



# MEGATRENDS IMPACTING SCOTTISH TOURISM TO 2025



## OPPORTUNITIES FOR SCOTLAND



# INTRODUCTION

This research was commissioned by Scottish Enterprise in partnership with the Scottish Tourism Alliance and with involvement from Highland and Islands Enterprise, VisitScotland, Scottish Government, Tourism Leadership Group and a number of industry stakeholders.

The analysis will be used to gain a global perspective on the future of the Scottish tourism industry in order to provide a robust evidence base to support strategic decision making by SE, partners and industry in the medium to long term.

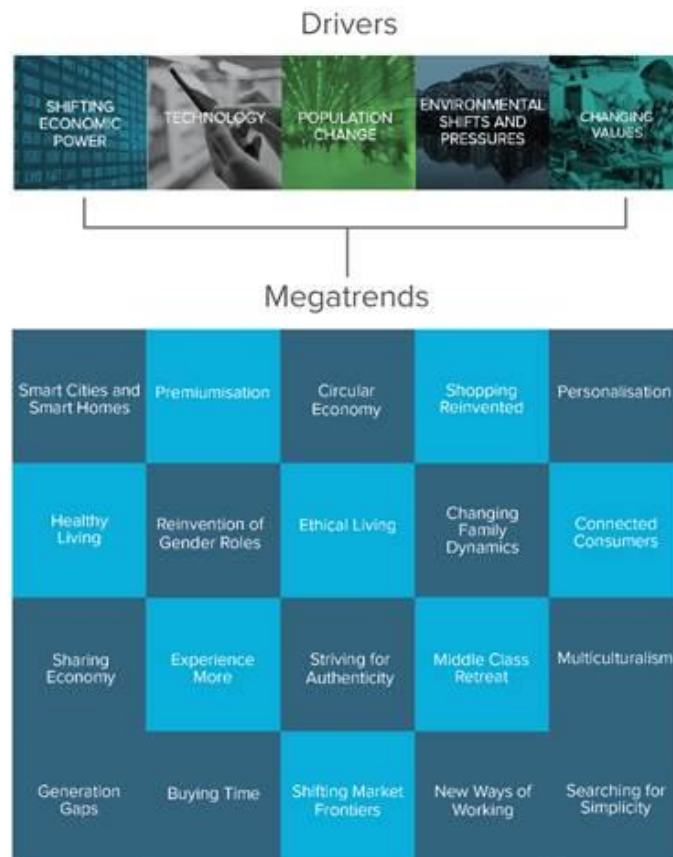
## WHAT IS A MEGA TREND?



### Euromonitor International Mega Trend Analysis

Euromonitor International is an expert in megatrend analysis. Megatrends are defined as a long-term change in behaviour or attitude with global impact across multiple industries. This long-term analysis view is critical for any organisation or company that wants to shift from reacting to the short-term and move to innovation strategies including identifying and implementing solutions that better address the needs of tomorrow's consumers.

Today's environment of fast-paced change makes it more challenging than ever to keep up with competitors. Megatrend analysis helps businesses better anticipate market developments and lead both incremental and disruptive change for their industries.



Euromonitor has identified 20 of the most influential Megatrends set to shape the world through 2030 and will provide in-depth thought leadership on the 8 Megatrends with the furthest-reaching impact on industries and consumers in the years to come.

