

Scottish Enterprise

World Class Tourism Clusters

**Executive Summary & Comparative Information from
Studies of New Zealand, The Federal Republic of
Germany, and Canada**

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**Matrix House
33 Bothwell Road
Hamilton
Lanarkshire
ML3 0AS**

Tel: 01698 284400 & 07880 700813

Fax: 01698 284466

amclaughlin@matrixuk.com

Prepared for: Nicky Yule
Tourism Cluster Manager
Scottish Enterprise

Prepared by: Allan McLaughlin
Partner
Matrix



matrix

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1.0 INTRODUCTION

Tourism is the world's largest Industry and one of the fastest growing and as such faces exciting opportunities and tough challenges in a fast-changing and increasingly competitive global market.

Historically, markets have been nationally or regionally based– but this is changing. Rising incomes permitting long distance travel by families, rising business travel, innovations in transportation and marketing and rising products standards around the world are just a few of the reasons for this.

Leading Clusters around the world conscious of the threats and opportunities of globalisation are or have already mobilised resources and organisations are pursuing new strategies.

If Scotland is to improve its competitive position we need to enhance our knowledge and understanding of this increasingly competitive international environment and learn from successful clusters.

In February 2000 Scottish Enterprise commissioned a study of world-class tourism clusters. The study aimed to inform their knowledge and understanding of how seven world-class tourism clusters were responding to the challenge. In particular, for each cluster identified, consideration was given to:

Markets: What are the emerging markets, market segments, and products that the cluster is targeting?

Cluster Structure: What are the key elements of the cluster, and how are they changing?

Strategy: How is the cluster organizing to capture new markets? What is the role of the government? What new initiatives are in place?

A follow-on study was conducted in April 03 on Australia, Scotland's fourth largest overseas market, which was not included in the initial study.

The research has now been extended to include three more destinations which can enhance SE's knowledge and understanding namely, Canada, New Zealand and Germany.

The study was conducted by desk research at the end of 2003 and early 2004.

This document aims to:

- | Highlight key points from all three reports
- | Identify consistencies between the three countries in terms of their approach, strategies, structures
- | Identify anything that is really working, innovative, different, successful...the learning for Scotland
- | Recommendations for further research

Note that all sources used in conducting the desk research are detailed and credited in the individual country reports and are not reproduced in this summary document.

2.0 EXECUTIVE SUMMARY

2.1 Markets

The three countries share some external environmental pressures, e.g. growing global competition, the need to address/respond to global events such as 9/11, SARs etc.

All three countries see the UK visitors as a significant market factor. Similarly the USA is important to all three countries.

New Zealand tourism figures are experience above average growth, Germany's are growing slightly, while Canada's have fallen slightly.

New Zealand recognises that its geographic location means it has to 'share' visitors with other countries in the region. It tries to convince regional visitors to spend part of their visit in NZ

Canada's visitors are heavily skewed towards visitors from a single country, the USA.

Germany has a focus on business visitors and is 1st in the world for trade fairs.

2.2 Cluster Structure

National tourism bodies –all three have powerful national tourism bodies with significant budgets and influence.

Co-ordination between national and regional tourism organisations – New Zealand and Germany have high levels of consistency between the national and regional organisations. Cultural differences may make the German model of structured compliance hard to replicate in Scotland? In Canada the regions have more discretion over supporting national initiatives or running their own.

There is significant private sector involvement in all three countries and evidence of joint public/private initiatives. At a strategic level, there is no obvious common theme for these collaborative partnerships, while the effectiveness of the private sector involvement was not covered in this study.

2.3 Strategy

All three countries are aware they are competing in a global market. They do however face strategic issues that are particular to their situation. New Zealand has to contend with its (relative) geographic isolation, Germany from being in the very competitive European market and Canada being hugely dependent on one market, the USA.

All three countries recognise the importance of promoting varied stimulating visitor experiences as opposed to simply focussing on destinations

Emphasis put on web sites – all countries have and are putting significant efforts into developing comprehensive web sites

The countries have their individual focus. New Zealand is focussing on a particular type of global traveller, 'The Interactive Traveller', Germany on Foundation Themes and Canada on being a 'four season destination'.

2.4 Conclusions

All three countries researched provide learning points for SE and Scotland's tourism sector.

New Zealand has the greatest potential for learning which could be applied to Scotland and it is recommended that further research be conducted on New Zealand.

Germany is worthy of further study but on more specific areas rather than a wide ranging study (like NZ).

Canada has a number of specific interesting features worthy of further study.

The focus of additional work is outlined in section 8 of this report.

3.0 BASE DATA

Base Data	New Zealand	Germany	Canada
Capital	Wellington	Berlin	Ottawa
Internal Structure	16 administrative divisions 6 tourist regions	16 federal states comprising 13 states & 3 city states	10 Provinces, 3 territories
Area	268,680 km ²	357,000 km ²	9,093,507 km ²
Population	4.0 million	82 million	30.8 million
Tourism as a % of GDP	4.5%	8%	4%
Tourism as a % of employment	10%	8%	2%
Receipts from international tourism 2002	US\$2.9m 14% increase	US\$19.2m 4% increase	US\$9.7m -0.6 decrease
International arrivals	2,074,000	17,861,000	20m
WTO ranking for receipts	mid 30s	6 th	11 th
WTO ranking for arrivals	mid 40's	10 th	7 th
Total visitor nights	32.5m	41m	116.1m
List of key markets	Australia, USA & Canada, UK, Japan, South Korea	Netherlands, USA, UK, Switzerland, Italy	USA, UK, Japan, France Germany

