

<b>Date:</b>	<b>10 July 2002</b>
<b>Time:</b>	<b>2.00 - 5.30pm</b>
<b>Venue:</b>	<b>Committee Room 1, National Assembly for Wales, Cardiff Bay</b>
<b>Title:</b>	<b>WALES TOURIST BOARD –CORPORATE PLAN 2003/04 – 2004/06 &amp; END YEAR REVIEW</b>

**Purpose and Action**

1. To inform the Committee of the Wales Tourist Board's (WTB):
  - proposed draft Corporate Plan for 2003/04 – 2005/06 (**Annex A**); and
  - performance against targets in 2001-02 (**Annex B**).
2. **The Committee is invited to note and comment on the draft Corporate Plan and note the outturn for 2001-02.**
3. The WTB's Chief Executive, Jonathan Jones and Director of Strategy, Steve Webb, will be attending the meeting to field any questions.

**Background**

4. The WTB's Corporate Plan forms an important part of its planning cycle. It is a strategic document giving an overview of the WTB's plans for 2003-04 to 2005-06 and draws on the guidance contained in the Assembly Government's Annual Remit to the WTB. The current Remit Letter for 2002-03 is at **Annex C**.
5. The Corporate Plan also forms the strategic base upon which the WTB's detailed Business or Operational Plan for 2003-04 will be compiled. The next Remit Letter to the WTB will contain specific operational priorities and targets for inclusion in the WTB's Business or Operational Plan. The Remit Letter is scheduled to issue in January 2003 and the Committee will have an opportunity to comment on the Remit Letter before issue.
6. The key elements of the Corporate Plan are at: Section 3 – Strategic Priorities; Section 4 – Performance Targets; and Appendix 2 – Expenditure & Funding Summary.

**Compliance**

7. The WTB was established by the Development of Tourism Act 1969 and its powers were enhanced by the Tourism (Overseas Promotion) (Wales) Act 1992. Powers under both these Acts have been transferred to the Assembly and delegated to the Minister for Economic Development.

8. The WTB's Management Statement (paragraph 3.5) requires the WTB to prepare a Corporate Plan every year and submit it to the Economic Development Minister. Although the Corporate Plan is a matter for the WTB to determine, it is for the Economic Development Minister to ensure that the National Assembly Government's policies and objectives are reflected in the WTB's planned activities. There are no issues of regularity or propriety.

### **Financial Implications**

9. The costs associated with the WTB's activities will be met from within the WTB's existing budget. Any future funding for initiatives will be a matter for the Assembly Government to consider during Budget Planning Rounds.

# **CORPORATE PLAN**

**2003/2004 – 2005/2006**

**BWRDD CROESO CYMRU  
WALES TOURIST BOARD**

**The mission of the Wales Tourist Board is to improve the economic and social prosperity of Wales through the effective marketing and development of tourism.**

## **1. INTRODUCTION**

1.1 The Development of Tourism Act 1969 gave the Wales Tourist Board (WTB) statutory responsibility:-

- ! To encourage people to visit Wales and people living in Wales to holiday there;
- ! To encourage the provision and improvement of tourist amenities and facilities in Wales.

The WTB also has the following statutory functions and powers:

- . To advise Ministers and other public bodies on tourism matters;
- . To promote or undertake publicity in any form;
- . To provide advisory and information services;
- . To promote and undertake research.

The Tourism (Overseas Promotion) (Wales) Act 1992 subsequently gave WTB increased independence to market Wales overseas.

1.2 This plan describes how WTB intends to fulfil its statutory role over the medium term period 2003/2004 – 2005/2006 and how its strategic priorities link with those of the national tourism strategy for Wales, *Achieving Our Potential*, and those contained in *A Winning Wales*, the 10 year National Economic Development Strategy of the Welsh Assembly Government (Assembly)<sup>1</sup>.

1.3 The key objectives and strategic priorities of WTB also reflect those contained in the EU Single Programme Documents and in its own remit letter issued annually by the Assembly. This plan also supports the Assembly's priorities and seeks to promote and take account of the cross – cutting themes of equality of opportunity, sustainable development and social inclusion.

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<sup>1</sup> The Welsh Assembly Government will be referred to as the 'Assembly' throughout this report.

## 2. STRATEGIC VISION FOR TOURISM IN WALES

### 2.1 National Tourism Strategy for Wales

2.1.1 A new national tourism strategy for Wales, *Achieving Our Potential*, was launched in April 2000. This strategy, prepared by the WTB in consultation with the tourism industry, seeks to identify an effective response to the many strategic challenges which are likely to face tourism in Wales over the period 2000 – 2010. A summary of these challenges is contained in Appendix 1.

2.1.2 The strategic vision for tourism closely matches the broader economic vision in *A Winning Wales* and seeks to inspire the industry to work together to manage change effectively during a period of economic and social transition in Wales:-

**A mature, confident and prosperous industry which is making a vital and increasing contribution to the economic, social, cultural and environmental well being of Wales by achieving sustainable growth through effective co-ordination and collaboration at all levels in the industry.**

2.1.3 *Achieving Our Potential* adopts a customer – focused approach which emphasises the importance of understanding market needs to inform future marketing and development activities. The aim is to ensure that Wales provides the right mix and quality of facilities and service delivery to exceed the expectations of the market so that visitors return, stay longer and recommend Wales to others. Tourists are becoming increasingly sophisticated and less tolerant of poor facilities, mediocre and indifferent service. Innovative business practices and investment based on a sound knowledge of market trends, an understanding of market needs and opinions and an awareness of new opportunities will be fundamental to the future success of the industry. WTB has a key role in providing essential market information to tourism businesses to guide their investment decisions and to improve the competitiveness of the industry.

2.1.4 *Achieving Our Potential* provides a sound framework for co-ordinated action to help secure long-term prosperity and sustainable growth for the tourism industry and increase its contribution to a more diverse Welsh economy. It is a strategy built around the key themes of **Quality, Competitiveness, Partnership and Sustainability**.

## 2.2 The Role of WTB and Market Failure

2.2.1 WTB's activities seek, wherever possible, to address and overcome the existence of market failure. WTB intervenes on behalf of the Assembly where there is a clear need to do so and where its intervention will generate net economic gains for Wales. We acknowledge that the market mechanism will not always achieve an effective balance between supply and demand for the tourism product and that the private sector may be constrained from operating in a fair and equitable market place.

2.2.2 WTB's programme of activities have been developed to help the tourism industry overcome these constraints and are a response to the main causes of market failure which occur in tourism:-

- . The lack of information to guide decision making by buyers and sellers;
- . An aversion to risk which may be a constraint to investment in product development or marketing:-
- . Barriers to entry which may be due to a deficiency in:
  - start up costs
  - skills
  - technology
- . The existence of externalities such as the potential for tourism businesses to 'free ride' on the activities funded by others in the industry.

## 2.3 Strategic Aim

2.3.1 The overall strategic aim of WTB, as explained in its mission statement, is to improve the economic and social prosperity of Wales through the effective marketing and development of tourism. The strategic target for tourism in Wales as set out in *A Winning Wales* is to achieve an annual average growth of 6% in tourism spending. This clear economic target based on the need to increase tourism expenditure provides a fundamental reference point for WTB's strategic objectives. But we also acknowledge that growth in tourism must be achieved in a sustainable way so that it benefits our environment, culture and way of life. We have identified four strategic responses to support the achievement of our overall goal of sustainable growth in tourism:-

- . Extending the tourism season to increase the volume and value of tourism throughout the year;

- . Spreading the benefits of tourism more widely – geographically, socially and economically:-
- . Improving business yield by maximizing revenue through higher levels of professionalism and the application of innovative business management skills:-
- . Minimising the adverse impacts of tourism through effective visitor management and the promotion of environmental good practice by tourism operators.

## 2.4 Strategic Objectives of WTB

WTB's strategic objectives are drawn from its mission statement and closely reflect, but do not duplicate, those contained in *Achieving Our Potential* which is a strategy for the tourism industry rather than one for WTB. They have been carefully chosen and form a strategic framework for WTB's programme of activities which are explained in more detail in its Operational Plan. These activities seek to help individual tourism businesses overcome the constraints which may exist in the market place. They are designed to support and enhance the activities of the private sector to enable the tourism industry to achieve the 6% annual average growth target for expenditure through careful planning and partnership. The role of the WTB is to support the tourism industry and to provide the appropriate framework within which private enterprise can achieve growth and success. It is not the responsibility of WTB to undertake activities or provide services which are best done by the private commercial sector. Its rightful role is to intervene where there is a need to do so and to undertake those activities, which need to be undertaken and which are beyond the scope of the industry to deliver. The rationale to support each of the four strategic objectives is shown below:

<p><b>Objective 1:</b>            <b>To identify, prioritise and communicate with markets effectively.</b></p>
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### Rationale

It is not the responsibility of WTB or any other public sector organization to promote individual tourism businesses in Wales. The proper role of the public sector is to provide an appropriate framework within which the tourism industry can effectively market itself. The task of developing a strong tourism brand for Wales is rightfully led by WTB as there is strong evidence to show that stereotyped images of Wales have been a barrier to growth, constraining attempts to sell Wales as an attractive tourism destination. Developing a strong and distinctive tourism brand for Wales in the UK and overseas is something which will bring net benefits for Wales and WTB is best placed to lead this process with the support of the private sector and

the Assembly. The marketing of destinations and products within Wales will need to form part of an integrated marketing strategy which targets markets with most growth potential for Wales. The tourism industry is constrained by imperfect information to identify the key growth markets for the future. WTB's role is to undertake the necessary market research to inform the industry of structural growth trends in tourism and the requirements, opinions and motivations of their customers of tomorrow. WTB will continue to identify appropriate partnership arrangements between the public and private sector to ensure that scarce resources are used effectively by minimising duplication and unproductive competition. Wales will need to target markets which have good growth potential, are capable of providing a high yield to tourism businesses, are less weather dependent and are more likely to visit Wales outside the peak summer period. To achieve this type of growth it will be necessary to increase average expenditure per bed night. This will involve targeting higher spending market segments and extending the range of quality tourism products to achieve high added value for the industry. Investment in the targeting of specific "niche" markets will need to be driven by market intelligence and research. Resources will need to be directed at winning more business from growth segments where Wales has a competitive advantage. This could include the heritage, culture, activity and short breaks market from the UK and selected overseas countries.