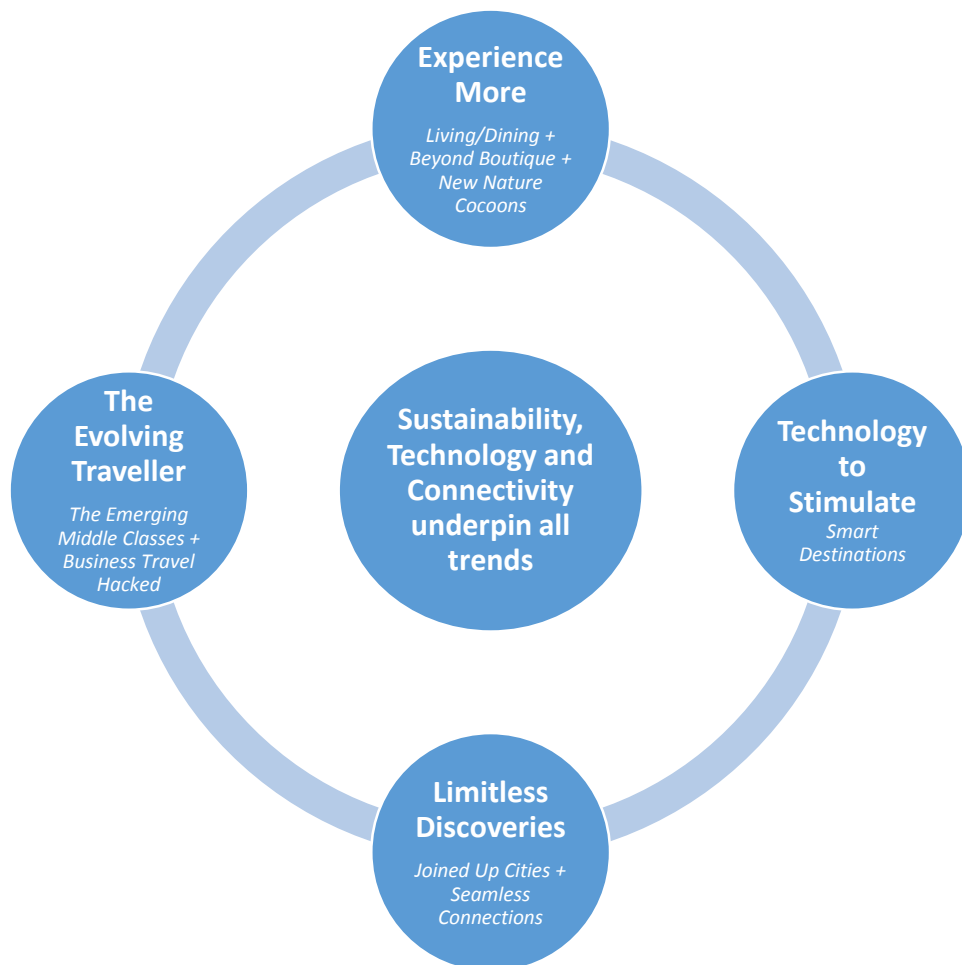
# MEGATRENDS FOR SCOTTISH TOURISM



## Establishing the Core Megatrends for Scottish Tourism

Based on ongoing research and analysis into the future of travel, Euromonitor International firstly conducted an extensive review with the heads of research for the syndicated Passport Travel global database as well as consultations with in-house experts in Insights and Innovation. This process was used to establish an initial long list of megatrends in tourism to 2025.

Taking into consideration Scotland's current tourism infrastructure and the industry's potential and challenges, a roundtable discussion with senior Scottish tourism leaders pinpointed the most pertinent megatrends from the long list. This phase also involved a presentation to the Tourism Leadership Group responsible for shaping and reviewing Scotland's national tourism strategy and additional written feedback was received from key partners.



## Interviews within Scottish and international tourism and supporting industries

Euromonitor International conducted 22 in-depth interviews in Scotland on the opportunities and challenges in responding to the mega trends including discussions with regional destination management organisations, tourist industry associations, higher educational institutions, airports, data technology companies and other supporting industries as identified.

Also, interviews were carried out with competing international destinations such as Australia, New Zealand, Spain, Iceland and Denmark to identify how these countries' long-term tourism strategies were aligned to the mega trends as well as to identify successful case studies that Scotland should consider emulating.



## EXPERIENCE MORE



*“There is so much intangibility in what you buy when you are travelling that it makes so much sense to view it through the prism of experience. It really is a natural trend for the tourist industry.”*

**Adventure Travel Trade Association (ATTA)**

*“One of the global trends we are seeing is that there is a greater sense of value in experiences than ownership and this is especially resonant for younger travellers.”*

**Icelandic Tourist Board**



### **What does Experience More represent?**

It allows visitors to enjoy an enhanced experience of local people, culture, heritage, countryside, cities, food & drink, optimising the senses and using technology to deliver a superior visitor experience that is engaging, authentic and transformational.

