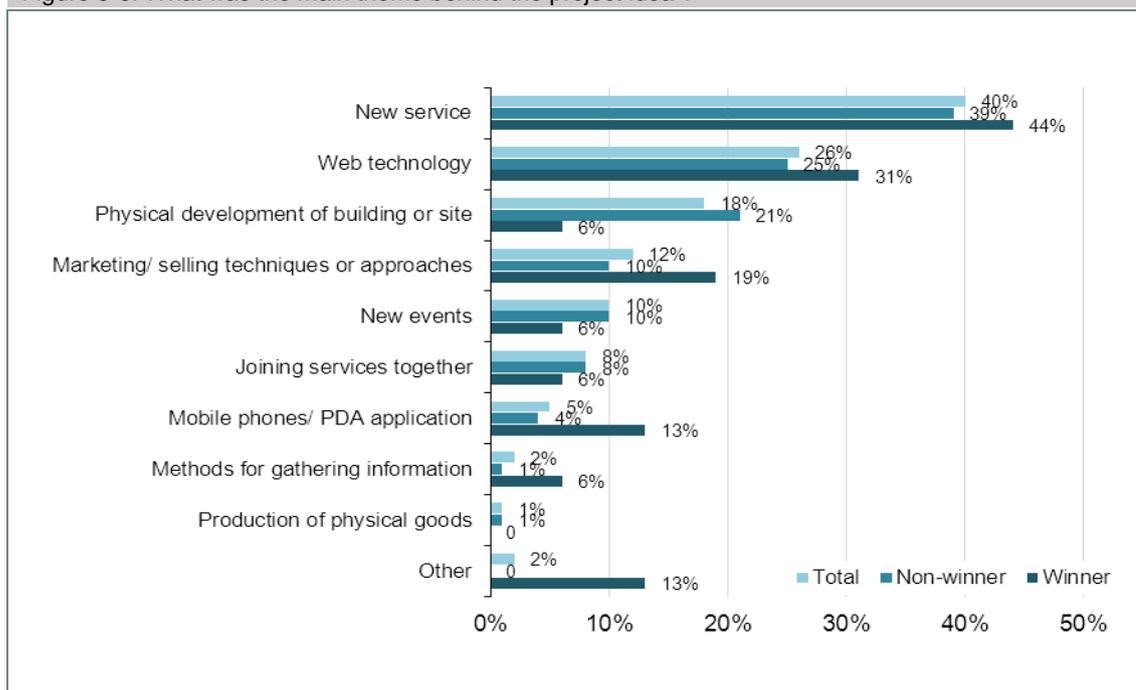
period, it was stated that the quality has deteriorated somewhat over the years. Part of this may be down to the changing economic conditions.

- 5.29 Consultees believed that it was right for TIF to have a stricter criteria compared to its predecessor TIDA and also compared to other non-tourism companies which can access an Innovation Support Grant.

Project idea/ theme

- 5.30 Looking at the sorts of project ideas, we see ‘new service’ is the most frequently-cited theme, and that ICT-enabled innovation features strongly: with ‘web technology’ being a theme for 31% of TIF grant winners, and mobile phone/PDA applications also featuring (Figure 5-6). Under the term ‘new service’ this covered a wide range of services including different types of visitor tours, water-based activities, sea-kayaking (in many cases, respondents stated their project involved a new service and one of the other options).
- 5.31 Although there are a small number of cases where the TIF winners can be considered to be linked directly to SE’s key tourism product areas of golf, mountain-biking, sailing and business tourism, it would not appear as though this is an important factor when deciding to approve the application (and there is no reference within the application form itself).

Figure 5-6: What was the main theme behind the project idea ?



Source: TIF telephone survey – base 93 companies

- 5.32 As shown in Table 5-8, project ideas predominantly came from discussions with colleagues and/or friends (cited by 63% of TIF participants), with ‘feedback from customers’ being the next most popular source of inspiration (cited by 32%).

Table 5-8: Where did the idea come from ?

	TIF respondents
In discussion with friends/ colleagues	63%

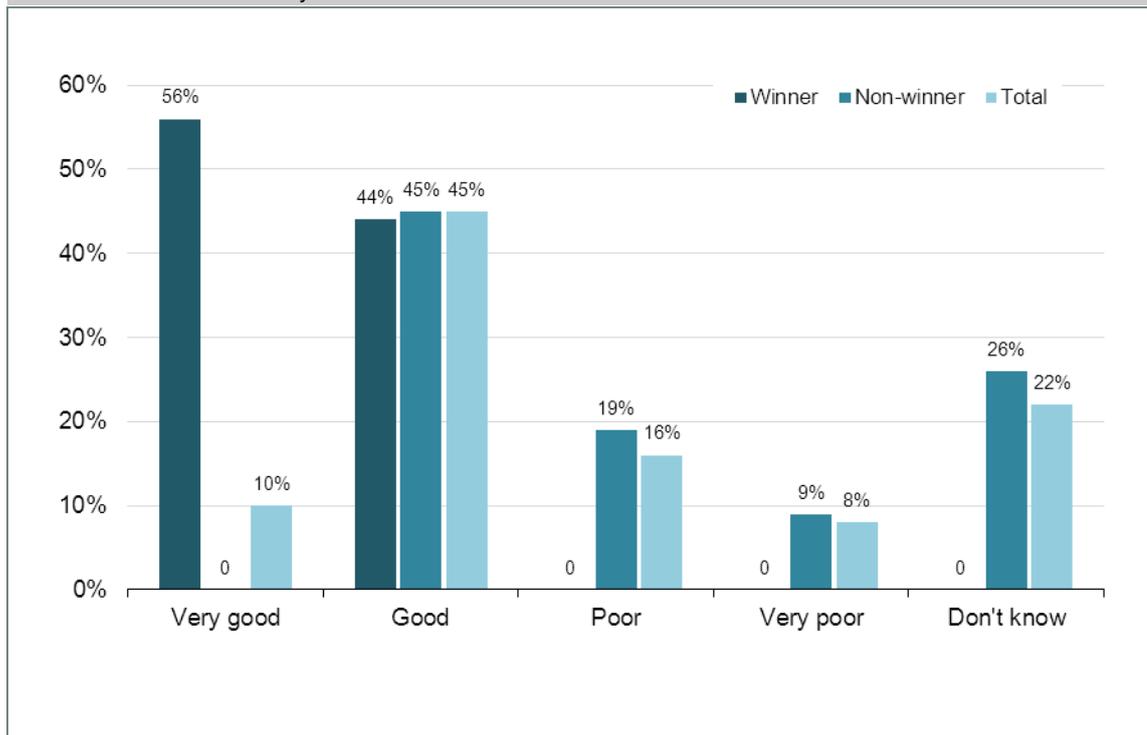
	TIF respondents
Feedback from customers	32%
From an overseas visit	11%
Developed in discussion with other businesses	9%
Reading about international examples	9%
A facilitated event	3%
Copied from another Scottish company	0%

Source: TIF telephone survey – base 93 companies

Quality of the support provided through TIF

5.33 The survey respondents were positive about the quality and value of the support provided under TIF; this was particularly the case for the TIF winners (all of whom rated the support as good or very good), but also applies (albeit to a lesser extent) to those who did not go on to win the grant (as shown in Figure 5-7). In terms of the non-winners, 45% of respondents stated that the support was good.

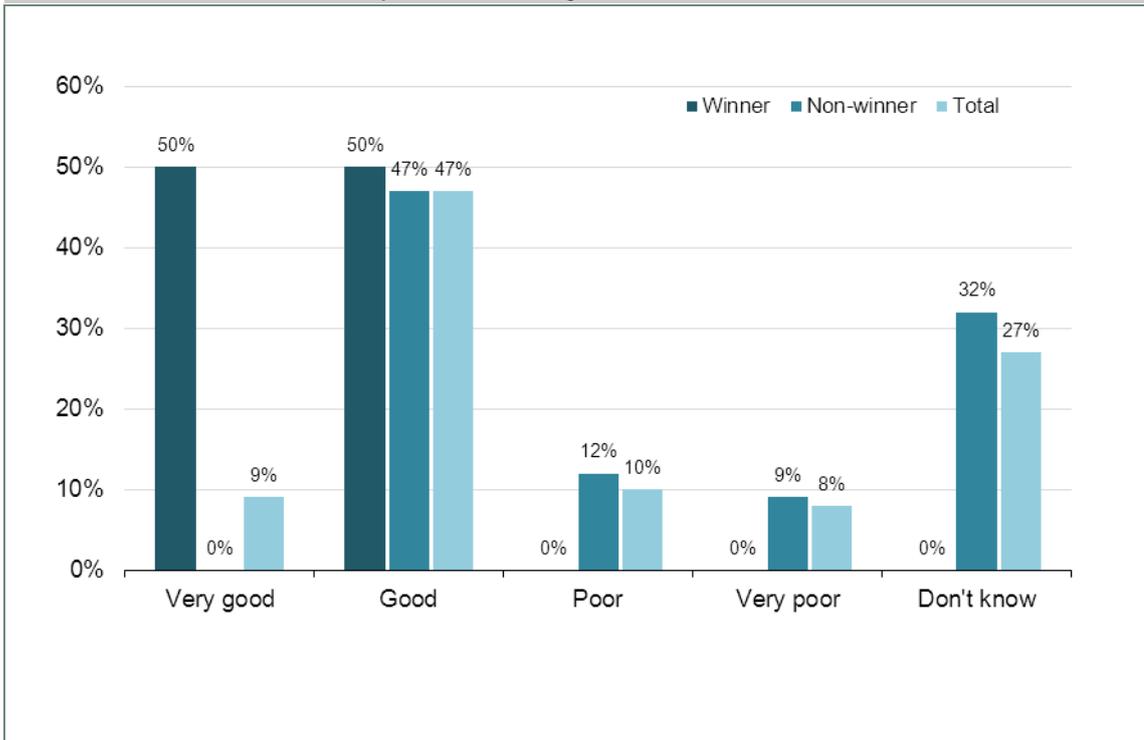
Figure 5-7: How would you rate the following aspects of the support provided through the Tourism Innovation Fund ? - Quality of advice and material



Source: TIF telephone survey – base 93 companies

5.34 In terms of relevance of the support to their business/organisation, 50% of TIF winners stated that the support was very good and 50% said it was good (Figure 5-8). Just under half of the non-winners also stated that the support was good under this heading.

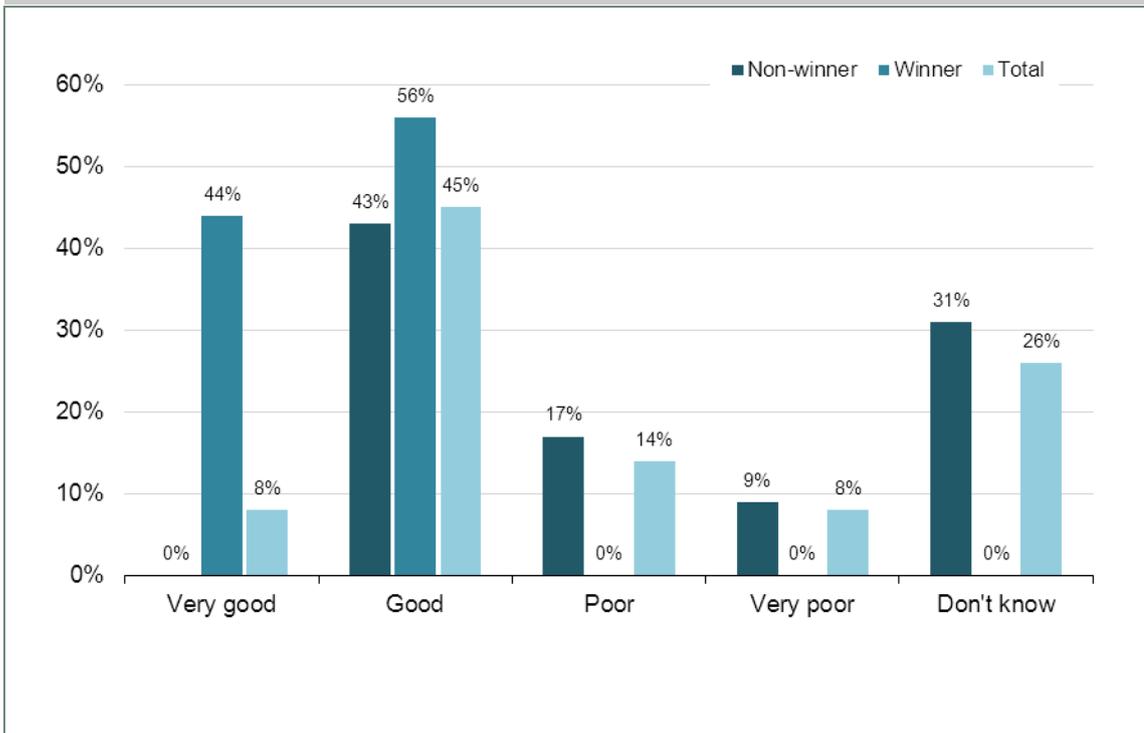
Figure 5-8: How would you rate the following aspects of the support provided through the Tourism Innovation Fund ? - Relevance to your business/ organisation



Source: TIF telephone survey – base 93 companies

5.35 There was similar feedback in terms of the value of the TIF support to the business overall with all the winners stating very good or good and just under half of the non-winners stating good (Figure 5-9).