<b>Objective 2: To enable Wales to meet the needs and expectations of our markets.</b>
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#### Rationale

The tourism industry in Wales functions mainly in the private sector. It is dominated by small, family run businesses, most employing less than ten employees. It is a diverse industry and the product on offer is a hybrid of experiences. It is made up of "places to stay", "places to visit", "things to do" and perhaps most importantly "people you meet". The consumer may consider a holiday to be a simple, unified product but in reality it consists of a mix of different components or experiences supplied independently by various providers. The holiday, therefore, is the most fragmented product a consumer purchases with any frequency and the existence of so many small businesses will naturally result in uneven quality and standards of service in the industry. The challenge facing the industry is to deliver the right mix of components at the right time and in the right place to satisfy the expectations and needs of the visitor. Long term and sustainable prosperity for the industry depends on the matching of market needs with product delivery as this, in turn, will strengthen visitor loyalty and improve levels of satisfaction so that visitors stay longer, return and recommend Wales to others. It is essential,

therefore, for the industry to adopt a customer-focused approach which understands and responds to changing market needs. WTB's role is to supply tourism businesses with the necessary information and advice to support wise investment in service standards and product improvement. The industry is dominated, however, by micro sized businesses, many of which are commercially fragile and potentially vulnerable to the changing demands of a volatile market place. There are, therefore, real constraints on the ability of the private sector to invest regularly with confidence. The provision of public sector intervention in the form of financial assistance is justified on the grounds of market failure and seeks to hasten quality improvements in the industry to meet current and forecast consumer needs and to improve Wales' competitive standing.

Improving quality and competitiveness at all levels of the industry is a key to success. Every industry must adapt to meet the needs of its existing and potential customers. Innovative business practice and investment based on a sound knowledge of market trends, an understanding of market needs and an awareness of new opportunities will be fundamental to securing future success for the tourism industry in Wales.

Investment in improved facilities is necessary but in itself will not be enough. It is equally important to invest in people and to ensure high levels of service, welcome and professionalism. Developing the necessary skill levels and attitudes throughout the industry can only be achieved through collaborative action. WTB will work in partnership with other organisations including the Tourism Training Forum for Wales, ELWa, Farming Connect and Business Connect to provide specialist business support services to strengthen viability and profitability in individual businesses.

<b>Objective 3:            To raise the status and profile of tourism.</b>
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#### Rationale

Tourism makes an increasingly important contribution to the Welsh economy. It is a significant wealth creator and supports a high proportion of jobs in the workforce. Tourism also benefits the culture, environment and heritage of Wales. Recognition of its importance, however, is not universally acknowledged or appreciated by government or by the people of Wales. Actions by individuals and organisations who may not be fully aware of the importance of tourism and its contribution to Wales can compound stereotyped perceptions and have an adverse impact on tourism and make Wales a less attractive place to visit or to invest in. Traditional perceptions of tourism as an industry characterized by low pay, poor prospects and high turnover of staff is a constraint to recruitment at a

time of decreasing school leavers. The role and contribution of tourism to the economy needs to be soundly researched and communicated to the people of Wales, to the industry and to key stakeholders to influence the level of support for essential development, marketing and training related activity. Quality of service is central to the visitor experience and its consistent delivery depends on the recruitment and retention of the right people, equipped with the right skills who are well managed and motivated. Tourism has the potential to generate significant numbers of new jobs at all levels for young people and for groups of the working population that are excluded from many other industry sectors. It will be essential, therefore, for tourism to raise its status by improving career prospects, working conditions, wage levels and commitment to upgrading skills through training. Tourism has an important role to play in increasing activity rates among groups of the working population who are not well represented in other industry sectors.

<b>Objective 4: To encourage the responsible growth of tourism.</b>
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#### Rationale

When developed in a responsible way, tourism can be a force for good in terms of its wider social, economic and cultural benefits. Opportunities exist to broaden access to tourism throughout society and to optimise its local impact by developing stronger links between tourism businesses and Welsh suppliers of goods and services. Effective local supply chains will result in a higher proportion of tourism expenditure remaining in the local economy. The principle of sustainability is a central theme of *Achieving Our Potential* which WTB has acknowledged in setting this strategic objective. The scale, pace and character of development must be carefully controlled to safeguard Wales' unique environmental, historical and cultural assets. WTB's activities are based on the achievement of sustainable growth by:-

- . Extending the tourism season;
- . Spreading the benefits of tourism throughout Wales;
- . Improving business yield;
- . Promoting environmentally good practice.

Securing long term prosperity for tourism in Wales will require a partnership effort. WTB accepts that it has a key coordinating responsibility to set a strategic framework for action and to ensure that, wherever appropriate, there is an active commitment from the private and public sectors to work together to achieve strategic goals and sustainable growth.

## 2.5 Links with the Welsh Assembly Government's Guiding Themes

2.5.1 WTB recognises the need to fully integrate the Assembly's cross-cutting themes of sustainable development, equality of opportunity and social inclusion into its own ways of working. The following table outlines how the activities undertaken by or co-ordinated through the WTB contribute to these guiding themes:

Guiding Theme	Wales Tourist Board Links
<p><b>Sustainable Development</b></p>	<p>! Sustainability is a cross-cutting theme of <i>Achieving Our Potential</i> and recognises that the high quality of the natural and built environment in Wales is of vital importance to the tourism industry. For tourism to prosper it is essential that these unique assets are enhanced through careful planning and effective visitor management.</p> <p><b>WTB response:-</b></p> <ol style="list-style-type: none"> <li>1. WTB chairs the Green Sea Partnership, an all Wales partnership involving over 40 organisations, which works to improve the coastal environment. Wales has achieved European Blue Flag status for 18 beaches and four marinas in Wales. In addition, 21 beaches achieved Green Coast Award status in 2001.</li> <li>2. WTB has published jointly with the Countryside Council for Wales a "Greening Your Business" advisory publication to encourage individual tourism operators to adopt environmentally friendly practices.</li> <li>3. WTB has designated 16 Tourism Growth Areas (TGAs) around Wales where it will work with partners to strengthen their appeal as tourist destinations. A fundamental aim is for each TGA to achieve Green Globe status.</li> <li>4. WTB has been an active member of the Sustainable Transport for Tourism Wales campaign, an EU funded initiative which seeks to generate tourism via the increased use of public transport.</li> </ol>
<p><b>Social Inclusion</b></p>	<p>! Two action points of <i>Achieving Our Potential</i> are specifically relevant to this guiding theme:-</p> <p>! Action Point 47 states:- Undertake research among those sectors who do</p>

not currently holiday to understand the major barriers to holiday taking, their holiday needs and motivations and to identify effective marketing approaches for the industry.

#### WTB response:-

1. During 1999, WTB carried out joint research with the English Tourism Council to identify the major barriers to holiday taking. WTB has recently funded additional research jointly with a number of public agencies to examine the topic of 'Social Inclusion in Countryside Leisure'. The aim of this research was to identify a range of good practice examples which have helped to overcome barriers to participation from groups which have traditionally been under represented in the countryside.

2. During 2002, WTB will jointly fund research with the National Museums and Galleries of Wales to investigate the social/economic barriers to visiting museums and other tourist attractions in Wales. The aim is to identify opportunities to engage more effectively with socially excluded groups.

! Action Point 49 states:-

Encourage the tourism industry to comply with statutory requirements to ensure adequate facility provision is made for people with special needs.

#### WTB response:-

WTB has worked closely with the other UK tourist boards and with Disability Wales in developing the National Accessibility Scheme which denotes whether tourist accommodation/tourist attractions provide facilities suitable for wheelchair users and for those with a hearing and sight impairment.

<p><b>Equal Opportunities</b></p>	<p>! Action Point 48 of <i>Achieving Our Potential</i> states:-  Encourage the tourism industry to adopt flexible and imaginative approaches to staff recruitment and training which provide equal opportunities for all sectors of society.</p> <p><b>WTB response:-</b></p> <p>WTB continues to work with partners such as Springboard Wales and the Tourism Training Forum for Wales to improve the quality, range and accessibility of relevant training support to the industry. It will also be important to raise the status of tourism as a more attractive career prospect by improving working conditions, wage rates and the commitment to training. Tourism requires a diverse mix of skills which are easily transferable. It offers employment opportunities and can increase activity rates for many groups of the working population which are under-represented in other industry sectors, such as the young and old.</p>
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### **3. STRATEGIC PRIORITIES FOR WALES TOURIST BOARD 2003/2004 – 2005/2006**

These strategic priorities have not been listed in any particular order of importance. WTB believes, however, that its most important and fundamental role is to provide strategic leadership to a fragmented and dynamic industry,

#### **3.1 Strategic Leadership**

The overall strategic aim of *Achieving Our Potential* is to create a mature, confident and prosperous tourism industry which supports more and better quality jobs and which generates a higher contribution to Welsh GDP. Despite the considerable benefits which tourism brings to Wales, the industry on its own would not be able to secure them. Government intervention is needed to enable the tourism industry to achieve its full potential. Tourism remains a fragmented industry, made up of predominantly small-scale business units which are economically vulnerable and do not have a strong or cohesive marketing voice. WTB seeks to ensure that its activities complement, support and add volume to those undertaken by individual businesses.

