

Cynulliad Cenedlaethol Cymru / National Assembly for Wales  
Pwyllgor yr Economi, Seilwaith a Sgiliau/ Economy, Infrastructure and  
Skills Committee  
Gwerthu Cymru i'r Byd / Selling Wales to the World  
Ymateb gan Cynghrair Twristiaeth Cymru / Evidence from Wales  
Tourism Alliance

## 1. Industry Representation

### The Wales Tourism Alliance

1.1 The Wales Tourism Alliance (WTA) is the recognised over-arching representative organisation for the tourism industry in Wales, liaising with and coordinating the views of all concerned and informing and working with Government at Westminster, Cardiff and at Local Authority levels.

1.2 The WTA also acts as an intermediary between Government and all involved in tourism, disseminating information to the industry via our member organisations and we work with colleagues in organisations in other parts of the UK.

1.3 The membership of the WTA includes sectoral, national, regional and local representative bodies comprising accommodation (hotels, guest houses, bed and breakfast establishments, holiday home parks, touring caravan and camping sites, hostels and self-catering cottages), attractions, activities, training and skills, tourism guides and transport.

1.4 The Wales Tourism Alliance is a pan-Wales umbrella group with 13 member organisations resting within its general membership. This amounts to around 6,000 working operators and means WTA contacts and representatives are now found in every part of Wales. A full list of our current members can be found at [www.wta.org.uk](http://www.wta.org.uk)

1.5 The WTA therefore works with and on behalf of operators ranging from major players to the micro-businesses that make up so much of the tourism industry.

## 2. The Tourism Industry in Wales

### The Visitor Economy and Employment

2.1 The total contribution (which includes impacts through the supply chain, of capital investment and Government expenditure) accounts for around £6.2bn of GDP, 13.3% of the total economy - compared to 8.6% in England, 10.4% in Scotland and 4.9% in Northern Ireland. The direct contribution is £2.7bn which equates to 5.8% of Wales GDP compared to 3.9% in England, 4.9% in Scotland and 2.1% in NI.

2.2 The importance of tourism to employment in Wales. The total contribution is around 0.17m jobs in Wales, 12.7% of the total workforce; this compares with 8.3% in England, 10.0% in Scotland and 4.7% in NI.

2.3 Although high levels of employment in the Visitor Economy can be found in cities, rural areas are more dependent on the sector as it plays a large role in local economies and indeed communities, enhancing the provision of facilities and amenities that are also extensively used by residents as well as visitors.

2.4 In Wales, the rural economy has a particularly strong link with the Visitor Economy with the share of employees in Conwy estimated to be circa 16.7% with 15.1% in Pembrokeshire, 13.2% in Ceredigion, 12.2% in Gwynedd and 12.0% in Powys. 25% of all VAT registered businesses in Wales are in the Visitor Economy.

2.5 As a stable and dependable industry, tourism also has a vital role in the regeneration of urban communities within Wales. Tourism has proven itself strongly resilient to the ravages of the economic downturn and this is especially relevant to rural Wales, where employment alternatives are limited. Tourism as an employer, as an economic driver and, perhaps just as significantly, as the custodian of community facilities & opportunities, is paramount and irreplaceable.

2.6 Tourism in Wales also has considerable potential for growth with Deloitte forecasting that the Visitor Economy by 2020 will provide a total contribution of 6.9% of the Wales GDP, supporting 188,000 jobs and accounting for 13.7% of total employment.

2.7 Overseas visitors account for less than 5% of tourism visits, but account for 10% of tourism expenditure giving each visit from overseas a higher value per visit than a domestic one. With the recent fall in the value of the pound the overseas visitor is and will be increasingly be attracted to holiday in the UK, we need more of those who visit to be drawn from London to visit Wales.

### 3. WTA Response to the Inquiry

WTA Response to the following tourism specific questions:

- How Welsh and UK Governments sell Wales to the World at present in terms of trade, tourism and skills/training;
- The role of the Welsh Government's overseas offices;
- The knowledge of '[Wales.Com](http://Wales.Com)' web site and in particular the help given by Business Wales;
- The clarity and strength of Wales's international tourism "brand";
- The success of Visit Wales' international marketing activities;
- How the Welsh Government can assist in attracting large international events to Wales;
- The use made of support from the EU and the impact of Brexit;

#### General Comments

The Committee has posed some intrinsically difficult questions because from the available data it is not easy to evaluate the performance of the Welsh and British Governments. The old adage that 'only a small % of marketing activity is effective, but the problem is which small %' has some relevance here. It is the problem of identifying action and effect.