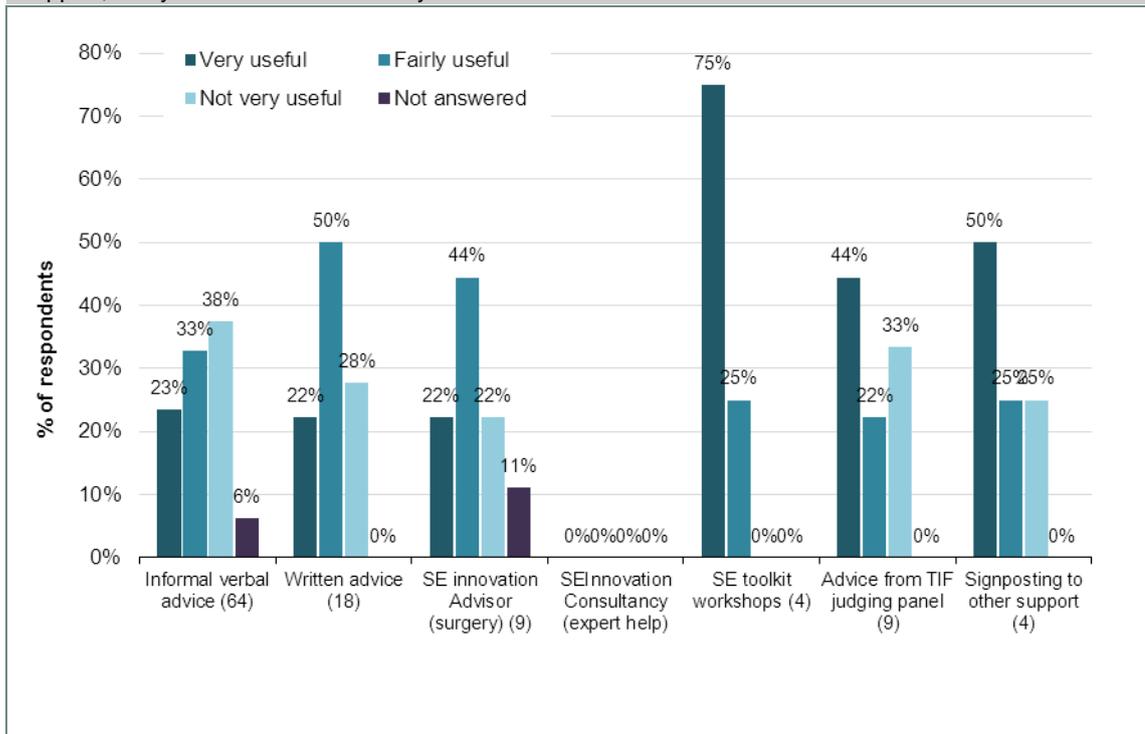
Figure 5-9: How would you rate the following aspects of the support provided through the Tourism Innovation Fund ? - Value to the business overall



Source: TIF telephone survey – base 93 companies

5.36 Figure 5-10 provides feedback from those who were not successful in accessing a TIF grant but nevertheless were provided with other support as part of the TIF process. The two most common types of support for these companies were informal verbal advice and written advice following the submission of their application (this is indicated by the sample sizes in brackets in the chart below). Half of those applicants who were given informal verbal advice stated that this was either very useful or fairly useful. Over 70% of those provided with written advice were similarly positive. Overall this would seem to suggest that even though many applicants are not successful in accessing funding, they do still find the advice and support provided through TIF useful.

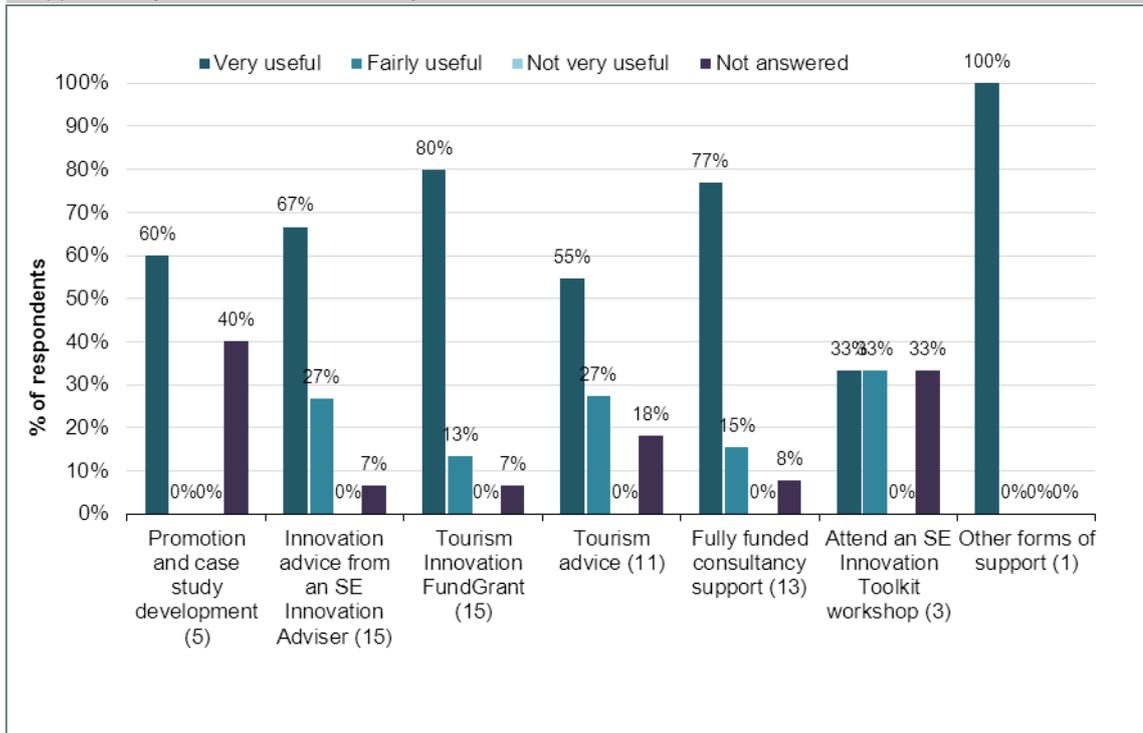
Figure 5-10: If you were NOT a Tourism Innovation Fund winner ... Where you have received a type of support, can you indicate how useful you considered it to be?



Source: TIF telephone survey

5.37 Figure 5-11 provides feedback on the different elements of support from those that have been successful in being awarded a TIF grant. As would be expected, 80% of those who have been awarded a grant have found this very useful for their project or business. A similarly high proportion of TIF winners (77%) have found the consultancy support very useful and two thirds of respondents stated that the advice from an SE innovation adviser was very useful. Whilst again this provides positive feedback on the support provided, there seems to be a relatively small number of TIF winners knowing if they have had any promotion as a case study and small numbers being referred on to the Innovation Toolkits. Some of the consultees also suggested that there needs to be more publicity around the TIF winners in order to stimulate greater levels of demand and interest in innovation.

Figure 5-11: If you were a Tourism Innovation Fund winner...Where you have received each type of support can you indicate how useful you considered it to be ?



Source: TIF telephone survey

5.38 From our discussions with relevant stakeholders, we understand that there are still several projects that have been awarded grants but not yet taken them up. Out of the £240,000 awarded by TIF over the current three year period, an estimated £130,000 has been won but not yet claimed. The reasons for this could be down to a range of issues: many projects stall or take longer than planned (projects have to spend the money before claiming back from SE); as a result of the recession some small businesses may decide to invest their money elsewhere.

5.39 A new addition to the previous TIDA model was to incorporate some consultancy support to help businesses implement their project. Previously, companies were provided with the grant and expected to get on and implement it on their own. The new model recognises the need to support these often small businesses and the introduction of consultancy support was highlighted by consultees as an improvement to TIF. Internal consultees also stated that the TIF model is very well regarded in SE and highlighted that other sector teams are looking to develop similar initiatives.

Outputs and outcomes

5.40 In terms of the successful applications, it was stated that the Fund has made a valuable contribution to supporting early stage tourism businesses looking to introduce a new product or service. A number of consultees highlighted an apparent focus on helping tourism businesses to make more use of ICT. However, there were some consultees who were quite sceptical about the impact and return on investment for some of the TIF winners, suggesting even if it is supporting an interesting project, the likely economic impact in terms of sales and employment is always going to be minimal.

5.41 In the Table below we have summarised some of the TIF winners, illustrating the range of activity that has been supported. Some involved using new technology to enhance the visitor experience, others have focused on supporting innovations in sustainable tourism initiatives.

Table 5-9: Examples of TIF winners

Name of project	TIF Grant Awarded	Project summary
Velodays	£8k	Aberdeen-based start-up supported by TIF to offer bespoke cycling holiday itineraries mapped out on a GPS unit attached to the handlebars.
Walking Heads	£20k	Downloadable audio walking tours providing insights into hidden gems that tourists might otherwise overlook. Used cutting edge technology and production to ensure high quality audio-tours
Roulotte Retreat	£20k	Roulottes are traditional wooden caravans created by French and Dutch designers and carpenters. Based in the Scottish Borders near Melrose, Roulotte Retreat offers accommodation in six different roulottes which offer a more eco-friendly visitor experience.
Glasgow Film Theatre: Reel to Reel	£20k	GFT was supported to curate online content and develop a perceptual mapping product that can help visitors to the city create their own tour itineraries.
Roslyn Chapel 3D presentation	£19k	Working with Glasgow School of Art Digital Design Studio, Roslyn Chapel was supported with TIF funding to carry out a 3D laser scan of the chapel which has allowed it to present interpretations of the building from different periods in its history.

Source: *Tourism in Action* publication – TIF case studies

5.42 Some consultees suggested that in order to generate noticeable economic impact there is a need to try to attract the interest of larger businesses to bid into TIF. Although SE is supporting around 120 larger tourism businesses through its Account Management programme it would seem very unlikely that any of these companies would be attracted to a competitive application process when they can simply request direct innovation grant support from their Account Manager (without having to spend time bidding to TIF). It was however highlighted that there are other large tourism companies who could benefit from the Fund but are perhaps unlikely to put the necessary time and resources into applying for a maximum grant of £30,000 (as is currently the case). The actual average grant awarded has actually been £14,000. There was one suggestion that in future the grants could be tiered depending on the project and/or type of business.

5.43 There was also some discussion with stakeholders about whether there would be merit in having thematic calls for applications (e.g. ICT, sustainable tourism, food and drink). There was no real consensus on this issue. Some thought that it would help to focus the mind and help with more targeted promotion. However, others believed that it would be too restrictive and that based on the relatively low levels of demand from the last couple of years, it would not be sensible to have a scenario where high quality bids are being turned down because they do not fit with the theme of that particular application round.

Economic impact

5.44 Our economic impact model suggests that TIF impacts *to date* (i.e. to end 2010/11) have been approximately:

- £1.6 million in gross annual turnover amongst TIF users
- £0.4 million in net annual GVA for Scotland
- 19 net jobs for Scotland.

5.45 Extending the appraisal period to include expected future impacts, we estimate that the TIF impacts could be the following in 2014/15:

- £1.4 million in gross annual turnover amongst TIF users
- £0.4 million in net annual GVA for Scotland
- 17 net jobs for Scotland.

5.46 The estimated impacts of TIF on gross turnover, net GVA and net employment over time are given in the tables below.

Table 5-10: Impacts of TIF for Scotland – gross annual turnover and net annual GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIF users in Scotland (£m)	0.6	1.6	2.5	0.4	1.0	1.4
Total net GVA impact of TIF for Scotland (£m)	0.2	0.4	0.7	0.1	0.3	0.4
Discounted net GVA impact	0.2	0.4	0.7	0.1	0.3	0.3
Cumulative Present Value of net GVA impact for Scotland (£m)	0.2	0.6	1.2	1.4	1.6	1.9

Source: SQW economic impact model

Table 5-11: Gross and net employment impacts of TIF for Scotland

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIF user population (FTE)	9.3	25.1	39.5	7.0	16.3	22.7
Net employment impact of TIF in Scotland (FTE)	7.1	19.1	30.1	5.3	12.4	17.3

Source: SQW economic impact model

5.47 Discounting both the costs and the net GVA benefits at 3.5%, with 2009/10 as year 0, we estimate that the Economic Impact Ratio of the TIF intervention rises to 6.9 by 2014/15, as shown in the table below.

Table 5-12: Economic Impact Ratio for TIF

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted net GVA impacts (£m)	0.17	0.43	0.65	0.11	0.25	0.34
Cumulative discounted net GVA impacts (£m)	0.17	0.59	1.25	1.36	1.61	1.95

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted costs (£m)	0.10	0.09	0.09	0.00	0.00	0.00
Cumulative discounted costs (£m)	0.10	0.19	0.28	0.28	0.28	0.28
Economic Impact Ratio (cumulative)	1.70	3.12	4.43	4.83	5.72	6.93

Source: SQW economic impact model

6: Tourism Innovation Group

- 6.1 The final element of the Tourism Innovation Programme considered as part of this evaluation is the Tourism Innovation Group. This came to an end in early 2010. For this reason, the evaluation has not gone into the same level of detail when assessing this part of the Programme, not least because in the 18 months since its demise the landscape has changed and other new structures have emerged such as the Tourism Leadership Group.

Key research findings

Since 2008/09, SE, HIE and VisitScotland have invested around £270,000 in TIG. The project was ended in early 2010 due mainly to the formation of the Tourism Leadership Group which was set up to oversee the refresh of the national tourism strategy.

Although the Group had broad aims, there were no set targets. For this reason it has been difficult to measure its performance. Based on consultations with stakeholders, its main achievements were seen as organising the annual Tourism Innovation Days and leading on particular tourism projects. Those stakeholders closely involved in the Group believed that it did achieve these aims. Stakeholders not so close to the work of the Group were more sceptical.

Those involved in the Group were positive about the benefits of bringing together the main 'thinkers' in the industry to encourage the innovation agenda and inform and challenge the work of SE, HIE and VisitScotland.

Some also maintained that this Group significantly raised the profile of innovation in a sector which traditionally has quite low levels of innovation activity. Although difficult to measure it was suggested there will be a legacy impact from the work of TIG and the annual Tourism Innovation Days.

However, other consultees were less certain about the Group's influence on the wider sector, with some stating TIG had become like a 'club' – interesting and useful for those involved but perhaps less so for the sector as a whole.

Most consultees suggested that TIG and the annual Tourism Innovation Days had served their time and would probably now be too expensive in the current economic climate. Looking ahead it was suggested that part of the future remit of the Tourism Leadership Group should be around innovation, assuming that this will be one of themes in the new refreshed strategy.

Consultees were also keen that the remaining major tourism events have a strong innovation focus to maintain some of the earlier work of TIG.

Recommendations

1. Ensure the Tourism Leadership Group has a remit for driving forward the innovation agenda as part of implementing the refreshed strategy
2. Ensure existing tourism events (Thistle Awards, Tourism Week) have a

continued focus on innovation.

- 6.2 Another element of the Tourism Innovation Programme has been the Tourism Innovation Group. However, since the Group's activity had limited direct impact on individual businesses and organisations, this was not included in the beneficiary survey. It is also slightly different to other parts of the Programme in that it came to an end in early 2010. However, as part of the review we set out in broad terms what it set out to do and a summary of feedback from relevant stakeholders.

Rationale and objectives

- 6.3 The Tourism Innovation Group was originally established in 2002 to provide a vehicle for industry leadership and to stimulate innovation in the tourism sector. It provided a forum for leading tourism innovators to engage with the wider industry around the principles and practices of innovation. The aim of TiG was to be a “*driver of long term strategic change in Scottish tourism, and to encourage innovation and collaboration*”. The TiG business plan had six broad aims:

- TiG Teams - deliver innovative initiatives at a strategic level
- to influence the strategic development of tourism in Scotland
- innovation and collaboration by Scottish tourism operators
- to undertake the tasks allocated to TiG in the Tourism Framework for Change
- to support Enterprise Companies in implementing the Government Economic Strategy
- to work with the Enterprise Companies in developing better understanding of the nature of innovation in Tourism²¹.

- 6.4 The TiG programme of activity had six elements to stimulate innovation in the tourism industry.

- **Staff and HR** - 1 Project Director, part time Project Manager, Project coordinator and office rental.
- **Communications** - web-site, marketing and monthly Innovation newsletter to over 1,900 businesses
- **TiG Teams** - five industry teams, each focusing on an issue of strategic importance to drive innovative product development and collaboration. Each team had approximately eight industry members and met no less than three times. Key strategic themes included: Sustainability, Food and Drink; Global perspectives; Arts and cultural tourism; and Technology.