WTB, as an agent of the Assembly, has a key role in setting a strategic direction for the industry. This is a necessary function which could not be delivered by the industry. By providing essential information on market trends and by identifying the needs of future growth markets, WTB seeks to fill the information void for individual tourism businesses to support better and more effective decision-making. *Achieving Our Potential* is based on sound research into market and product trends combined with an assessment of the likely impact of demographic, and socio-economic factors on future tourism performance. The strategic approach identifies the most effective response to the main issues which will confront the tourism industry by identifying priorities and by encouraging a coordinated rather than an ad-hoc approach over a defined timescale. WTB will take the lead in implementing *Achieving Our Potential*. The Regional Tourism Partnerships have primary responsibility for reviewing and coordinating the implementation of four regional strategies.

#### **3.2 Enhancing the Image of Wales in the World**

WTB will seek to work closely with the Assembly and other agencies, such as the Welsh Development Agency (WDA) and local authorities, to promote a consistent and distinctive image for Wales in key domestic and overseas markets to develop the profile and influence of Wales in Europe and internationally in line with 'A *Winning Wales*' priorities. WTB has made significant progress in developing a motivating, credible and distinctive brand positioning for Wales in target markets in the UK and overseas. WTB's new UK Marketing campaign 'The Big Country' was launched in early 2002 and will be backed by a media spend of £10 million

over the next three years. WTB will continue to work closely with the British Tourist Authority (BTA) to actively promote Wales as a distinctive destination country in important overseas markets. WTB will also work closely with the Assembly and Wales Trade International in the establishment of an overseas network of 'Wales International' centres. It will be important to ensure that WTB's image building activities are applied over a prolonged period to increase awareness and improve perceptions of Wales as a tourism destination, building on the success of the Rugby World Cup in 1999 and potential opportunities which will arise from the staging of other major events such as the FA Cup Final and the 2010 Ryder Cup. These events will attract many first time visitors to Wales and, at a global scale, can change conventional views of Wales.

### **3.3 Developing Partnerships in Tourism**

Effective partnership working between the public and private sectors will be crucial if the long term benefits of tourism are to be realised in full. WTB will continue to encourage strong and effective links with the tourism industry and with those organisations which have a clear responsibility for marketing, developing and managing tourism in Wales. The aim is to improve the competitive position of the industry through effective, shared action. WTB's Tourism Growth Area initiative is an example of strong partnership working. WTB has ring-fenced financial assistance and seeks to work with willing partners (e.g. WDA, ELWa, local authorities) to secure comprehensive improvement of the tourism product and higher skill levels in 16 specific tourism destinations which have clear growth potential. WTB is also introducing a specific initiative to help realise the tourism and heritage potential of the South Wales Valleys through capital grant incentives and integrated business support.

### **3.4 Maximising Resources in Tourism**

Tourism in Wales is predominantly a private sector activity comprising over 6,000 small and medium sized businesses, the vast majority employing less than 10 people. One of the principal roles of WTB is to provide the support necessary to allow private enterprise to achieve growth and success. The availability of EU funding and additional match funding for Wales provides a unique opportunity to boost capital investment in the tourism product and to support more specialised business advice and training during the period 2000 - 2006. It will be important to apply these additional funds carefully within a clear strategic framework to enable the tourism industry to respond effectively to the many structural changes which are occurring in the market place.

### **3.5 Marketing the Tourism Product**

#### **3.5.1 Destination Management System/ *visitwales.com***

The tourism industry at all levels needs to better understand and acknowledge the business opportunities which are available through the application of new and emerging Information and Communication technologies. ***visitwales.com*** will be launched in

July 2002 and this will enable potential visitors to Wales from around the globe to source information about Wales and to book on-line. WTB will continue to actively encourage all levels of the industry to benefit from the opportunities it will offer to reach new markets by providing training and business advice.

### **3.5.2 Product/Niche Marketing**

The landscape, heritage and distinctive Welsh culture remain clear tourism strengths for Wales which have lasting appeal in UK and overseas markets. In addition, many of Wales' activity-related products such as cycling, golf, walking, fishing and car touring have strong appeal to relatively high spending niche markets with good growth potential. As the demands of visitors become more sophisticated personalised products and service provision will become increasingly important. WTB is developing evidence-based strategies for these important products which identify opportunities for growth and form a framework for coordinated action. WTB will work with the tourism industry to improve the way that specialised products are developed, through targeted business support initiatives and sold to their markets through **visitwales.com** and other mechanisms in order to maximise visitor spending all year round to Wales.

### **3.5.3 Events Marketing**

There is a need to extend the tourism season in Wales. Festivals and events can play a key role in attracting larger numbers of overseas visitors and in developing new markets in the UK throughout the year. WTB has prepared a 'Framework Events Strategy' which will be incorporated into WTB's overall Marketing Strategy. WTB will work closely with partners, including WDA, local authorities and the Regional Tourism Partnerships to stimulate new and help sustain existing events in order to spread the tourism benefits geographically and seasonally. WTB will also work with other bodies to help develop an overall Events Strategy in 2002 to support and attract major events to Wales.

### **3.5.4 Business and Conference Tourism**

Business tourism and particularly the meetings, incentives, conferences and exhibitions market is a good complement to leisure traffic and can help to improve seasonal demand in resort, city and rural areas. WTB will work with specific partners particularly local authorities and conference providers to consider a more integrated approach to marketing Wales as a business and conference destination.

### **3.5.5 Cultural Tourism**

WTB has led the preparation of a Cultural Tourism Strategy which provides a framework for partnership activity and complements the Assembly report, 'A Culture in Common'. The uniqueness of Wales' history, language, culture are distinctive tourism assets but more needs to be done to ensure that visitors to Wales are given opportunities to experience the Welsh way of life and leave with a feeling that Wales is a different country with a distinctive cultural appeal. WTB will continue to be an active member of Cymru'n Creu in order to promote the needs of the tourist and to support the development of a diverse, dynamic and distinctive Welsh culture.

### **3.6 Regional Tourism Partnerships**

A detailed review of roles and responsibilities within the tourism industry in Wales recommended the setting up of four Regional Tourism Partnerships (RTPs), based on the four economic regions of Wales, which comprise equal representation from the private and public sectors. There are strong reasons why decisions on product development, marketing and training should be taken at the sub-national level within the context of a national strategic framework. The devolution of functions and funds lies at the core of these proposals to ensure that adequate resources will be available to enable the RTPs to take central responsibility for the implementation of the four regional tourism strategies. WTB will devolve £2.5 million to the four RTPs during 2002/2003 to support the delivery of a programme of activities which are in line with regional strategic priorities. In future years, when RTPs are more firmly established, WTB would expect its Regional Development Fund to increase even further to exceed £3.0 million, subject to Assembly funding support.

### **3.7 Supporting Tourism in Rural Areas**

The Foot and Mouth outbreak in Wales had a major impact on tourism performance during 2001. WTB consulted widely with the tourism industry to identify those measures which needed to be put in place to help the rural economy recover. With the support of additional resources from the Assembly, WTB will undertake during 2002/03 a range of activities which are designed to improve tourism performance in rural areas. Key initiatives include a rural marketing campaign to promote the Welsh countryside, working with the three National Parks and other partners, and a joint scheme (Adfywio) with the Countryside Council for Wales which will seek to stimulate investment in integrated tourism, leisure and environmental schemes.

### **3.8 Improving the Quality of the Tourism Product**

WTB has led the way in the introduction of quality grading schemes which are designed to give greater reassurance to the consumer and improved standards of service through regular inspection. Following a decision to

bring the quality grading function in house, WTB has developed this activity into a more rounded business signposting service to the industry. WTB are also supporting the introduction of a statutory registration scheme for accommodation in Wales. Following a full consultation exercise with the industry, WTB will provide a report to the Assembly in July 2002 which will determine a preferred course of action.

## 4. PERFORMANCE TARGETS

### 4.1 Introduction

It is essential to establish appropriate targets against which to measure the effectiveness and efficiency of WTB activities. It is important to acknowledge, however, that although WTB will have some influence over the performance of Welsh tourism generally, many other external factors including variations in foreign exchange rates and significant events, such as the Foot and Mouth outbreak and the events of September 11 will be beyond its direct control.

### 4.2 Welsh Assembly Government Annual Targets

Annual targets are set for WTB by the Assembly which relate to outputs associated with particular areas of WTB activities. The following table summarizes progress in the achievement of targets set for 2001/2002 and outlines the targets set for 2002/2003.

#### NAW Annual Targets 2001/2002, 2002/2003

	2001/2002 TARGET	2001/2002 OUT TURN	2002/2003 TARGET
<b>A. Capital Investment</b>			
i) Leverage: (WTB: Total Project Cost)	1:5.0	1: 6.6	1:5.0
ii) Private sector investment	£13.5 m	£19.8 million	£15.5 million
iii) Total investment generated	£25 m	£34.3 million	£28 million
iv) Jobs (created or safeguarded)	500 (gross)	799 created 441 safeguarded	400 created 100 safeguarded
<b>B. Marketing</b>			
i) Main UK Marketing Campaign ROI	30:1	25:1	30:1
ii) Increased spend from primary overseas markets <sup>1</sup>	+5%	0%	-
iii) ROI from primary o/s markets	10:1	12.1	12:1
iv) Annual share of UK spend in Wales (Oct – June)	51%	57%	-
v) No.of businesses using DMS	-	-	2,700
No. of businesses using DMS for e-commerce/ bookings	-	-	650
vi) Proportion of 3/4/5 star businesses	-	-	74 – 76%
<b>C. Running Cost Limit</b>	£4.7 million	£4.7 million	4.7 million

### 4.3 A Winning Wales Targets

The Assembly's National Economic Development Strategy sets a specific target for tourism expenditure in Wales to increase by an average of at least 6% per year over the next 10 years. WTB will seek to ensure that it contributes directly to the achievement of this key target and plays its part in the achievement of other targets relating to GDP, employment and the application of ICT within industry.