What is the case, however, is that in recent years the official figures show growth in overseas visitor numbers and expenditure to both Britain and Wales and of domestic visitors to Wales from other parts of the United Kingdom. There will have been a number of determining influences including exchange rate movements, but arguably we recognise that the marketing campaigns of Visit Britain and Visit Wales will have had an impact.

It would be easier to evaluate the performance of the two Governments, if there was more published information about what Government interventions were expected to achieve and how these were to be measured, with scheduled published annual reports. In this context the annual reports of Visit Scotland are to be commended as exemplars.

The Committee's inquiry embraces a number of different types of Government interventions in the interest of improving the marketing of tourism to the UK and Wales and the tourism 'brand'. One of the really difficult questions is the relative effectiveness of these different types of activity e.g. the impact of Wales' overseas offices as compared with additional marketing activity by Visit Wales itself or additional expenditure on promoting major international events in Wales.

It has to be borne in mind that the private sector of the tourism industry, is overwhelmingly made up of small family run businesses and carries out its own marketing using its own resources. However, the disparate nature of the industry means it cannot achieve national (UK) or international impact to achieve its growth potential. Hence the vital importance of the work of Visit Wales and Visit Britain.

#### **How Welsh and UK Governments sell Wales to the World at present in terms of trade, tourism and skills/training:**

It is not possible to give an accurate assessment as to the Welsh Government's progress in relation to the current strategy for the development of the Tourism Industry, 'Partnership for Growth' overseas. The WTA understands that there has been an internal review of the Plan, but arguably for this and successor plans a thorough and open analysis and assessment by an external organisation should undertake this important task.

Whilst top level ONS figures point to an overall trajectory of positive growth, it is not possible to estimate the precise impact of Welsh and UK Government marketing activity. Ideally it would be possible to isolate factors affecting the progress of the industry that were only related to Welsh and UK Government activity in order to arrive at a realistic evaluation of Governmental impact., Noting that the amalgamated spend on domestic and overseas marketing by the private sector in the UK is vastly larger than that by the public sector and that many factors outside the control of Governments will affect outcomes, a degree of circumspection in claiming the success or otherwise of marketing campaigns is in order.

It is therefore argued that sufficient resources are allocated and marketing campaigns planned in a way that will ensure proper evaluation. This is a point that the industry raised previously with the UK and Welsh Governments.

#### **The role of the Welsh Government's overseas offices;**

We believe that annual spending on 14 premises rose from just over £700,000 in November 2013 to nearly £2.5m by April 2014. These offices have an integrated role covering the promotion of inward investment and furthering the international profile of Wales. In 2012, prior to this increase, there were 824,000 international visits for all activities to Wales. 325,000 for holiday visits. In 2014 International Passenger Survey results showed a 7% growth in visits to Wales compared with 2013. Then between October 2015 and September 2016 there was a 1.5% drop in all visitor numbers. This sort of variability which as it has been said may be for a host of factors, casts no light on the impact of Wales' overseas offices on visitor numbers, so again we cannot assess effectiveness or not on the raw figures alone.

Overseas visits are currently dominated by two EU markets, the Republic of Ireland, and France. Brexit may of course change this. The latest IPS results for May show that visitor numbers from Europe are only up marginally while visitor numbers from long-haul destinations are up significantly. The value of the pound has resulted in much larger savings for long-haul visitors who spend much more on a holiday to the UK. Whatever happens we will need to work harder to encourage our traditional and emerging markets, if significant barriers to travel emerge. It would be tempting to put less into encouraging EU countries, but the WTA maintain that we will, if anything, require even more effort.

Looking at the wider picture, we have to continue to encourage visits out of London, only 3% of all visits to the UK involve a visit to Wales (a country with 5% of the UK population). The visitor journey has to start overseas. It has to be well targeted, resourced and the visitor has to be given a route to follow, from the raising of awareness to the return journey. Brexit has forced a new set of circumstance on us and now is probably not the time to be withdrawing resources, Instead we need to encourage activity that is being undertaken by the Wales' and Visit Britain overseas offices in markets with growth potential for Wales. For example New Zealand or South America where we already have strong connections. The WTA would encourage the tourism businesses to support this work. Visit Britain research suggests the targeting of selective, key audiences within specific markets, for example; the emerging middle class Chinese around Beijing. The WTA endorses this focused approach.