²¹ Tourism Innovation Group Business Plan 2008-11

- **TiG members** – 55 core industry members who contributed to TiG’s activity. A range of members also contributed to strategic activity around the Framework for Change and key SE initiatives particularly Tourism Intelligence Scotland, Customer Feedback project, the Tourism Innovation fund and the SE/ HIE food tourism initiative.
- **Innovation Day** – TiG developed and delivered this annual event designed to stimulate new thinking in the sector. It was envisaged that this event would be recognised as a high profile ‘must attend’ experience in the tourism calendar for over 300 businesses each year.
- **Innovation workshops** – delivery of six innovation workshops on key themes such as sport, skills, technology, adventure tourism, and encouraging events to use locally supplied food products.

Inputs and activities

6.5 TIG was set up in 2002 and was funded by SE, HIE and VisitScotland. In 2008/09, the project was successful in securing £415,000 for the three year period 2008 to 2011. Table 6-1 provides a breakdown of TiG’s planned expenditure.

Table 6-1: Planned expenditure (2008 – 2011)

Funding sources	3 year total - £'000	Annual total - £'000
Scottish Enterprise (60%)	250	83
HIE (36%)	150	50
Visit Scotland (4%)	15	15 (year 1)
Total project cost	415	138

Source: SQW review of TiG documents provided by SE

6.6 SE’s spend on TIG during this period was £211,000, significantly lower than the planned investment of £250,000. Assuming the contributions from other partners are in line with the original planned expenditure, this would mean that the three year spend was around £268,000.

Table 6-2: Actual spend

	SE contribution	HIE	VS	Total spend
April 2008 - March 2009	£76,537	£45,922	£5,102	£127,562
April 2009 - March 2010	£68,235	£40,941	£4,549	£113,725
April 2010 - March 2011 (final payment July 2010)	£16,056	£9,634	£1,070	£26,760
3 year total	£160,828	£96,497	£10,721	£268,046

Source: SE spend based on actual committed expenditure (other partners based on original apportionment)

6.7 Based on our discussions with stakeholders, we understand that the three funding partners decided to end their funding of the Tourism Innovation Group in 2010 mainly because of plans to form a Tourism Leadership Group which would be responsible for refreshing the

national tourism strategy for Scotland. More discussion on the relationship between these two groups is provided later in this section.

Project activity

6.8 Prior to TiG's disbandment in 2010, the group produced a paper highlighting its main achievements. These are summarised in the following.

- **Agritourism** – TiG research demonstrated the opportunity for attracting additional tourism supply (i.e. sector growth) in response to latent demand for agritourism. The research carried out by TiG persuaded SE's Rural team to fund a business session with existing operators to discuss barriers and opportunities. Outcomes included: proposals made on Agritourism to the main Board of National Farmers Union of Scotland, discussion at quarterly meeting of all the key rural organisations (NFUS, SRPBA, Estates Group) and agreement from SE to commission volume and value research.
- **Adventure tourism** – TiG member used TiG as a platform to highlight the growth opportunity presented by the ATTA (Adventure Travel Trade Association) Conference in October 2010. Summit of stakeholders was arranged by TiG in spring 2010, and focussed on investigating how to maximise the economic benefit of this major opportunity for Scotland.
- **Food at Events** publication aimed at encouraging Event Organisers to improve the food offer at events (sporting, cultural, business tourism) and in particular to offer Scottish food and drink. This was distributed to all Local Authority events officers in Scotland.
- **Responsible Visitor Guide** – a visitor facing piece that aimed to influence visitors to play their part in sustainable tourism. Developed with funding from SNH²².

6.9 For this evaluation we were only provided with summaries of the work of the Tourism Innovation Group including the research activities mentioned above. Some of the research appears to be available on the web such as the Responsible Visitor Guide but in terms of ensuring a legacy of the TIG work, it would be worth ensuring that all relevant TIG led research is available through the TIS website.

TiG lessons learnt

6.10 The group also put together a paper on lessons learnt, during its existence, before it was disbanded. These included the following:

- TiG members generally own and run great businesses and “walk the talk” in terms of innovation but also skills, sustainability, technology, visitor experience/customer care etc. They are representative of tourism in terms of business scale, in the main being private SMEs or micro-businesses.

²² Available at: http://www.snh.org.uk/pdfs/publications/access/responsiblevisitorguide_V2.pdf

- TiG members are active in other important industry bodies: DMOs, trade associations such as ASVA, professional bodies, charities etc. This was important in both disseminating and drawing in experience, contacts, knowledge etc.
- The lack of formal governance or a constitution worked for the most part extremely efficiently. There was no time wasted on nominations, voting, board papers etc.
- TiG (unintentionally) worked more closely with SE and Visit Scotland, than with HIE. This was due to geography in the main, but any future groups should be mindful of this if they want to respond proportionately to funders. The group acknowledges it should have worked harder at using technology to involve team and TiG members from peripheral locations.

Tourism Innovation Days

- 6.11 Between 2008 and 2010, TIG helped to organise three annual Tourism Innovation Days which attracted a total of 533 attendees from all businesses and organisations involved in the tourism sector. As part of our review we were provided with a summary of feedback from the 2008 Tourism Innovation Day held in Glasgow which was attended by 184 attendees (including 161 paying attendees). It was very well received by attendees with 90% describing their overall impression of the event as Excellent or Good. Two thirds of the attendees were at TID for the first time. The feedback highlighted that: networking opportunities were strong; 2008 saw great increase in “get new ideas for business”; pricing was very acceptable for those who attended; and in 2008 the key influencer was the subject – last year it was the key note speakers.

Stakeholder views

- 6.12 As part of our stakeholder consultations we asked for views on the Tourism Innovation Group in terms of how effective it was in encouraging innovation across the sector. Those people who were closely involved in the Group were largely positive about the benefits of bringing together the main players and ‘thinkers’ within the industry to encourage the innovation agenda. Many consultees highlighted that the work of this Group informed and in some cases ‘challenged’ the work of SE, HIE and VisitScotland.
- 6.13 The fact that TIG was not a formal Industry Advisory Group apparently allowed it to be more flexible and in some cases quite controversial in its views on the performance of the industry. One consultee highlighted TIG’s important lobbying role in terms of influencing the Scottish Government. According to some, the Group developed some very good projects over the years – the most commonly cited example was the development of a Responsible Visitor Guide aimed at improving awareness of sustainability issues within the tourism sector, but there was also mention of the work around food tourism and encouraging tourism businesses to internationalise. Around a third of stakeholders were positive about the value of having this type of Group and suggested that its influence has been missed over the last 18 months.
- 6.14 The remaining consultees were less certain about the extent to which the Group was having a strong influence on innovation in the sector. One former TIG member stated that although it was very informative for those attending the meetings, it was difficult to see how the

influence really reached beyond the members of the Group. It was stated by two consultees that by the end it had become like a 'club'. Due to the nature of the Group and the desire to have something which was flexible and creative in its thinking, it was not set specific tasks and metrics which has subsequently made it difficult to measure its impact.

- 6.15 There was also a feeling amongst many consultees that TIG had 'served its time' and with the recent creation of the Tourism Leadership Group (TLG) to oversee the refreshing of the national tourism strategy, there was no longer a need to have another group set up again specifically with a remit for innovation. Although the TLG's role is currently mainly strategic (apparently in contrast to the practical focus of TIG), most consultees believed that the future remit of TLG should include innovation, assuming that innovation is highlighted in the new strategy as a key theme for the sector over the coming years.
- 6.16 TIG had a central role in organising the annual Tourism Innovation Days which ran up to 2010. Most consultees stated that these were well received by the industry and it was also highlighted that the events managed to attract many high profile and 'inspirational' speakers. However, even those who were involved and in favour of these types of events acknowledged that after a while it seemed as though it was the 'same old faces' attending these events. Some described the Tourism Innovation Days as having a 'tired format'.
- 6.17 Whilst providing these people with useful information and networking opportunities, consultees highlighted the difficulty for these events to attract new businesses to come along, often those most in need of some guidance on innovation and collaboration. The costs were also flagged up as a major issue especially in the current context. For some of the more recent Innovation Days, it was suggested that although there were up to 200 attendees, there was perhaps too many public sector attendees (even taking into account earlier comments about the importance of the public sector as intermediaries/ facilitators).
- 6.18 Consultees were also asked for their views on how the Innovation Day format could be improved if it were to be re-introduced. Many highlighted the challenges of organising such an event in terms of time, location, content (generic vs. themed). Some suggested that in order to keep costs to a minimum, there should be more use of digital technology (skype, webinars etc.) and build on the recent experience of TIS TV. However, it was also recognised that only certain parts of the industry will be keen to engage in this way and that some smaller businesses in the more rural parts of the country would be more keen for face to face interaction and networking.
- 6.19 One consultee also highlighted that having this type of high profile annual event helps to ensure tourism remains a priority in terms of the Government's Economic Strategy (many consultees mentioned that generally speaking tourism often does not receive the same level of attention from government compared to the other priority sectors).
- 6.20 There were a couple of specific suggestions made as to how these types of events could be organised in the future:
- *Incorporating a session on innovation as part of the annual Thistle Awards organised by VisitScotland* – whilst this would tie in with an existing event that is well established in the tourism calendar, it was also pointed out that since these events

bring together the most successful operators in the sector it would therefore not include those most in need of support. We also understand that SE has in the past sponsored innovation award at some of these events.

- *Incorporate innovation as part of the annual Tourism Week events organised by the Scottish Tourism Forum.* The 2011 tourism week included events, an industry dinner, a conference in Edinburgh and regional meetings across Scotland. If this was to be organised again for 2012, some events could have a particular innovation focus.

7: Programme outcomes, impacts and value for money

Outcomes

- 7.1 In the earlier sections reviewing each element of the Programme (specifically sections 3, 4 and 5), we highlighted how participants have used the support and whether participants have done something different as a result of the Programme support.
- 7.2 After asking businesses and organisations for feedback on individual parts of the Programme, we asked if all the support provided through the Programme had resulted in them making any change to their business or whether they intend to do so. As shown in Figure 7-1, 28% of Programme participants have made or intend to make a change to their business as a result of the Tourism Innovation Programme.

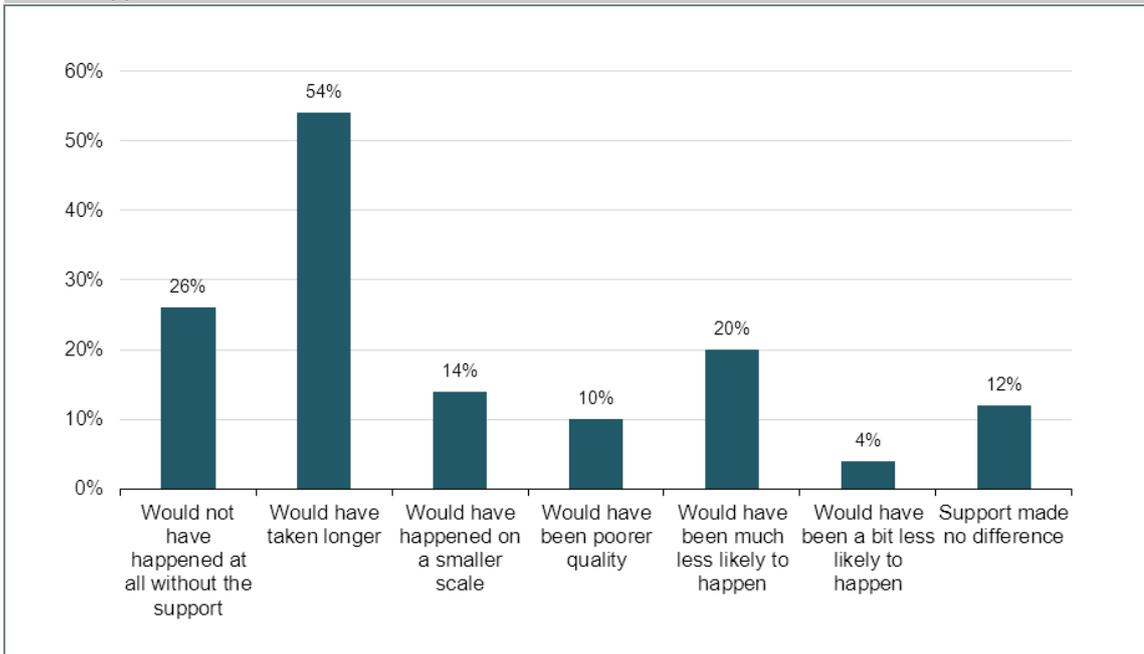
Figure 7-1: As a result of the support discussed, have you or do you intend to introduce any changes to your business/ organisation?



Source: TI telephone survey – base 398 companies

- 7.3 When asked about the contribution of this support, only 12% stated that it had made no difference (i.e. although they were involved in the Programme, they would have made the change anyway). As highlighted in Figure 7-2, over a quarter believed that the changes made are all down to the Programme and a further 54% stated the changes/ project would have taken longer, if not for the Programme.

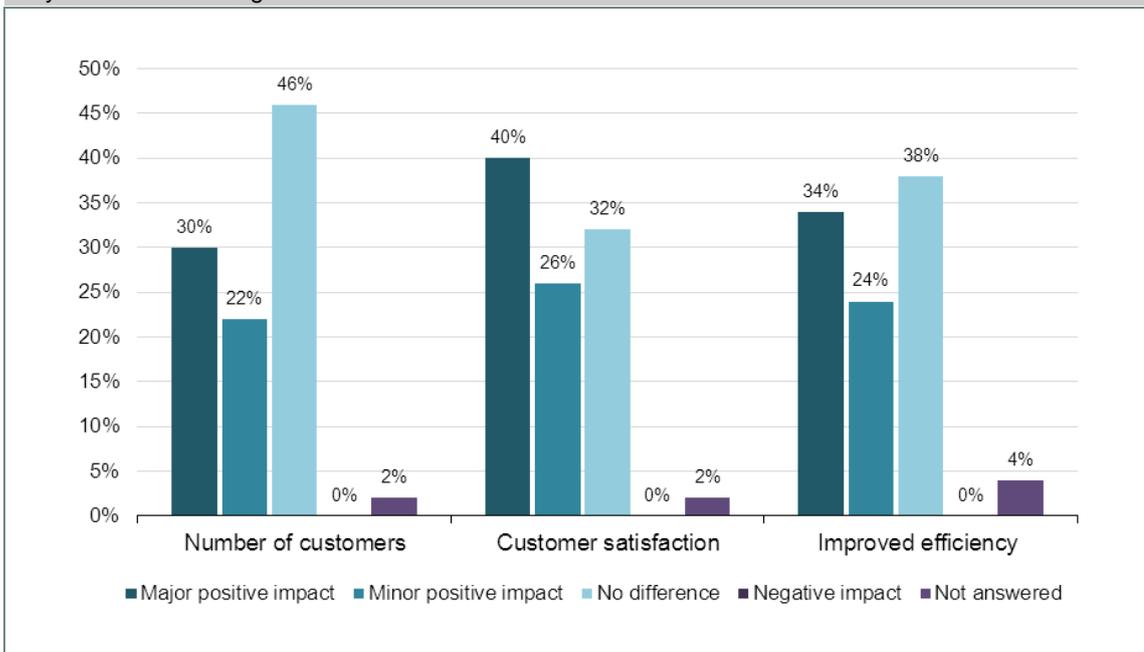
Figure 7-2: What would have happened to the new project or other changes if you had not received any of the support discussed?