#### **4.4 *Achieving Our Potential Strategic Targets***

The national tourism strategy covering the period 2000 – 2010 sets global growth targets for the tourism industry. These are summarised below:

- UK Tourism spend to increase by between 6.0 – 6.5% per annum
- Overseas tourism spend to increase by between 6.3 – 7.0 % per annum
- Tourism to support an additional 22,000 jobs (15,000 full time equivalents)
  - Tourism to contribute 8% GDP by 2010

It is too early to review actual progress against these targets for the tourism industry but any future review will need to acknowledge the detrimental impact of FMD and September 11 events.

#### **4.5 *Outputs and Outcomes***

WTB applies a range of performance measures to assess whether its strategic objectives are being achieved satisfactorily and, wherever appropriate, benchmarks these measures against the performance of competing destination areas. These will range from easily quantifiable outputs which will be a direct measure of achievement for any particular activity to more difficult to measure outcomes which are often more qualitative in nature and whose achievement may not be wholly influenced by WTB. Output measures are documented in detail in WTB's Operational Plan. The following table shows how WTB's performance measures relate to its strategic objectives:

Strategic Objectives	Performance Measures
<p>1. To identify, prioritise and communicate with markets effectively.</p>	<ul style="list-style-type: none"> <li>!Improvements in positive perceptions of Wales as a holiday destination</li> <li>!Amount and quality of positive media coverage</li> <li>!Growth in expenditure from target markets</li> <li>!ROI</li> </ul>
<p>2. To enable Wales to meet the needs and expectations of our markets.</p>	<ul style="list-style-type: none"> <li>!Leverage ratio - WTB investment: total capital investment</li> <li>!Customer satisfaction with quality/range of facilities and standards of service</li> <li>!Participation levels in 4/5* quality accreditation schemes</li> <li>!Number of repeat visitors</li> <li>!Growth in expenditure from larger markets</li> </ul>
<p>3. To raise the status and profile of tourism.</p>	<ul style="list-style-type: none"> <li>! Contribution of tourism revenue to Welsh GDP (Direct and indirect effects)</li> <li>! Total jobs in tourism related employment (direct and indirect)</li> <li>!Average wage in tourism</li> <li>!Amount and quality of positive media coverage</li> </ul>
<p>4. To encourage the responsible growth of tourism.</p>	<ul style="list-style-type: none"> <li>!Achieve Regional Growth targets</li> <li>!Number of businesses participating in the green accreditation scheme</li> <li>!Number of beach awards</li> <li>!Increase in seasonal spread</li> <li>!Sense of place participation</li> </ul>

## **5. RESOURCE ALLOCATION**

### **5.1 Background**

In recent years WTB has used its grant-in-aid funds to support applications for further funding from EU Objective 1 and to secure additional match funding for successful EU bids. WTB has also been allocated additional funds from the Rural Recovery Fund for 2002/2003. Appendix 2 provides a full Expenditure/Funding Summary for WTB based on known EU funding and match funding up to 2005/2006.

### **5.2 Allocation of Funds**

Appendix 3 outlines how the additional EU and match funding will be allocated to support an enhanced range of activities in line with strategic priorities.

### **5.3 Staff Restructuring**

Since its establishment in 1969, WTB has had only two major restructuring exercises – in 1972 and 1984. WTB needs to respond to changing market conditions and, in addition, there are important new developments, including a significant budget supplement from EU/Pathway to Prosperity/Rural Recovery Fund sources, which are driving the need for a fundamental review of staffing structures and functions. WTB has applied to the Assembly for an increase in its running costs within the overall grant-in-aid budget. That increase is forecast to peak in 2003/2004 as WTB plans to support its increasing workload with time limited posts.

### **5.4 Bid for additional funding**

WTB has been advised by the Assembly to assume a small reduction in grant-in-aid funding for 2003/2004 i.e. a decline from £22.648 million to £21.586 million. WTB has benefited from an increase in grant-in-aid in recent years and this, in turn, has provided opportunities to apply for additional EU and Pathway to Prosperity match funding to support a range of essential activities. The additional Rural Recovery Fund has been targeted at rural areas to stimulate investment following the Foot and Mouth outbreak. WTB's overall budget, therefore, has risen since 2000/2001 although it is important to note that total funding available to WTB will fall significantly in 2005/2006 unless we are able to secure new funding from EU and other sources. There are a number of important new activities which are planned for 2003/2004 and which are not presently included in WTB's forward budgets. Unless additional funding can be secured from grant-in-aid or other sources, it will not be possible to proceed with these activities in 2003/2004. A full list of

these additional activities and the estimated funding requirement is contained at Appendix 4.

## **6. MEASURING EFFECTIVENESS AND EFFICIENCY**

### **6.1 Introduction**

As a public body, WTB must demonstrate that appropriate management controls and measures are in place to safeguard public funds and to ensure that they are being used effectively, efficiently and to best effect. WTB seeks to achieve the best use of public funds in a number of ways:

#### **i) Partnership:**

No single organisation has the skills, resources or ability to work in isolation.

Securing future success and prosperity for the tourism industry depends upon effective working relationships being established between all sectors of the industry. WTB is committed to working with willing partners on joint initiatives to ensure that scarce resources are used efficiently to achieve shared goals for the benefit of tourism. WTB has led, for example, the establishment of four Regional Tourism Partnerships which are coterminous with the boundaries of the four Economic Fora areas. The RTPs will assume prime responsibility for moving forward the effective implementation of the regional tourism strategies which seek to identify strategic priorities for action. The development and operation of partnerships where each partner is accountable for their respective roles and responsibilities is an important priority for WTB to minimise duplication of effort and to improve the competitive position of tourism in Wales. WTB will also seek to identify appropriate opportunities to work with other partners (e.g. WDA, ELWa, local authorities, CCW etc) on joint initiatives which can help fulfil its strategic priorities during the course of this plan.

#### **ii) Research:**

WTB administers an annual programme of research which has regard to the strategic priorities identified in *Achieving Our Potential*. Many of the research activities are undertaken jointly with partners and are designed to service essential information needs both internally and externally. In recent years, WTB has given increasing emphasis to evaluating its marketing and other activities to ensure that it secures maximum value for money in its use of public funds. WTB takes the view that evaluation and monitoring should be viewed as an active tool to inform its own activities and the investment decisions of individual tourism businesses. Independent evaluation, for example, of the effectiveness and efficiency of WTB's Financial Assistance scheme to stimulate capital investment is an important check to measure whether desired outputs are being achieved to appropriate standards. Similarly, whenever possible,

WTB seeks to quantify the net additional tourism spend for Wales through Return on Investment analysis for key marketing activities.

### **iii) Corporate Governance and Risk Management**

WTB has prepared a statement of internal control in accordance with the guidance issued by the Treasury. WTB's Audit Committee have also considered the application of Corporate Governance and Risk Management throughout the organization. WTB has prepared a Corporate Risk Register which sets out to identify a range of external/internal risks which could impact upon WTB's four strategic objectives. Further details of these risks and the controls which WTB will put in place will be developed in WTB's Operational Plan.

### **ACHIEVING OUR POTENTIAL – STRATEGIC CHALLENGES FOR TOURISM IN WALES**

No less than any other part of the economy, tourism will need to adapt and change in response to the many challenges ahead to ensure its future success. *Achieving Our Potential* deliberately concentrates on identifying the most effective response to the main strategic challenges which will face the tourism industry in Wales over the next ten years. These include:-

- ! **Creating a distinctive image / brand for Wales:** Awareness of Wales in many overseas markets remains low. Even within the UK, perceptions are often outdated and based on stereotypical images of a fictional Wales. The lack of a clear identity for Wales will act as a barrier to growth, constraining attempts to sell Wales as an attractive tourism destination. The challenge is to develop a more positive and credible image for Wales as an attractive holiday destination. Consolidating a distinctive tourism brand for Wales will require a general commitment by all levels of the industry to communicate consistent messages over a sustained timescale. WTB will seek to work with the Assembly and other bodies to develop a strategic branding framework which can be applied to a wide range of products and services associated with Wales.
  
- ! **Strategic approach to tourism investment:** Additional funding of approximately £2 billion for Objective 1, 2, 3 Programmes is available to Wales over the seven year period 2000 - 2006. Approximately 65% of total funding will be allocated to West Wales and the Valleys under the Objective 1 programme. These additional funds will be used to increase GDP per capita in Wales and to close the gap in GDP with UK and EU averages. Potentially, tourism has a crucial role to play in helping to reshape the economy of Wales. Adopting a strategic approach to tourism investment where development priorities are identified on the basis of market need will maximise the economic and social benefits for Wales by assisting indigenous business growth and acting as a catalyst for inward investment. WTB acknowledges that improving quality at all levels in the industry is a key to success - visitors are becoming less tolerant of poor facilities, mediocre and indifferent service. Providing the visitor with a quality experience is a basic requirement, encouraging visitors to stay longer, come again and recommend Wales to others.
  