4.0 NEW ZEALAND

4.1 Key Findings

- | International visitors to New Zealand reached 2 million for the first time in 2002, with these visitors spending an estimated NZ\$6 billion (£2.26m) in foreign exchange.
- | The principal source markets in 2002 were Australia (655k visitors), USA (208k), UK (250k), Japan (163k) and South Korea (111k).
- | This makes tourism one of New Zealand's top foreign exchange earners contributing 14.3% of New Zealand's total export earnings.
- | International tourism's contribution to Gross Domestic Product (GDP) in New Zealand is estimated at 4.5% of overall GDP.
- | It is estimated that more than 16,500 companies are involved in tourism overall today, mostly businesses employing fewer than five people.
- | New Zealand made history in 1901 by creating the first national tourism Organisation in the world.
- | Tourism New Zealand, TNZ, became the trading name of the organisation in 1999. Currently TNZ has an annual budget of \$55 million (£19.8m) and over 100 staff in 12 countries.
- | TNZ vision is:

**New Zealand is known as the ultimate destination for
Interactive Travellers.**

and its mission

**To motivate Interactive Travellers to come now, to do more and
to come back.**

- | The strategic goals of Tourism New Zealand, TNZ are to:
 - Increase the number of international **holiday** tourists to New Zealand to 1.32 million by 2006
 - Increase the percentage of Interactive Travellers of the 2.55 million forecast arrivals in 2006
 - Increase the number of Interactive Travellers considering New Zealand as a tourist destination
 - Improve the capacity to monitor the quality of the visitor experience and disseminate this information to stakeholders.

I **Qualmark**

Quality is a key issue for the tourism industry. TNZ aims to provide high quality tourism products and services for international visitors. It does this by using a quality assurance provider supported by the industry called Qualmark a government funded organisation with strong support from the New Zealand tourism industry and shareholders.

The official Qualmark quality assurance 'mark' means visitors can recognise and choose quality services and products that will meet their expectations. With new branding incorporating the same stylised silver fern used by Tourism New Zealand, industry quality assurance is now linked with international tourism marketing.

Future research on NZ should explore this approach in more detail.

I **Global Campaign**

The main vehicle for Tourism New Zealand's marketing activity is a global marketing campaign – 100% Pure New Zealand. The 100% Pure New Zealand campaign is about conveying the unique experience that the Interactive Traveller can have in New Zealand that they could not experience anywhere else in the world.

The 100% Pure NZ should be explored further.

I **Website**

A consumer website has been an integral component of the 100% Pure New Zealand global marketing campaign since its launch in 1999. The site is non-commercial site and aims to be a key component of any potential visitor's travel decision-making and planning.

Today, with increased internet usage by the target market, newzealand.com is a critical element in marketing New Zealand offshore, receiving more than 1.8 million page impressions per month.

The site is also available in Japanese, traditional Chinese, Korean and German. The participation of the New Zealand tourism industry is critical in ensuring newzealand.com is a useful and informative site. Tourism operators and events can be listed on newzealand.com for free, and currently number in excess of 6,500.

I **Collaborative Partnerships**

Collaborative partners play a major role in the way TNZ do their business, for example the 100% Pure NZ global campaign, regional campaigns with Regional tourism Organisations, product development and research with trade partners.

This approach could be relevant for Scotland and deserves a closer examination.

I **Global Consumer**

TNZ recognises the need to focus its marketing activities toward a defined audience. With an estimated 650 million people travelling internationally on holiday every year, TNZ has a major challenge to ensure that its activities are able to reach the ideal New Zealand visitor. The approach taken by TNZ is to identify those visitors whose motivations best match what New Zealand tourism offers.

This approach is based on the view that a Global Consumer exists whose motivations are not geographically distinct. NZ therefore is in competition with destinations around the world for these global consumers.

This type of thinking infers that NZ is to an extent competing with Scotland and is worthy of further research.

I **Interactive Traveller**

New Zealand has identified its ideal Global Consumer – the Interactive Traveller – who has motivations aligned to the products that New Zealand has to offer. The Interactive Traveller has a global mindset – they are aware that they are part of a much larger world, so they therefore keep themselves informed of what is happening in it.

The interactive traveller makes up a small group within the countries TNZ markets to, (approximately 5 – 8% of the key market's population), but still adds up to a substantial audience for New Zealand.

The aim is to increase positive word of mouth among international visitors – as this the ultimate marketing tool. TNZ has targeted opinion leaders who will then tacitly 'market' New Zealand.

This clear focus on a visitor type could be useful for Scotland's tourism strategy and should be researched further.

I **International Media Programme**

TNZ has an active International Media Programme (IMP) with some interesting features.

A key highlight of the year (2002/3) was hosting the National Geographic film crew who produced a number of documentaries on New Zealand. These screened to an estimated global audience of 80 million.

It would be worth exploring similar campaigns for Scotland.

I **Product Research**

TNZ's Product Marketing team assists the New Zealand industry to keep up with world trends and market demands. This is achieved through quality research – which provides for the understanding and monitoring of target market demand, trends, experience and satisfaction levels. Product Marketing commissions and interprets market research in order to gain a better understanding of what tourism experiences the interactive traveller is interested in.

The Product Marketing team aims to provide research and knowledge that will help operators develop new products and enhance or change existing product, to better meet the demands of the interactive traveller.

This approach to product development and market research is worthy of further investigation to establish its relevance to Scotland.

4.2 **Main Markets**

The number of visitors from NZ's main markets in 2002:

I	Australia	+5% to 655,467
I	USA & Canada	+6.7% to 207,840
I	UK	+9.4% to 249,516
I	Japan	+8.7% to 163,388
I	South Korea	+13.4% to 111,032

4.3 **Structure of Industry**

Government Tourism Organisation

New Zealand made history in 1901 by creating the first national tourism Organisation in the world – the Department of Tourist and Health Resorts.