#### **The knowledge of '[Wales.Com](http://Wales.Com)' web site and in particular the help given by Business Wales;**

The Wales.com is a great looking contemporary website. Websites in their own right, however, are no longer suitable as a one stop shop. They require large amounts of dedicated staff time, which is expensive in order to drive traffic to the site, usually using electronic social media (or extremely expensive conventional lifestyle campaigns). Once at the site the visitor needs to be able to instantly access information which enable them to book. Whilst we recognise the site cannot contain actual bookable product due to the constraints imposed on Government, it may be helpful to inform visitors about Wales once they have either booked a visit or are staying in Wales. We could also do with clarity in relation to state aide rules once the UK leaves the EU.

We suggest research is needed to establish the real impact of the site and a threshold agreed below which consideration should be given as to whether the spend might be better placed with alternative tourism industry support.

#### **The clarity and strength of Wales's international tourism "brand"**

'Wales in the World' The Welsh Government's International Agenda makes little mention of an international brand, so we assume the question refers to the application of the brand and brand values as utilised in the UK.

- The refreshed Wales brand and sub-brands are undoubtedly stronger and easier to rally behind. However there is still work to be undertaken for tourism businesses to be able to fully engage with the sub brands.
- The brands have attempted to address what was one of the prime barriers 'there is not enough to do in Wales'. This is particularly true of North Wales, although much of the 'to do' is still very much outdoor activity focused and needs to re-focus to some of the smaller attractions.

- There still needs to be more specific reasons to come to Wales showing product that all visitors can relate to that will encourage them to book and visit. There is a need presents a greater selection of reasons to come to Wales based around the 'year of' campaigns. Reasons that are consistently presented every year. This can only be done via engagement with the industry and their representatives.
- We believe that the brand has and is demonstrating a range of existing activities that reflect excellence. This will inevitably help to change perceptions and encourage visits.

Whilst we believe a more cohesive stronger brand is being presented to our markets, than that prior to the current strategy, this needs to be achieved in true partnership with the industry utilising a detailed knowledge of the structure of our micro-business dominated industry. We are certain that there would be many in our industry, if questioned, who would feel disengaged from the current presentation of the brand and sub brands.

In relation to previous activity and in that regard Visit Britain's (VB) responsibility, Wales has a seconded manager posted to London to work with the Visit Britain team 'embedded at VB London offices with the aim of maximising the opportunities for Wales within VB work'. VW were also going to work with VB to define targets for joint working and on a joint marketing programme, prioritising Germany and the US. We appreciate that information on the progress of this work may be included in the VW/VB's evidence to the Committee.

In addition, both Visit Wales and Visit Britain have been working to promote inbound tourism via Manchester, Liverpool and Birmingham Airports. Also we acknowledge a great deal of work has been undertaken in Cardiff to encourage new carriers and work up regional partnerships.

We are concerned that the growth market for the cruise ship product may be adversely affected if the border issues in Ireland are not resolved satisfactorily in order that a customs union that benefits all is not achieved as this could potentially leave our ports disadvantaged in that market.

### **The success of Visit Wales' international marketing activities;**

Whilst we can use the term marketing for much of Visit Wales activity, the activity which Government really engages in is 'awareness raising', i.e. rather than marketing of a specific product to a consumer at a defined price.

The impact of that 'awareness raising' of the Wales 'product' whilst difficult to ascertain is extremely important. 95% of Welsh Tourism businesses are very small and find it extremely difficult to project their marketing on the World stage or in UK markets without Government support. However there is a need for closer association with our micro-businesses in the devising and execution of awareness raising campaigns so that it leads to customer referrals to actual bookable products.

Visit Britain is charged with promoting Wales on the international stage. The GREAT brand and campaign currently dominates and although Wales has a presence and people who see the GREAT brand and promo are more likely to take trips in Britain, as previously mentioned, London continues to dominate. GREAT should be open source, there are significant rules that partners need to follow to be able to engage and use the brand, partly due to big

sponsors (of which Wales possesses few). What is required is continuous messaging to sustain changes in perception. This can only be done via engagement with our businesses whether large, SME or micro.

