STUDENTS BRIEF

Tourism in Scotland

In 1978 13.2 million tourist and business travellers spent £523 million in Scotland. Foreign visitors, although only 8.5% of the total, contributed £158 million (ie 30.2%) of tourist expenditure. As such tourism is both an "invisible" export, since it is a means of earning foreign exchange, and a significant provider of jobs, many of which are created in the remoter rural areas.

Despite its importance,statistics relating specifically to tourism are not readily available from published sources. The "industry" actually combines the resources of a wide range of activities, most of which have economic and social links with other sectors of the economy independent from tourism. These include hotels and catering, transport and travel services as well as entertainment, sport and recreation facilities. Consequently the economic impact of tourism is generally assessed not in terms of employment and output but by more indirect measures such as numbers of visitors, or bednights spent in Scotland, as well as tourist expenditur and hotel occupancy data. Most statistics are obtained from sample surveys. Note that business travel is generally incorporated within these statistics.

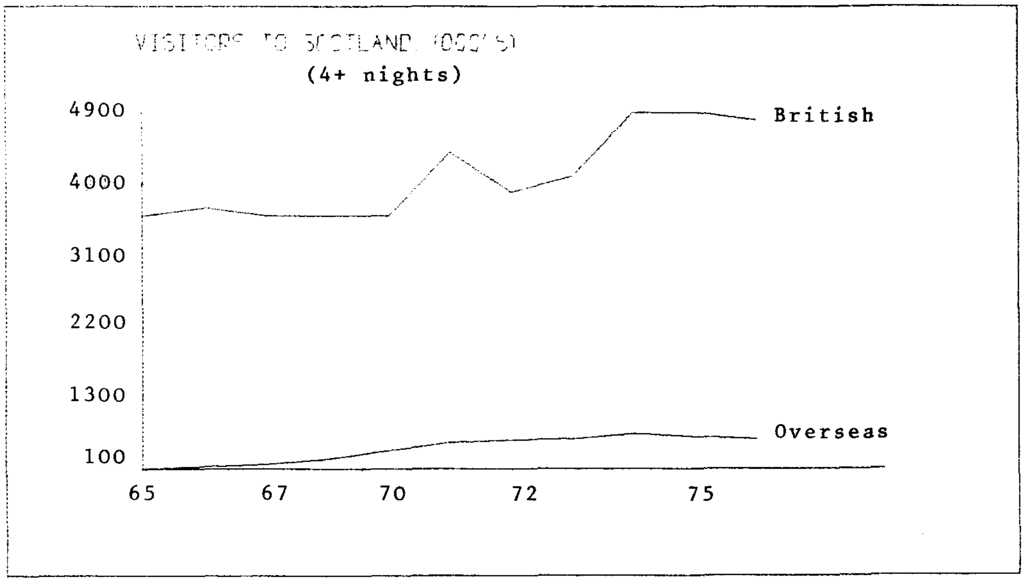
Unfortunately the nature of the tourist industry is such that many of the benefits, in terms of income and employment generation, do not accrue to Scotland. Tourism, in the Scottish context, has only weak linkages with indigenous industries and services since a high proportion of tourist requirements are imported. The multiplier effects, generated by the circulation of new expenditure throughout the economy, are consequently lower than other types of industrial development. The 1978 expenditures of tourist visitors will generate approximately £200 million in personal income in Scotland. The benefits accruing to Scotland could be improved considerably if more industries serving the requirements of the tourist sector were themselves established in Scotland, effectively reducing the import content in tourist expenditures. The establishment of market gardens to supply the fresh vegetable requirements of a number of local hotels would be one example.

The main assets of the tourist industry in Scotland are, of course, the natural beauty of the landscape and our historical heritage (our sordid past as some might say). According to one report 80% of Scottish scenery is classified as being of high landscape value! A growing tourist industry will imply either greater exploitation of the existing facilities and/or the development of new tourist attractions, especially in areas not currently favoured by visitors. Each of these strategies requires considerable investment improving infrastructural amenities such as roads, hotels, restaurants, information centres and other related facilities. The problem is to ensure that such facilities, whilst promoting easier access and convenience for visitors, do not spoil the landscape which they have come to enjoy.

Growth of the Tourist Industry

Figure 1 illustrates the breakdown of visitors spending four or more nights in Scotland. The data refers to the period 1965 - 1975 and indicates a rise in overseas visitors relative to British holidaymakers.