Source: TI telephone survey – base 50 companies²³

7.4 For those that stated that they have used the information provided in the Programme in some way, the most common impact for the individual business has been in terms of customer satisfaction. Around 66% stated a positive impact on customer satisfaction, 58% believed it had a positive impact on efficiency and 52% stated an impact on the number of customers (Figure 7-3).

Figure 7-3: How has your new project or the changes identified previously impacted on the performance of your business or organisation TO DATE?

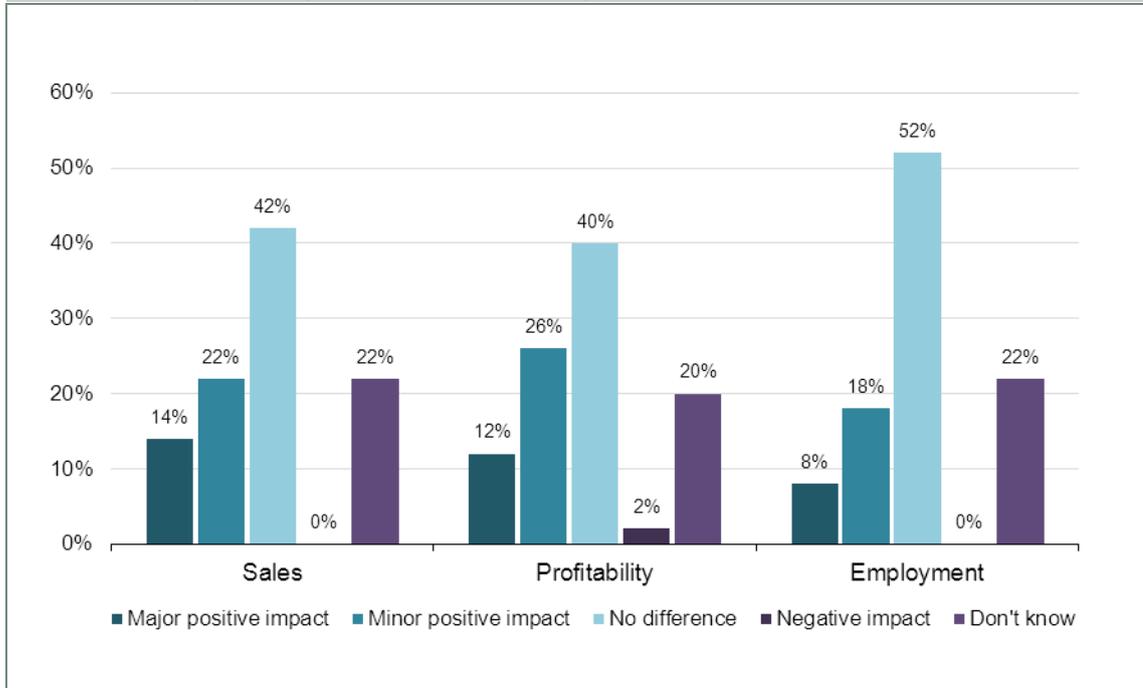


Source: TI telephone survey – base 50 companies

²³ These 50 companies represent the 13% of Programme participants that stated they have introduced a change already as shown in Figure 7-1

7.5 Asking the same group of companies about more quantifiable impacts, 38% of respondents stated the support has had an impact on profitability, 36% believed there has been an impact on their sales and just under a quarter stated an impact on employment levels (Figure 7-4).

Figure 7-4: How do you think that the new project or the changes you made have impacted on your sales, profitability or employment in the last financial year?



Source: TI telephone survey – base 50 companies

7.6 Businesses views about future impacts of the programme support are more positive. As shown in Figure 7-5, 70% believed that there would be positive impacts in terms of customer satisfaction, 68% stated there would be an impact on the number of customers, and 64% believed there would be future efficiency benefits.

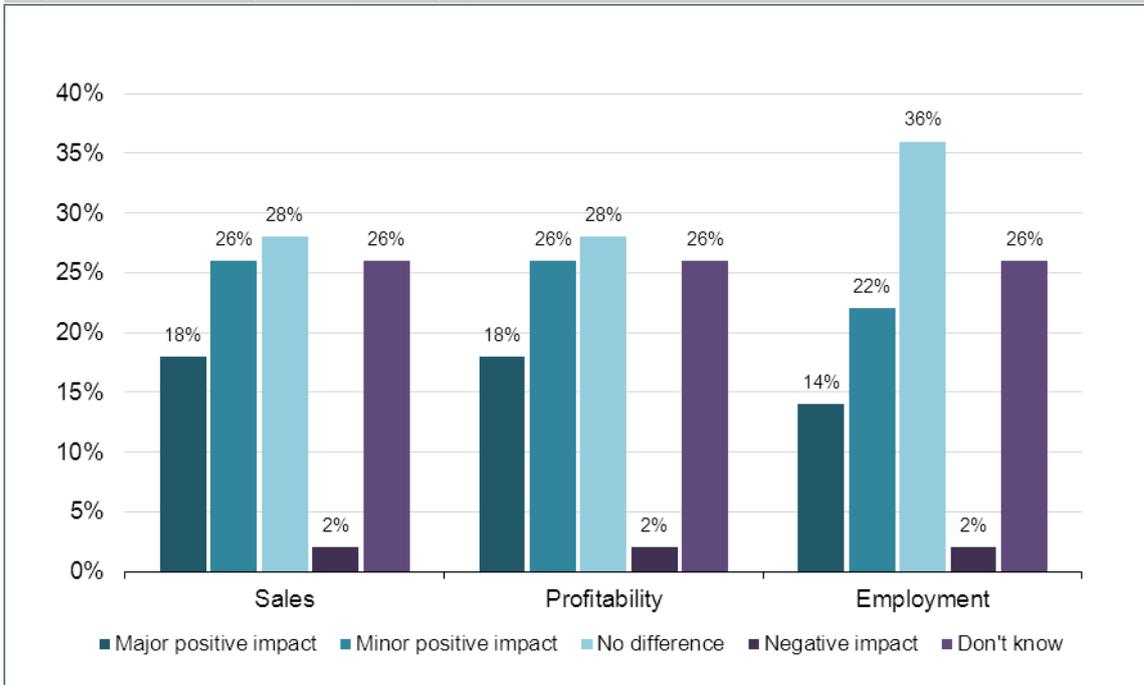
Figure 7-5: Will the new project or other changes that you intend making impact on the performance of your business or organisation in the FUTURE?



Source: TI telephone survey – base 50 companies

7.7 In terms of the quantifiable impacts in the future, there was quite a high proportion of respondents who were unsure and could not answer. Nevertheless, there was still a high proportion (44%) who thought that there would be a positive impact on sales and profitability.

Figure 7-6: Do you think that the new project or changes to the business you have made will have an impact on your sales, profitability or employment IN THE FUTURE?

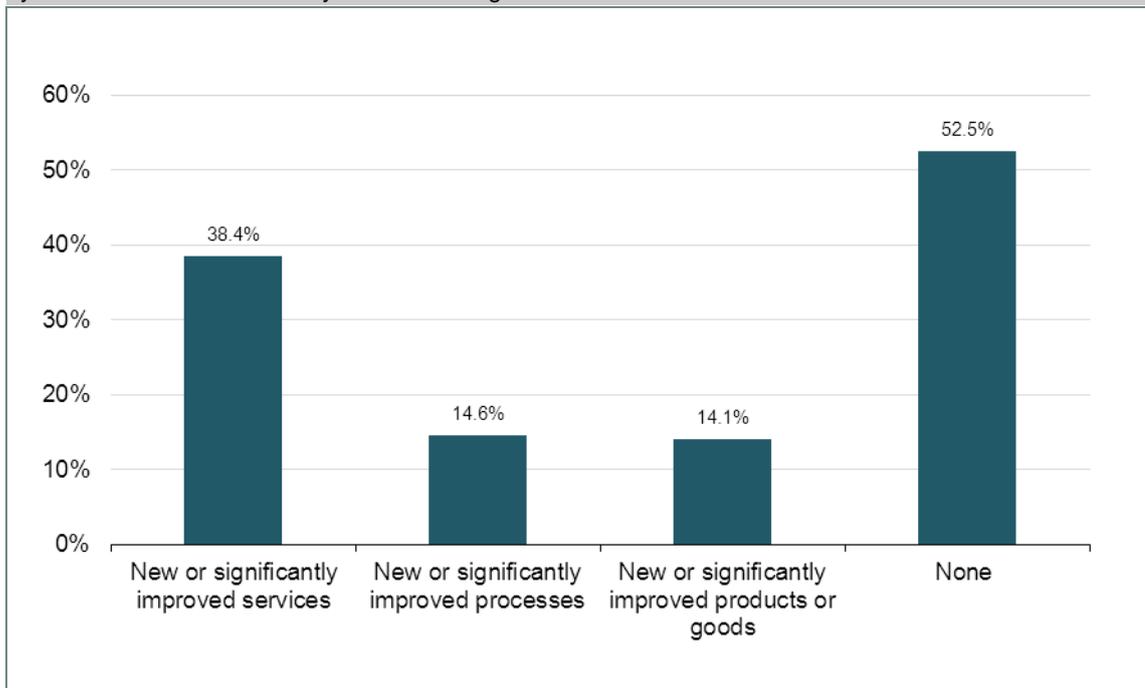


Source: TI telephone survey – base 50 companies

Innovation more generally

- 7.8 As part of our research we also asked programme participants about innovation activity more generally (not necessarily coming about as a result of being involved in the Programme). In framing these survey questions, we anticipated comparing the results with feedback from the Community Innovation Survey (CIS 6)²⁴.
- 7.9 Over the last three years, nearly 40% of programme participants stated that they have introduced new or significantly improved services (Figure 7-7). This figure is significantly higher than the average for all businesses in Scotland (16%) and all tourism businesses in Scotland (also 16%) for the same metric.
- 7.10 Just under 15% of programme participants stated that they have introduced new or significantly improved processes. According to CIS, the figure for all businesses in Scotland was 12% and for tourism businesses even lower at 7%.
- 7.11 Around 14% of our survey stated that they had introduced new or significantly improved products or goods in the last three years. This compares to a Scottish average of 13% and for Scottish tourism businesses 11%. The overall message from these comparisons is that those involved in the programme tend to be more 'innovation active' than not just the average for all tourism businesses but also the average across all types of businesses in Scotland.

Figure 7-7: Over the past three years, (and including any projects you have received support for) has your business introduced any of the following?



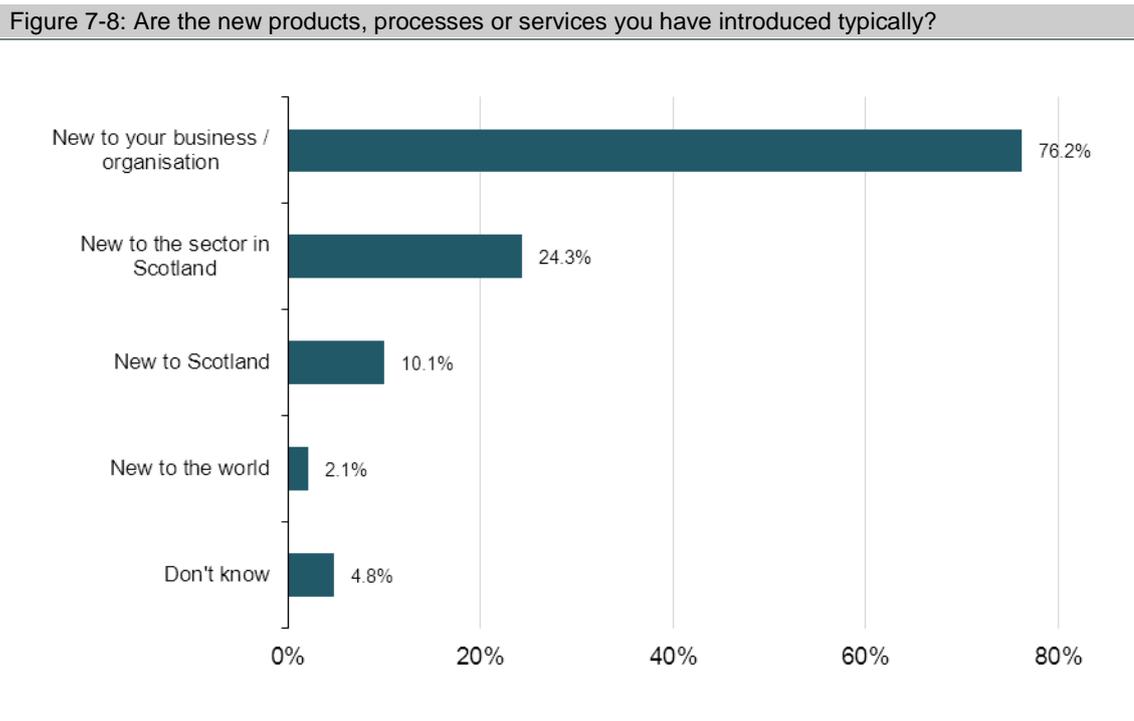
Source: TI telephone survey – base 398 companies

- 7.12 Another aspect covered in the CIS is the level of innovation. In the survey of programme participants, over three quarters stated that the new product/ process or service that they have

²⁴ Community Innovation Survey 6 is a Europe-wide survey and was undertaken 2009. It was sent to 28,000 UK enterprises with 10 or more employees and achieved a 50 per cent response rate. It provides the UK data covering the three-year period from 2006 to 2008

introduced over the last three years is new to their business (Figure 7-8). By way of comparison according to the feedback from CIS, 78% of all businesses stated it was new to their business and 74% of tourism businesses replied likewise.

