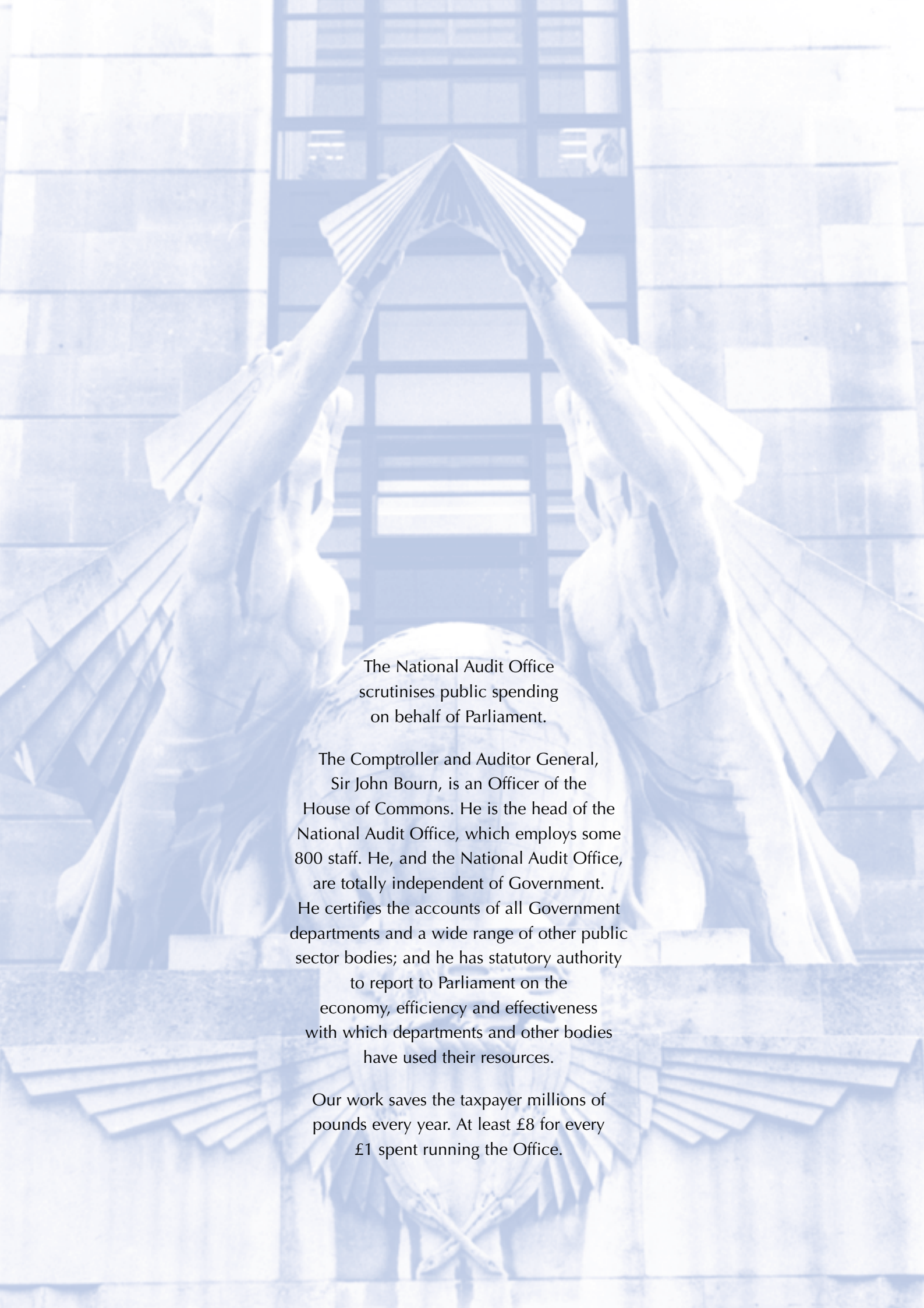


# VisitBritain: Bringing visitors to Britain

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
HC 1160 Session 2003-2004; SE/2004/248: 12 November 2004





The National Audit Office  
scrutinises public spending  
on behalf of Parliament.

The Comptroller and Auditor General,  
Sir John Bourn, is an Officer of the  
House of Commons. He is the head of the  
National Audit Office, which employs some  
800 staff. He, and the National Audit Office,  
are totally independent of Government.  
He certifies the accounts of all Government  
departments and a wide range of other public  
sector bodies; and he has statutory authority  
to report to Parliament on the  
economy, efficiency and effectiveness  
with which departments and other bodies  
have used their resources.

Our work saves the taxpayer millions of  
pounds every year. At least £8 for every  
£1 spent running the Office.



# VisitBritain: Bringing visitors to Britain



**REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
HC 1160 Session 2003-2004; SE/2004/248: 12 November 2004**

# Contents

**Summary** 1

**Recommendations** 4

## Part 1

---

**Recent events have focused attention on the tourism industry and this report examines the effectiveness of VisitBritain's overseas marketing activities** 7

Tourism is one of the largest industries in Britain though recent events have put tourism growth at risk 7

VisitBritain is the national tourism organisation for Great Britain 9

The report looks at how effective VisitBritain's overseas marketing activities are at increasing inbound visitors to Britain 11

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act; and presented to the Scottish Parliament in accordance with Section 88 of the Scotland Act 1998.

John Bourn **National Audit Office**  
Comptroller and Auditor General 3 November 2004

The National Audit Office study team consisted of:

Helen Anderson, Sallie Danagher, Keith Davis,  
Keith Hawkswell and Andy Morrison

This report can be found on the National Audit Office web site at [www.nao.org.uk](http://www.nao.org.uk)

**For further information about the National Audit Office please contact:**

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Tel: 020 7798 7400

Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

© National Audit Office

## Part 2

### VisitBritain's overseas marketing activities are well planned and executed 13

VisitBritain produces good business cases for campaigns and has a sound approvals process	13
Many campaigns are supported by partnership funding	13
VisitBritain has a range of research and data to underpin its campaigns and is improving its visitor satisfaction work	14
VisitBritain is improving its awareness of best practice among other national tourism organisations	15
VisitBritain's partners are generally satisfied with the organisation's overseas marketing activities though some businesses feel excluded from the planning process	16
Overall VisitBritain is moving towards more cost-efficient customer interfaces	19

## Part 3

### VisitBritain's overseas marketing activities achieve a high return 21

VisitBritain aims to return £29 to the United Kingdom economy for every pound it spends in 2004-05	21
Non-government funding is not included in the calculation	22
VisitBritain's return on investment figure is overstated due to the treatment of non-respondents	23
In other respects there are likely to be under-estimates of the return on investment	24
The questionnaire response options on extended stays are less refined than those on influenced to visit	24
The data on spend per visitor has some weaknesses	24

## Part 4

### There is a tension between VisitBritain's long and short term objectives 25

The emphasis on return on investment leads to VisitBritain focusing on short term tactical campaigns	25
There is a risk that partnership funding can cause VisitBritain's campaigns to be even more focused on short term objectives and that smaller businesses can feel excluded from the benefits	25
Parts of the industry are concerned that they sometimes have to compete against VisitBritain's campaigns	26
The tourism industry wants VisitBritain's campaigns to give more emphasis to promoting the Britain brand	27
The emphasis on the return on investment measure may act as a disincentive to VisitBritain working in emerging markets	28
Greater clarity about VisitBritain's role and responsibilities in relation to those of other publicly funded tourism bodies would help in promoting the Britain brand	29

## Appendix

Methodology	30
-------------	----

# Summary



- 1 VisitBritain is Britain's national tourism organisation and is sponsored by the Department for Culture, Media and Sport. In 2003-04, £35.5 million of VisitBritain's £49.2 million grant-in-aid was allocated to marketing Britain as a tourist destination overseas. Most of its remaining budget is spent on marketing England within Britain. This report looks at the effectiveness of VisitBritain's overseas marketing activity.
- 2 Below we set out our overall conclusions in relation to each of our three main themes together with the related key points.

## The planning and execution of VisitBritain's overseas marketing activities

- 3 The planning and execution of VisitBritain's overseas marketing activities is generally good although there is room to further improve its communication and consultation with the tourism industry.
- 4 Specific key findings in this area are set out below.
  - a Comprehensive business cases are prepared before funds are committed to campaigns.
  - b VisitBritain uses a good range of research and data to inform its decisions and it is improving the extent to which it evaluates the relative importance that visitors attribute to the different elements of the visitor experience and how satisfaction affects the likelihood of return.
  - c In many respects the tourism industry is satisfied with the work of VisitBritain, though some feel the industry could be more involved in VisitBritain's decisions on prioritisation of markets and campaign content. VisitBritain is currently working to improve its communication with the tourism industry and the feedback it provides.
  - d VisitBritain puts considerable effort into communicating with the industry, which acknowledges improvements but still feels it could be better informed, particularly about future VisitBritain campaigns.
  - e VisitBritain is moving away from expensive walk-in centres in prime city centre locations (for example, it has offices on Fifth Avenue in New York) towards more cost-effective customer interfaces such as call centres, the internet and direct marketing using an enhanced customer database.