### **What is driving the Experience More trend?**

There is a growing and enduring appetite among travellers for genuine experiences that cannot be properly satisfied by superficial visits that do not get ‘below the surface of a place’ or from mere second-hand knowledge.

Younger generations especially, perceive travel as even more integral to their lives than previous generations, characterising it as a whole new learning experience to complement their formal education and work. Destinations are becoming increasingly sophisticated in analysing what their visitors are looking for and exploiting their experiential credentials to the full, focusing on this desire for authenticity and building a strong emotional connection from highly tailored marketing to supporting visitors all the way along their journey.

### **Why is Experience More so important to Scotland?**

Experience More stood out as the most resonate and exciting opportunity for Scotland. The opportunity is to enhance Scotland’s special qualities and help visitors experience them in an authentic and genuinely personal way. One example is to maximise the opportunity of Scotland’s rich food and drink heritage, such as whisky, game, seafood and more recently gin.

The trend is about taking these superb assets and bringing them to the forefront of travellers' experiences to create lasting food memories.

### **How can Scotland best exploit this mega trend?**

There are a number of immediate steps which can be put into action and for some recommendations it is mainly enhancing what is already being done so successfully. For instance, Glasgow and Edinburgh are promoting sites and specialist itineraries off the beaten track and in multiple languages.

The priority now is to promote neighbourhoods in cities so visitors can live like locals, which Berlin, Barcelona and Amsterdam and others are extremely adept at, bringing visitors back again and again to experience more at this micro level of a city.

Another opportunity is the adventure tourism sector which is growing rapidly and Scotland can boast a world class outdoor product. The challenge here is to develop and market concepts that showcase adventure activities as a joined up experience around learning new skills, history, stories, culture and music, to further broaden the appeal.

Exploiting the mega trend in the long term has many facets not least by involving local residents as creators, maintainers and, major influencers of visitor experiences utilising social media, apps and other technologies.

The highly successful volunteer experience of the Commonwealth Games in Scotland needs to be repeated in assisting visitors and not just for major events.

The visitor economy needs to expand the capacity for using key-driver data analytics to obtain richer insights into the visitor experience. Traditional surveys will need to be partly replaced by smarter, less intrusive ways of understanding the needs of travellers to optimise the experience. As a result, when a visitor arrives at a destination they feel not just welcomed but known and supported.

## **Time Out Market Lisbon**



The Time Out Market Lisbon is now the number one attraction in the city, with more than three million visitors in 2016. The Time Out Market features a hall of fresh produce as well as a hall of over 40 regularly changing food stands for immediate consumption. Developing a comparable world class market in Edinburgh or Glasgow and more generally nurturing the smaller, artisan food enterprises that typify the best of Scotland, as well as encouraging small hospitality providers to source very locally and to improve basic cooking skills will enhance the experience of Scottish hospitality.