On 1 January 2002 the Ministry of Tourism (TMT) replaced the Office of Tourism and Sport as the Government's policy advice and research body.

The Ministry is involved with policy development, research and Strategy implementation in areas including cultural tourism, sustainability, Maori tourism, infrastructure, major events, and support for initiatives from regional tourism organisations and local government.

Tourism New Zealand was given an enhanced partnership mandate to guide its international promotion of New Zealand as a tourism destination. The private sector is formally consulted on TNZ's proposed strategies, plans and projects. Through publicly advertised vacancies, tourism stakeholders are invited to nominate appointments to the New Zealand Tourism Board.

The Ministry of Tourism aims to maximise the benefits to New Zealand from the sustainable development of the tourism industry. They provide tourism policy advice to the Minister of Tourism, work with other government departments on key tourism policy issues and provide tourism research and statistics.

Their work includes advising on and evaluating Government investments in tourism, administering the Tourism Facilities Grants Programme and assisting with major events.

The primary roles in relation to tourism are:

- | Provide policy advice on tourism and events related issues.
- | Promote understanding of tourism issues within Government.
- | Act as an agent for the Minister of Tourism in negotiating the annual purchase agreement with the New Zealand Tourism Board and undertake monitoring functions set out in that agreement.
- | Identify and seek to provide for the information needs of the tourism sector.
- | Administer the various relevant Acts for which the office is responsible.

Industry Training Organisations

Aviation, Tourism and Travel Training Organisation (ATTTO) was established in 1994 under the Industry Training Act as the Industry Training Organisation for the aviation, tourism and travel industries. ATTTO's mission is providing leadership on matters relating to skills and training needs and the guardianship of national qualifications that result in excellence in the three industries. ATTTO manages workplace training and Modern Apprenticeships across the three industries and is involved in quality assurance of training providers. ATTTO's funding comes primarily from industry training contracts with the Tertiary Education Commission and income from the sale of resources to training providers.

The Hospitality Standards Institute (HSI) is the ITO, or Industry Training Organisation for the Hospitality Industry. HSI works with industry stakeholders to provide flexible learning pathways and national qualifications for the hospitality industry in New Zealand. HIS aims to ensure the industry is constantly supplied with quality staff, in order to set the standard for a consistent, professional Hospitality experience across New Zealand.

Sport, Fitness, Recreation Industry Training Organisation (SFRITO) works with the industry to set standards, develop new qualifications and create training systems to suit the needs of workplaces in the adventure tourism sector.

The Tourism Industry Association New Zealand

The Tourism Industry Association New Zealand (TIANZ) is a membership-based and funded organisation representing the interests of over 3,500 businesses throughout the tourism industry.

4.4 Strategic Approach

Defining The Target Market – New Zealand’s Ideal Visitor

Maximising the industry’s growth potential whilst ensuring long term cultural, social, environmental and economic sustainability are key areas emphasised by both government and the industry. Consistent with this view, is the result of research undertaken by TNZ which shows a necessity for New Zealand to focus its marketing activities toward a defined audience. One that would allow and sustain:

- Culture
- Environment, and
- Economic return from tourism.

With an estimated 650 million people travelling internationally on holiday every year, TNZ has a major challenge to ensure that its activities are able to reach the ideal New Zealand visitor.

The Interactive Traveller

Based on the work and research undertaken to date, this ideal visitor, with motivations aligned to the products that New Zealand has to offer has been defined as the ‘Interactive Traveller’. The Interactive Traveller has a global mindset – they are aware that they are part of a much larger world, so they therefore keep themselves informed of what is happening in it. More specifically the Interactive Traveller is someone who:

- | Consumes a wide range of tourism products and services
- | Seeks out new experiences that involve engagement and interaction with natural, social and cultural environments
- | Having sought these new experiences, they are then keen to share their experiences with others
- | Respects the environment, cultural and societal values of others
- | Is considered a leader by his/her peers
- | Uses technology to enhance their lives
- | Values authentic products/experiences as opposed to having a ‘trend’ consciousness.

The aim is to increase positive word of mouth among international visitors – as this the ultimate marketing tool. TNZ has targeted opinion leaders who will then tacitly ‘market’ New Zealand. Then New Zealand must provide an exceptional experience for visitors while they are here, so they leave as highly satisfied consumers.

These travellers are also high users of technology, (such as the internet), are leaders with liberal attitudes and have a global mindset. That is, they are aware they are part of a larger world and like to keep themselves informed of what is happening in it.

We also know indigenous culture is a strong motivator, as well as a source by which the ideal traveller, or interactive traveller, measures holiday satisfaction. As global travellers have become more experienced they are no longer constrained by nationality, age or travel style – they all desire to engage with a country in a similar way, and enjoy the same types of experiences.

From this emerging group of global travellers, New Zealand is targeting those with motivations that align with the types of product New Zealand offers. In this way TNZ hopes to attract the type of visitor who will fully engage with New Zealand and leave satisfied.

The Global Campaign

The main vehicle for Tourism New Zealand's marketing activity is a global marketing campaign – 100% Pure New Zealand. The 100% Pure New Zealand campaign is about conveying the unique experience that the Interactive Traveller can have in New Zealand that they could not experience anywhere else in the world.

The 100% Pure New Zealand campaign has been run by Tourism New Zealand over the last 4 years. Although New Zealand is a very small player in a very large global tourism market, Tourism New Zealand has used all the marketing tools that resources permit to give New Zealand a share of voice in the international tourism marketplace. Infusing the 100% Pure New Zealand global marketing campaign through all activities undertaken by Tourism New Zealand creates a compelling message to the world about what New Zealand has to offer.