- ! **Extending the tourism season:** 72% of spending by UK visitors to Wales is by holiday visitors which exaggerates reliance on a relatively short tourism season. Wales will need to grow its share of less seasonal and high yield business and conference traffic. WTB will also seek to work with other organisations to develop a co-ordinated approach to the staging of cultural and sporting events in Wales to help spread tourism over a longer season.

- ! **Growing short holidays to Wales and maintaining long holidays:** Relative to competing destinations in the UK, Wales is more heavily dependent on holiday visitors and particularly the declining long-holiday market, greater growth is forecast in the short and additional holiday sectors. Wales, therefore, is strong in declining markets and weak in growing markets. Wales will need to attract a greater volume of domestic short breaks traffic, including niche, specialist markets which will bring positive benefits as these type of visitors tend to be less seasonal and spend more per visit. There is an increasing tendency for the British to take more of their main holidays abroad. Consequently, the long (4+ nights) holiday market in the UK is in gradual decline. It still accounts, however, for 68% of all domestic holiday spend in Wales and represents a core market which is of major importance to many areas and sectors of the industry. Wales must seek, therefore, to retain its share of the longer holiday market.
  
- ! **Increasing the value of overseas tourism to Wales:** Spending by overseas visitors to Wales represents approximately 14% of total spending by all overnight visitors to Wales. At the UK level, the overseas share is closer to 33%. Wales will need to increase the share of overseas spending as a proportion of all tourism spending. Although Manchester International airport is developing a strong incoming schedule of international flights and has good access to North Wales, the majority of inbound air traffic into the UK is still routed via Heathrow and Gatwick airports. Only a relatively small proportion of international visitors to Wales currently enter the country via Cardiff International Airport which has only a limited range of international scheduled services into Wales. The presence of a major international gateway airport for Wales with high speed road links to the capital city will be essential to ensure that significant international tourism growth can be achieved.
  
- ! **Clarifying roles and responsibilities:** Tourism is a fragmented industry and many people and organisations in both the public and private sectors in Wales have a role in the marketing and development of the industry. It is important to avoid duplication of effort to increase the competitiveness of tourism in Wales. The newly established Regional Tourism Partnerships will facilitate effective partnership working at the local, regional and national level.
  
- ! **Maximising benefits from technological change:** In general terms, the tourism industry in Wales has yet to take advantage of the marketing opportunities available through new forms of Information and Communication Technology (ICT). The development of integrated systems which can combine information provision with an instant booking facility will become a key part of the future marketing of Wales. This will require a co-ordinated, planned approach and significant additional resources to develop and evolve suitable systems which can be accessible to all tourism operators in Wales. WTB will launch the Destination Management System/**visitwales.com** site on 19 July 2002. This facility will enable tourism-related businesses to market themselves

to a global audience and will provide an active booking mechanism. Information on events and every aspect of the holiday experience will be regularly updated and businesses will be able to have complete control over the display and distribution of their pricing and availability.

- ! **Improving training and competitiveness:** It will not only be necessary to invest in new and improved facilities. It will be equally important to invest in people and to ensure high levels of professionalism and business acumen. The clear challenge facing the industry is to improve the quality of skills and business expertise of those working in the tourism industry to strengthen viability and profitability. Developing the necessary skills will need to be achieved through collaborative action. The newly established Tourism Training Forum for Wales will seek to coordinate training provision so that it more adequately satisfies the needs of businesses.

- ! **Target high spending growth markets:**

Wales will need to target market segments which have good growth potential, are capable of providing a high yield to tourism businesses, are less weather dependent and are more likely to visit Wales outside the peak summer period. To achieve the type of growth required it will be necessary to increase average tourist expenditure per bed night. This will involve targeting higher spending market segments and extending the range of quality tourism products to achieve high added value for the industry. Investment in the targeting of appropriate niche markets will be driven by market intelligence and research. Resources will need to be directed at winning more business from growth segments where Wales has a competitive advantage.

- ! **Extend the benefits of tourism**

Tourism has the potential to benefit local communities throughout Wales – particularly in areas where traditional forms of economic activity are in decline. The development of stronger links between tourism businesses and local suppliers of goods and services will need to be improved to extend the economic benefits of tourism. Tourism businesses need to be encouraged to source goods and services from local suppliers and to employ people from within the local community. In this way, there will be mutual benefits for all involved. The tourism businesses will be able to promote a more distinctive Welsh experience and the host community will appreciate the employment benefits which tourism can sustain.

## Appendix 2

### EXPENDITURE AND FUNDING SUMMARY

<b>Expenditure Summary</b>	<b>2002/03 £000</b>	<b>2003/04 £000</b>	<b>2004/05 £000</b>	<b>2005/06 £000</b>
<b>1. Development Division</b>				
Programme Expenditure	2,444	2,310	2,255	1,757
Capital Expenditure	10,628	9,759	5,357	3,852
<b>Total Expenditure</b>	<b>13,072</b>	<b>12,069</b>	<b>7,612</b>	<b>5,609</b>
<b>2. Marketing Division</b>				
DMS	1,519	988	906	906
Programme Expenditure	14,425	13,790	9,625	6,779
<b>Total Expenditure</b>	<b>15,944</b>	<b>14,778</b>	<b>10,531</b>	<b>7,685</b>
<b>3. Regional Development Fund</b>	2,500	3,000	3,500	3,500
<b>4. Production Services (gross)</b>	709	667	651	651
<b>5. Communications</b>	630	565	538	538
<b>6. Strategy</b>	626	561	535	535
<b>7. Running Costs*</b>	5,557	5,557	5,557	5,557
<b>8. Total Expenditure</b>	<b>39,038</b>	<b>37,197</b>	<b>28,924</b>	<b>24,075</b>

\* WTB's application to the Assembly to increase its running costs is currently being discussed with Assembly officials in the context of overall restructuring.

<b>Funding Summary</b>	<b>2002/03 £000</b>	<b>2003/04 £000</b>	<b>2004/05 £000</b>	<b>2005/06 £000</b>
<b>1. Assembly Core Funding</b>				
Programme Expenditure	14,586	13,736	13,736	13,736
Capital Expenditure	3,150	3,150	3,150	3,150
Running Costs	4,912	4,700	4,700	4,700
<b>Total Grant in Aid</b>	<b>22,648</b>	<b>21,586</b>	<b>21,586</b>	<b>21,586</b>
<b>2. EU Funding</b>	4,773	6,390	4,849	-
<b>3. Match Funding – Pathway To Prosperity</b>	6,934	4,932	1,200	1,200
<b>4. Rural Recovery Fund*</b>	3,270	3,000	-	-
<b>5. Commercial Revenue</b>	1,413	1,289	1,289	1,289
<b>8. Total Funding</b>	<b>39,038</b>	<b>37,197</b>	<b>28,924</b>	<b>24,075</b>

\*Wales Tourist Board receive £2 million under the Rural Recovery Plan (shared with the Countryside Council) in 2002-03, with a further £3 million connected to this programme in 2003-04.

This table only includes confirmed funds, hence the dramatic fall in funds should the success in obtaining EU funding not be repeated. It is important, therefore that current achievements with Objective 1 funding continue to be recognised. In tandem with this, we continue to bid for Pathway to Prosperity funds.

## ALLOCATION OF ADDITIONAL EU/MATCH FUNDING

### 1. EU Objective 1 funds

#### 1.1 Integrated Business Support Scheme for tourism SMEs

An EU grant of £6.3 mn. will support a £12.6 mn. initiative to include a grant assistance scheme combined with specialist business advice and mentoring targeted at tourism SMEs in West Wales and the Valleys

	TOTAL £mn	Capital Grants £mn	Tourism Advice £mn	Administration £mn
WTB	6.3	5.3	0.8	0.2
ERDF	6.3	5.3	0.8	0.2
<b>TOTAL</b>	<b>12.6</b>	<b>10.6</b>	<b>1.6</b>	<b>0.4</b>

The level of assistance for individual tourism SMEs will continue to be determined by principles of 'minimum necessary grant'. The EU award, however, will allow WTB to support West Wales and Valleys projects at a far more generous "cost per job" than projects in East Wales. In this way, it is anticipated that WTB would be able to fund riskier, more innovative projects within the Objective 1 area. As a result, it is considered that the average level of support for tourism SMEs within Objective 1 will, in fact be far higher than for those outside Objective 1.

The provision of tourism advice (e.g. environmental/Greening Your Business, business consultants and grading advice) will be linked with the financial assistance. It is anticipated that over 400 SMEs will be supported by the project. The job impacts are estimated to be c760 net new jobs and c500 net safeguarded jobs.

#### 1.2 Tourism Promotion and Marketing

An EU grant of £9.0 mn. will support a £21.780 mn. initiative to deliver key marketing and promotional aspects of *Achieving Our Potential*. All of the proposed activities will be co-ordinated by and delivered on behalf of the tourism partnership established to direct the implementation of the Regional Action Plan for tourism. Strategic national actions, such as developing the Wales tourism brand, will be delivered by WTB. Complementary actions will be delivered in partnership with other public sector bodies at a national, regional and local level and private sector operators either within Wales or actively engaged in bringing visitors to Wales. It is anticipated that more than 4,200 tourism SMEs will receive either direct or indirect assistance through the project. The job impacts are estimated to be c. 1,325 net new jobs and c. 660 safeguarded jobs.