💡 Create more opportunities for tourists to experience truly local produce

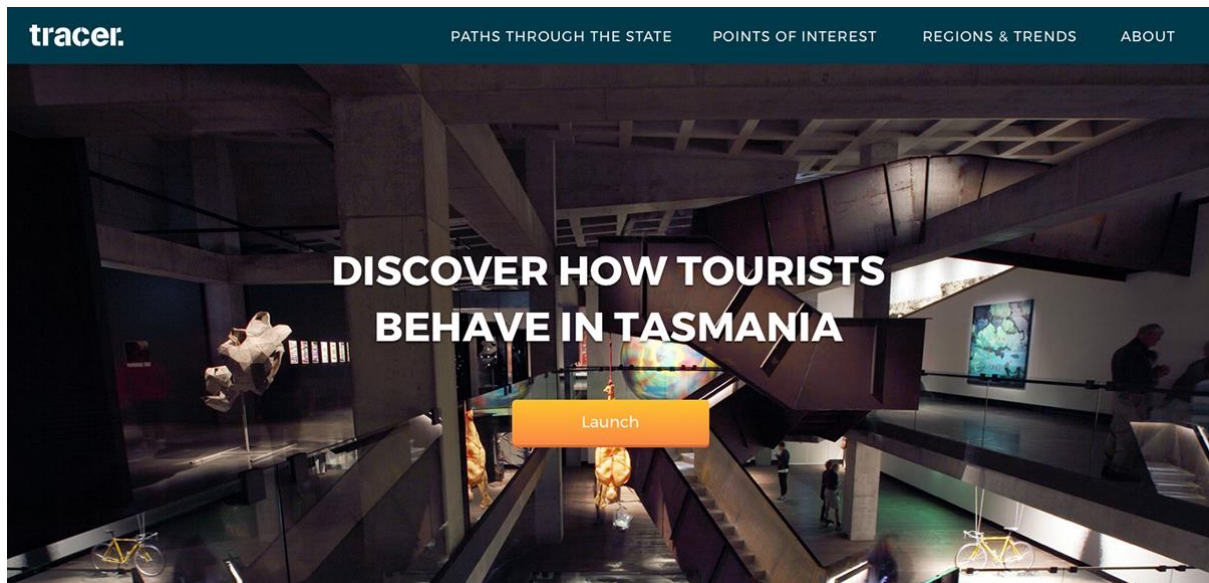
## Travelsify



An innovative online booking system that curates the choices for consumers in a way that they can relate to leading to improved targeting and the narrowing of the gap between expectation and experience. The Travelsify is an online hotel booking platform that ranks each hotel according to 34 attributes and allows users to book a hotel based on their mood or emotional state, rather than simply selecting from a list of amenities.

💡 Partnering with tech providers to develop new concepts for marketing experiences

## Tasmania Australia Tourism Tracer Dashboard



Using technology in smart ways to track exactly what tourists do in Tasmania and ultimately to learn how to improve on their experiences. The project exploits cutting edge GPS technology and world leading computer programming to understand travel behaviour to the area by monitoring the real-time movements of tourists in Tasmania over 18 months in one of the largest and longest studies of its kind.



Monitor visitors' digital footprints using a sophisticated analytical framework at a micro level to understand how they experience Scotland and what needs to be improved





## Limitless Discoveries



*“There is a push to use all the learning that we have from the cities to spread the knowledge to destinations across the country. This is very much an agenda that’s alive, it’s going on, and we are already seeing the first results of more and more visitors visiting a greater region rather than just going back to a city. Discovering new places all the time.”*

Visit Copenhagen



### **What does Limitless Discoveries represent?**

The concept behind the mega trend is to make the sum part of a country destination far more compelling than only one or two cities or famous landmarks. It is instilling a sense of excitement and adventure that there is so much to explore and uncover: the possibilities are endless! The intention is to stimulate visitors to know more, do more, travel further and stay longer.

### **What is driving the Limitless Discoveries trend?**

The trend reflects the strategic priorities by many leading visitor destinations like New Zealand, Canada and, closer to home, Iceland, Ireland, Spain and Denmark in presenting new locations to visitors and making remote places feel well connected and easily accessible. Major cities are increasingly positioning themselves as gateways to other parts of a country and this is savvy marketing as well as responsible, sustainable practice.

### **Why is Limitless Discoveries so important to Scotland?**

The popularity of the North Coast 500 campaign is compelling evidence if it were needed of how receptive people are to be inspired to find new places in Scotland or to look at familiar haunts in new ways. The opening of the new V&A Museum of Design Dundee will revitalise a new region as a dynamic cultural hub and thriving creative economy with strong cultural products and experiences that are linked together.

### **How can Scotland best exploit this mega trend?**

It is important to support travellers to make a smooth transition from city to city and city to countryside and coast with smart itineraries and joined up experiences, instant booking facilities across multiple kinds of transport and reliable, eco-transport connections.

This requires getting transport really tuned into the discussion: There needs to be ongoing dialogue at a strategic level between the cultural sector or tourism and the transport infrastructure and strategists. Increasingly millennials and younger generations, the future visitors, are moving and thinking in a much faster way and concepts like night and day travel are becoming merged.

The service economy to residents and visitors in cities has to become much more flexible and imaginative by creating a vibrant night time economy to flourish in a responsible way without disturbing the residents.