## The impact of VisitBritain's overseas marketing activity

- 5 The main measure that VisitBritain uses in reporting its impact is the amount of additional expenditure by overseas visitors that its activities generate - the return on investment. VisitBritain has a detailed system in place for measuring the additional expenditure for which it can claim credit. While there are some weaknesses in VisitBritain's approach to measurement, there is little doubt that its activities are generating high returns.





- 6 Specific key findings in this area are set out below.
- a In 2003-04 VisitBritain reported that its overseas marketing activities generated £30 in additional expenditure for every £1 of public funds that it spent.
  - b The ratio between the benefits and costs of VisitBritain's activity is lower, though still high, (at around £25 to £1) if partnership funding from the private sector, which totalled £7.22 million for its overseas marketing activities in 2003-04, is taken into account on the cost side.
  - c There are some weaknesses in the way that VisitBritain collects and analyses information about the extent to which people have been influenced by VisitBritain. In particular, returns are likely to be overstated by the way VisitBritain treats non-respondents to its questionnaires, but understated because respondents who say they were 'probably' (as opposed to 'definitely') influenced are excluded from the calculation. Research carried out for VisitBritain concluded that it is not possible to determine whether the net impact of the different weaknesses is an overall understatement or overstatement.
  - d The data that VisitBritain uses on visitor spending in Britain comes from the Office for National Statistics. It is compiled primarily for balance of payments and migration purposes and while it has some limitations for VisitBritain's purposes, for example it excludes travel to and from Britain, it is not clear that there is a cost-effective alternative available to VisitBritain.

### The balance between VisitBritain's long and short term activities and targets

- 7 To achieve its annual return on investment target, and to respond to crises, VisitBritain has undertaken short term tactical campaigns<sup>1</sup>, often with partnership funding from the 'big players' in the industry or bodies representing the destinations being promoted. While VisitBritain has improved its brand building and begun work to stimulate interest in Britain as a tourist destination within emerging markets, the need to achieve its annual return on investment target limits VisitBritain's ability to make these a priority. The emphasis on return on investment may also mean that the main beneficiaries from some of VisitBritain's activities are larger businesses (who are more able to provide partnership funding), though small businesses do derive benefit too. The Department for Culture, Media and Sport and VisitBritain are looking at how to address these problems.

- 8 Specific key findings in this area are set out below.
- a Short term tactical campaigns were put to good effect in 2001-02 after the foot and mouth outbreak and the terrorist attacks on September 11th, and some of these campaigns, such as 'Only in Britain, Only in 2002' included an element of brand building.
  - b Where VisitBritain is partly reliant on large contributions from the 'big players' in the industry, the effect can be that the presence in campaigns of offers from specific operators leaves less room to promote the uniqueness of the Britain brand. However, these offers do have the benefit of showing Great Britain as a value for money destination.
  - c Parts of the industry sometimes feel they have to compete against VisitBritain's short term campaigns because these include offers from their rivals.

<sup>1</sup> The primary aim of short term tactical campaigns is to encourage as many tourists as possible to visit Britain within a defined time period. To encourage visitors, attractive prices on specific travel and accommodation options are offered as part of the campaign.

- d The consensus in our stakeholder groups was that VisitBritain should leave private businesses to sell the means by which visitors can travel, stay and explore.
- e Instead stakeholders would like VisitBritain to give more emphasis to promoting Britain as a destination, and in this regard we noted that VisitBritain has made important recent improvements to its efforts to raise the profile of the Britain brand of 'depth, heart and vitality'. For example it has a dedicated web presence in thirty-five markets in the local language.
- f Stakeholders would also like VisitBritain to focus more on attracting long-haul visitors and developing new markets. However the need to achieve its annual return on investment target could be a disincentive to VisitBritain working in emerging markets because newly promoted brands often take some time to penetrate before returns are realised.
- g Greater clarity about VisitBritain's role and responsibilities in relation to those of other publicly funded tourism bodies would help in promoting the Britain brand; VisitBritain and the Department for Culture, Media and Sport are working with the other bodies to address this.





# Recommendations



## The return on investment target

- i **The Department for Culture, Media and Sport should retain return on investment as a key measure of VisitBritain's performance.** It provides a clear focus on efficiency and on the need for economic impact from VisitBritain's work.
- ii **The Department for Culture, Media and Sport and VisitBritain should, however, avoid any perverse effect of placing too much emphasis on short term returns.** Developing other targets to measure VisitBritain's longer term activities to establish the Britain brand, and develop new and emerging markets would help. For example, there could be return on investment targets for, say, three or more year's time and for particular markets.
- iii **VisitBritain should strengthen the way it measures and reports the return on investment.** Specifically VisitBritain should:
  - a report the ratio between all its campaign funding (public and private) and additional visitor spending;
  - b calculate additional visitor spending on the basis of a more cautious assumption about the behaviour of non-respondents to its questionnaires. Until better information is available, as an interim measure a deduction of 20 per cent from the total additional spend claimed should be made;
  - c include in the calculation of additional visitor spending, a proportion (the recommendation of 50 per cent from recent research would provide a good basis) of respondents who said they were 'probably' influenced to visit;
  - d refine the response options in the part of its questionnaire that asks about extensions to stays; and
  - e publish clear information to enable industry and others to understand the basis of its methodology for calculating return on investment.

Changes to the methodology will need to be implemented with care so that, in the interim, performance can still be reported on the same basis as that used for setting the original target.



## Relationship with the tourism industry

- iv While communication with the tourism industry will always be difficult because of its fragmented nature, **VisitBritain should take care to ensure that it is not just financial partners that are included in its general communication with the industry**, and that all parts of the industry feel they have opportunities to provide strategic input to VisitBritain's activities. Cost-effectiveness is important, and reaching a wide audience by communicating with trade associations may sometimes be better than dealing with individual businesses directly, provided VisitBritain is clear about the approach taken to dissemination of information by the associations.
- v **VisitBritain should make regular detailed assessment of which parts of the tourism industry are benefiting from its activities.** As part of this it should see whether smaller businesses can be better integrated into marketing activities, for example by receiving greater prominence on VisitBritain's website.



## Position in relation to other national and regional tourist organisations

- vi **VisitBritain and the Department for Culture, Media and Sport should review regularly whether their recent initiatives to clarify the roles and responsibilities of the various organisations are proving to be effective at reducing confusion within the industry.**



# Part 1

Recent events have focused attention on the tourist industry and this report examines the effectiveness of VisitBritain's overseas marketing activities

- 1.1 The tourism industry is becoming increasingly competitive. Worldwide, more and more countries are acknowledging the potential economic contribution of tourism. At a global level the World Tourism Organisation forecasts that tourism growth trends will continue - there were almost 715 million international tourist arrivals worldwide in 2002, 22 million more than in 2001 - and it is currently predicting that the number of international arrivals worldwide will reach over a billion by 2010.<sup>2</sup>
- 1.2 The emergence of tourist destinations, for example, in Asia, the Americas and Eastern Europe, and the visitor's desire to search for new experiences, however, will make it increasingly difficult for relatively mature destinations such as Britain to capture its share of this increasing global tourism market. Figures for 2003 show that the United Kingdom<sup>3</sup> was sixth behind the United States of America, Spain, France, Italy, and Germany in the tourism earnings league (Figure 1).

## 1 The world's top tourism destinations in terms of international tourism receipts

Rank, Country	US \$billion 2003 (estimate)	US \$billion 2002	% change 2002-03 US\$ <sup>1</sup>	% change 2002-03 local currencies
1 United States	65.1	66.5	-2.2	-2.2
2 Spain	41.7	33.6	24.1	3.7
3 France	36.6	32.3	13.2	-5.4
4 Italy	31.3	26.9	16.2	-2.8
5 Germany	23.0	19.2	20.0	0.3
6 United Kingdom	19.4	17.6	10.5	1.4
7 China	17.4	20.4	-14.6	-14.6
8 Austria	13.6	11.2	21.0	1.2
9 Turkey	13.2	11.9	10.9	10.5
10 Greece	10.7	9.7	9.9	-8.2

### NOTE

- 1 Percentages have been calculated using more precise data and may therefore appear to be incorrect.

Source: 'World Tourism Barometer', World Tourism Organisation, June 2004.

<sup>2</sup> 'Vision on Tourism 2010'. World Tourism Organisation.

<sup>3</sup> The World Tourism Organisation does not produce figures for Great Britain, only the United Kingdom.

Tourism is one of the largest industries in Britain though recent events have put tourism growth at risk

- 1.3 The tourism industry is an important economic driver in Britain. It is of particular importance in the development of regional, urban and rural economies, providing infrastructure through investment, creating jobs and generating wealth. Figure 2 provides some key facts about the British tourism industry.