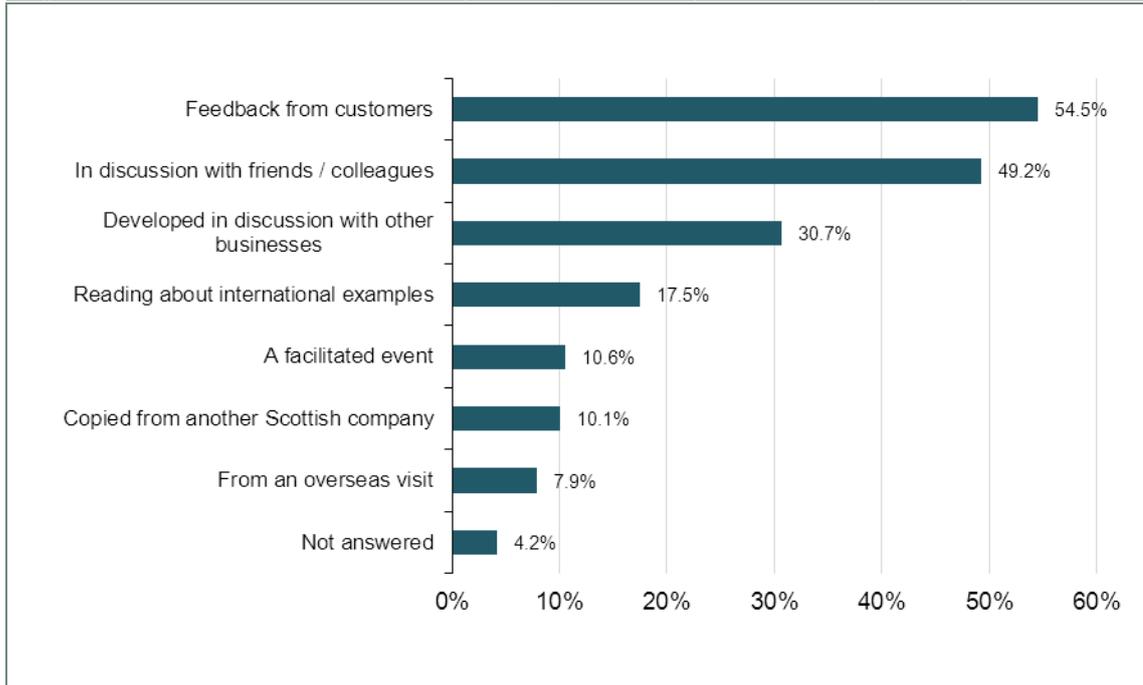
- 7.13 A quarter of Tourism Innovation Programme participants believed that their innovation was new to the sector in Scotland. Interestingly, this is lower than the average of 28% across all tourism businesses and 39% of all businesses in Scotland. This would seem to suggest that when businesses were identifying innovations that they had introduced, whilst often they would be new to their business, it was perhaps something which they felt other tourism firms were already doing.



Source: TI telephone survey – base 189 companies

- 7.14 For more than 50% of survey respondents, the stimulus for the innovation introduced was feedback from customers (Figure 7-9). Discussions with friends (just under 50%) and other businesses (31%) were also common sources of ideas. When asked whether they thought that their ideas had been adopted by other firms in Scotland, the vast majority of respondents stated they did not know (67%). Only 13% thought there had been some adoption/ imitation by other companies. For those that stated their ideas had been copied, these tended to be around marketing approaches, online booking systems and approaches to social media as a means of marketing.

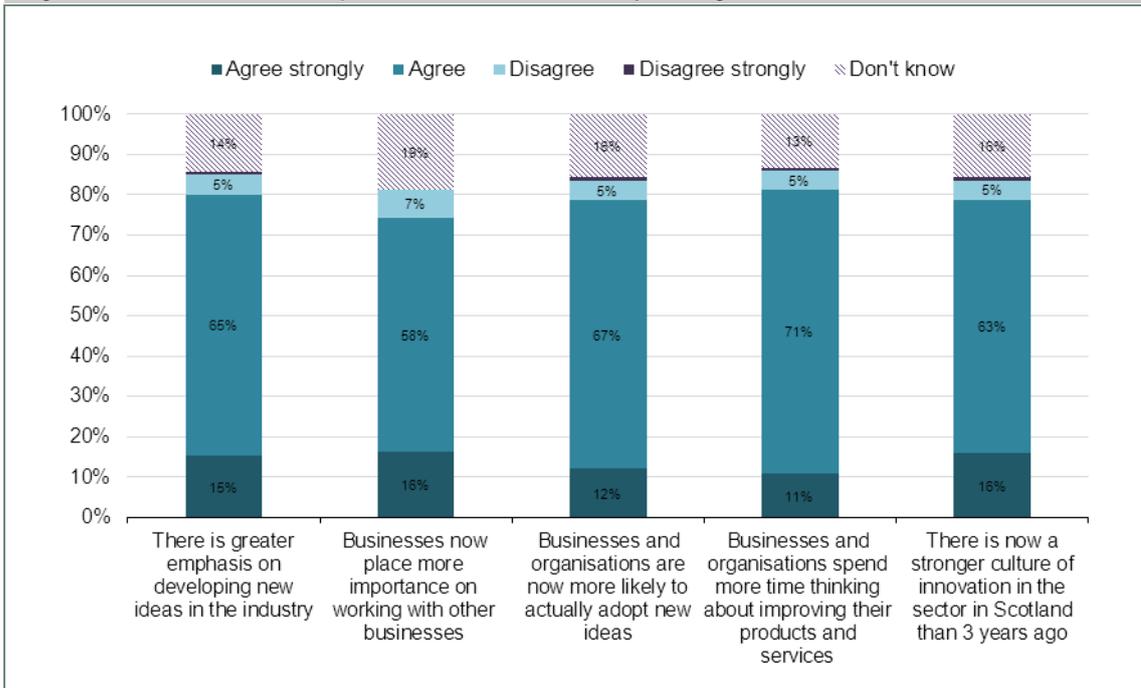
Figure 7-9: How were the ideas for these products, services or processes usually developed?



Source: TI telephone survey – base 189 companies

- 7.15 Programme participants were asked to respond to a series of statements regarding the culture of innovation in the Scottish tourism sector. These statements covered the need to develop new ideas; attitudes towards collaboration; likelihood of businesses adopting new ideas; and the extent to which businesses spend more time now thinking about developing new products, services and processes. Across all of the statements, around 70-80% agreed there had been a positive change (Figure 7-10).
- 7.16 Participants were also asked whether they agreed that there is now a stronger culture of innovation in Scotland compared with three years ago. As highlighted earlier in the report, this was the main aim of the Tourism Innovation Programme. There was a similarly positive response with 16% strongly agreeing and 63% agreeing.

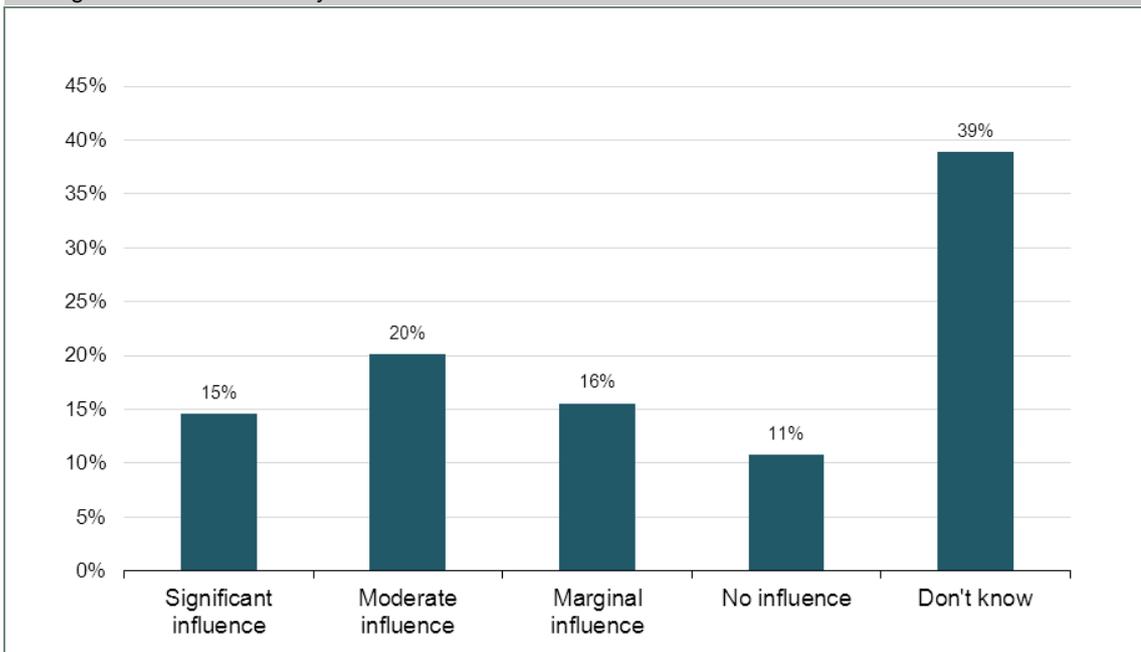
Figure 7-10: To what extent do you agree with the following statements about tourism businesses and organisations in Scotland compared to the situation three years ago?



Source: TI telephone survey – base 398 companies

7.17 Over half of respondents consider that the Tourism Innovation Programme has had some level of influence on changes to the culture of innovation in Scotland’s tourism sector, with 15% stating it has had a significant influence and a fifth stating a moderate influence (Figure 7-11). Understandably, a large proportion of survey respondents have found this a difficult question to answer (39%). However, the fact that only 11% stated it has had no influence on changing the culture of innovation is in itself a positive finding on the influence of the Programme on participating businesses and organisations.

Figure 7-11: To what extent do you think that the Tourism Innovation Programme has influenced these changes over the last three years?



Source: TI telephone survey – base 398 companies

Impacts

- 7.18 Although no part of the Programme had any explicit quantified *objectives* in terms of economic impact, an important part of this evaluation has nevertheless been to assess its impact. As economic development agencies, SE and HIE need to know how their investment is affecting the performance of individual businesses and the wider economy.
- 7.19 We have therefore developed a model of the economic impacts of the programme over the period 2009/10 to 2014/15, based on the survey responses to questions regarding impact to date, future impact, and additionality, together with certain other assumptions derived from secondary sources. The model has been provided separately to SE.
- 7.20 Note that we have limited the appraisal period to years 0 to 5 of the programme, taking year 0 to be 2009/10, rather than including projections of impacts over 10 years as originally requested by SE. For any assessment of economic impact, it is important to use an appraisal period *appropriate* to the type of intervention. While ten years may be appropriate period for an assessment of an R&D intervention, we consider this to be far too long for a business support intervention such as the Tourism Innovation Programme. Given the uncertainties involved, and the modest levels of intervention intensity per business (including the provision of information via a website), the projections of net impact beyond year 5 would be next to meaningless, and incorporating these projections in our assessment of economic impact would risk skewing the study findings unrealistically.

General assumptions

- 7.21 Various general assumptions are used in the model, for each of the programme components. These key assumptions are summarised in the table below.

Table 7-1: General assumptions used in the economic impact model

Assumption	Value	Source/comments
Average FTE per part time employee	0.5	SQW estimate
Average FTE per seasonal worker	0.25	SQW estimate
Average sales per FTE (£)	62,819	Scottish Government Economic Strategy Key Sector Statistics
GVA to turnover ratio	31%	Scottish Government Economic Strategy Key Sector Statistics
Average leakage	0%	Only businesses based in Scotland have been modelled, and questions on sales related to the local business unit
Average displacement (Scotland level)	38%	Average from telephone survey displacement analysis (see below)
Average substitution	0%	No material substitution was found in survey
Type 2 GVA multiplier (Scotland level)	1.50	Source: Scottish input-output tables for 2007, for 'Hotels, catering & pubs etc.'
Type 2 employment multiplier (Scotland level)	1.24	Source: Scottish input-output tables for 2007, for 'Hotels, catering & pubs etc.'
Discount rate	3.50%	Source: HM Treasury Green Book

Source: SQW economic impact model

Displacement

- 7.22 The assumption of 38% displacement at a Scotland level was derived from the survey responses – though it excludes the responses of those who estimated 0% (as we considered this to be unrealistic), and we used the upper end of each displacement range response option, as there is a tendency for respondents to under-estimate the extent to which their increased sales will be at the expense of competitors elsewhere in Scotland. This is rather higher than the 20% used in Frontline’s 2006 ‘Evaluation of the Tourism Innovation Approach’, which argued that the nature of the support (i.e. around innovation) helped to ensure a relatively low level of displacement.
- 7.23 Although the figures are not directly comparable, our displacement assumption of 38% is broadly consistent with the finding below (see wider spill-over benefits) that 53% of respondents’ customers are from Scotland. Note that not all the expenditure from Scottish customers is displacing money that would otherwise be spent elsewhere in Scotland (people may, for example, be choosing to holiday in Scotland rather than overseas, as a result of the attractions available, or money spent on a day out may otherwise have been spent on online purchases).
- 7.24 Given the difficulties in obtaining reliable estimates of displacement from survey respondents (in this and other evaluations), we suggest that SE might consider undertaking some work to derive sector-specific ranges for displacement that could be consistently applied in SE evaluations – possibly through the use of econometric analysis. This would be analogous to the use of multipliers from Scottish input-output tables, rather than attempting to construct multipliers from survey responses (which is difficult if not impossible in practice).

Deadweight

- 7.25 Another key assumption relates to the interpretation of the various responses re deadweight in the surveys. The table below shows the assumed values for deadweight associated with each of the response options.

Table 7-2: Deadweight adjustments for each potential response re the impact of the support provided on the change/project introduced/planned

	Would not happen at all without the support	Would have taken longer	Would have happened on a smaller scale	Would have been poorer quality	Would have been much less likely to happen	Would have been a bit less likely to happen	Support made no difference	No response
Deadweight adjustments	0%	70%	70%	70%	50%	90%	100%	70%

Source: SQW economic impact model

- 7.26 Where more than one of the ‘partial deadweight’ responses has been given, we have combined them, as this implies a lower level of deadweight. For example, if the respondents said that the change would have taken longer, *and* would have happened on a smaller scale without the support, the deadweight is taken to be 70% x 70% = 49%.
- 7.27 We have used information from each individual respondent as to how long the impact of the changes introduced/planned will persist. In this case we have chosen *not* to apply a ‘decay’

factor to the projected impacts as used by PwC in the RDA impact report, because a) substantial adjustments for optimism bias are already applied to future projections (see below), and b) there is an argument that net impacts may well *increase* rather than decrease over time in many cases, as turnover associated with a new innovation may grow year-on-year.

Optimism bias

- 7.28 Our model applies adjustments for optimism bias to respondents' estimates of future impacts. Examining the survey responses, we have chosen in this case to vary optimism bias adjustments depending on the ratio of the estimated future annual turnover impact to current turnover.
- 7.29 Where the future impact is less than 20% of the respondent's current turnover we have applied an optimism bias adjustment of 20%; where the future impact between 20% and 50% of current turnover we have applied an optimism bias adjustment of 40%; where the future impact is more than 50% of current turnover we have applied an optimism bias adjustment of 80%. These are informed by Department for Communities and Local Government guidance on optimism bias, which suggests using 40% as a starting point for optimism bias on future benefits, combined with our own judgement on what would be reasonable in this case.