Scotland can emulate the successful examples of New Zealand and Canada to further expand on scenic routes targeting North American and continental European visitors around cultural, historical, seasonal and wilderness themes. Exploit the gorgeous coasts in mid-sized vessels (and like the Rhine tours for example) offer overnight transportation and fine dining with the option to get off at a destination and explore.

The protection of fragile heritage and natural beauty sites will become essential and feasible by establishing a series of robust and transparent indicators to define when a major destination becomes 'out of balance' and unsustainable including the straining of everyday resources like public transport and road, parking, waste bins and so on and find practical solutions so to prevent this taking place.

## Alpine Pearls



The umbrella organization Alpine Pearls joins together 25 destinations across six countries in the entire Alpine area creating innovative, sustainable tourism offers that combine tourist sites with soft mobility advantages dispensing completely with the car.



Connecting cities and remote rural sites with ecological transportation

## Amsterdam Night Economy



Amsterdam is nurturing the city's ever-expanding night economy responsibly while satisfying residents and public officials. Amsterdam has a night mayor, a successful model copied across Europe: Toulouse, Zurich and Paris.

💡 Glasgow and Edinburgh can also create a far more flexible, highly profitable and very responsible night time economy for visitors and residents

## Rhine River Cruises



The Rhine cruise itineraries have become well established for immersing visitors in spectacular landscape, local heritage and fine dining at a leisurely pace and taking pressure off the roads. Many cruises are linked to local wine festivals or other celebrations.

💡 Scotland boasts more than 10% of Europe's total coastline. This is a strong opportunity for Scotland to become the ultimate small cruise destination matched with seafood fine dining and exploration of remote and accessible islands.



## THE EVOLVING TRAVELLER



*“We are seeing greater sensitivity and understanding around this need to be receptive to different kinds of visitors. A host country has to try and develop a strong empathy and awareness of people’s expectations and customs or you might do things in the wrong way.”*

Qrious, New Zealand



### **What does The Evolving Traveller represent?**

There are huge demographic and social shifts changing the profile of travellers including more older and disabled visitors due to rapidly ageing societies, families having fewer children, as well as the rise in urbanisation and the growing short break market. There are also an increasing number of visitors from many parts of China, India, the Middle East and South East Asia coming to Europe in large groups but also in couples or travelling solo.

### **What is driving the Evolving Traveller trend?**

Travel is becoming more affordable to more people and taking higher priority especially among the middle classes. The ageing populations in Europe and North America are especially striking, with a projected one in three Europeans belonging to the age band 60+ by 2025. There is a growing focus on attracting retired, active travellers with high disposable incomes. Accessibility for older travellers and those who face mobility or other physical challenges is an important component of the visitor landscape that destinations have to respond to imaginatively and practically.

### **Why is The Evolving Traveller so important to Scotland?**

For Scotland to stay competitive especially against other European destinations and inspire people to come back more and throughout the year, it will become critical to identify and analyse the preferences and priorities of different categories of visitor in addition to country of origin.

### **How can Scotland best exploit this mega trend?**

Establish a sophisticated framework for analysing and targeting visitors from Scotland’s passionately loyal and high spending base in North America, Australia, France, Italy, Nordics

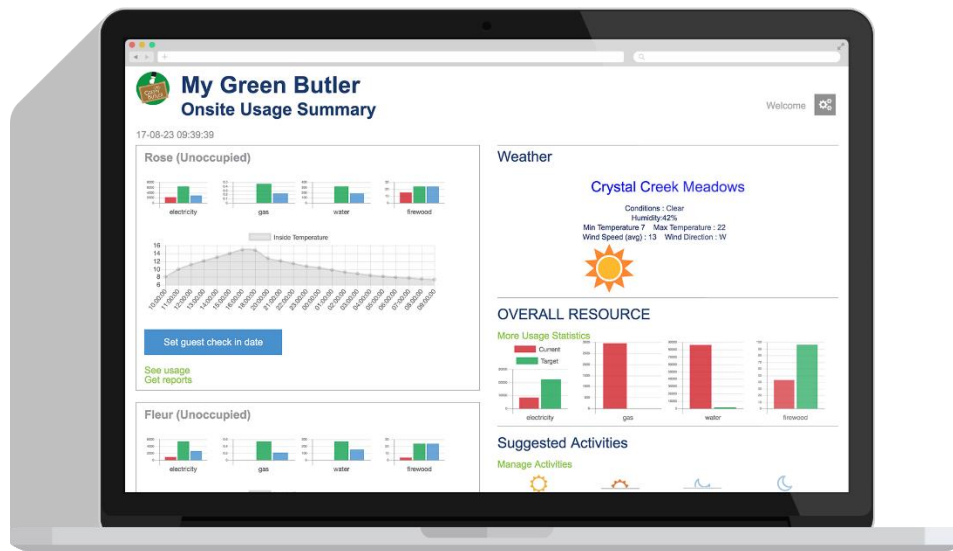
and Germany based on common interests or 'tribes' across markets, rather than by nationality.