**ADDITIONAL ACTIVITIES PLANNED FOR 2003/2004**

Activity	Funding Requirement £
1. <b>Wales in the World – office start-up and support.</b>	200,000 <sup>1</sup>
2. <b>Implement Golf Tourism Strategy to maximise Ryder Cup potential.</b>	500,000 <sup>2</sup>
3. <b>visitwales.com – promotion to the industry/data assurance.</b>	400,000 <sup>3</sup>
4. <b>Implement Cultural Tourism Strategy.</b>	200,000 <sup>4</sup>
5. <b>BMI Baby support.</b>	500,000 <sup>5</sup>

**Explanation**1. **Wales in the World**

The intention of the Welsh Assembly Government is to establish a network of overseas centres to raise the international profile and image of Wales. The first international centre is due to open in New York later in 2002 and future plans could also see similar centres opening in Dublin and in Germany. The ambition is to develop centres to become a 'virtual Wales' which would provide a focal point for international trade, inward investment and tourism. Direct ICT links with *visitwales.com* will provide visitors to the centres with on-line information about Wales as a holiday destination. WTB would want an active involvement in supporting the setting up and operation of these centres to ensure that we maximize the opportunity to promote a positive image of Wales in key overseas markets.

2. **Golf Tourism Strategy**

WTB has accepted responsibility for preparing and leading the implementation of a golf tourism strategy as a key requirement of the Team Wales approach to maximize the opportunities which will arise from the staging of the Ryder Cup in 2010. The strategy's action plan identifies a range of essential activities which need to take place between now and 2010 if Wales is to capitalize on the Ryder Cup and position itself as a world class golf tourism destination. This will require an integrated approach involving investment in marketing, product investment and in training. Additional marketing funding of £500,000 per annum has been identified in the strategy which also identifies a need for public sector support of up to £35 million over the next eight years for capital investment works to develop the golf tourism product in Wales.

3. ***visitwales.com***

With additional funding support from the Assembly, WTB has been developing over the last 18 months a new Destination Management System on behalf of the tourism industry in Wales. This web-based system will provide an opportunity for all tourism businesses in Wales to promote themselves to a global audience and will also support a real-time booking facility. The ***visitwales.com*** site will be opened on 19 July 2002 and a significant proportion of businesses have already attended free training sessions and have 'signed on' to the site. There is a need during 2003, however, to ensure that the momentum is maintained and to extend coverage throughout the industry.

4. **Cultural Tourism Strategy**

Following extensive consultation with interested bodies, WTB is in the process of publishing a cultural tourism strategy for Wales which was an action point of 'Creative Future – A Culture Strategy for Wales' prepared by the Welsh Assembly Government. The cultural tourism strategy seeks to present Wales as a visitor destination offering a quality and distinctive cultural tourism experience. An action plan identifies a range of activities to achieve this vision. In order to lead the implementation of the strategy, WTB has identified a need for additional marketing and research related activities in 2003 to support a partnership approach to delivery.

5. **BMI Baby**

WTB has worked closely with the Welsh Assembly Government to source a support package to attract the low cost airline BMI Baby to Cardiff (Wales) Airport. A package of activities have been provisionally identified, including joint marketing, press and PR programmes, tactical consumer advertising and trade sales missions in 2003 to ensure the successful operation of this new venture.

<b>WALES TOURIST BOARD PERFORMANCE REPORT 2001-2002</b>
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**1. INTRODUCTION**

This progress report describes WTB's performance in achieving strategic targets, input into the Framework for Economic Development and progress against broad and specific operational priorities contained within the Remit Letter.

WTB has received 30% additional grant-in-aid funds for 2001/2002, the use of which is reflected in the Corporate Plan, with a focus on improving the tourism product and increasing marketing throughout the UK and overseas. There has therefore been an increase in the overall baseline from £15m to £20m. In addition, WTB was also granted £5m by the Assembly as part of the Rural Recovery Plan for this financial year.

WTB continues to develop the effective working relationships with the Minister and officials of the Assembly. WTB are developing ways of showing and publicising the working links with the Assembly via WTB's Communications Strategy, which has now been formalised.

**2. PROGRESS AGAINST STRATEGIC TARGETS**

The following table indicates actual performance to the end of March 2002:-

**WTB: Performance Against Target 2001/2002**

	<i>Original Target</i>	Revised Targets allowing for Rural Recovery	Outturn
<b>A. Capital Investment</b>			
i) Planned Allocation	£6.6 m	£9.15 m	£10.7 m
ii) Leverage:(WTB:Total Project Cost)	1:5.0	1:4.3	1:6.6
iii) Private sector investment	£13.5 m	£15.5 m	£19.8 m
iv) Total investment generated	£25 m	£28.9 m	£34.3 m
v) Full Time Equivalent Direct Jobs (created or safeguarded)	500	620	1,240
<b>B. Marketing</b>			
i) Main UK Marketing Campaign ROI	30:1	25:1	20:1
ii) Increased spend from primary overseas markets	+5%	+5%	0%
iii) ROI from primary o/s markets			
iv) Annual share of UK spend in Wales (Oct – June)	10:1 51%	8:1 51%	12:1* 57%
<b>C. Running Cost Limit</b>			
	£4.7 m	£4.7m	£4.7 m

\* Estimated – awaiting final results

### **3. COMMENTARY**

#### **A. Capital Investment**

The results reflect the fact that WTB's Investment Support scheme is discretionary and our assessment process identifies, nurtures and supports projects which deliver on these key economic indicators while adding value to the existing tourism product.

The Integrated Business Support Scheme (funded via Objective 1 and Pathways to Prosperity) made excellent progress this year. In 2001/02, 134 projects benefited from a total of £6.3 million at an enhanced rate of assistance made available by these additional funds. The scheme has been running since July 2000 and in total 200 businesses have directly accessed £8 million. The overall budget for the scheme is £10.3 million. (With allocation to date in 2002/03 the fund is now exhausted). WTB has shown that it can distribute Objective 1 funds into the private sector – quickly and efficiently.

Additional monies were also made available during the year via the Rural Recovery Package - £2.5 million was allocated under the ReAct scheme. The scheme provided support to over 200 businesses; the awards allowed each to carry out necessary works to maintain quality in the aftermath of the foot and mouth crisis. A total of 270 jobs were safeguarded as a result of this scheme.

The general level of interest in the scheme is increasing, as our work becomes more proactive and focused. During the year WTB employed 5 business consultants whose role is to seek out good investment opportunities, identify business winners and to encourage the acceleration of development. Almost 2,000 general enquiries were handled which resulted in 477 detailed applications for financial assistance being processed.

#### **Leverage**

Leverage is the measurement of investment secured by WTB assistance. The ratio of 1:6.6 indicates that every £1 of WTB assistance levered out an additional £6.60 of investment in tourism, comfortably ahead of the target. In order to achieve the target leverage ratio of 1:5.0, percentage support from WTB towards individual capital projects needs to average 20%. For 2001/2002, WTB support has been closer to 15%.

#### **Private Sector Investment/Total Investment Created**

During 2001/2002, WTB financial assistance has generated a total of £34.3m capital investment. £19.8 m (58%) has been from the private sector.

## **Job Creation/Safeguarding**

A total of 1,240 [Full Time Equivalent Direct] jobs (excluding indirect and construction) were created or safeguarded by WTB's scheme of financial assistance.

## **B. Marketing**

The effect of Foot & Mouth has had an impact on marketing activity. During 2001 the Wales Tourist Board reacted swiftly to amend its planned activity significantly in order to reflect the new market conditions and to spend the increased resources from the Rural Recovery Fund wisely. Efforts concentrated on stimulating recovery within the UK markets. These initiatives were well received both within the media and by the industry. The fact that holiday expenditure from UK markets actually grew by 4% in 2001 is testament to the success of these initiatives. The effect of the September 11<sup>th</sup> incident also had an effect on domestic tourism. Recent research conducted by the ETC and other anecdotal evidence received from the industry in Wales suggests that many UK residents will be less inclined to holiday overseas in 2002. Current thinking is that UK marketing will increase, although WTB should maintain its presence within its main overseas target markets, and this includes USA, so that Wales will have a head-start once those tourists are about to return.

The Wales Tourist Board launched a major new campaign in January 2002. Under the campaign's theme of "Wales, The Big Country", the promotion has positioned Wales as the ideal destination for both main holidays and short breaks. Pathway to Prosperity and Objective 1 funds were used to launch a main season initiative on television in the Granada, Central, HTV West and Meridian regions. There was also strong coverage on Sky television nationally. In recent years, due to budget restrictions, the Wales Tourist Board was not able to be on television in January/February. Our television campaigns commenced in the Spring to stimulate short breaks. The January activity competed directly with overseas destinations for main holidays. We plan to return to television, later in 2002.

Initial findings from our advertising tracking survey are very positive with unprompted awareness of Wales advertising rising from 7% in December 2001 to 24% nationally in February 2002 following the first wave of the Big Country campaign. This performance outstripped all other advertising destinations within the UK market.

### **i) Main UK Marketing Campaign Return on Investment**

WTB is increasingly seeking to measure the effectiveness of the different marketing activities which it undertakes in order to inform the future allocation of funds in its primary UK and overseas markets. WTB has worked closely with Assembly colleagues to define strategic targets which can be measured effectively and against which WTB's performance can be held to be more directly accountable. The main UK marketing campaign is a highly targeted direct marketing initiative which seeks to maximise brochure enquiries and influence decisions to visit Wales. WTB evaluates the success of the campaign by monitoring the number of brochure enquiries and by measuring its effect on "converting" people to holiday in

Wales. The target of 250,000 brochure enquiries was met comfortably by March 2002.