The success of this approach is evidenced by recent research which shows that a high percentage of long haul travellers associate New Zealand with the brand values of the 100% Pure New Zealand campaign. The campaign is cutting through the proliferation of tourism offerings to gain world attention. Tourism New Zealand will continue to build on the 100% Pure New Zealand global marketing campaign over the next three years.

Events

Events are recognised by TNZ as having significant power...profiling New Zealand to global media consumers as well as those attending the actual event.

Leveraging events that fit with the New Zealand brand is seen by TNZ as a great way to showcase New Zealand to potential visitors world-wide.

TNZ has an events team that works to enhance the media coverage of events held in New Zealand that are relevant to tourism. Working with an established event, the aim is to infuse New Zealand imagery and stories into work by international media. This is then viewed by consumers, providing a cost effective way of promoting New Zealand as a visitor destination.

TNZ supports key New Zealand events with international appeal that both support the brand position and add value to the global campaign. These include events such as the Rally of New Zealand; Eco-Challenge; Southern Traverse, Speight's Coast to Coast; Americas' Cup International Regatta; New Zealand Ironman; Holden Clearwater Classic (golf); the Montana World of Wearable Arts Awards and the Ellerslie Flower Show.

America's Cup 2003

The Louis Vuitton Cup series and the America's Cup provided Tourism New Zealand with an additional opportunity to raise New Zealand's profile. The Tourism New Zealand International Media Programme set up a desk within the Louis Vuitton media centre in September 2002 which assisted over 240 media personnel. Over the five months of racing, the media centre promoted a range of New Zealand specific themes including landscape, Maori culture, food, wine, arts and creativity. The inclusion of New Zealand destination material in television broadcasting of the event was a highlight. The America's Cup event was also used to showcase New Zealand to a number of key travel trade guests.

5.0 GERMANY

5.1 Key Findings

- | In 2001, Germany earned some €19.2 billion from foreign tourists who spent 40.8 million bed-nights in the country.
- | In total, tourism (domestic and inbound combined) accounted for 8% of German GDP with 8% of the total workforce participating in the sector.
- | The principal source markets in 2001 were the Netherlands, United States and United Kingdom. Growth came mainly from Eastern Europe, Switzerland and the Netherlands although visitor numbers from both the USA and UK declined. Short breaks of between one and three nights proved particularly popular.
- | In terms of world tourism, Germany ranked:
 - Ø 1st for travel to trade fairs;
 - Ø 3rd in terms of conferences and events; and
 - Ø 4th as an international tourism destination.
- | The German National Tourist Board (GNTB) has been marketing Germany in foreign markets for more than 50 years and has, additionally, been responsible for domestic marketing for the past five years. The GNTB and its partner organisations have a direct presence in 16 European countries and eight target markets further afield.
- | The GNTB represents and co-ordinates the marketing activities of a network comprising the federal government, private sector companies, tourism associations and regional marketing organisations. Partners include Lufthansa, Deutsche Bahn, Sixte Car Rental, the Dutch Tourism Office, the German Cycling Club, Germany's 16 Lander and 13 National Parks. Financed through central government grants and joint initiatives with its partners, the GNTB's budget for 2003 is €32.8 million.
- | The GNTB's strategy is based on four key trends, namely:
 1. cultural tourism;
 2. events in Germany;
 3. health and fitness; and
 4. conferences.
- | These key trends are reflected in a range of Foundation Themes which, in turn, are supplemented by specific Theme Years.
- | By conducting in-depth research in each of its target source markets, the GNTB implements its strategy through tailored campaigns for specific countries. Key account management is crucial for this task.
- | In 2001, the GNTB updated its internet site and launched market-specific sites in the USA, the Netherlands, Spain, Italy and

Scandinavia. An extranet for tourism intermediaries was also launched in that year.

- I Marketing of the Lander reflects the GNTB's four key trends, Foundation Themes and Theme Years but marketing communication is customised to highlight each region's major benefits. Specific offers include:

- Ø city tours;
- Ø family-friendly vacations;
- Ø tourism for the physically handicapped;
- Ø culinary tours;
- Ø golf;
- Ø health and fitness;
- Ø events and festivals;
- Ø themed tourist routes;
- Ø industrial culture; and
- Ø natural landscapes.

- I Germany's long-term strategy appears to be working. Further research is required to ascertain how this strategy was developed and how the Foundation Themes and Theme Years were chosen. Scotland could then embark on a similar strategy development process.

- I The German tourism sector is characterised by a spirit of open co-operation between government (both regional and national) and other quasi-public sector bodies such as the national parks, tourism organisations and the private sector. Discussions should be initiated with the GNTB to ascertain how this was accomplished and has been maintained in such a positive fashion. Major benefits for the Scottish economy would accrue if similar partnership agreements could be established and collaborative projects implemented.

- I Scotland has much to learn from the regional campaigns mounted by the Lander. If properly researched, planned, co-ordinated and realised as part of a Scotland-wide strategy, all of the offers above could apply to Scotland. These offers should therefore be researched in more detail to identify which could be easily transferred to the Scottish tourism sector.

- I The availability of a user-friendly website with more than 1800 linked pages has proved to be of major benefit in raising awareness about tourism in Germany. This "pull strategy" has been complemented by the "push" from key account managers located in key source markets.

More detail is required on how best to mount a co-ordinated campaign of this type, however.

- I The key to all of the above appears to be the role played by the GNTB. A longer-term goal for the Scottish tourism sector would therefore be to establish a similar structure whereby a single organisation co-ordinates all marketing activity on behalf of, and in partnership with, all interested parties (from both the public and private sectors). Consultation with the GNTB and other relevant organisations will be required to establish how this was achieved.