Figure 1   Visitors to Scotland (4+ nights)

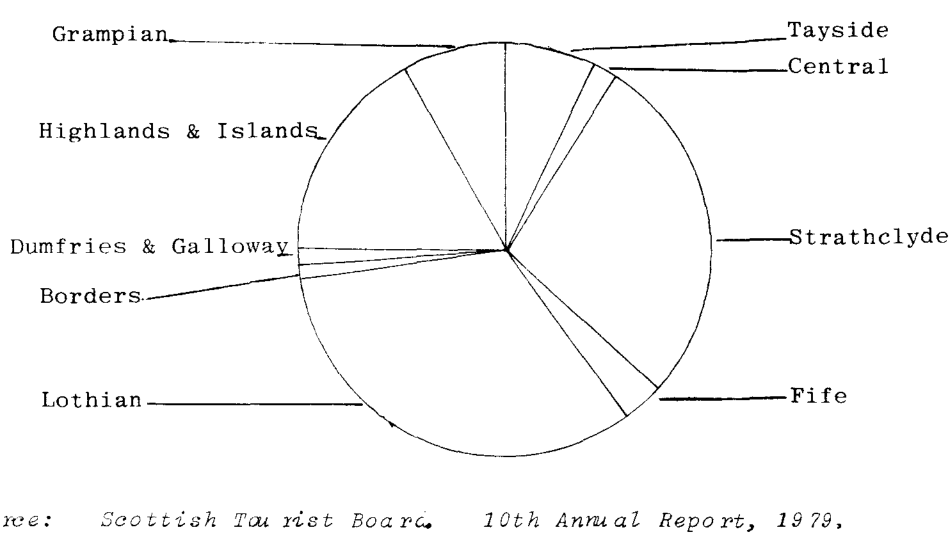


Source: Scottish Tourist Board. Planning for tourism in Scotland, August 1975

The figures for British holidaymakers include a high proportion, probably around 60% of Scottish people holidaying in their own country. Compared with 1965, overseas visitors have increased by 95% whereas British holidaymakers have grown by only 33%. Since 1975 it appears that Scotland has continued to be a popular destination for overseas visitors. Foreign visitors in 1978 used 12.9 million bednights compared with only 9.7 million in 1975. British visitors, on the other hand, accounted for only 57.1 million bednights in 1978 compared with 61.4 million in 1975.

The dispersion of tourist expenditures in Scotland is shown in Figure 2. Some regions such as Grampian, Lothian, Borders and Strathclyde are popular for short visits, defined as being up to three nights duration, whilst other regions such as the Highlands and Islands, Tayside, Fife and Dumfries and Galloway are favoured by visitors on longer holidays of four or more nights.

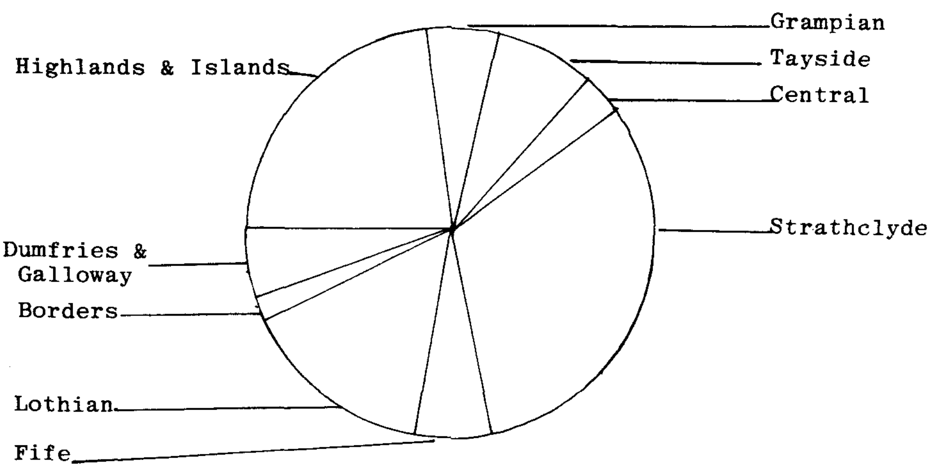
Figure 2   Tourist Expenditure by Region (1978)



Source: Scottish Tourist Board. 10th Annual Report, 1979.

The pattern of expenditure by overseas visitors follows much the same pattern except for the Lothian region which is particularly popular with these visitors, capturing 33% of their expenditure.