In a normal year WTB would expect to achieve a Return on Investment (ROI) of 30:1 for its UK targeted direct marketing activities. 2001 was not, however, a normal year. Our research, which tracks the performance of our direct marketing activities, indicated that although there was an increase in the volume of enquiries, the conversion rate was lower than the previous year. This was largely due to the effect of Foot and Mouth, which had a major impact on consumer confidence and on holiday decision-making. Market conditions during 2001 meant that consumers were less inclined to convert enquiries to bookings. Whilst we maintained response numbers in difficult circumstances, conversion to bookings declined, thus reducing the return on investment. Although below the target set, a ROI of 20:1 still represents an extremely efficient use of public funds.

#### **ii) Increased Spend from Primary Overseas Markets**

With only limited resources available, WTB targets the funds available for overseas marketing to the five primary markets of USA, Germany, France, Republic of Ireland and Netherlands.

This performance target is measured via the International Passenger Survey, a well-established survey administered by the Office for National Statistics for the BTA and WTB.

During 2001, the provisional IPS figures indicate that spending by all overseas visitors to Wales decreased by 10% compared with the previous year. At the UK level, spending decreased by 15%. In contrast, spending from WTB's five primary overseas markets remained static at £131 million. Although the 5% growth target was not achieved, in the face of major events such as Foot & Mouth and the September 11 attacks, the performance of our primary overseas markets should be viewed in positive terms and we can look to the future with cautious optimism

#### **iii) Return on Investment from Primary Overseas Markets**

WTB is also developing a series of ROI figures for a range of overseas marketing activities. These cover our main partnership campaigns with BTA, other direct marketing initiatives and exhibition programme measurement.

At the time of writing this report, the only ROI figures available relate to the Tramor exhibition programme, which show a ROI of 20:1. In the expectation that the ROI figure will not be so high for other activities, which may have suffered from the events of 2001, we are estimating that the cumulative ROI for overseas marketing will reach at least 12:1 for 2001.

#### **iv) Proportion of UK Tourism Spend (Oct – June)**

This target is intended to provide some measurement of WTB's ability to extend the benefits of tourism to periods outside the third quarter peak. The target is monitored by reference to data sourced from the United Kingdom Tourism Survey. Figures for 2001 indicate that, under the new methodology used for UKTS, 56% of all UK spend occurred outside the peak third quarter period.

### **3. FRAMEWORK FOR ECONOMIC DEVELOPMENT**

#### **i) Developmental Themes**

Assembly themes of sustainable development, tackling social disadvantage and promoting equal opportunities run through all aspects of WTB policy and continue to be developed. WTB intends to work closely with EOC regarding sustainable development. The WTB is aware of its responsibilities under the Human Rights Act.

#### **ii) Economic Consultation**

WTB has taken part in the consultation process 'A Winning Wales' and are working towards the tourism industry targets set out in [betterwales.com](http://betterwales.com) and the "Putting Wales First" Partnership Agreement. WTB has also contributed to the Assembly review of Business Support and Development Services – all agreed at Board Meetings early in the financial year.

#### **iii) Funding Opportunities**

The availability of EU funding provides a unique opportunity to allocate significant additional funding for tourism during the period 2000-2006. It will be important to apply these additional funds carefully within a clear strategic framework so that tourism's contribution to Welsh GDP is improved.

WTB continues to play a key part in the Partnership Management Board to oversee the implementation of a regional action plan for tourism in the Objective 1 West Wales and the Valleys area. WTB chairs this Partnership Management Board and will give the highest priority to ensuring that EU funds are applied wisely to improve the competitive position of tourism in Wales.

WTB is taking full advantage of Match funding opportunities provided by the Assembly, which are essentially Pathway to Prosperity funds.

### **4. BROAD OPERATIONAL PRIORITIES**

#### **i) International Promotion**

Always mindful of the aim as defined in 'A Winning Wales' to establish Wales in the world, WTB worked closely in 2001 with WDA and WTI taking full advantage of Trade and Inward Investment Missions for promotional activities where appropriate. During 2001/2002 the Wales Tourist Board has participated in the trade missions to California and South Africa. In addition we have worked with the Welsh Food Directorate of the WDA who partnered us at three major European holiday fairs in Utrecht, Rennes and Brussels. Close liaison has been through the International Relations Group. Discussions regarding the joint use of overseas offices are ongoing.

WTB continues to work closely with the BTA to increase marketing resources and activities in Wales' primary overseas markets. Longer term planning has been affected by Foot & mouth priorities this year. There is no indication yet of specific funding and targets for Wales within BTA's allocation.

The Wales Tourist Board also played a major role in the New York St David's Day Celebrations for Wales.

## **ii) Quality Development**

WTB is considering the scope for quality conditions and measures other than training and marketing conditions attached to appropriate capital grant schemes.

WTB continues to use its integrated financial assistance schemes to promote and work with the tourism industry to secure top quality sustainable projects throughout all tourism sectors in Wales. Quality is an essential theme of *Achieving Our Potential* and WTB acknowledges that as tourism becomes more competitive, it is more important to ensure that Wales is providing the right mix and quality of facilities and service delivery to meet the needs of the market. WTB's Quality Grading Schemes are reviewed in consultation with the industry and with consumers to ensure that they meet the evolving needs of the market place.

WTB's Integrated Business Support initiative aims to develop a focused and co-ordinated delivery of business support to the tourism industry in Wales which is flexible and concentrates on improving competitiveness through the adoption of more effective business practices.

The initiative will proactively encourage the growth of tourism businesses through an integrated package of support and financial assistance to the industry. This will directly safeguard jobs, stimulate private sector investment, improve productivity and add value to Wales' tourism sector.

The Business Advisory Signposting Service (BASS) comprises a new team of six Quality and Business Support Advisors to complement the

existing Quality Advisors, concentrating initially on serviced and self-catering quality schemes.

WTB is developing its Specialist Advisory Service to include Accessibility and Disability advice and e-commerce in addition to VisitWales.com training. A comprehensive package of Business Support toolkits have been developed.

### **iii) Infrastructure**

WTB has worked closely with its local authority partners. WTB takes account of the principles set out in NAW's Local Government Partnership Scheme, and follow the principles adopted by NAW on partnerships – particularly sections 113 to 115 of the Government of Wales Act 1998, to consult local government, the voluntary sector and the business community on matters affecting their interests. WTB's Communications Strategy on consultation, both formal and informal, is being developed.

A Framework for Delivery of Business Support is being established to include a Client Management System, Business Support Gateway, [www.wtbonline.co.uk](http://www.wtbonline.co.uk) Trade Talk, a monthly newsletter for key stakeholders and Business Support Briefings and Support Clinics.

## **5. SPECIFIC OPERATIONAL PRIORITIES**

### **i) Strategic Progress**

WTB has continued to implement Wales' Tourism Strategy 'Achieving Our Potential'. As the strategic lead agency for tourism in Wales, WTB will have a key role in ensuring that the strategic action plan of Achieving Our Potential can be implemented to timescale. Achieving Our Potential is seeking to encourage the industry to work together to manage change effectively during a period of major economic and social transition in Wales. Progress made during 2000/2001 on the 49 action points has been built upon during 2001/2002.

Four Regional Strategy Directors are now in place and the Regional Tourism Partnerships have developed their constitutional and operational structures and business plans. A review of the existing Regional tourism strategies is a priority for the year ahead.

### **ii) Marketing Progress**

The Destination Management System ([www.visitwales.com](http://www.visitwales.com)) is proceeding according to the planned timetable, with the launch planned for 19 July 2002.

Key overseas and UK markets are currently being targeted, particularly with niche markets of cycling and motor touring proceeding according to plan.

Working in partnership with an industry steering group, the Wales Tourist Board has received proposals regarding the feasibility of a convention bureau for Wales. These proposals are currently being examined by the Wales Tourist Board and steering group.

Promotion of the culture and heritage of Wales via “Cymru’n Creu” and broader work has been summarised in a Cultural Tourism Strategy agreed by the Board during 2001/2002. The Strategy will be discussed further with Assembly Ministers.

The Strategic framework for an Events Strategy was approved by the Board during 2001/2002. However, it is likely that the Assembly’s review on International Events Strategy will impact on WTB’s work. We await the findings of this review.

WTB is working closely with partners, including BTA, to prepare a more extensive annual calendar of events. WTB is providing financial support for the Network Q Rally and also played a key role in the team that secured the Ryder Cup for Wales, successfully obtaining signed contracts for over 5,000 hotel bed spaces.

### **iii) Statutory Registration**

Two trade conferences were held during the year, and with the consultation completed, a report to the Assembly is currently being finalised. This review has considered the cost and administrative implications across all accommodation sectors and will recommend a preferred option for Wales.

### **iv) Valleys Tourism**

WTB has developed, with partners, proposals for a valleys tourism initiative. The Action Plan has been completed. Partners are considering implementation.

## **6. TRENDS IN ANNUAL TARGETS**

The Assembly sets annual targets for WTB. Increasingly in recent years these targets have been defined specifically to relate to outputs directly related to WTB’s programmed activities. The following table includes details of the 2001/2002 targets and summarises progress in the achievement of these targets for the 2000/2001 financial years.