## 2 Key tourism facts

- Tourism is one of the largest industries in the United Kingdom<sup>1</sup>, worth some £74.2 billion and accounting for around 4.5 per cent of Gross Domestic Product.
- Tourism supports 2.1 million jobs, 7.4 per cent of Great Britain's total workforce, with an additional job created for every £40,000 spent by visitors.
- The industry is highly fragmented and diverse. In 2003 there were around 107,535 hotel and catering businesses in Great Britain<sup>2</sup>, most with a turnover of less than £250,000.
- VisitBritain estimates that United Kingdom<sup>3</sup> tourism has the potential to be worth well over £100 billion by 2010.

### NOTES

- 1 This figure is an estimate derived from a number of sources, none of which provide figures for Great Britain only.
- 2 Hotel and catering businesses include hotels, youth hostels, mountain refuges, camping and caravan sites, bars, restaurants, canteens and catering.
- 3 This figure is an estimate which appears in 'Tomorrow's Tourism Today' published by the Department for Culture, Media and Sport, July 2004. The estimate referred to in 'The Plan', VisitBritain 2004-05 is derived from a number of sources, none of which provide figures for Great Britain only.

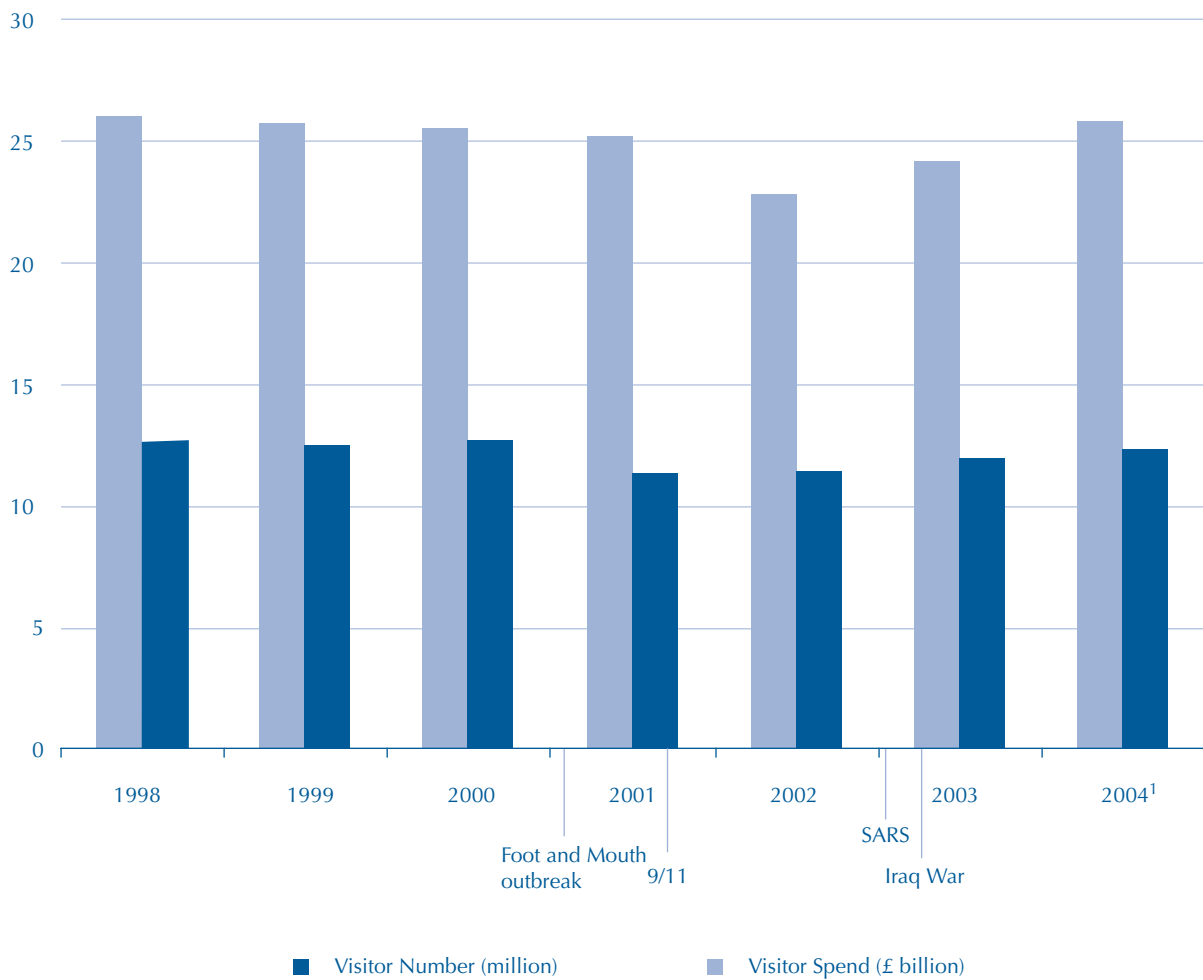
Source: VisitBritain



1.4 The World Tourism Organisation predicted that, at the beginning of the twenty-first century, the propensity for people to travel would be stronger than at any other time in modern history, and estimated that tourists would take over one billion trips every year by 2010. However, the World Tourism Organisation highlighted how growth in tourism worldwide has been put at risk by a general downturn in the global economy, increasing fears of terrorist activity and the impact of events such as the outbreak of acute respiratory syndrome (SARS) in early 2003 and the war in Iraq.

1.5 **Figure 3** shows the trends in tourist numbers and spending in Britain in relation to the occurrence of foot and mouth disease, the terrorist attacks on September 11th, the outbreak of SARS, and the war in Iraq. Visitor numbers picked up more quickly than spending after the foot and mouth and September 11th crises. High spending North American visitors were still unsure about travelling and visitors came mainly from Western Europe, taking predominantly shorter breaks and spending less money.

**3 Numbers of overseas visitors and their spending levels - 1998 to 2004**



**NOTE**

1 Figures for 2004 are based on VisitBritain estimates.

Source: National Audit Office and VisitBritain

1.6 The latest International Passenger Survey<sup>4</sup> figures show that in 2003 there were 24.8 million overseas visitors to the United Kingdom (a 2.2 per cent increase compared with 2002) who spent £11.9 billion (a 1.0<sup>5</sup> per cent increase on 2002). Provisional data for the first eight months of 2004 indicate further increases in the number (up 13 per cent on the first eight months of 2003) and spending (up nine per cent) of overseas visitors to the United Kingdom.<sup>6</sup>

## VisitBritain is the national tourism organisation for Great Britain<sup>7</sup>

1.7 Since the establishment of the British Tourist Authority in the Development of Tourism Act 1969, the Government has funded international marketing to ensure growth trends in international visitors to Britain are maintained and increased. In 2001, a review<sup>8</sup> commissioned by the Department for Culture, Media and Sport concluded that the Government should continue to fund tourism activity to help correct market failure by providing the industry with impartial information, undertaking destination marketing and providing small and medium sized businesses with a route to market.

1.8 On 1 April 2003 the British Tourist Authority and the English Tourism Council were merged to form VisitBritain, the new national tourism organisation for Great Britain.<sup>9</sup> VisitBritain is a non-departmental public body, operating within a policy and financial framework laid down by its sponsor - the Department for Culture, Media and Sport. Essentially, VisitBritain fulfils the twin roles of marketing Britain to the world and promoting England as a tourist destination within Britain. Its functions and goals, as set out in VisitBritain's Funding Agreement for the period 2003-04 to 2005-06 with the Department for Culture, Media and Sport are shown in **Figure 4**.

1.9 VisitBritain received a grant-in-aid from the Department for Culture, Media and Sport of £49.2 million in 2003-04 - £35.5 million of which was allocated for the promotion of Britain overseas, £10.4 million for promoting England within Britain and £3.3 million for the one-off costs associated with re-organisation. In addition VisitBritain also raised £17.2 million (£12.7 million for international activities and £4.5 million for domestic activities) in 2003-04 from commercial activities and joint ventures with the trade, and from public and private sector businesses (referred to as non-government funding or partnership funding). **Figure 5** shows a breakdown of expenditure on international marketing activity in 2003-04.

## 4 VisitBritain's functions and goals for the period 2003-04 to 2005-06

### VisitBritain's Functions<sup>1</sup>

- To encourage people to visit Britain.
- To encourage people living in Britain to take their holidays within the country.
- To encourage the provision of tourist amenities and facilities in Britain.
- To advise Ministers and public bodies on matters affecting tourism to Britain (this is a statutory duty).