TIS

- 7.30 For the TIS impacts, we have looked at the responses from the online survey of TIS users, which asked specifically about the impact of TIS.
- 7.31 The TIS-specific assumptions used in the model are shown in the table below.

Table 7-3: TIS-specific assumptions re sales impact (applied where a respondent has said that there is an impact, but has not quantified it)

Assumption	Value	Source/comments
Average sales impact on last year, for those reporting major positive impact to date	10%	Source: median impact for those quantifying major sales impact to date
Average sales impact on last year, for those reporting minor positive impact to date	5%	Source: median impact for those quantifying minor sales impact to date
Average future sales impact, for those reporting major positive future impact	19%	Source: median impact for those quantifying major future sales impact
Average future sales impact, for those reporting minor positive future impact	6%	Source: median impact for those quantifying minor future sales impact

Source: SQW economic impact model

- 7.32 As with the other parts of the programme, an important stage in the impact assessment is scaling up the estimated benefits from the survey sample to the overall beneficiary population. This is complicated somewhat by the beneficiary base increasing over time (so we need to scale up more for later years, and less for earlier years). In the case of TIS we have:
- Estimated the *end-of-year* user base in terms of the number of organisations (rather than individuals) using TIS. This has been derived from the number of registered

individuals combined with our finding that in an extract of 3,900 users, there were 2,827 unique organisations.

- Interpolated the end-of-year numbers to derive a *year-average* number of TIS user organisations, i.e. the average number of organisations using TIS in the course of each year.
- Divided the year-average number of TIS user organisations in each year by the TIS user organisation base at the time the survey was conducted (2,923, in Autumn 2011), to derive a scaling factor which accounts for the growth of the user base over time; so, for example, the average TIS user base in 2009/10 was 12% of the base at the time of the survey in mid-2011/12.
- Multiplied that scaling factor by the ratio of the TIS user organisation base at the time of the survey (2,923) to the TIS survey respondents (571) – i.e. a ratio of 5.1 – to derive the overall scaling factor in each year applied to the impact estimates found in our survey, as shown in the table below.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total TIS user organisations (EoY)	730	1,919	3,928	3,928	3,928	3,928
Total TIS user organisations (year average)	365	1,324	2,923	3,928	3,928	3,928
Year average scaling factor of Autumn 2011 TIS user organisation base (2,923)	0.12	0.45	1.00	1.34	1.34	1.34
Scaling up factor from Autumn 2011 survey respondents (571) to TIS user organisation population	0.64	2.32	5.12	6.88	6.88	6.88

Source: SQW economic impact model

- 7.33 Our model suggests that TIS impacts *to date* (i.e. to end 2010/11) have been approximately:
- £2.7 million in gross annual turnover amongst TIS users
 - £0.8 million in net annual GVA for Scotland
 - 33 net jobs for Scotland.
- 7.34 Extending the appraisal period to include expected future impacts, we estimate that the TIS impacts could rise to the following by 2014/15:
- £7.7 million in gross annual turnover amongst TIS users
 - £2.2 million in net annual GVA for Scotland
 - 93 net jobs for Scotland.
- 7.35 The estimated impacts of TIS on gross turnover, net GVA and net employment over time are given in the tables below, for Scotland, for the HIE area, and for the SE area.

Scotland

Table 7-5: Impacts of TIS for Scotland – gross annual turnover and net annual GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIS users in Scotland (£m)	0.8	2.7	6.1	6.8	7.9	7.7
Total net GVA impact of TIS for Scotland (£m)	0.2	0.8	1.7	1.9	2.2	2.2
Discounted net GVA impact	0.2	0.7	1.6	1.7	1.9	1.8
Cumulative Present Value of net GVA impact for Scotland (£m)	0.2	1.0	2.6	4.3	6.2	8.0

Source: SQW economic impact model

Table 7-6: Gross and net employment impacts of TIS for Scotland

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIS user population (FTE)	12	44	96	108	125	122
Net employment impact of TIS in Scotland (FTE)	9	33	74	83	96	93

Source: SQW economic impact model

HIE area

Table 7-7: Impacts of TIS for HIE area – gross turnover and net GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIS users in HIE area (£m)	0.1	0.2	0.4	0.5	0.8	0.5
Total net GVA impact of TIS for HIE area (£m)	0.0	0.1	0.1	0.2	0.2	0.2
Discounted net GVA impact	0.0	0.0	0.1	0.1	0.2	0.1
Cumulative Present Value of net GVA impact for HIE area (£m)	0.0	0.1	0.2	0.3	0.5	0.6

Source: SQW economic impact model

Table 7-8: Gross and net employment impacts of TIS for HIE area

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIS user population (FTE)	0.8	2.9	6.4	8.7	12.0	8.7
Net employment impact of TIS in HIE area (FTE)	0.6	2.2	4.9	6.6	9.2	6.7

Source: SQW economic impact model

SE area

Table 7-9: Impacts of TIS for SE area – gross turnover and net GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIS users in SE area (£m)	0.7	2.6	5.7	6.3	7.1	7.1

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total net GVA impact of TIS for SE area (£m)	0.2	0.7	1.6	1.8	2.0	2.0
Discounted net GVA impact	0.2	0.7	1.5	1.6	1.7	1.7
Cumulative Present Value of net GVA impact for SE area (£m)	0.2	0.9	2.4	4.0	5.7	7.4

Source: SQW economic impact model

Table 7-10: Gross and net employment impacts of TIS for SE area

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIS user population (FTE)	11.2	40.7	89.9	99.8	113.4	113.2
Net employment impact of TIS in SE area (FTE)	8.6	31.1	68.6	76.1	86.5	86.3

Source: SQW economic impact model

TIF

7.36 Our scaling-up factors, to translate the impacts from survey respondents to the TIF user population are shown in the table below, using the same approach as described for TIS above.

Table 7-11: Scaling-up factor for TIF

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total TIF users (EoY)	114	192	288	288	288	288
Total TIF users (year average)	57	153	240	288	288	288
Year average scaling factor of Autumn 2011 TIF user base (204)	0.28	0.75	1.18	1.41	1.41	1.41
Scaling-up factor from survey respondents (94) to TIF user population	0.61	1.63	2.55	3.06	3.06	3.06

Source: SQW economic impact model

7.37 Note that we have ensured that the few beneficiaries who reported impacts and used both the TIF and Toolkit interventions have been allocated to the intervention which they considered had the most benefit, in order to avoid double-counting.

7.38 Our model suggests that TIF impacts *to date* (i.e. to end 2010/11) have been approximately:

- £1.6 million in gross annual turnover amongst TIF users
- £0.4 million in net annual GVA for Scotland
- 19 net jobs for Scotland.

7.39 Extending the appraisal period to include expected future impacts, we estimate that the TIF impacts could be the following in 2014/15:

- £1.4 million in gross annual turnover amongst TIF users

- £0.4 million in net annual GVA for Scotland
- 17 net jobs for Scotland.

7.40 The estimated impacts of TIF on gross turnover, net GVA and net employment over time are given in the tables below.

Table 7-12: Impacts of TIF for Scotland – gross annual turnover and net annual GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for TIF users in Scotland (£m)	0.6	1.6	2.5	0.4	1.0	1.4
Total net GVA impact of TIF for Scotland (£m)	0.2	0.4	0.7	0.1	0.3	0.4
Discounted net GVA impact	0.2	0.4	0.7	0.1	0.3	0.3
Cumulative Present Value of net GVA impact for Scotland (£m)	0.2	0.6	1.2	1.4	1.6	1.9

Source: SQW economic impact model

Table 7-13: Gross and net employment impacts of TIF for Scotland

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for TIF user population (FTE)	9.3	25.1	39.5	7.0	16.3	22.7
Net employment impact of TIF in Scotland (FTE)	7.1	19.1	30.1	5.3	12.4	17.3

Source: SQW economic impact model

Toolkit

7.41 Our scaling-up factors, to translate the impacts from survey respondents to the Toolkit user population are shown in the table below.

Table 7-14: Scaling-up factor for Toolkit

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total Toolkit users (EoY)	143	329	422	422	422	422
Total Toolkit users (year average)	72	236	376	422	422	422
Year average scaling factor of Autumn 2011 Toolkit user base (329)	0.22	0.72	1.14	1.28	1.28	1.28
Scaling-up factor from survey respondents (102) to Toolkit user population	0.70	2.31	3.68	4.14	4.14	4.14

Source: SQW economic impact model

7.42 Our model suggests that Toolkit impacts *to date* (i.e. to end 2010/11) have been approximately:

- £0.5 million in gross annual turnover amongst Toolkit users
- £0.2 million in net annual GVA for Scotland

- 7 net jobs for Scotland.

7.43 Extending the appraisal period to include expected future impacts, we estimate that the Toolkit impacts could be the following in 2014/15:

- £0.4 million in gross annual turnover amongst Toolkit users
- £0.1 million in net annual GVA for Scotland
- 5 net jobs for Scotland.

7.44 The estimated impacts of Toolkit on gross turnover, net GVA and net employment over time are given in the tables below.

Table 7-15: Impacts of Toolkit for Scotland – gross annual turnover and net annual GVA

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross turnover impact for Toolkit users in Scotland (£m)	0.2	0.5	0.9	0.4	0.4	0.4
Total net GVA impact of Toolkit for Scotland (£m)	0.0	0.2	0.2	0.1	0.1	0.1
Discounted net GVA impact	0.0	0.1	0.2	0.1	0.1	0.1
Cumulative Present Value of net GVA impact for Scotland (£m)	0.0	0.2	0.4	0.5	0.6	0.7

Source: SQW economic impact model

Table 7-16: Gross and net employment impacts of Toolkit for Scotland

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total gross employment impact for Toolkit user population (FTE)	2.6	8.5	13.6	6.4	6.4	6.5
Net employment impact of Toolkit in Scotland (FTE)	2.0	6.5	10.3	4.9	4.9	5.0

Source: SQW economic impact model

Summary of total programme impacts

7.45 Combining the above figures, we estimate that the programme impacts *to date* (i.e. to end 2010/11) have been approximately:

- £4.9 million in gross annual turnover amongst programme users
- £1.4 million in net annual GVA for Scotland
- 59 net jobs for Scotland.

7.46 The profiles of the impacts over time are given in the tables below.

Table 7-17: Gross annual turnover impacts (£ million)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
TIS	0.8	2.7	6.1	6.8	7.9	7.7
TIF	0.6	1.6	2.5	0.4	1.0	1.4

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Toolkit	0.2	0.5	0.9	0.4	0.4	0.4
Total	1.5	4.9	9.4	7.7	9.3	9.5

Source: SQW economic impact model

Table 7-18: Net annual GVA impacts (£ million)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
TIS	0.2	0.8	1.7	1.9	2.2	2.2
TIF	0.2	0.4	0.7	0.1	0.3	0.4
Toolkit	0.0	0.2	0.2	0.1	0.1	0.1
Total	0.4	1.4	2.6	2.2	2.6	2.7

Source: SQW economic impact model

Table 7-19: Net employment impacts (FTEs)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
TIS	9	33	74	83	96	93
TIF	7	19	30	5	12	17
Toolkit	2	7	10	5	5	5
Total	18	59	114	93	113	115

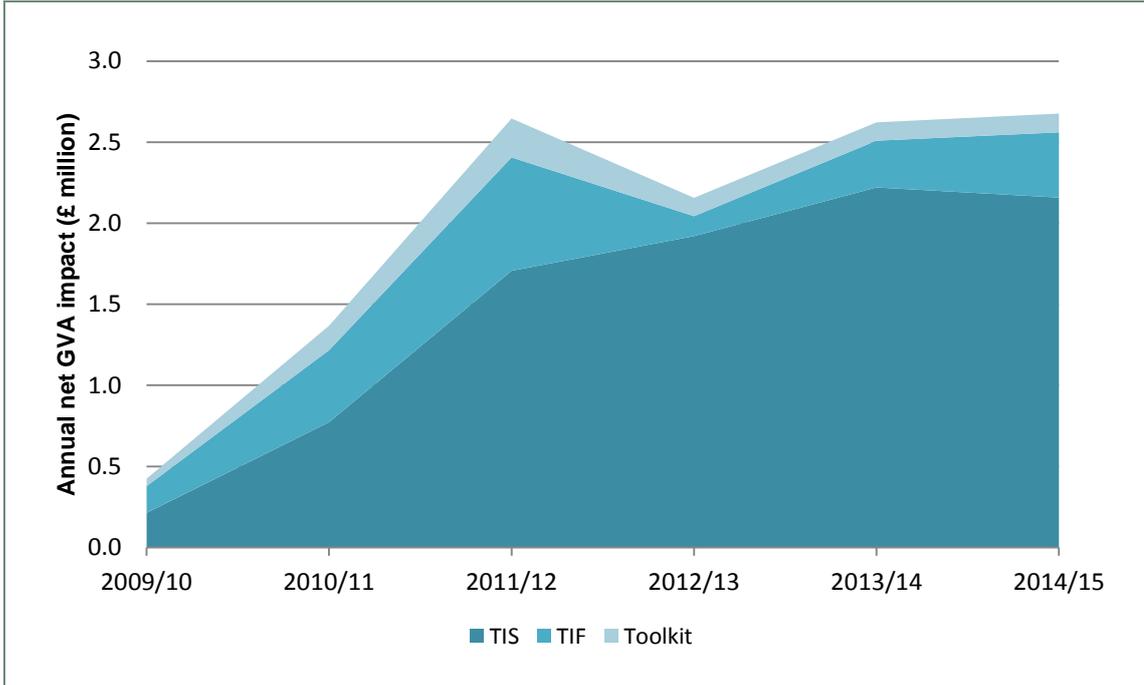
Source: SQW economic impact model

7.47 Note that much of the impact of the programme is, as yet, in the future, as innovations take time to be introduced and exploited. Using the respondents' views of the future impacts of the changes they have introduced (or are planning to introduce), together with their perspectives on the additionality associated with the programme's support, we estimate that the total programme impacts could rise to the following by 2014/15:

- £9.5 million in gross annual turnover amongst programme users
- £2.7 million in net annual GVA for Scotland
- 115 net jobs for Scotland.

7.48 As illustrated in the chart below, the bulk of the impact initially comes from TIS. The TIF profile is a mixture of impacts from some apparently 'quick win' projects, combined with impacts from other projects taking longer to come through. On the basis of the feedback from survey respondents, there appears to be something of a dip in 2012/13; in practice, however, we would expect there to be smoother profile over time (e.g. with impacts accruing to date not coming to a halt as abruptly as suggested in this chart). With relatively low level of investment, the Toolkit workshops are associated with a similarly modest degree of economic impact.