Figure 3 Expenditure by Overseas Visitors (1978)

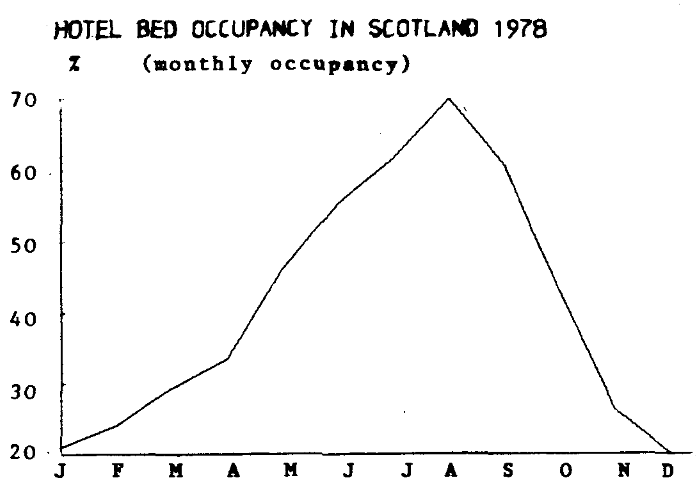


Source: Scottish Tourist Board. 10th Annual Report, 1979

The Impact of Seasonality

The tourist season in Scotland is largely concentrated in the summer months (sic), June to August. During this period hotel and other holiday accommodation has occupancy rates around 70%. However in out of season periods occupancy rates fall to around 20%.

Figure 4 Hotel Bed Occupancy in Scotland 1978



Source: Scottish Tourist Board. 10th Annual Report, 1979

The apparent equation of supply of accommodation to peak demand combined with the low occupancy in out of season months does not make investment in additional tourist facilities an attractive proposition for investors. The problem for policymakers has been to try and extend the tourist season. A number of special events (eg local arts festivals, Edinburgh Folk Festival etc) and the promotion of Scotland's winter sports facilities have helped to extend the tourist season in some parts of Scotland. In these areas there are, of course, opportunities for greater usage of facilities and full-time employment opportunities in tourism.

The employment created through tourism is determined by the seasonal nature of the industry. This means that direct employment is itself both seasonal and part-time in nature with a high proportion of the jobs being filled by migrant labour (eg students in vacational jobs). Secondly many of the jobs are for females who account for perhaps up to 70% of the total demand during the peak season. Unfortunately the problem in many areas dependent on tourism is high male unemployment which tourism does little to alleviate. Further, because of the weak linkages with indigenous industry, tourism has not fulfilled its job creation potential in other sectors. Consequently many rural parts of Scotland still face problems of emigration and low income. Indeed tourism is itself regarded as a low pay industry.

The impact of tourism on Scotland has, despite the discussion of the previous sections, been an important contributor to the economy. In many of the rural areas there has been no obvious alternative to tourist development. Thus, like regional policy, tourism has not eliminated the employment problem in the rural areas but without it the problems, both economic and social, would undoubtedly have been much worse.

Statistics and References

The Scottish Tourist Board (STB) is responsible for promoting tourism in Scotland. However, bearing in mind the importance of overseas visitors for the industry, a major constraint is that the international marketing of Britain as a tourist centre is the responsibility, not of the individual tourist boards, but the British Tourist Authority. In 1978 for example Scotland obtained only 7% of the expenditure of overseas visitors coming to the UK.

Statistics on tourism are predominantly available from STB publications, especially the annual reports and published research and planning studies.

A selection are listed below and can be obtained from the Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh, EH4 3EU.

1. Scottish Tourist Board. 10th Annual Report 1979.

2. Scottish Tourist Board. Planning for Tourism in Scotland, August 1975 (£2.00)

3. Scottish Tourist Board. Tourism in the Highlands and Islands. Report No 7, May 1977 (£3.00)

4. Scottish Tourist Board. The Economic Impact of the Edinburgh Festival 1976, October 1977 (£2.00)

More general references on tourism include

1. M Brownrigg & M Greig: The Economic Impact of Tourist Spending in Skye. HIDB Special Report No 13, December 1974

2. M Brownrigg & M Greig: Tourism and Regional Development. Fraser of Allander Institute, Speculative Paper No 5, 1976

3. Scottish Council Research Institute. The Economic Importance of Visitors to Scotland, October 1977