### VisitBritain's Goals

- To promote Britain overseas as a tourist destination, generating additional revenue throughout Britain and throughout the year.
- To help the United Kingdom tourism industry to address international and domestic markets more effectively.
- To provide advice to Government on matters affecting tourism to Britain and contribute to wider Government objectives.
- To work in partnership with the devolved administrations (the Scottish Parliament and the National Assembly for Wales) and the national and regional authorities.
- To oversee the development and implementation of a domestic marketing strategy for England.
- To grow the value of the domestic market by encouraging people to spend more on tourism throughout the English regions, throughout the year.

### NOTE

- 1 Functions as laid down in the Development of Tourism Act 1969.

*Source: VisitBritain's Funding Agreement with the Department for Culture, Media and Sport for the period 2003-04 to 2005-06*

1.10 VisitBritain employs 476 staff in London and across 31 overseas countries. In 2003 VisitBritain rationalised its international office structure and now eight overseas regional hubs each administer a number of country offices, known as satellites. The eight regional hubs are: Nordic based in Stockholm; Central Europe in Berlin; Western Europe in Dublin; Southern Europe in Paris; the Americas in New York; Asia in Hong Kong; Australasia in Sydney; and Middle East and Africa which is run from London (**Figure 6**).

<sup>4</sup> The International Passenger Survey is a sample survey carried out by the Office for National Statistics. Further details are provided in paragraph 3.5.

<sup>5</sup> Due to exchange rate fluctuations this equates to a 10.5 per cent change in international tourism receipts for the United Kingdom between 2002 and 2003 when United Kingdom pounds are converted to United States dollars (as shown in Figure 1).

<sup>6</sup> Equivalent figures for Great Britain are not available.

<sup>7</sup> VisitBritain's remit covers Great Britain i.e. England, Scotland and Wales, but not Northern Ireland.

<sup>8</sup> A Quinquennial Review of the British Tourist Authority.

<sup>9</sup> For the purposes of clarity, in most cases the report refers to activities as VisitBritain's, regardless of whether some took place before 1st April 2003.

**5 Expenditure on international marketing activity in 2003-04**

Expenditure	£ million
Staff costs	14.120
Direct marketing <sup>1</sup>	7.989
Marketing support costs <sup>2</sup>	6.330
Operational support costs <sup>3</sup>	8.521
<b>Net expenditure<sup>4</sup></b>	<b>36.960</b>
Non-government funding	12.771
<b>Total Expenditure</b>	<b>49.731</b>

**NOTES**

- 1 Costs directly attributable to a marketing activity.
- 2 Costs incurred directly in support of marketing effort, such as product marketing and customer relationship management and online marketing.
- 3 All property costs in Great Britain and overseas, costs of the finance and human resources functions, the costs of the office of the Chief Executive Officer, Chairman, Board, and the legal and secretariat functions.
- 4 The net expenditure figure for international marketing in excess of the grant-in-aid figure received for 2003-04 is funded by grant-in-aid brought forward from 2002-03, transitional funding and reserves.

Source: VisitBritain

1.11 Tourism is a devolved activity in Great Britain. **Figure 7** shows the legislative framework under which both Scotland and Wales have the authority to promote their country overseas. As one element of VisitBritain's remit is to build the value of inbound tourism to Britain, it is accountable not only to the Department for Culture, Media and Sport and the United Kingdom Parliament, but also to the Scottish Parliament and the National Assembly for Wales.

1.12 Overseas Marketing Agreements (currently being revised and updated as tailored Memoranda of Understanding) provide a formal framework for co-operation between VisitBritain and the network of national tourist boards across Great Britain with powers to promote their own country, and the Mayor of London's remit to promote the capital overseas. VisitBritain has specific agreements with the Department for Culture, Media and Sport, the nine Regional Development Agencies, and the regional tourist boards (**Figure 8**).

**6 VisitBritain's overseas regional hubs**



Regional Hub Functions
Admin/Finance/HR
Segmentation/ Research
Contact Centre strategy
Distribution
Marketing
- Branding
- Market Intelligence
- Database/CRM
Potential Markets
Country Functions
Marketing execution
Travel trade relationships
Local contact centre (as required)
Gateway Editing
PR and Media Relations

Source: VisitBritain



## 7 The legislative framework for marketing Britain overseas

- The British Tourist Authority<sup>1</sup>, together with the English Tourism Council (now combined in the newly created VisitBritain), the Scottish Tourist Board (now known as VisitScotland) and the Wales Tourist Board, the national tourist boards of Great Britain, were created by the Development of Tourism Act 1969.
- Under the 1969 Act, the British Tourist Authority was charged with encouraging people living overseas to visit Great Britain and the national boards were given responsibility for promoting their nations domestically.
- In 1984, the Tourism (Overseas Promotion) (Scotland) Act gave VisitScotland - the first national board - the authority to market Scotland overseas; in 1992, the Tourism (Overseas Promotion) (Wales) Act similarly gave the Wales Tourist Board the authority to promote Wales overseas.
- Since 1998, the relationship between the British Tourist Authority, VisitScotland and the Wales Tourist Board has been formalised in an Overseas Marketing Agreement, overseen by a director-level steering group.
- In 1999, the Greater London Authority Act gave the Greater London Authority a duty to promote London as a gateway to the United Kingdom, as well as promoting London as a destination overseas.

### NOTE

- 1 On 1 April 2003, the net assets of the English Tourism Council were transferred to the British Tourist Authority, which commenced trading as VisitBritain on that date.

Source: National Audit Office

## The report looks at how effective VisitBritain's overseas marketing activities are at increasing inbound visitors to Britain

1.13 This report concentrates on VisitBritain's work to build the value of inbound tourism to Britain. In particular, we considered what VisitBritain is doing to:

- ensure overseas marketing activities are well planned and executed (Part 2);
- measure the returns it generates (Part 3);
- strike the right balance between long and short term objectives (Part 4).

1.14 The methods we used, and a list of the experts we consulted, are set out at Appendix 1. The main strands of our approach were:

- interviews with the senior management team at VisitBritain and officials at the Department for Culture, Media and Sport;
- case reviews of marketing activities in the United States of America and France;
- two stakeholder focus groups, run by academic tourism experts, to provide insight into the industry's views about VisitBritain's overseas marketing activities; and
- a panel of tourism experts to assist us with the scope, conclusions and recommendations of our study.

## 8 Publicly funded tourism bodies in Britain

Tourism bodies in Britain	Principal role	Source of public funding	Level of public funding 2003-04 (£ million)	Basis of relationship with VisitBritain
<b>VisitScotland (National tourism organisation)</b>	To encourage British people to take holidays in Scotland and to market Scotland overseas.	Scottish Executive Education Department.	36.5 <sup>1</sup>	Memorandum of Understanding setting out the respective roles, responsibilities and working relationships in the promotion of Britain and Scotland overseas.
<b>Wales Tourist Board (National tourism organisation)</b>	To encourage people to visit Wales and people living in Wales to take their holidays there.  To encourage the provision and improvement of tourist amenities and facilities in Wales.	Welsh Assembly Economic Development and Transport Department.  Also receives Objective 1 funding from the European Union. <sup>2</sup>	39.0	Memorandum of Understanding setting out the respective roles, responsibilities and working relationships in the promotion of Britain and Wales overseas.
<b>Regional Development Agencies (including London)</b>	To act as strategic drivers of regional economic development in their region.	Pooled funding from several Government departments.	Varying levels - includes £3.6 million Department for Culture, Media and Sport (DCMS) funding, ring-fenced for Regional Tourist Boards.	Protocol that governs the strategic relationship between the parties signed by the Regional Development Agencies, DCMS and VisitBritain
<b>Regional Tourist Boards (including Visit London - see below)</b>	To promote their region by marketing to domestic and overseas leisure and business visitors, as well as locals of the region themselves.	Regional Development Agencies, DCMS (for Visit London), Local Authority membership.	Varying levels.	Concordat defining the working relationship between VisitBritain and regional delivery partners agreed. Memorandum of Understanding with Visit London under review.
<b>Visit London</b>	To encourage British and overseas visitors to visit London.	Mayor of London, London Development Agency, DCMS, Association of London Government.	17.4	Memorandum of Understanding (under review) setting out the respective roles, responsibilities and working relationships in the promotion of Britain and London both in the United Kingdom and overseas.

### NOTES

- This figure includes £2 million funding for EventScotland, a joint venture between the Scottish Executive and VisitScotland.
- The Objective 1 European Funding Programme started in 2000 and will run to 2006. Over the programme period, the European Union will contribute around £1.2 billion of Objective 1 aid to raise the Gross Domestic Product in West Wales and the Valleys.