Figure 7 -12: Total annual net GVA impacts of the programme (£ million)

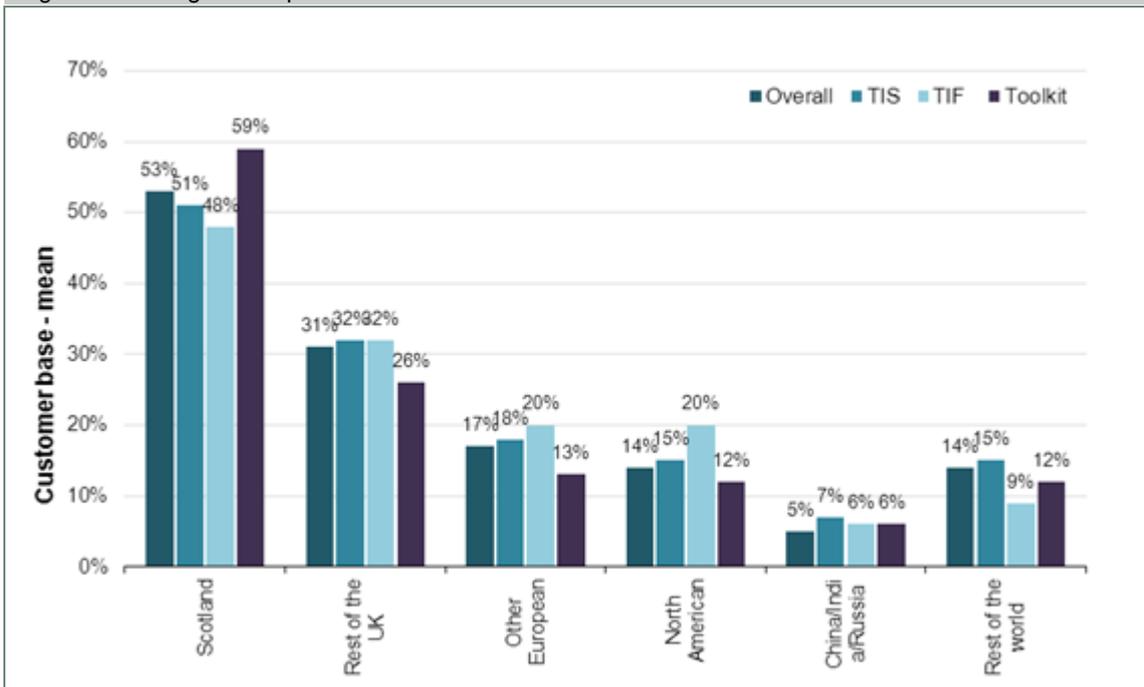


Source: SQW economic impact model

Wider spill-over effects

7.49 The above estimates are based on the economic impacts for the programme beneficiaries themselves (though also taking wider displacement and multiplier effects into account). However, there are wider potential spill-over effects on the Scottish economy, which are not readily quantified, but which should also be recognised.

Figure 7-13: Origin of respondents' customers



Source: SQW analysis of telephone survey. Base: 292 responding to this question

- 7.50 As shown in the chart above, about 47% of survey respondents' customers are from outwith Scotland. There is an argument that the innovations enabled by the programme are collectively helping to draw in visitors to Scotland who would otherwise not have visited the country, through making Scotland's overall 'offer' somewhat more attractive. If that is the case, then there will be economic impacts for several organisations beyond the immediate beneficiaries of the programme (e.g. transport providers, other accommodation providers and other attractions), as only part of the expenditure of these visitors will be with the companies involved in the programme.
- 7.51 A survey of visitors was beyond the scope of this evaluation, so we cannot put reliable estimates on the additional visits to Scotland attributable to the innovations enabled by the programme. However, these wider potential spill-over effects should be borne in mind, when judging the overall value of the programme.

Value for money assessment

- 7.52 We have assessed the value for money of the programme, assuming total costs over the three year period of £1.5 million, as shown in the table below.

Table 7-20: Total programme costs (£ million)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Totals
TIS	0.29	0.40	0.45	0.00	0.00	0.00	1.14
TIF	0.10	0.10	0.10	0.00	0.00	0.00	0.29
Toolkit	0.03	0.03	0.01	0.00	0.00	0.00	0.06
Total	0.41	0.52	0.56	0.00	0.00	0.00	1.50

Source: SQW analysis of information on actual costs provided by the programme team, plus SQW estimates for full-year 2011/12 costs

- 7.53 Discounting both the costs and the net GVA benefits at 3.5%, using 2009/10 as year 0, we estimate an Economic Impact Ratio of 1.9, for the programme to date (i.e. to end 2010/11). As shown in the table below, this value for money indicator rises to 7.4, if we extend the appraisal period out to 2014/15.

Table 7-21: Estimated Economic Impact Ratios for the programme, over two appraisal periods

	To 2010/11	To 2014/15
PV of total net GVA benefits (£m)	1.7	10.7
PV of total costs (£m)	0.9	1.4
Economic Impact Ratio	1.9	7.4

Source: SQW economic impact model

- 7.54 The Economic Impact Ratios for the individual programme components, for the period to 2014/15, are 7.3 for TIS, 6.9 for TIF, and 11.6 for the Toolkit, as shown in the tables below.
- 7.55 While this would appear to suggest that the Toolkit offers the best value for money, we would caution that: a) the costs and the economic benefits of this intervention are both rather small; b) there are some hidden costs associated with the Toolkit, as SE resource costs have not been

incorporated, and the destination managers advise us that in practice there is a considerable SE effort involved in setting up these workshops with relevant businesses; and c) the benefit estimates are based on responses from quite a small sub-sample (10) of Toolkit users who could provide us with impact estimates.

Table 7 -22: Economic Impact Ratio for TIS

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted net GVA impacts (£m)	0.21	0.75	1.59	1.73	1.94	1.82
Cumulative discounted net GVA impacts (£m)	0.21	0.96	2.55	4.29	6.22	8.04
Discounted costs (£m)	0.29	0.39	0.42	0.00	0.00	0.00
Cumulative discounted costs (£m)	0.29	0.67	1.10	1.10	1.10	1.10
Economic Impact Ratio (cumulative)	0.74	1.42	2.33	3.90	5.67	7.32

Source: SQW economic impact model

Table 7-23: Economic Impact Ratio for TIF

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted net GVA impacts (£m)	0.17	0.43	0.65	0.11	0.25	0.34
Cumulative discounted net GVA impacts (£m)	0.17	0.59	1.25	1.36	1.61	1.95
Discounted costs (£m)	0.10	0.09	0.09	0.00	0.00	0.00
Cumulative discounted costs (£m)	0.10	0.19	0.28	0.28	0.28	0.28
Economic Impact Ratio (cumulative)	1.70	3.12	4.43	4.83	5.72	6.93

Source: SQW economic impact model

Table 7-24: Economic Impact Ratio for Toolkit

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Discounted net GVA impacts (£m)	0.05	0.15	0.22	0.10	0.10	0.10
Cumulative discounted net GVA impacts (£m)	0.05	0.19	0.42	0.52	0.62	0.71
Discounted costs (£m)	0.03	0.02	0.01	0.00	0.00	0.00
Cumulative discounted costs (£m)	0.03	0.05	0.06	0.06	0.06	0.06
Economic Impact Ratio (cumulative)	1.76	3.82	6.77	8.43	10.04	11.63

Source: SQW economic impact model

8: Conclusions and recommendations

- 8.1 In this section we bring together our main conclusions and recommendations as set out under each Programme element.

Tourism Innovation Programme

- 8.2 Since 2008/09, just under £1.5 million has been invested in the Tourism Innovation Programme. The rationale for the whole programme was based on information deficiencies and the fact that within the tourism sector there has been a reluctance to innovate. This evaluation has found that there remains a strong case for continuing with this type of programme. Many stakeholder consultees highlighted that this type of Programme was always going to be a slow burner and that changing culture and behaviour in such a diverse and fragmented sector was always going to be a long term challenge. The current uncertainties in the economy also potentially strengthen the rationales for intervention.
- 8.3 The different elements of the Programme are being managed effectively by SE and its partners. However, the research has highlighted the need for clearer connections between the different elements within the Programme.
- 8.4 This issue of ensuring a more joined-up approach between different elements of the Programme is the main example of wider learning that SE should consider for other similar types of interventions for other sectors that are looking to learn from the Tourism Innovation Programme. In terms of what the Programme can learn from elsewhere, this is difficult to identify due to the fact that based on feedback from consultees there are currently few examples of similar tourism programmes focussed on increasing innovation.
- 8.5 The Programme has supported around 4,000 individuals, including around 3,500 businesses. In Scotland as a whole there are estimated to be around 20,000 businesses. Consequently there are many businesses out there that could benefit from this type of Programme. By way of context, VisitScotland works with around 9,000 businesses as part of their Quality Assurance initiative.
- 8.6 The alignment between the Programme and SE's destinations and key tourism product approaches varies. Whilst businesses and organisations in Edinburgh appear to be relatively well represented in TIS, Toolkit and TIF, the proportion of participants from Glasgow is perhaps surprisingly low. In terms of the Programme's links with the key tourism products, this appears to be stronger through TIS and Toolkit than TIF.
- 8.7 The Programme is making a positive contribution to rural economic diversification. Overall, 42% of those involved in the Programme are based in rural areas (by comparison, 20% of all Scottish businesses are based in rural areas).
- 8.8 With one intended outcome being that greater numbers of people will (travel to) visit Scotland, it is unlikely that the Programme is serving to reduce carbon emissions overall, although we note that the majority (53%) of customers of our survey respondents are from

within Scotland, and the Programme could potentially be encouraging more ‘staycations’ (which would be associated with lower emissions than overseas holidays). It was beyond the scope of this evaluation to quantify the net carbon emission impact of the Programme.

- 8.9 The overall aim of the Programme was to foster a stronger culture of innovation in Scotland’s tourism sector. Our survey of Programme beneficiaries highlighted that 16% of respondents strongly agree and 63% agree that there is now a stronger culture of innovation compared to three years ago. When asked about the influence of the Tourism Innovation Programme on this change, 15% of respondents stated it has had a significant influence and a fifth also stated a moderate influence. Both of these findings would suggest the Programme is contributing in a meaningful way to the overall aim of changing the culture of innovation. However, it would appear from the survey and consultations with stakeholders that there remains work to be done.

Programme impact

- 8.10 Although no part of the Programme had any explicit quantified *objectives* in terms of economic impact, an important part of this evaluation has nevertheless been to assess its impact. As economic development agencies, SE and HIE need to know how their investment is affecting the performance of individual businesses and the wider economy.
- 8.11 Based on our economic impact model, it is estimated that the programme impacts to date (i.e. to end 2010/11) have been approximately: £4.9 million in gross annual turnover amongst programme users; £1.4 million in net annual GVA for Scotland; and 59 net jobs for Scotland, with a (cumulative) Economic Impact Ratio of 1.9.
- 8.12 If we are to extend the appraisal period up to the end of 2014/15 it is estimated that the total programme impacts could rise to: £9.5 million in gross annual turnover amongst programme users; £2.7 million in net annual GVA for Scotland; and 115 net jobs for Scotland, with a (cumulative) Economic Impact Ratio of 7.4.

Programme-level recommendations

- 8.13 In the light of our evaluation, we offer the following programme-level recommendations:
- Continue to invest in the Tourism Innovation Programme. Our evaluation has found a positive response to the programme’s activities amongst beneficiaries, with reasonably high levels of value for money, especially when future impacts are taken into account (even after cautious adjustments are made for respondents’ optimism bias). In broad terms, the overall levels of investment appear to be appropriate, as do the relative levels of investment in each of TIS, TIF and Toolkits. The sector-specific nature of the programme appears to be valued by beneficiaries, and stakeholders.
 - Seek to establish stronger links between the various components of the programme. We found low levels of cross-usage (e.g. between TIF and Toolkits), and there is potential for making the programme worth more than the sum of its parts through stronger links between the components. With TIS being the most widely used part of

the programme, it may be worth considering whether TIF and Toolkits could be more clearly aligned with TIS branding.

- Seek to encourage greater uptake in the Destinations. Glasgow, in particular, is relatively under-represented in terms of Programme users. It would be worth sharing the experiences of areas with relatively high uptake (e.g. Edinburgh), although we appreciate that different Destinations have different challenges in terms of engaging businesses through the various channels, and that SE's own resource for engaging with businesses in the Destinations is limited.
- Develop the thinking on what constitutes 'innovation' in the tourism sector, and review whether the terminology used by the programme aligns well with that used by the businesses themselves. In practice, there is a wide spectrum of innovative activity, from relatively modest changes in day-to-day business processes and systems, through to the development of completely new business models. All of this has value, and the collective economic effect of thousands of tourism businesses implementing various modest beneficial changes can be substantial. Feedback from destination managers suggests, however, that the innovation terminology used by SE can potentially deter some companies from engaging (they may see the need for change, but not consider this to be 'innovation'). A review of the various types of innovative activity by tourism businesses would be helpful in positioning the programme to best effect, and in considering whether the eligibility criteria for TIF remain appropriate.
- Review whether the TIS formula could be usefully applied to other sectors. TIS has contributed the lion's share of the programme's economic impact, at a fairly modest cost. With more than 4,000 registered users, the website is clearly succeeding in attracting a substantial proportion of the addressable market in this sector, and this may be a model that could be replicated for other sectors.

TIS

- 8.14 Since 2008/09, SE and HIE have invested just under £1 million in TIS which is broadly in line with the projected spend. TIS is jointly managed by SE, HIE and VS, each with a representative on the Management Group. The overall project is managed by SE and project delivery is sub-contracted to Tall Poppies An Industry Advisory Group was also set up to inform TIS activity.
- 8.15 The project has performed well against the agreed outputs and has generated over 4,000 registrations to the TIS website, produced eight Guides and circulated 15 editions of the Ear to the Ground newsletter. There was generally positive feedback from stakeholders on the efforts of the TIS project team to promote and raise awareness with tourism businesses and local groups. This includes the use of social media to direct traffic to the website.
- 8.16 However, there was a sense that many parts of the tourism sector who would benefit most from this service are either not aware of TIS or are choosing not to get involved. It would seem as though more work needs to be done ensuring other public sector agencies (in particular local authorities and Business Gateway) are doing as much as they can to promote TIS. Many consultees also suggested that certain elements of the project could be delivered

in-house across the three partners (especially with regards to business engagement) which may help leverage in more of VisitScotland's resources.

- 8.17 According to the TIS survey, there is regular usage of the website (with 25% using it one or more times a month). It is being used mainly for accessing market information and the Opportunity for Growth Guides. Nearly half say they have actively used the information from TIS in some way (mainly in terms of helping people access funding and to better understand their markets). Just under a third of TIS users have been able to report an output from using TIS (the most common being a collaboration with another business, a new use of social media and a new method of capturing customer feedback). Of this figure, 40% stated that it has had a positive impact on sales and profitability of their business.
- 8.18 The economic impact model developed for this evaluation suggests that TIS impacts to date (i.e. to end 2010/11) have been approximately: £2.7 million in gross annual turnover amongst TIS users; £0.8 million in net annual GVA for Scotland and 33 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 1.4.
- 8.19 Extending the appraisal period to include expected future impacts, we estimate that the TIS impacts could rise to the following by 2014/15: £7.7 million in gross annual turnover amongst TIS users; £2.2 million in net annual GVA for Scotland; and 93 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 7.3.