5.2 Main Markets

The number of visitors from Germany's main markets in 2002:

I	Netherlands	+0.3% to 5.7m
I	USA	-16.9% to 4.0m
I	UK	-9.4% to 3.4m
I	Switzerland	+2.1% to 2.3m
I	Italy	-2.5% to 2.1m

5.3 Structure of Industry

The German National Tourist Board

On behalf of the Federal Government, the GNTB has been actively marketing Germany around the world for more than 50 years. With 13 of its own foreign representative offices and 15 other marketing agencies with its partners, the GNTB has established its presence in the most important international markets, including 16 European markets and eight overseas markets. The GNTB also carries out business development activities and attends trade fairs in seven other markets. For the last five years, the GNTB has also been responsible for nationwide domestic marketing. In November 2000, approval was given by the Ministers for Economic Affairs of the 16 Länder to extend this mandate until 2006.

The objectives of the GNTB are to:

- I *cultivate the positive image of Germany as a holiday destination at home and abroad*
- I *increase the volume of tourist traffic to and within Germany whilst maintaining the principle of neutrality*
- I *achieve growth of the revenue accruing from tourist traffic*

- | *strengthen the economic importance of tourism as a contribution to the promotion and maintenance of the economic status of Germany*
- | *preserve and create jobs*
- | *represent cultural values in Germany and abroad, thereby contributing to understanding among nations*
- | *integrate private enterprise and the marketing organisations of the Länder*
- | *exercise an advisory function in the preparation and sale of tourism products in Germany in accordance with quality, efficiency and environmental criteria*
- | *carry out sales and marketing activities in the most important foreign markets and to collaborate with the marketing organisations of the Länder on product design*
- | *Working closely with the government, federal states, towns, cities and companies across the entire service chain of the German tourism industry, as well as its core partners Deutsche Bahn AG and Lufthansa AG, the GNTB provides a common platform for the international and domestic marketing of Germany as a holiday destination. The GNTB's employees have two clearly defined goals: to enhance the positive image of Germany as a travel destination both in Germany and abroad, and to promote tourism and increase revenues from tourist traffic in Germany.*
- | *The GNTB acts as a focal point within the industry and as a central point of contact for those outside the industry, providing a platform for co-operation agreements with the media, the travel industry and commerce. For the foreign source markets, the GNTB develops specific umbrella themes and international programmes. Alternating theme years and ongoing basic themes are used to reflect the variety on offer in Germany.*

The GNTB's basic role is financed by grants from central government funds. However, close cooperation with commerce, media and tourism organisations is also essential for the successful marketing of Germany. Joint campaigns with the marketing organisations of the Länder and the tourism industry, enhance the GNTB's marketing budget.

Co-operation agreements

In 2001, the GNTB continued to strengthen its co-operation with important partners in industry. Once again, the GNTB worked closely with Deutsche Lufthansa AG to develop joint business plans for the key markets and to implement them using the whole range of sales tools. The well-established collaboration between GNTB and Deutsche Bahn AG was further intensified for joint foreign and domestic marketing and joint sales activities in selected markets. The sales and marketing co-operation with Sixt Car Rentals for exhibitions and press tours was also continued.

The GNTB is also working with the German Convention Bureau and other associations. In 2001, the GNTB once again worked in partnership with the Dutch Tourism Office (NBT) to promote the “Oranje Route”. The co-operation with the DLG publishing house for marketing farmhouse holidays in the Netherlands was also continued. To support a combined product for the international presentation of German national parks, the GNTB continued to work with the national parks featuring all 13 parks prominently on the GNTB website, as part of the GNTB basic campaign “A Love of Nature – Experience the Countryside in Germany”. The GNTB is continuing to support the national park work group in this initiative and is particularly active in promoting the sale of the new product abroad.

The GNTB also continued to work together with the German Cycling Club (ADFC). The aim of this co-operation is to continue to combine the range of existing products and the long-distance cycling network to form products for specific markets. The GNTB actively integrated the theme of cycling holidays into its worldwide sales activities for the first time by globalising its 2001 campaign.

For several years, the GNTB has been a member of various German Tourism Association committees – the committee for tourism and the environment, committee for camping and caravanning, committee for culture and event tourism and the committee for quality tourism – bringing its expertise in foreign marketing activities to the table and offering committee partners the opportunity to become involved in the marketing activities.

5.4 Strategic Approach

With its product strategy which picks up on topics related to events, attractions and products for all markets, develops them and communicates them worldwide, the GNTB is clearly positioning Germany against its international competitors. The GNTB is working closely with the marketing organisations of the Länder and its partners from the tourism industry to put together specific, customer-focused packages.

The GNTB’s initiatives and activities are based on four main trends which are then aimed at market-specific target groups.

Cultural tourism is one of the main incentives for travellers to Germany and is associated with visiting places of historical interest, experiencing the historical and modern aspects of Germany, and getting to know Germany’s regions.

Some 2.5 million **events** take place every year at 220 theme and amusement parks; 4,274 museums; 8,766 exhibitions and 10,000 public festivals.

Experiencing **nature and countryside** combined with **health and fitness** tourism is another growing trend. Holidays in unspoilt countryside with a combination of relaxation and activities make Germany the ideal place to get

away from it all with its 13 national parks, 13 biosphere reserves, approximately 90 nature reserves, 40,000 kilometres of cycling trails, and 330 health and spa resorts, and 612 golf courses.

Germany is the world's number one destination for **conferences and seminars**. The country's 10,729 conference venues, many of them situated in unlikely locations like country estates or monasteries, offer an optimal infrastructure.

Theme years based on events and attractions are the core of the GNTB's marketing strategy. Along with the foundation themes, they are the basis for initiatives on product design, sales and canvassing activities within the travel industry, and cooperation agreements with the media and the tourism industry.

The GNTB advises its partners on the creation of market-specific packages that are relevant to the customer. It attends important trade fairs all over the world, canvasses international tour operators and markets the products with foreign travel agents.