Source: National Audit Office

# Part 2

## VisitBritain's overseas marketing activities are well planned and executed

- 2.1 This part of the report considers how VisitBritain plans and executes its overseas marketing activities. In particular it looks at VisitBritain's use of partnership funding to support its campaigns, the data and research that underpins VisitBritain's strategic business planning, and partner satisfaction with the organisation's approach to overseas marketing. It also covers VisitBritain's move away from expensive, resource intensive walk-in visitor centres to the greater use of customer relationship management systems as a means of communicating with potential visitors to Britain.
- 2.2 Whilst VisitBritain's main activity is running campaigns it also invests in other activities, particularly press and public relations work, the development of business tourism, trade relations, and exhibitions. VisitBritain's media and trade relations activity includes bringing overseas journalists, travel specialists and agents to Britain on 'familiarisation' trips. During 2003-04 VisitBritain arranged 702 press visits involving 780 participants to Britain including 123 visits (138 participants) to Scotland and 49 visits (54 participants) to Wales. In 2003-04, VisitBritain reported an advertising equivalent<sup>10</sup> for its public relations work of £263 million. This figure was validated by an independent tourism consultant.
- 2.3 To maximise the potential of the rapidly growing business tourism<sup>11</sup> market, VisitBritain has put in place a dedicated business tourism manager in each of its hub offices (**Figure 6 on page 10**) whose role is to establish a network of local contacts across all markets, and provide advice to business conference organisers and others, encouraging them to place their business with British venues and corporate hospitality suppliers. VisitBritain is also involved in the bidding process to win major international conferences for Britain. VisitBritain estimates that the business tourism sector is worth around £16.7 billion<sup>12</sup> to the United Kingdom economy, and considers that it also helps to address the seasonal and regional imbalance of the leisure tourism sector.

### VisitBritain produces good business cases for campaigns and has a sound approvals process

- 2.4 VisitBritain plans its individual marketing activities well. A business case is produced for each campaign or activity that highlights the target market segments, the number of anticipated visits and level of visitor spend, and the expected seasonal and regional benefits. It also clearly states which VisitBritain objective the activity will directly address. Each regional hub submits its business plans and is then required to defend its proposals. Campaigns are approved by the regional manager, the director of overseas operations, the chief executive, or the Board, dependent on the proposed spend. The system is currently being developed further and VisitBritain's new Market Investment Model, introduced for the 2004-05 business planning round, encourages its overseas regional offices to compete more directly in making bids for future funds.

### Many campaigns are supported by partnership funding

- 2.5 In 2003-04 VisitBritain raised nearly £13 million in non-government funding through partnerships and other activities relating to its international work. A good example of this is the 'Only in Britain, Only in 2002' campaign (**Figure 9**) launched in April 2002. The campaign was a means to spearhead tourism recovery following the foot and mouth outbreak of 2001, and the terrorist attacks on September 11th.

<sup>10</sup> The advertising equivalent is the cost of purchasing advertising space commensurate to the editorial coverage generated by VisitBritain's press and public relations activity.

<sup>11</sup> Business tourism covers visitors whose main purpose for travelling is to attend activities or events associated with their work. Main components of business tourism are conferences, exhibitions, trade fairs, incentive travel and corporate events.

<sup>12</sup> This figure is an estimate derived from a number of sources, some of which include Northern Ireland and others which only quote figures for England and 'the rest of the United Kingdom'. Thus an estimate for Great Britain (England, Scotland and Wales) is not available.



## 9 'Only in Britain, Only in 2002' campaign

**Aim:** To attract an additional one million visitors to Britain during 2002.

**Government funding:** £20 million (£19 million to the British Tourist Authority and £1 million to the English Tourism Council).

**Partnership support from the tourism industry:** £5.4 million in cash and £19.8 million of other assistance.

**Examples of assistance:** Free flights and hotel accommodation - used for sweepstake prizes and press/trade familiarisation trips; use of industry partners' advertising space; inclusion on industry partners' websites; special offers on prices.

*Source: VisitBritain*

2.6 Our stakeholder focus groups (Appendix 1 on page 31) considered that VisitBritain's requests for support tend to be made at relatively short notice, and that organisations struggle to be involved as their own budgets are often allocated on a three year cycle. VisitBritain has acknowledged the need to be more in tune with the financial planning cycles of the organisations it is approaching. There are occasions when it has to launch campaigns quickly, for example in reaction to the crises of foot and mouth and the terrorist attacks on September 11th. However, for its more regular campaigns, VisitBritain is developing three year plans to give partners a clear idea of its direction, which it hopes will encourage greater investment across markets in common themes.

2.7 VisitBritain's tourism partners traditionally include airline carriers, hotel chains and tour operators but on occasion it has been more innovative, using less traditional and more unusual 'non-tourism' partners. **Figures 10 and 11** show examples where VisitBritain has aligned its Britain brand with non-tourism products to spread its message and extend the range of its partners.

## VisitBritain has a range of research and data to underpin its campaigns and is improving its visitor satisfaction work

2.8 VisitBritain has carried out numerous pieces of visitor research in its key markets and has used this information to ensure that its campaigns contain the right messages. Although VisitBritain's visitor research has provided a valuable source of information on how visitors rate various aspects of their stay, the research has not tended to focus sufficiently on whether the experiences of these visitors matches up to their expectations, a key factor in determining visitor satisfaction and retention.

## 10 Case study of Samsonite partnering VisitBritain in 'Hidden Britain' campaign

### Samsonite Luggage Promotion

Samsonite was a key non-tourism partner in VisitBritain's 'Hidden Britain' campaign. The Samsonite brands are collectively worth over 40 per cent of the luggage and travel accessory market in the United States of America. Samsonite's research showed similarities between Samsonite customer profiles and VisitBritain's target market and also that 70 per cent of travel plans had not been completed when luggage was purchased.

In March 2003, Samsonite promoted Britain as its monthly leisure travel destination across its 200 stores in America. The promotion included:

- Britain images, marketing messages and consumer promotions featured on in-store posters and displays.
- Britain theme and messages attached to luggage tags and other products throughout the store.
- Sweepstake competitions to encourage the purchase of Samsonite luggage.
- Consumer brochures offering special packages and travel offers to customers.



VisitBritain featured in the Samsonite and its partner companies websites.

*Source: VisitBritain*

## 11 Case study of OPI Cosmetics' US\$1 million advertising campaign for VisitBritain

### The British Collection by OPI Cosmetics

This advertising campaign was run with OPI Cosmetics. Concentrating on nail polish OPI developed a range of colours with a distinctly British theme. Colours with names like 'Blushingham Palace', 'Edin-burgundy' and 'My throne for a cranberry scone' the OPI partnered VisitBritain in promoting its new collection.

VisitBritain benefited from the US\$1 million that OPI spent in advertising, while in return it organised press familiarisation trips (for which Virgin Atlantic and the Savoy Hotel donated flights and accommodation). The images used were classically British.



*Source: VisitBritain*

- 2.9 In 2003, VisitBritain commissioned consultants to carry out qualitative research to help understand the relative importance that visitors attribute to different elements of the visitor experience and how visitor satisfaction affects the likelihood of return. The results of the first stage of this work have informed the development of a visitor satisfaction questionnaire which VisitBritain is piloting in the United States of America during autumn 2004.
- 2.10 VisitBritain has moved toward analysing and defining its target markets using lifestyle segmentation (for example, age, wealth, interests) to provide a more sophisticated and specific visitor profile for each market. **Figures 12 and 13** show examples of VisitBritain's use of 'lifestyle' segmentation in four countries.

## VisitBritain is improving its awareness of best practice among other national tourism organisations

- 2.11 To keep abreast of global trends among national tourism organisations, VisitBritain uses shared information gained through forums like the European Travel Commission whose membership includes 33 European national tourism organisations (and whose Vice President is currently VisitBritain's Chief Executive).
- 2.12 In 2004, VisitBritain commissioned specific research into the practices of eight other national tourism organisations. The aim was to provide relevant information and a set of recommendations which could be implemented by VisitBritain as a means of improving

### 12 VisitBritain's 'lifestyle' segmentation used in Spain and Portugal

Spain and Portugal	
Sinks/Dinks (Single-income-no-kids/double-income-no-kids)	Aged 25-44, highly educated, urban dwelling, middle to upper social class and likely to be interested in Britain's culture, language and varied scenery.
University Students	Aged 18-26, in tertiary studies living in and around larger cities. Attracted by Britain's music and fashion scene.
Conference and incentive travellers	Business travellers situated around the larger cities.

Source: VisitBritain

### 13 VisitBritain's 'lifestyle' segmentation used in Argentina and Brazil

Argentina and Brazil	
Youth	Aged 15-20, from elite households. Suitable products are language courses, vocational training and United Kingdom tours.
Young Professional	Aged 20-29, keen to develop and enhance careers. The potential lies in trade fairs, exhibitions and professional/language training.
Cultured Elite	Aged 35-60, the wealthiest segments of the population, likely to be doctors or lawyers for example. Potential for regional visits; they will tend to stay in more expensive accommodation.

Source: VisitBritain

its performance in relation to its competitors.<sup>13</sup> The research did not set out directly to compare VisitBritain with the other national tourism organisations because they vary widely in terms of structure and status, budget, the rationale for state involvement in tourism, and the number of offices and staff. The research therefore did not draw definitive conclusions or 'rate' VisitBritain against them. The key recommendations the research identified are shown in **Figure 14** and VisitBritain is considering them as part of setting its future strategy.