An increasing number of visitors will come from the Far East and the Near East and Scotland can apply the successful best practice of their China Ready campaigns to strong potential markets such as India. Regardless of the evolution in traveller profiles, visitors want a high and personal level of hospitality, and that expectation is growing. All hosts have to be aware of and care about what good customer service 'looks like' for different people from different places.

The UK tourism survey reported that tourism parties in which at least one member had a disability contributed approximately £1.3 billion to Scotland's economy. The key issue is changing the perception of accessible tourism as being 'different', that it needs to be managed separately from, and in addition to, the rest of the business or destination; rather than being integral to them.

Given its powerful green credentials and image, Scotland would benefit by introducing creative, non-intrusive ways for the local hospitality industry to monitor and co-opt their guests to save on energy consumption. The aim being to encourage and even reward responsible behaviour. Millennials for instance value sustainable consumption and are willing to pay more for services by companies that are committed to creating a positive environmental impact.

## My Green Butler Australia



Over a 17 month trial period at a 4½ star accommodation, guests were persuaded to use significantly less energy, including water and electricity while they enjoyed richer personalised activities. This service innovation is being tested for sustainable tourism outcomes in several tourist accommodations in three countries.

💡 The accommodation industry can make sustainable behaviour by both business and leisure visitors part of a responsible, pleasurable experience and not voluntary, using smart monitoring devices

## Accessible Flanders, Belgium



Flanders has a superb reputation for its imaginative and bold approach to facilitating accessibility for disabled travellers and people having mobility issues, especially by supporting elderly war veterans and families that want to visit World War battle sites and need proper facilities including transport to allow this.

💡 Disabled people do not form some sort of niche travel market: they need to be made part of the mainstream in Scotland and elsewhere



## Technology to Stimulate



*“We need to be better at sharing data, curating it anonymously and then sharing it in a usable format for everyone. This is the most important thing, it will help efficiency, and if everyone knows what’s happening then it helps lubricate the market.”*

Data Lab

*“Data can be scary. Insights shouldn’t be.”*

ETAG Digital Solutions for Tourism Conference 2017



### **What does Technology to Stimulate represent?**

Using innovative technology and exploiting data is vital to analyse, influence and improve the visitor journey at every stage with a core focus on enhancing the in-country traveller experience.

### **What is driving the Technology to Stimulate trend?**

Increasingly digital technology is used via smart phones to support the needs and tastes of visitors to customise their experiences. Personal data ownership is becoming much more blurred as people trade their data for increased personalised tourist experiences from service providers. Dynamic technologies like augmented reality and virtual reality are becoming an essential component of the tourist mainstream, as are contactless payments across multiple transportation systems.

### **Why is Technology to Stimulate so important to Scotland?**

In the greater scheme, it is all about creating a deeper and richer experience within a location through technology. It builds more empathy and appreciation of where you have been and what you have done and how you interact with, and have more respect for the local culture.

### **How can Scotland best exploit this mega trend?**

Embracing new technology in tourism has to include implementation of an open data strategy. This means investment in visitor analytics- real time and batch –building better, more granular predictive models around future tourism demand.

There is an expectation when people travel that they can be as connected as when at home and people expect it to be available. If this is about growing the economy and tourism sector everyone has to be connected.

Scotland is well known for its innovative tech companies but these organisations need to be engaged properly in the tourist agenda including investing in a local travel start up tech incubator.