6.0 CANADA

6.1 Key Findings

- | According to World Tourism Organisation, WTO, figures for 2002 Canada was the 7th in the table of international tourist arrivals and 11th in terms of international tourism receipts.
- | Tourism is the 11th largest industrial sector in Canada; it contributed some CDN\$23 billion to the country's gross domestic product in 2002, being 4% of total GDP
- | In 2002 there was an increase in the total number of visitors, up 1.8% over the same period in 2001, to a total of 20m visitors
- | 2003 saw a trend of decline in tourist numbers. By the end of July there had been six consecutive months of decline. International overnight travel to Canada was down 14.8% over the first seven months
- | In 2001, total employment directly related to tourism was 563,500, an increase of 3.1% over 2000
- | The Canadian Tourism Commission, CTC, is responsible for marketing Canada as a tourist destination. The Commission has an annual budget of \$103m and is industry led, market driven and research based, with a 26-member board of directors guiding its direction
- | The vision of the CTC is:

Canada will be the premier four-season destination to connect with nature and to experience diverse cultures and communities

(Note: same seasons as the UK)

- | The CTC mission statement commits that:

Canada's tourism industry will deliver world-class cultural and leisure experiences year round, while preserving and sharing Canada's clean, safe and natural environments. The industry will be guided by the values of respect, integrity and empathy

- | The CTC's strategy will be achieved by:

§ Marketing Canada as a desirable four-season tourism destination

- § Encouraging effective alliances between private- and public sector tourism organizations
 - § Providing relevant, timely and useful information about Canada's tourism industry and international markets
 - § Influencing the Canadian tourism industry's development of products and services that meet international demand
- I At present, the major tourism market for Canada is the domestic market; the principal foreign markets are the United States, the United Kingdom, France, Germany and Japan
- I The CTC works with partners to enhance product offerings especially in the areas singled out in the CTC's vision and mission statements: the experience of diverse cultures and communities and the connection with nature. The CTC has helped identify certain tourism sectors for focused attention, based on market information and Canada's potential to meet demand. Among others, these sectors include:
- § Outdoor tourism
 - § Culture and heritage
 - § Aboriginal tourism
 - § Culinary tourism
 - § Winter tourism

6.2 Main Markets

The number of visitors from Canada's main markets in 2002:

+0.3% to 5.7m

I	USA	+3.8% to 3.8m
I	UK	-12.7% to 0.7m
I	Japan	+3.1% to 0.4m
I	France	-12.5% to 0.3m
I	Germany	-11.5% to 0.3m

6.3 Structure of Industry

Canadian Tourism Commission

The CTC's objectives are to:

- | Sustain a vibrant and profitable Canadian tourism industry;
- | Market Canada as a desirable tourist destination;
- | Support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; and
- | Provide information about Canadian tourism to the private sector and to the governments of Canada, the provinces and the territories.

The Commission has an annual budget of \$103m and is “industry led, market driven and research based”, with a 26-member board of directors guiding its direction. Together with its public and private sector partners, the Commission undertakes:

- | Macroeconomic, market and industry research;
- | Product and industry development; and
- | Advertising and promotional activities in markets across the globe.

Two main lines of business help the CTC achieve these objectives:

- | Marketing and sales; and
- | Information.

The guiding principle of all Commission undertakings is partnership with the private sector and with other public-sector players at all government levels. Partnership program activities are directed by working committees of the board of directors.

Depending upon their markets and objectives, provinces and territories may choose to work in partnership with the CTC to promote their tourism interests and/or they may develop independent programs. Generally speaking, the more distant the market, the greater the likelihood that individual provinces or territories find strategic benefit in marketing under a "Canada umbrella."

Similarly, destination marketing organizations (DMO), such as municipal visitors' bureaus, may choose to partner in a CTC program or in a provincial program or to launch their own individual campaigns. Individual businesses have the option of working alone, dealing with their local DMO, their industry

association, their province, territory or municipality, and/or they may work directly with the CTC.

The vision statement of the Canadian tourism industry, endorsed by the CTC board of directors, is as follows:

Canada will be the premier four-season destination to connect with nature and to experience diverse cultures and communities.

The mission statement commits that:

Canada's tourism industry will deliver world-class cultural and leisure experiences year round, while preserving and sharing Canada's clean, safe and natural environments. The industry will be guided by the values of respect, integrity and empathy.

Collaborations

CTC focussed on forming partnership programs with trade and other organisations. Partnership programs are joint initiatives between the CTC and interested parties. Organizations make a monetary contribution to programs and marketing initiatives that is turn matched by the CTC.

Industry Structure

Tourism is a unique industrial sector - an amalgam of parts of more than 50 traditional industries and is overwhelmingly composed of some 158,000 business establishments, 99 per cent of which are characterized as small and medium-sized enterprises. For tourism purposes, a small business or medium-sized enterprise in Canada is one that generates under \$50 million in revenues and has 50 or fewer employees.

Industry Development

The Commission also plays a catalytic role to help ensure the general business environment is conducive to tourism-sector prosperity. This involves working with industry associations, government regulators, and financial and other institutions that service the tourism sector, to promote supportive policies and remove barriers to growth.

6.4 Strategic Approach

While the tourism market is very large, it is also very competitive, which means both an opportunity and a challenge for Canada. The CTC believes that the opportunity lies in the fact that Canada has many inherent strengths including:

- | Abundant natural beauty.
- | Relatively safe, clean cities.
- | Multicultural traditions.
- | Economic, political and social stability.
- | Well-developed travel infrastructure.
- | Sharing a border over 5,000 km long with the world's largest consumer market.
- | Direct air access from most major countries.