2.13 The research identified examples of innovative marketing and promotional activities that have been successfully undertaken by other national tourism organisations, an example of which is given in **Figure 15**.

#### 14 A summary of the recommendations for VisitBritain from the national tourist offices benchmarking research

VisitBritain should:

- promote the complexity and richness of Great Britain as a destination and review thinking about Great Britain as a key leisure destination. Marketing should become VisitBritain's primary focus and other aspects, such as quality assurance and information provision should be secondary;
- drive forward innovative branding for Great Britain using industry wide and cross sector buy-in based on success criteria;
- drive successful partnerships with the emerging Regional Development Agencies through the realisation of 'product development clubs' built around key niche markets such as culture, heritage and health;
- continue to develop a presence in major emerging markets in South East Asia and review its overseas presence in established markets, particularly long-haul markets;
- stretch the appeal of Great Britain through product and activity 'mixing' that promotes combined urban/rural, retail/activity products and services;
- become the provider of 'state of the art', timely and user-friendly research. Data provision should go beyond mere statistical analysis, benchmark comparison and case study research;
- continue to look to film and television relationship marketing to build positive profiling for the Great Britain product;
- be involved with city destinations to market business tourism.

*Source: 'Assessment of the structure and function of competitor national tourist offices'. Moffat Centre for Travel and Tourism Business Development and The Travel Business Partnership.*

#### 15 An example of best practice identified by VisitBritain's comparator research and VisitBritain's response

The Canadian and French national tourist organisations set up product development partnerships designed to unite related businesses in co-operative ventures in terms of product and service quality improvement. Product clubs are match funded by the Canadian national tourist organisation for their first three years, after which partnerships should be established as sustainable entities. The research recommends VisitBritain explore the introduction of product clubs as a means of effective marketing and obtaining private sector buy-in.

In response, VisitBritain commenced development of its own 'club concept' in May 2004. These 'clubs' will provide a focal point for the tourism industry to share intelligence, product development news, best practice and co-ordinated marketing activity on special interests in tourism - for example, food and drink, culture, luxury, and sport.

*Source: 'Assessment of the structure and function of competitor national tourist offices'. Moffat Centre for Travel and Tourism Business Development and The Travel Business Partnership.*

VisitBritain's partners are generally satisfied with the organisation's overseas marketing activities though some businesses feel excluded from the planning process

2.14 As part of VisitBritain's key priorities set out in its International Marketing Strategy for 2003-04, VisitBritain stated its intention to achieve a strategic partner and trade satisfaction score of 87 per cent or more. VisitBritain's strategic partners are the publicly funded national and regional tourist boards within Britain. By 'trade' VisitBritain means organisations operating within the tourism industry, for example regional marketing consortia, hotel and self-catering groups, attractions operators, incoming tour operators, events organisers, and transport operators.

2.15 The latest satisfaction survey of VisitBritain's strategic partners was conducted by VisitBritain in March 2004. The survey built on two previous surveys carried out by the British Tourist Authority in 2002 and 2003, and for the first time the English Regional Development Agencies were included in the list of partners. As VisitBritain has, since April 2003, been funded to market England domestically, it is difficult to make direct comparisons with the levels of satisfaction in previous years. However the survey does give a useful insight into VisitBritain's strategic partnership working in its first year. The results of the 2003-04 strategic partner satisfaction survey reveal that:



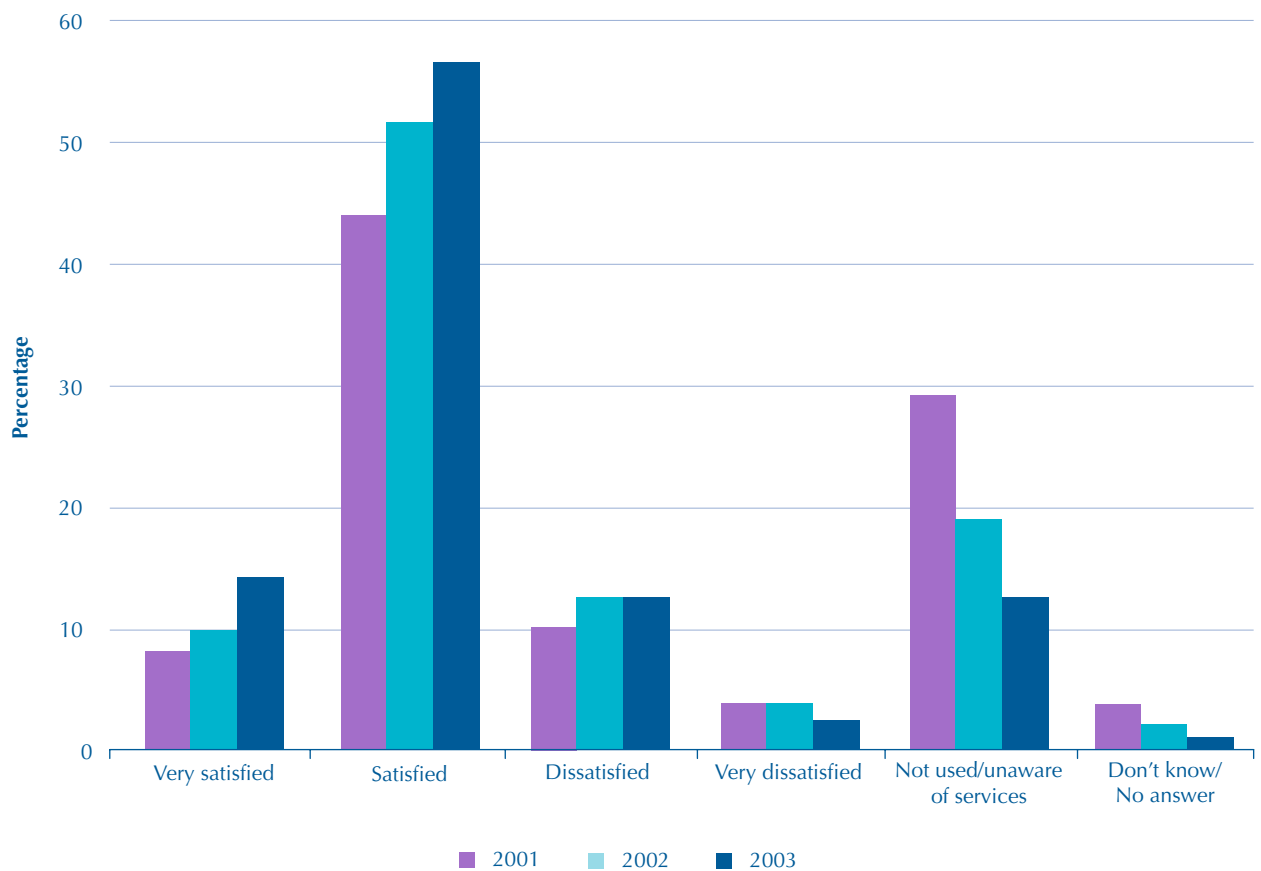
- they are generally satisfied with their working relationships with VisitBritain's marketing, public relations, research and strategic partnership teams; with VisitBritain's overall communication with its strategic partners; and VisitBritain's overall support to its strategic partners;
- half of the partner organisations are dissatisfied with their input into VisitBritain's strategic direction;
- overall, 65 per cent (against a target of 87 per cent) of respondents gave a rating of 'satisfied' or 'very satisfied' compared with 88.2 per cent the year before.

2.16 VisitBritain's separate trade satisfaction survey sets out not only to measure the tourism industry's overall satisfaction with VisitBritain's services, but also to better understand how the organisation can further improve its services in the future. The results of the 2004 survey (which mirrored previous surveys carried out in 2002 and 2003) show a clear improvement (**Figure 16**) though the satisfaction score, at 70 per cent is still below the 87 per cent target.

2.17 VisitBritain considers that the 2004 satisfaction scores were below target due to the initial uncertainty caused by launching a new organisation with a new, and wider, remit. VisitBritain is aiming to improve its satisfaction ratings by developing more effective methods of communicating with its strategic partners and the tourism industry. For example it has created the VisitBritain Prospectus, aimed at improving awareness of the range of products and services VisitBritain has to offer. It is also working to improve client contact and feedback to partners.