Also, new positions need to be created for digital analytics and data scientists/engineers within tourism businesses and organisations, as well as designing bespoke dashboards, planning tools and booking platforms focused on supporting small tourist businesses.

## Tourism and Events Queensland (TEQ) Australia, Open Data Strategy



TEQ works closely with the Department of Tourism, Events, Small Business and the Gold Coast Commonwealth Games 2018 to prioritise an open data strategy and making data availability conditional for future contracts and agreements with commercial partners.

💡 Using open data to better forecast opportunities and more granular levels of customer demand from multiple international destinations based on different scenarios



## Promoting innovation among hospitality SMEs in Spain



The Institute for Hotel Technology (ITH) not-for-profit culture of innovation and knowledge was set up in 2012 to promote innovation focused strongly on SMEs including digital training and information sharing. As a result, the smaller hotels in Spain are now among the most competitive and technologically advanced in the world.

💡 Emulate a similar digital framework to the ITH to support and inspire the independent hospitality businesses which dominate the visitor economy in Scotland

## CONCLUSION

Scotland is in an enviable and eminent position as a leading travel destination having recently been voted as “the world’s most beautiful country” (Rough Guide readers’ poll 2017). Edinburgh has long been established as one of the most attractive visitor destinations in the world, generating nearly four million visitors every year and with the introduction of direct flights between China and Edinburgh from June 2018, the number are certain to rise. Glasgow is a post-industrial city par excellence transforming itself into a compelling, dynamic cultural hub. In 2018, the V&A Museum of Design Dundee is also opening revitalising the east coast region.

Scotland’s spectacular rural landscape contributes hugely to a powerful sense of national identity as well as being an essential component of the visitor economy. For instance, tourist spending on nature-based activities is worth nearly 40% of all tourism spending in Scotland.

The challenge is to look at how can this level of outstanding success can be sustained over the next ten years and beyond by identifying and responding to mega trends in travel that Scotland is well positioned to capitalise on.

By using a very systematic, exhaustive and in-depth consultation with experts in the travel industry and supporting industries in Scotland and internationally, four mega trends were identified as most relevant. All the mega trends have in common the priority of achieving tourism growth in Scotland in a sustainable way; also harnessing enabling technologies to enhance the visitor economy at every level and connectivity which allows visitors to always be digitally supported.

The Experience More trend is about building on Scotland’s existing strengths – the food and drink, heritage, landscape, the cultural festivals and the people – and making the experiences even richer, more personalised and therefore more resonant. For instance, a strong consensus from the study was the importance of visitors having authentic experiences around food and drinks. This priority translates into a recommendation to focus on the sense of place and specific provenance of very local food from fish to game through markets, including nurturing artisan food producers and raising the food standards for small hospitality providers.

The Limitless Discoveries trend is focused on Scotland as a whole by making the country attractive and compelling as one destination. It is about much more than one or two cities or a favourite loch or castle, it is immersion in Scotland as a totality. This needs the appropriate transport infrastructure to enable people to easily move between the urban central belt and rural areas combined with the digital infrastructure which will allow stimulation and inspiration for visitors.

The Evolving Traveller covers a very diverse spectrum to 2025 including a large ageing, high-spending demographic especially from Europe and the United States; more disabled visitors; increasingly more visitors originating from China, India and South East Asia; as well as Millennials and younger generations.

These travellers will not like to think of themselves as tourists but as explorers, discoverers, adventurers and experience-seekers. The imperative is for having businesses ready to manage the cultural differences, the expectations, and the volume, as well as transmitting a strong ethic of visitors as welcome guests.

The study concluded based on the expert interviews that Scotland needs to raise its technological expertise. For example, by facilitating open data sharing and developing sophisticated visitor analytics to predict future volumes as a granular level. Tech investments are shown to improve productivity leading to stronger visitor experiences and better visitor management. Some easy gains that were highlighted in this context were recommendations for creating more positions for digital analytics and data scientists/engineers within national tourist organisations. As well as setting up bespoke dashboards, planning tools and booking platforms focused on supporting small tourist businesses. Scotland has a superb reputation for high-tech innovation and digital creativity it is about harnessing this innate capacity to better benefit the travel economy.