**NAW targets 2000/2001, 2001/2002**

	<i>PERFORMANCE MEASURE</i>	<b>2000/2001 TARGET</b>	<b>2000/2001 OUTTURN</b>	<b>2001/2002 TARGET</b>	<b>2001/2002 OUTTURN</b>
<b>1</b>	<b>Private Sector investment generated</b>	£12m	£11.5m	£13.5m	£19.8m
<b>2</b>	<b>Total investment generated</b>	£23m	£25m	£25m	£34.3m
<b>3</b>	<b>Leverage ratio WTB grant:total project cost</b>	1:5.0	1:6.6	1:5.0	1:6.6
<b>4</b>	<b>No of jobs created/safeguarded</b>	400	477	500	1,240 (799 created 441 safeguarded)
<b>5</b>	<b>Annual share of UK spend in Wales (Oct-June)</b>	51%	61%	51%	57%
<b>6</b>	<b>Running cost limit</b>	£4.4m	£4.3m	£4.7m	£4.7m
<b>7</b>	<b>WTB domestic (UK) marketing campaign Return on Investment</b>	30:1	30:1	30:1	20:1
<b>8</b>	<b>Increased spend from primary overseas market</b>	+5%	- 9%	+5%	0%

## **OTHER**

WTB is currently aligning its planning process with the Assembly. WTB is looking at ways of increasing the provision and presentation of research to the industry. Evidence based policy development has led on to targeting resources at activities and markets which have shown to have the best returns for Wales. This is covered in WTB's Marketing Strategy. Jonathan Price of the Assembly (Economic Advice Division) has completed the first stage of WTB's Quinquennial Review and plans are in place to commence Stage 2.

WTB's response to the Foot & Mouth crisis and September 11<sup>th</sup> was discussed at the EDC at its meeting in Wrexham in October 2001.

## ANNEX C

**Rt Hon Rhodri Morgan AM**

Our ref/Ein cyf: SF/FM/0098/02

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4 February 2002

### **WALES TOURIST BOARD: REMIT LETTER 2002 – 03**

1. This letter sets out the strategic priorities and operational activities that I want the Wales Tourist Board (“the Board”) to incorporate into its Corporate Plan for 2002-03 and onwards and its related Operational Plan for 2002-03. It also sets out the Board’s budget allocations for 2002-03, and for planning purposes only, it also provides indicative budgets for the following two years.

### **Board’s Budget for 2002-03**

2. The Welsh Assembly Government’s budget, finalised on 22 November 2001, gives the following allocations for the Board:-

<b>Budget Expenditure Lines (BELs)</b>	<b>£000’s</b>
Running Costs	4,700
Current Expenditure	14,376
Current Receipts	-4,060
Capital Expenditure	5,220
Depreciation/Cost of Capital <sup>(1)</sup>	300
<b>Total</b>	<b>20,536<sup>(2)</sup></b>
<i><sup>(1)</sup> represents the non-cash allocation of resources to cover the capital charges incurred by the capital assets held by the Board.</i>	
<i><sup>(2)</sup> See paragraph 3 below.</i>	

3. In addition to this, the Board will receive an additional £2.2 million for marketing and development work and a proportion of a further £2 million under the Rural Recovery Plan (shared with the Countryside Council) in 2002-03. The Board must endeavour to spend all allocated funds (including EU and Match Funding resources) within the financial year to which they are allocated as there is no guarantee that any unspent funds can be carried forward. The payment of grant continues to be

contingent on compliance with the contents of the Board’s Management Statement and Financial Memorandum.

### **Budget Assumptions & Corporate Planning**

4. For the purposes of finalising your Corporate Plan, the Board should work on the basis of the following indicative allocations for the next two years:-

	<b>2003-2004 £000</b>	<b>2004-2005 £000</b>
Running Costs	4,700	4,700
Current Expenditure	16,027	16,027
Current Receipts	-4,361	-4,361
Capital Expenditure	5,220	5,220
Depreciation/Cost of Capital	304	304
<b>TOTALS</b>	<b>21,890</b>	<b>21,890</b>

5. These indicative allocations will be reviewed each year, and the Board’s Corporate Plan should identify outputs based on 90, 100 and 105 per cent of these allocations. All ASPBs need to work towards aligning their planning process with that of the Assembly Government. I know that the Board is working towards this.

6. I want the Board to consult with the WDA, ELWa and the other key economic agencies when drawing up its Corporate and Operational plans and confirm that this process has been carried out. Where appropriate, relevant Divisions within the Assembly should be consulted.

### **Economic Context**

7. The Assembly Government is committed to transforming the economy of Wales and has set out a framework for doing this in its 10-year National Economic Development Strategy, *A Winning Wales*. This Strategy, which the Board was closely involved with, is designed to serve the Assembly Government’s three key themes of sustainable development, social inclusion and equality of opportunity and focuses on the approach contained in ‘Plan for Wales 2001’.

8. I expect the Board to work within this framework and ensure that its activities are in accord with the aims, policies and programmes of the Assembly.

9. As part of this, I want the Board to take a leading role in pursuing the aims of *Winning Wales*, acting strategically and in *partnership* with the Assembly’s other ASPBs and key stakeholders such as local authorities. To reinforce the “partnership” point, my Cabinet colleagues and I are keen for the public to recognise the contribution that the Assembly Government makes through its ASPBs and Agencies. I would like to see a clear acknowledgement of the links between the Board and the Assembly Government, through clear branding which makes the relationship explicit. Corporate guidance will

shortly be issued to assist the Board with the way in which this is to be achieved.

10. The Board should also take account of the principles set out in the Assembly Government's Local Government Partnership Scheme and the need to work within the agreed model of balanced representation from the public sector, social partners and the voluntary sector.

## Priorities

11. **Strategic:** In pursuing the aims of *A Winning Wales*, I would like the Board to focus on:-

- (i) Implementing Wales' national tourism strategy *Achieving Our Potential*;
- (ii) Promoting Information and Communication Technologies;
- (iii) Ensuring that European Structural Funds are used to maximum effect;
- (iv) Support tourism development in Rural Areas;
- (v) Support and invest in sustainable tourism and recreation and promotion of Green Tourism – taking account of the Wales Woodland Strategy;
- (vi) Promote Welsh culture, heritage and environment as key strengths; and
- (vii) Contribute towards the development of an international branding of Wales.

12. **Operational:** In working towards the strategic aims of *A Winning Wales*, I want the Board to play a full part in taking forward the appropriate actions set out in Annex 1 of *A Winning Wales* and:-

- (i) Work with other bodies to help develop an 'Events Strategy' to support and attract major events to Wales (by April 2002);
- (ii) Fully exploit the opportunities that the Ryder Cup will present, both in the UK and overseas. I also expect the Board to continue its role in delivering the commitments made in the Bid Document.
- (iii) Play an effective part in implementing the Rural Recovery Plan and continue its involvement with the work of the Wales Rural Partnership;
- (iv) Continue its work in developing and supporting tourism projects under EU programmes by maximising Objective 1 and utilising match funding resources where necessary;
- (v) Produce a framework Cultural Tourism Strategy to help promote opportunities for visitors to experience the cultural and environmental assets of Wales. The Board should work with Cymru'n Creu in doing this;
- (vi) Work closely with the BTA in assessing and monitoring Wales' overseas markets following the FM outbreak and the terrorist attacks in the USA. The Board should review its planned marketing campaigns both at home and overseas in the light of its market assessment;
- (vii) Formally establish four Regional Tourism Partnerships which will have responsibility for implementing regional tourism strategies in their areas. In doing this effective working partnerships should be established with the support of local authorities and the local tourism industry;
- (viii) Press on with the final stages of implementing the Destination Management System and promote its use within the tourism industry;

- (ix) Provide the Assembly Government with a Report and recommendations on the possible introduction of a Statutory Registration Scheme for accommodation in Wales (by July 2002).
- (x) Work with ELWa and TTW and other training bodies to improve training, skills, professionalism and the career structure within the tourism industry; and
- (xi) Work with the Assembly Government on re-notifying its Section 4 Capital Grant Scheme to the European Commission.
- (xi) Work with the Business Connect network in Wales to provide specialist business support for the tourism industry

<b>Specific Targets</b>
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13. I expect the Board to include in its Corporate Plan the following targets for 2002 - 03:-

**Tourism Spend**

	<b>Target</b>
Contribute towards an average annual increase in tourism expenditure of at least	6%

**Capital Investment**

	<b>Target</b>
Leverage (WTB:Total project cost)	1 : 5
Private Sector Investment	£15.5m
Total Investment Generated	£28m
Number of Jobs:	- Created - Safeguarded
	400 100

**Marketing Targets**

<b>UK Marketing Campaign</b>		<b>Target</b>
WTB's expenditure on its UK marketing campaign - ROI (Return/conversion:WTB expenditure)		30:1
<b>Overseas Priority Markets to Wales</b>		
WTB's expenditure on its Overseas priority markets - ROI (Return/conversion:WTB expenditure)		12:1
<b>Promotion of Destination Management System</b>		
Number of businesses actively:		
	- using (and maintaining data) DMS	5,000
	- using DMS for E-Commerce/bookings	1,000
<b>Star Quality Grading Scheme</b>		<b>Target</b>
Proportion of 3, 4 and 5 star accommodation businesses to increase from 74% to		76%

14. In addition to these targets, which relate to core Assembly funding (including match funding), the Board also has specific Objective 1 targets.

## Evaluation, Monitoring and Review

15. It is essential that our economic policy-making be supported by sound market research and intelligence on the issues and problems facing the Welsh economy. To help with this the Assembly Government is establishing a Economic Research Advisory Panel to bring together representatives of the main ASPBs, social partners, academics, applied researches and officials in the relevant Assembly policy groups. This panel will advise on a specific programme of practical economic research and evaluation. I want the Board to participate in the work of this Panel.
16. As you know, the Board's Quinquennial Review is now well underway and I expect the Board to work with officials to take forward the findings of the Review through a formal Implementation Plan.
17. Copies of this letter will be placed in the Assembly Library and copies will be sent to Assembly Ministers, the Chair of each Subject Committee, the Auditor General for Wales, the National Audit Office, the WDA, the WLGA, ELWa, CBI and the Wales TUC.