The competitive challenge for the CTC and Canada is that:

- | There is a low level of awareness internationally of Canada as a tourism destination.
- | It is increasingly difficult and expensive to build awareness amidst worldwide information overload and so many competing messages.
- | Few Canadian tourism businesses have the resources to independently establish a meaningful presence in international markets.
- | Even though Canada remains the number one travel destination of most Canadians, Canadians have a strong and growing tendency to travel outside Canada.

In spite of Canada's competitive strengths, the CTC identified the following three issues are cause for concern for the future:

- | Canada's share of outbound travel is declining in some of its major source markets – U.K., Japan, France and Germany.
- | Marketing investment by the CTC and the Canadian tourism industry is falling behind that of competitors internationally.
- | The deficit in Canada's balance of trade in tourism is expected to increase over the next five years.

Competition

Canada's sees its major tourism competitors are Australia, France, Germany, the United Kingdom, and individual states and cities in the U.S. All of these

competitors continue to allocate increasingly substantial resources to promote themselves. In comparison, the CTC's annual budget has lagged.

In 2001, American state tourism authorities invested \$1.45 billion—an increase of 6 per cent over their spending in 2000, and an amount 10 times the CTC budget of \$103 million. The individual budget of Illinois was \$91 million; Hawaii, \$91 million as well. Pennsylvania's budget is \$46 million—and of note is the fact that the state is a day's drive from Toronto. In addition, not counted within this total are cities such as Las Vegas where the marketing budget is substantial.

Cooperation Agreements

The CTC recognizes the importance of maintaining a presence in Canada's top—and emerging—tourism markets abroad. It also strives to identify and capitalize on demand for new kinds of tourism products.

The CTC claims to be among the first organization to determine that travellers are increasingly interested in seeking out experiences rather than destinations—and translated that discovery into promotion of such products as adventure and wilderness tours, and cultural and culinary experiences.

The CTC works to boost Canada's international profile through leadership on the world stage, for example, the first-ever World Eco-Tourism Summit, organized by the World Tourism Organization (WTO) and the United Nations Environment Programme (UNEP), was hosted by the CTC and Tourism Quebec in May 2002. A key event in the WTO's Year of Sustainable Development, the Summit attracted some 3,600 delegates to Québec City.

Partnership

In 2002, CTC's total partner programs were valued at \$114 million; this is a significant increase from \$83 million in 2001—due largely to the success of the 9/11 New Reality campaigns, in which partner interest far exceeded expectations.

The CTC maintains three types of partner arrangements. In some cases, CTC takes a lead role in managing projects; partner contributions are paid to the Commission. For the year ended December 31, 2002, revenues for this type of partnership totalled \$13.8 million—compared to \$7.954 million the previous year.

In other instances, third parties manage projects and CTC forwards its share of funding. The value of these partnerships was \$77.4 million. As well, some arrangements involve the contribution of in-kind services from partners (i.e. airfare, accommodations): these programs amounted to \$23 million.

7.0 CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER STUDY

There are things of interest and potential learning for Scotland from all three countries. However, although this feasibility study has identified those areas worthy of further exploration a second stage of more in-depth research is required to fully explore this potential. For example, the feasibility study was reliant upon 'official' or 'industry' sources of information and these sources have a tendency to present matters in a positive light.

Ideally further work would explore the learning potential for Scotland and look for more robust evidence and results that support or corroborate the official sources.

It is the conclusion of this study that **New Zealand** has the greatest potential for learning for Scotland. Like Scotland, NZ is a small country dependent on attracting tourists visiting the southern hemisphere to stop off/visit NZ as part of this experience/trip. To help achieve this aim NZ has developed a very focussed approach to visitors and has defined exactly the kind of tourist it wants to attract. NZ has also achieved above average growth in recent years based on some very interesting approaches:

- ! **Global Consumer** – This approach is based on the view that a Global Consumer exists whose motivations are not geographically distinct. NZ therefore is in competition with destinations around the world for these global consumers.

This type of thinking infers that NZ is to an extent competing with Scotland and is worthy of further research. It is possible that Scotland should be taking a similar view.

- ! **Interactive Traveller** – New Zealand has identified its ideal Global Consumer – the Interactive Traveller – who has motivations aligned to the products that New Zealand has to offer. The Interactive Traveller has a global mindset – they are aware that they are part of a much larger world, so they therefore keep themselves informed of what is happening in it.

This clear focus on a visitor type could be something that Scotland should adopt.

- ! **Global Campaign**

The main vehicle for Tourism New Zealand's marketing activity is a global marketing campaign – 100% Pure New Zealand. The 100% Pure New Zealand campaign is about conveying the unique experience that the Interactive Traveller can have in New Zealand that they could not experience anywhere else in the world.

The 100% Pure NZ should be explored further to see what if anything Scotland should have. Given the recent demise of Scotland the Brand this is particularly relevant.

- ! **Collaborative Partnerships** – Collaborative partners play a major role in the way TNZ do their business, for example the 100% Pure NZ global campaign, regional campaigns with Regional tourism Organisations, product development and research with trade partners. These partnerships result in improved tourism products and business development generally, as well as providing a powerful marketing and promotional approach.

This approach could be relevant for Scotland and deserves a closer examination.

Other points of interest include:

- ! The interesting work done on:
 - o Skills development – the Aviation, Tourism and Travel Training Organisation (ATTTO) has provided leadership in managing workplace training and modern apprenticeships across the three industries. The Hospitality Standards Institute (HSI) provides flexible learning pathways for the hospitality industry. Sport, Fitness, Recreation Industry Training Organisation (SFRITO) works to provide workplace training in the adventure tourism sector.
 - o Product development – a good example would be the work done on products relating to NZ's indigenous culture.
 - o Innovation – a good example would be the partnering with global media giant Discovery Channel to provide access for the interactive traveller,
 - o The role of events – events are recognised by TNZ as having significant power in profiling NZ as well as attracting those attending the events. TNZ has an events team that supports events in terms of brand position as part of global campaigning. Recent events include the Rally of NZ, Eco-Challenge, Americas' Cup, Holden Clearwater Classic Golf.