Recommendations

- 8.20 Based on our research we make the following recommendations in relation to TIS:
- Over the remainder of the three year funding period, target business engagement resources towards other public sector bodies to act as intermediaries for TIS (we understand this is already happening)
 - Encourage VisitScotland's Quality Assurance team to more actively promote TIS to the 9,000 tourism businesses they deal with on a regular basis. The extent of TIS's economic impact is strongly determined by the number of regular users, and we feel there is some scope for extending the reach of TIS further into the sector.
 - Improve the web registration process to ensure the TIS website is as accessible as possible (whilst still being able to capture relevant monitoring data). A separate recent analysis has highlighted a higher than average 'bounce-back' from the registration page
 - Continue to develop new approaches to promoting TIS to the sector building on the recent successes using social media and TIS TV. Developing a mobile application would help users personalise their use of the website.

Toolkits

- 8.21 Since 2008/09, SE has invested £55,000 in the Innovation Toolkit workshops. This is significantly less than the projected budget of £180,000 and it would seem as though the budget was somewhat overestimated.

- 8.22 Although the number of workshops delivered has been marginally less than expected, the project is likely to over perform in terms of the number of businesses that have been supported (many of which have been visitor attractions and tour operators). The workshops have also supported a large number of public sector organisations involved in the sector.
- 8.23 Although the Toolkit workshops initially had a high profile when launched in 2003, consultees felt as though there has been lower awareness in the sector over the last couple of years. Many of those who receive information about the workshops are likely to have already been involved.
- 8.24 For those that have taken part in the workshops, there remains very positive feedback. This is highlighted by event feedback forms and the survey of Toolkit participants. Nearly 90% of participants rated the quality of advice and material as either ‘good’ or ‘excellent’.
- 8.25 Over 40% of participants agreed that they had identified some specific actions that they could take from the session and just under a third stated the workshops had helped them identify specific partners that they could work with in the future.
- 8.26 Our economic impact model suggests that Toolkit impacts to date (i.e. to end 2010/11) have been approximately: £0.5 million in gross annual turnover amongst Toolkit users; £0.2 million in net annual GVA for Scotland; and 7 net jobs for Scotland; with an Economic Impact Ratio of 3.8.
- 8.27 Extending the appraisal period to include expected future impacts, we estimate that the Toolkit impacts could be the following in 2014/15: £0.4 million in gross annual turnover amongst Toolkit users; £0.1 million in net annual GVA for Scotland; and 5 net jobs for Scotland; with an Economic Impact Ratio of 11.6.

Recommendations

- 8.28 Based on our research we make the following recommendations in relation to Toolkits:
- Review and refresh the Toolkit, incorporating any new approaches from the market to encouraging innovation and collaboration
 - Ensure all relevant internal SE staff working with tourism businesses and groups are fully aware of the support that is available through the Innovation Toolkit
 - Incorporate a more formalised process of aftercare ensuring workshop participants take forward their agreed action plan and can benefit from other relevant SE products and services (including potentially TIF).

TIF

- 8.29 Since 2008/09, SE has invested £126,000 in core costs and £116,000 from its Innovation Support Grant on the TIF project. The spend on core costs is lower than anticipated mainly due to lower numbers of TIF winners.
- 8.30 Over the three year period, the project expected to receive 225 applications. After round 7, it had received 82 bids (with two rounds left). It is difficult to measure progress against agreed

targets as many of the supported projects have only recently just started and have yet to generate outputs. Up to round 7 there have been 20 winners and these have typically been visitor attractions or tour operators, and use ICT has been a common theme for winning projects. Most of the winners have come from East Central Scotland.

- 8.31 The most common way for participants to find out about the Fund has been through word of mouth or at events. It was acknowledged by stakeholders that there has been limited promotion of TIF, which is likely in part to have resulted in lower number of applications.
- 8.32 Although the guidance on eligibility has been clear, the quality of submissions has been very mixed. Consultees were in favour of the relatively strict criteria but it was suggested that more should be done to attract interest from larger tourism companies who would be more likely to generate greater economic impact.
- 8.33 As perhaps would be expected, TIF ‘winners’ have been very positive about the value of the support and funding provided. However, in addition, nearly half of unsuccessful applicants also described the support as good, reflecting the range of support provided to winners and non-winners. The introduction of consultancy support was particularly welcomed by stakeholders.
- 8.34 Consultees expressed some concerns about the level of grant up-take. It was suggested that in some cases this was due to businesses changing their plans due to the economic conditions. However some consultees suggested that SE’s innovation advisers could perhaps do more to support the tourism companies awarded with grants.
- 8.35 Our economic impact model suggests that TIF impacts to date (i.e. to end 2010/11) have been approximately: £1.6 million in gross annual turnover amongst TIF users; £0.4 million in net annual GVA for Scotland; 19 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 3.1.
- 8.36 Extending the appraisal period to include expected future impacts, we estimate that the TIF impacts could be the following in 2014/15: £1.4 million in gross annual turnover amongst TIF users; £0.4 million in net annual GVA for Scotland; and 17 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 6.9.

Recommendations

- 8.37 Based on our research we make the following recommendations in relation to TIF:
- Improve promotion and awareness, in particular to other public sector organisations. This would include using TIS more effectively to promote TIF and the eligibility criteria.
 - In light of the above suggested review of innovation for the tourism sector, revisit the criteria used for TIF awards to assess whether they remain appropriate or whether they should be adjusted e.g. to encompass company-level innovation in addition to sector level innovation
 - Review levels of funding that can be awarded through the Fund and potentially provided higher levels of funding to larger tourism companies

- Review whether introducing thematic rounds would help to encourage greater numbers of applications and better quality bids
- Provide greater support to award winners to ensure that projects can be taken forward and grant funding can actually be drawn down

TIG

- 8.38 Since 2008/09, SE, HIE and VisitScotland have invested around £270,000 in TIG. The project was ended in early 2010 due mainly to the formation of the Tourism Leadership Group which was set up to oversee the refresh of the national tourism strategy.
- 8.39 Although the Group had broad aims, there were no set targets. For this reason it has been difficult to measure its performance. Based on consultations with stakeholders, its main achievements were seen as organising the annual Tourism Innovation Days and leading on particular tourism projects.
- 8.40 Those involved in the Group were positive about the benefits of bringing together the main ‘thinkers’ in the industry to encourage the innovation agenda and inform and challenge the work of SE, HIE and VisitScotland. Some also maintained that this Group significantly raised the profile of innovation in a sector which traditionally has quite low levels of innovation activity. Although difficult to measure it was suggested there will be a legacy impact from the work of TIG and the annual Tourism Innovation Days.
- 8.41 However, other consultees were less certain about the Group’s influence on the wider sector, with some stating TIG had become like a ‘club’ – interesting and useful for those involved but perhaps less so for the sector as a whole. Most consultees suggested that TIG and the annual Tourism Innovation Days had served their time and would probably now be too expensive in the current economic climate. Looking ahead it was suggested that part of the future remit of the Tourism Leadership Group should be around innovation, assuming that this will be one of themes in the new refreshed strategy. Consultees were also keen that the remaining major tourism events have a strong innovation focus to maintain some of the earlier work of TIG.

Recommendations

- 8.42 Based on our research we make the following recommendations in relation to TIG:
- Ensure the Tourism Leadership Group has a remit for driving forward the innovation agenda as part of implementing the refreshed strategy
 - Ensure existing tourism events (Thistle Awards, Tourism Week) have a continued focus on innovation.

Annex A: Consultees

A.1 We are grateful to the following individuals, who were consulted as part of this evaluation:

Table A-1: Consultees

Consultee name	Organisation
Eva McDiarmid	ASVA
David Smythe	Cloag Farm & Association of Scotland's Self-Caterers
Ann McAvoy	Corporate Training
Stephen Leckie	Crieff Hydro and Scottish Tourism Forum
Stuart Cordner	Cruise Loch Lomond
Thomas McGonigle	Dal Riata
Elise Macdonald	Event Consultants Scotland
Pamela Stevenson	Fife Council
Fiona Murray	Forestry Commission
Claire Bruce	Glen Tanar Estate
Bob Kinnaird	Glenmore Lodge
Colin Simpson	Highland Council
Audrey Maclennan	Highlands and Islands Enterprise
Ruth Kirkpatrick	Highlands and Islands Enterprise
Jenny Hess	Historic Scotland
Iain Limond	JAC Travel
John Strachan	Maximillion Events
Henk Berits	National Trust for Scotland
Robin Worsnop	Rabbie's Trailburners
Sheena Kitchin	Scotland By Design
Graeme Mclean	Scottish Cycling
Aileen Lamb	Scottish Enterprise
Alan Elliott	Scottish Enterprise
Alison Munro	Scottish Enterprise
Eddie Brogan	Scottish Enterprise
Fiona Michie	Scottish Enterprise
Graeme Rennison	Scottish Enterprise
Graeme White	Scottish Enterprise
Karen Craib	Scottish Enterprise

Consultee name	Organisation
Katrina Morrison	Scottish Enterprise
Sylvio Clemente	Scottish Enterprise
Tara McGregor	Scottish Government
Claudia Rowse	Scottish Natural Heritage
Jennifer Medcalf	Tall Poppies
Victoria Brooks	The Scottish Country Sports Tourism Group
Peter Taylor	The Town House Collection
Sue Crossman	TIS
Ranald Duff	VisitScotland
Riddell Graham	VisitScotland
Stella Callaghan	VisitScotland
Susan Dickie	VisitScotland

Annex B: Survey report

Sampling Frame

- B.1 SQW undertook initial analysis of the database information provided on each of the Tourism Innovation Fund (TIF), Tourism Innovation Toolkit (Toolkit) and Tourism Innovation Scotland (TIS) strands of the overall Tourism Innovation Programme.
- B.2 Details of the profile of service users have been included in the main body of the report. In summary, the database had 4,119 entries of which 3,103 were unique organisations / individuals. The profile of usage and cross-usage is also incorporated in the main body of the report is set out below, for completeness

Usage and cross-usage of Tourism Innovation Programme Services			
(no of users)	TIF	Toolkit	TIS
TIS	188	146	3,694
TIF	225	9	188
Toolkit	9	439	146

Source: SQW analysis of beneficiary database

Questionnaire Design

- B.3 The questionnaires used for the survey are set out in a separate appendix. These include the following:
- An online survey questionnaire that was used specifically for TIS subscribers and covered only issues related to TIS as well as some issues of broader interest.
 - A telephone interview questionnaire that was used for interviews with TIF, Toolkit and TIS users.
- B.4 Draft questionnaires were produced by SQW and IBP and these were reviewed by members of Scottish Enterprise's Steering Group before they were agreed.

Online Survey (TIS Subscribers Only)

- B.5 The aforementioned online survey of TIS subscribers was set up on Survey Monkey. Broadcasts were issued by both Scottish Enterprise and Highlands and Islands Enterprise inviting participation; these included an initial invitation (issued on 29th September 2011) and a reminder (issued on 13th October 2011).
- B.6 Of the 3,694 TIS subscribers, a total of 571 responded to these invitations (15.5%); in our experience, this is in line with response rates for surveys of this nature. It should be further noted that not all respondents answered all questions.
- B.7 The confidence intervals associated with this level of response are summarised later in this appendix.

Telephone Survey (TIF, Toolkit and TIS)

- B.8 Telephone surveys were targeted at users of the TIF and Toolkit services in the first instance, with additional telephone interviews also being completed with TIS subscribers; the latter included both TIF / Toolkit users that were also TIS subscribers as well as interviews targeted at TIS subscribers that had not used these services.
- B.9 Telephone interviewing took place over the period from 29th September 2011 to 25th October 2011.
- B.10 A total of 398 telephone interviews were completed, with the profile of these being as follows:

<i>Overall number of interviews)</i>	Interviews covering TIF	Interviews covering Toolkit	Interviews covering TIS
398	102	112	271

- B.11 Based on the database provided to IBP, 220 unique cases were identified where the respondent had been a TIF user and these cases were targeted in the first instance. From these 220 cases:
- 102 interviews were completed
 - 1 firm had ceased trading
 - 1 firm was closed for refurbishment
 - 14 duplicate firms were identified (e.g. multiple attendances and / or different contact names in the same organisation).
 - In 14 cases contact was not possible due to constant answerphone messages and / or deadlines
 - In 6 cases the relevant contact was no longer with the firm
 - In the remainder of the cases contact was made with the firm on at least 5 occasions but it was not possible to speak to the nominated contact.
- B.12 Excluding cases identified where contact had already been attempted through the TIF database, a further 345 were identified where the respondent had been a Toolkit user and these cases were then targeted. From these 345 cases:
- 112 interviews were completed
 - 1 firm had ceased trading
 - 99 duplicate entries were identified (e.g. multiple attendances)
 - In 33 cases contact was not possible due to constant answerphone messages and / or dead lines

- In 3 cases the contact was a Scottish Enterprise one and contact was not attempted.
 - In 5 cases the relevant contact was no longer with the firm
 - In the remainder of the cases contact was made with the firm on at least 5 occasions but it was not possible to speak to the nominated contact.
- B.13 In achieving the 271 additional interviews with TIS users we attempted contact with 500 additional users that did not form part of the TIF or Toolkit databases. Of these:
- 191 additional interviews were completed
 - 4 firms had ceased trading
 - In 204 cases contact was not possible due to constant answerphone messages and / or dead lines
 - In 36 cases the relevant contact was no longer with the firm
 - In the remainder of the cases contact could not be made with the nominated contact.
- B.14 The confidence intervals associated with this level of response are summarised later in this appendix.

Sample Sizes

- B.15 The total sample sizes available for each strand of the work were as follows:

Strand of Tourism Innovation Programme / Analysis)	Online survey responses	Telephone interview responses	Total sample size available
TIF-specific questions	-	102	102
Toolkit-specific questions	-	112	112
TIS-specific questions (excluding economic impact questions)	571	271	842
Economic impact questions specific to TIS	571	Telephone interview responses for these questions have not been used in the calculation of economic impact as the questions were framed around aggregate impact from	571

Confidence Intervals

- B.16 Based on these sample sizes and the known populations of service users within each strand of the overall programme we can infer the following confidence intervals:²⁵

Strand of Tourism Innovation Programme / Analysis)	Population of service users	Sample size available for analysis	Confidence intervals
TIF-specific questions	225	102	+/-7.2%
Toolkit-specific questions	439	112	+/-8.0%
TIS-specific questions (excluding economic impact questions)	3,694	842	+/-2.97%
Economic impact questions specific to TIS	3,694	571	+/-3.77%

- B.17 In some instances, not all respondents will have answered a given question but this will not have a material impact on confidence intervals.

²⁵ Confidence intervals are based on a 50% estimate at the 95% confidence level. More “extreme” responses would have a narrower confidence interval.