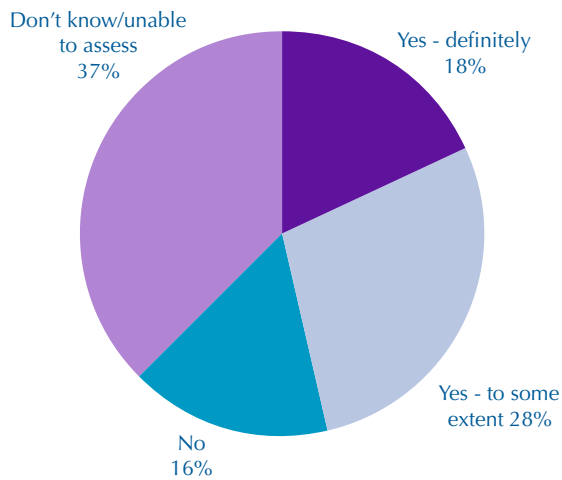
2.18 Respondents to the trade survey were asked whether they felt VisitBritain had helped them in their overseas marketing activities in 2003. The responses are shown in **Figure 17**. Of those who stated that VisitBritain had not helped them market their products and services overseas, the most frequently quoted reason was the lack of communication and the cost of participating in VisitBritain's marketing campaigns.

## 16 Satisfaction with VisitBritain's overall support to the United Kingdom travel trade



Source: VisitBritain

## 17 Did VisitBritain help market trade partner's products overseas in 2003?



Source: VisitBritain

2.19 The tourism industry is very fragmented, encompassing enterprises as diverse as retailers, car hire companies, and local authorities as well as the more obvious tourism businesses such as hotels, attractions and restaurants. In 2002 there were around 129,500 tourism related enterprises<sup>14</sup> registered for VAT purposes in the United Kingdom of which 77 per cent were small businesses, and many more tourism related businesses are known to be operating beneath the VAT registration threshold. The industry's fragmented nature and size, makes it difficult for VisitBritain to communicate proactively with the whole industry. However, VisitBritain does have a number of avenues available for communication and consultation with the tourism industry, although there is a degree of dependence on individual businesses having access to the internet.

2.20 VisitBritain's main means of communicating with the industry is through its trade website ([www.visitbritain.com/ukindustry](http://www.visitbritain.com/ukindustry)) where tourism businesses can access regular publications, such as VisitBritain News and its United Kingdom Industry Update. Additionally, the VisitBritain News publication is regularly sent by post to around 3,500 businesses and VisitBritain also emails its United Kingdom Industry Update to around 4,000 businesses directly each month.

2.21 The British Tourism Development Committee is VisitBritain's main consultative mechanism with the tourism industry. The Committee acts as a forum for discussion and representation to Government, VisitBritain and other statutory tourism organisations. The Committee has over 50 members including all of the key trade associations, but also organisations such as the Youth Hostel Association and Farmstay UK which represents small and medium sized enterprises. VisitBritain relies on these trade organisations to communicate information to their members. It also consults with marketing specific groups, such as the Youth Marketing Action Group and North Americas Interest Group.

2.22 Despite the consultation methods available, some of our focus group participants said they are not consulted on VisitBritain's future direction and as a result feel they cannot always fully understand VisitBritain's overall strategy. They largely feel that input to VisitBritain's strategic direction is limited to those making a financial contribution.

***"You don't actually see the whole strategy, so anything they do looks tactical..."***

2.23 Participants in our focus groups felt that in some ways VisitBritain's communication with industry was improving though they drew a distinction between the efforts required by the group members to make themselves aware of VisitBritain's plans and VisitBritain's efforts to keep industry aware. Participants claimed that this has meant they learn about campaigns too late to be part of them, only knowing about planned events in good time if they were approached to provide partnership funding. Hence they feel there is a bias in communication to the bigger organisations who were most often those with the biggest financial involvement.

***"We find we struggle to see our place within VisitBritain"***

2.24 In May 2004, a new Enterprise Unit was launched by VisitBritain to increase the tourism industry's engagement with its marketing activities, and other services. The Unit aims to provide more focused support for the industry, exploit the commercial expertise available within VisitBritain and develop new opportunities for marketing Britain to wider audiences around the world.

## Overall VisitBritain is moving towards more cost-efficient customer interfaces

- 2.25 VisitBritain communicates with potential visitors to Britain in a range of ways. These include walk-in centres, call centres (that also handle text and emails), and instant messaging.<sup>15</sup> The late nineties saw a fundamental shift in the way tourist information is distributed. Eighty per cent of VisitBritain's main point of contact with customers is now through the internet or by direct marketing<sup>16</sup>, with only 20 per cent through walk-in centres and telephone calls. Consequently, VisitBritain has placed a greater emphasis on customer relationship management and electronic communication.
- 2.26 VisitBritain's increasing use of new media technology is underpinned by the website [www.visitbritain.com](http://www.visitbritain.com) which was rated by the Financial Times as 'the best overall' national tourism organisation website in a review in April 2002. Now available in 35 markets with local language, the website enables potential visitors around the world to access information covering cities, towns, events and all types of accommodation and tourist attractions. In the first six months of 2004, on average 540,000 separate individuals a month accessed pages on VisitBritain's website.
- 2.27 VisitBritain's work in identifying potential customers for Britain's tourism product has become more sophisticated. VisitBritain has invested in a customer relationship management system<sup>17</sup> which captures names and addresses and visitors' interests and the website provides a data capture capability which is fully integrated with the customer relationship management system. Together, these new media technologies enable VisitBritain to target potential visitors through direct mail and email, with personalised, relevant and timely information. VisitBritain staff are encouraged never to let a data capture opportunity go and customer details are constantly added to their customer database. VisitBritain has over 4.2 million validated records on its customer database and is aiming for six million by 2006.
- 2.28 The customer database is not only of importance to VisitBritain, but also to the parts of the tourism industry that use it in analysing, researching and targeting visitors. VisitBritain approaches partners with the information and whilst data protection laws sometimes prevent the direct exchange of names, VisitBritain can email campaign material to the kind of people partner organisation's research suggests would be most interested. A toolkit developed by VisitBritain allows a range of partners and its overseas offices to tailor their messages whilst maintaining the VisitBritain brand through tone, colours and images.
- 2.29 Following the restructuring of VisitBritain's international operations into eight regional hubs (Figure 6 on page 10), completed in 2003-04, and the growing demand by customers for quality information 'at a press of a button', VisitBritain is moving away from the provision of walk-in visitor centres. For example, VisitBritain's New York office stated that three years ago it would expect to receive approximately 50,000 walk-in enquiries a year, but now it expects around 15,000, despite being located on Fifth Avenue. Instead, the New York office is in the process of diverting staff resources to a contact centre which handles telephone enquiries to reduce the proportion of 'lost' calls, currently as high as 30 per cent, which are abandoned before the caller gets through to a member of staff.
- 2.30 In 2003-04 the rental costs of VisitBritain's overseas offices totalled nearly £1.26 million (see **Figure 18** for breakdown of rental costs for the eight regional hubs and satellite offices). Walk-in centres are expensive in terms of both staff and rental costs and VisitBritain has implemented reforms to achieve the Department for Culture, Media and Sport's target to reduce infrastructure costs by 10 per cent over the next three years. As part of this, in some locations, such as Berlin, Hong Kong and Dubai VisitBritain is co-locating its offices with those of the British Council which offers VisitBritain significant savings in rental costs. In addition many overseas offices have reduced their walk-in facilities to reception status with computer presentation and printed material. However, any customer wishing to discuss a visit to Britain with a member of staff would not be turned away.

15 Instant messaging is a service that alerts internet users when, for example, friends, colleagues or businesses (from a list they have devised) are online. It allows instant communication between parties.

16 Using personal data to target potential visitors with market information of tourism products and services that mirror the interests, tastes and aspirations of an individual.

17 A software application that allows VisitBritain to manage every aspect of its relationship with a potential customer. Customer information is captured in a centralised database.

**18 Net rental costs of the eight overseas regional hubs and associated satellite offices in 2003-04**

Regional hubs and associated satellite offices <sup>1</sup>	Net rental costs for regional hubs in 2003-04 (£)	Net rental costs for associated satellite offices in 2003-04 (£)
Americas (hub based in New York) covering USA, Canada, Brazil, Argentina	304,000	71,000
Asia (hub based in Tokyo) covering Japan, Hong Kong, Singapore, India, plus China, Korea, Malaysia	85,000	79,000
Australasia (hub based in Sydney) covering Australia, New Zealand	48,000	9,000
Central Europe (hub based in Frankfurt) covering Germany, Austria, Switzerland, plus Poland/Russia	82,000	51,000
Middle East/Africa (hub based in Dubai) covering Saudi Arabia, South Africa, plus Kuwait, United Arab Emirates and Egypt	15,000	9,000
Nordic (hub based in Stockholm) covering Sweden, Finland, Norway, Denmark	94,000	50,000
Southern Europe (hub based in Paris) covering France, Italy, Spain, Portugal	135,000	63,000
Western Europe (hub based in Ireland) covering Ireland, Netherlands, Belgium	63,000	107,000
<b>Total rental costs for 2003-04</b>	<b>£826,000</b>	<b>£439,000</b>

**NOTE**

- 1 Regional hubs are responsible for the marketing strategy for the region, including the collection of market intelligence and the consumer interface strategy, and central administrative functions for the region. Satellite offices are responsible for the implementation on the marketing strategy in country, including the management of relationships with the local travel trade, media and consumers (see Figure 6 on page 10).