### **How the Welsh Government can assist in attracting large international events to Wales;**

Since 2010 the Major Events Unit in the Welsh Government has been following the Major Event Strategy 'Event Wales'. We recognise that major events provide significant economic benefits to the hinterland around venues and regions. There will always be the need to seek out 'growth' events and explore opportunities for creating new events, however whilst the focus has and will need to remain on major international events, they only tend to benefit a small number of areas or locations, particularly Cardiff. Therefore spreading the benefit of events and getting the industry behind providing direct and indirect support may mean adjusting what constitutes a major event and putting more resource into medium sized events that push benefit out across the whole of Wales. This is where an up to date assessment needs to take place to establish whether there is actually further market capacity to enable expansion of the number of major events or is time to change focus and look toward niche markets. There has been suggestion that there are too many major venues in a relatively small market.

Obviously, the key to gaining business from this activity is gaining the right contacts and putting our product in front of those contacts. This is a specialist activity which involves the right staff being able to make contact; present our venues to those contacts and close a deal. We suggest an open review of that market and an assessment of our ability to grow our market share and roll out any benefits across Wales.

### **The use made of support from the EU and the impact of Brexit;**

EU Structural Funds in total have been worth around €2.4bn to Wales over the period 2014-2020. The tourism industry in Wales has utilised relatively small amounts of that funding in comparison to the agricultural industry, despite the Tourism industry's larger size in employment and contribution to GDP terms. Nevertheless the support which has been made available has been important in helping with the development of individual tourism businesses (some of cutting edge innovation), with marketing and with the provision of tourism infrastructure by local authorities. At a time of significant reduction of local authority resources, the latter has been especially important.

EU funds are going to disappear. The industry needs reassurance that there will be a continuation of support for investment and marketing. DCMS is very keen for the tourism industry across the UK to develop a deal under the Government's new Industrial Strategy. These industry deals are aimed at providing sectors with the best possible policy environment in order for them to be able to provide growth for the UK economy post-Brexit. As a deal could address a number of the main issues facing the sector in a coordinated way, it is important that Wales engages with Whitehall. The Welsh Government has established a Trade and Supply Chain Working Group which has been established to identify many of the issues all sectors face, but more needs to be done and quickly as time is running short.

The development of a tourism deal is being undertaken under the auspices of the Tourism Industry Council with VisitBritain providing the administrative support to pull the document together. The deal with focus on four key areas

1. Creating an Industry of Choice (i.e., skills related issues)
2. Connectivity (i.e., issues related to visitors coming to the UK and getting to their final destination within the UK)
3. Industry of the future (i.e., digital issues and resilience)
4. Regulation (i.e., post-Brexit regulatory opportunities and taxation)

A word on skills training. Bearing in mind the shortages reported across the industry in Wales (and the UK as a whole) of skilled labour in the hospitality industries especially of qualified chefs, arguably the industry and Governments have some way to go to meet the needs of the industry. The issues of wage levels, working conditions, industry reputation and the adequacy of suitable training provision have all got to be addressed. In addition the dependency of the industry on EU nationals now and into the foreseeable future must be recognised as must the damaging effect of the current uncertainty over their future status. The future health of the tourism industry depends on this uncertainty being resolved at a very early date.

We are aware that there is going to be impacts in all of the above areas, some will be felt with greater impact in Wales. The concern is that we are nowhere near identifying the detailed impacts let alone being able to establish the best means of mitigating those impacts.

#### **What lessons Wales can learn from similarly sized countries?**

We do not have to look to far, Visit Scotland's 'Annual Report and Financial Statement: Year-end 31<sup>st</sup> March 2016' makes for interesting reading. Spend from overnight visitors to Scotland is worth £4.6bn, with 36% of that spend coming from overseas visitors. The value to the Scottish economy in terms of GDP is almost double that of the Welsh Tourism Economy, standing at £12bn, even though it only roughly supports 15,000 additional extra jobs to those in Wales 190k as opposed to 175k in Wales. Visit Scotland has been better resourced, better placed and tourism appears, at least, to be more highly valued in Scotland than in Wales, there are many lessons we can learn from one of nearest competitors.

**Finally, The WTA as the representative body of the industry is anxious to continue to play its part in the development of policy to enable the sustainable growth of the tourism industry in Wales post Brexit. We would like to be part of any future work of the Committee towards this end. Please place us on your mailing list in future so that we can continue to make our contribution**

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