- ! **Qualmark** – a specific quality assurance supported by the industry

- ! **Website** – a consumer website has been an integral component of the 100% Pure New Zealand global marketing campaign. Indeed a benchmarking study conducted in Nov 2002, on behalf of the partners of Scotexchange (Scotland's tourism industry web-site) of which SE is one (Aileen McDougal in our team,), identified this website as being in No 1 in terms of National Exchange websites and may be worth of further consideration.

- ! **International Media Programme** – an active International Media Programme (IMP) with some interesting features, for example the hosting of a National Geographic film crew which produced a number of documentaries on NZ.
- ! **Product Research** – the Product Marketing team assists the New Zealand industry to keep up with world trends and market demands aimed at helping operators develop new and enhanced products.

Finally NZ is in a similar position to Scotland in that it is a small country which is often not the main destination of people who visit their areas. A common theme is how to persuade visitors to the region to visit the country.

Matrix recommends that New Zealand be the top priority focus for additional study by SE primarily because there appears to be most to learn.

Germany has much to offer in terms of further investigation.

- I Germany's long-term strategy based on consistent product strategy supported by **foundation themes and theme years** appears to be working. Further research is required to ascertain how this strategy was developed and how the Foundation Themes and Theme Years were chosen. Scotland may wish to consider the suitability of this approach within their own strategy development process.
- I The German tourism sector is characterised by a **spirit of open co-operation** between government (both regional and national), other quasi-public sector bodies such as the national parks, tourism organisations and the private sector
- I Discussions should be initiated with the GNTB to ascertain how this was accomplished and has been maintained in such a positive fashion. Major benefits for the Scottish economy would accrue if similar **partnership agreements** could be established and **collaborative projects** implemented. Scotland has much to learn from the regional campaigns mounted by the Lander. If properly researched, planned, co-ordinated and realised as part of a Scotland-wide strategy, all of the offers above could apply to Scotland. These offers should therefore be researched in more detail to identify which could be easily transferred to the Scottish tourism sector
- I The availability of a **user-friendly website** with more than 1800 linked pages has proved to be of major benefit in raising awareness about tourism in Germany. This "pull strategy" has been complemented by the "push" from key account managers located in key source markets. More detail is required on how best to mount a co-ordinated campaign of this type, however.

- I The key to all of the above appears to be the **role played by the GNTB**. A longer-term goal for the Scottish tourism sector would therefore be to establish a similar structure whereby a single organisation co-ordinates all marketing activity on behalf of, and in partnership with, all interested parties (from both the public and private sectors). Consultation with the GNTB and other relevant organisations will be required to establish how this was achieved.

Matrix recommends that Germany be the second priority for additional study by SE as there are definite specific areas that could provide useful information.

Canada

- I The CTC's approach to working in partnership is worth further exploration. There are two aspects to this partnership approach.

The first aspect is the **financial leverage with the private sector** which the CTC achieves. Whether through receiving contributions from the private sector or the CTC giving contributions to private sector initiatives or the contribution of in-kind services from partners.

The second aspect is the **imaginative cooperation agreements** which the CTC has and is entering into, for example, the World Eco-Tourism Summit, organized by the World Tourism Organization (WTO) and the United Nations Environment Programme (UNEP); a German-focused Ski Co-op; FNAC Photo in France; Fat Face in the U.K., Caldo-Caldo in Italy; American Express in Taiwan; ScotiaBank in Mexico; Porsche to promote Alberta; a unique collaboration with the Whale and Dolphin Conservation Society of Munich
- I There are a number of **specific CTC initiatives** which could provide useful learning for Scotland and are worthy of further investigation:

Canada as a four season destination; the CTC's cluster approach for outdoor, culture & aboriginal, culinary and winter tourism; the CTC product clubs.

Matrix recommends that Canada be the third priority for additional study by SE as there are a few specific areas that could provide useful information.

8. FRAMEWORK FOR FUTURE RESEARCH

Based on the experience of conducting the desk research on Australia in 2002 and the current project on New Zealand, Canada and Germany Matrix recommends the following guidelines for further study.

- I At least 5 desk research days per country are required for the 1st stage feasibility study to get to a reasonable level of depth. The current study started with 3 days per country, however, an additional 2 days were required to do the countries justice. The Australian study was 10 days due to size and diversity of country and autonomy of the individual states.

Any 2nd stage in-depth research should be very specifically defined and sized as appropriate.

- I Inter country comparisons are difficult to conduct. Even with 5 days it is likely that the information collected on a country is not entirely compatible with data from another country. In initial desk research the approach is to gather base data and then 'follow your nose' exploring what appears relevant and interesting.

If specific comparisons between countries are required this should be specified before the start of the project and additional time allowed.

- I Statistical comparisons can be difficult due to the different ways in which countries collect and publish data. A useful starting point is the World Tourism Organisation (WTO), which gathers and publishes statistics on world regions and individual countries. It is recommended that future studies use the WTO data as the baseline for comparative analysis.

- I Comparisons between country data and Scotland are best done in conjunction with SE and or Scotland's industry or other public sector experts. Consultants conducting the research become more familiar with the country they are researching than with the detail of what is happening in Scotland. Consequently it is very helpful for SE/industry to be involved in the later stages of a research project to ensure that no relevant points are missed

- I The report formats followed in the recent reports on New Zealand, Germany and Canada seem to give a comprehensive analysis an presentation of results and should be followed in future work. This report therefore recommends the following section headings are followed:

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