Source: VisitBritain



# Part 3

## VisitBritain's overseas marketing activities achieve a high return

- 3.1 This part of the report looks at VisitBritain's methods for measuring the return on investment from the money invested in overseas marketing. In particular it looks at how VisitBritain calculates its return on investment, its treatment of non-government funding, its handling of non-respondents to questionnaires and its use of the International Passenger Survey data published by the Office for National Statistics.
- 3.2 Return on investment is VisitBritain's principal target but the Department for Culture, Media and Sport also sets related targets for the regional and seasonal distribution of the additional expenditure that VisitBritain generates. These targets contribute to the Government's aim to promote sustainable economic growth and to ensure that the benefits of inbound tourism are spread throughout Britain. They are also intended to help to ensure that popular destinations do not suffer adversely during peak seasons. **Figure 19** shows the targets and achievements for regional and seasonal spread for the last four years.

### VisitBritain aims to return £29 to the United Kingdom economy for every pound it spends in 2004-05

- 3.3 The return on investment that VisitBritain generates is shown as a ratio between its grant-in-aid and the level of additional expenditure by overseas visitors. **Figure 20** shows the target and reported performance over the past four years.
- 3.4 The return on investment ratio is expressed as the amount of additional or incremental visitor spend generated as a direct result of VisitBritain's grant-in-aid expenditure (**Figure 21 on page 22**). The calculation of incremental spend is based on an estimate from survey questionnaires of the number of nights spent in Britain as a result of a VisitBritain campaign or activity and includes any additional nights spent by visitors encouraged to extend their stay. Visitor expenditure is calculated by applying this to the International Passenger Survey data on average spend per day per visitor.

#### 19 Regional and seasonal spread of expenditure by overseas visitors to Britain

Financial Year	2004-05	2003-04		2002-03		2001-02
	Target	Target	Achieved	Target	Achieved	Achieved <sup>1</sup>
Regional Spread - additional spend generated outside London	61%	60%	58%	57%	60%	64%
Seasonal Spread - proportion of additional spend generated between October and March	34%	32%	42%	31%	23% <sup>2</sup>	29%

#### NOTES

- 1 There were no targets set for 2001-02. Results achieved in 2001-02 were taken as a realistic baseline to establish targets for the following years.
- 2 The results were below target due to, respectively, the aftermath of the terrorist attacks on September 11th and the lead-up to the war in Iraq.

Source: VisitBritain

**20** VisitBritain's return on investment targets and achievements

	2004-05	2003-04	2002-03	2001-02	2000-01
Grant-in-aid (£ million)	35.5	35.5	35.5 <sup>1</sup>	35.5	37.02
Target	29:1	28:1	28:1	31:1	30:1
Achieved	n/a	30:1	30:1	26:1 <sup>2</sup>	31:1

**NOTES**

- 1 In addition to the £35.5 million grant-in-aid an extra £14.2 million was granted to help overcome the effects of the foot and mouth outbreak and the terrorist attacks on September 11th. VisitBritain did not include this in the amount it had invested when calculating the return on investment ratio as this was subject to a separate evaluation.
- 2 Year of the foot and mouth outbreak and September 11th terrorist attacks.

Source: VisitBritain

**21** Calculating incremental spend: an example. Information Services - France

In 2002-03, a total of 74,777 enquiries were made to the overseas office in Paris as a result of promotional activity that year. VisitBritain sent questionnaires to a sample of 3,000 people who had made enquiries from which a response rate of 41 per cent (1,241 replies) was achieved. 75 per cent of survey respondents had visited Britain since contacting VisitBritain, some 56,083 people in total. 732 (59 per cent of respondents) replied to say they were definitely influenced to visit and 50 (4 per cent) said they were encouraged to stay longer as a result of VisitBritain activity. VisitBritain assumes that the same percentages of all enquirers were influenced and applies their stated average length of stay and party size as follows:

	Number of visitors	Average length of stay (days)	Average number of visitors in party	Total nights
Definitely Influenced	33,089	9.5	3.1	974,471
Encouraged to stay longer	2,243	4.9	2.6	28,576

Spending estimate: VisitBritain assumes that all French visitors spent the same as the average for all holiday visits by French residents which the International Passenger Survey recorded as £42 per night.

**Total incremental spend:**  
 $(974,471 + 28,576) \times £42 = £42,127,974$

All incremental spend across all nationalities of visitors is divided by the grant-in-aid to give a return on investment.

Source: VisitBritain

3.5 The International Passenger Survey is a sample survey carried out by the Office for National Statistics for its own purposes and those of a number of other Government departments. The results are based on 'face to face' interviews with a sample of passengers as they enter or leave the United Kingdom by the principal air, sea and tunnel routes. The Office for National Statistics produces results from the International Passenger Survey on a monthly, quarterly and annual basis. The data collected includes country of visit (for United Kingdom residents), country of residence and region of the United Kingdom visited (for overseas residents), expenditure, purpose of visit, length of stay, age group, gender, mode of transport, port, year and season of visit.

3.6 The stakeholders we consulted about VisitBritain's evaluation methodology knew little about the actual process. There was some confusion about the basis of the return on investment and greater transparency about the methodology would be appreciated so that stakeholders can understand the impact being claimed.

**Non-government funding is not included in the calculation**

3.7 In 2003-04 VisitBritain attracted £12.77 million in non-government funding from industry partners and other commercial activities. However, the calculation of the return on investment excludes non-government funding from the investment component and implies that all additional spend is a direct result of the Government's investment. Including non-government funding in the calculation would enable the impact on the whole British economy to be reflected in both the cost and benefit side of the ratio, rather than just on the benefit side. **Figure 22** shows the effect on the return on investment ratio if non-government funding is taken into account over the last four years.

## 22 Return on Investment (RoI) ratios excluding and including non-government funding

Financial Year	2003-04 £ million	2002-03 £ million	2001-02 £ million	2000-01 £ million
Grant-in-aid	35.50	35.00 <sup>1</sup>	33.40 <sup>2</sup>	37.02 <sup>3</sup>
Non-government funding for international marketing <sup>4</sup>	7.22	6.00	4.60	7.51
<b>TOTAL</b>	<b>42.72</b>	<b>41.00</b>	<b>38.0</b>	<b>44.53</b>
Incremental spend	1,079.60	1,060.20	879.30	1,143.00
RoI based on grant-in-aid only	30:1	30:1	26:1	31:1
RoI based on total resources	25:1	26:1	23:1	26:1

### NOTES

- 1 £500,000 of grant-in-aid is excluded because the Department for Culture, Media and Sport agreed that it could be used to meet part of the re-organisation costs arising from the merger of the British Tourist Authority and the English Tourism Council.
- 2 The grant-in-aid figure of £33.4 million used to calculate the return on investment figure is £2.1 million less than the total amount received (£35.5 million) from the Department for Culture, Media and Sport. The £2.1 million was specifically re-allocated to activities to counter the impact of the foot and mouth outbreak on the tourism industry (which an additional fund of £14.2 million had already been established) and was evaluated and reported separately. Later, £5.3 million of this fund was transferred to support the 'UKOK' initiative. Return on investment figures of 15:1 and 23:1 respectively were reported on the £11 million spent to counter the impact of the foot and mouth outbreak and the £5.3 million spent on the 'UKOK' initiative.
- 3 Includes £1.5 million allocated to the London Tourist Board. Since 1 April 2001, this element of the grant has been channelled direct to the Greater London Authority.
- 4 For the purpose of this calculation we have excluded elements of non-government funding that were not provided as partnership funding for marketing campaigns, for example, the gross income from sales of passes and tickets, which is passed on to other organisations after deducting VisitBritain's handling fee. We have also excluded amounts that were provided for specific activities that were subject to separate evaluation: £5.5 million for the 'UKOK' campaign in 2002-03, and £4.4 million for foot and mouth recovery in 2001-02.

Source: National Audit Office

### VisitBritain's return on investment figure is overstated due to the treatment of non-respondents

3.8 At present, when estimating the behaviour of visitors from answers to questionnaires, VisitBritain assumes that non-respondents behave in the same way as those who reply to the questionnaires. This approach gives the most generous estimate to the additional spend caused by VisitBritain's activities and, therefore, the highest return on investment figure.

3.9 Following early discussions with the National Audit Office, VisitBritain commissioned consultants to identify (within reasonable statistical limits) the differences between respondents and non-respondents to their questionnaires so that any differences that are identified can be taken into account in the return on investment calculation. The research<sup>18</sup> showed that a degree of non-response bias<sup>19</sup> was present in all the VisitBritain evaluation studies analysed and that consequently VisitBritain is likely to be overestimating its influence on non-respondents. The degree of non-response bias varied considerably between activities and campaigns and the report recommends that VisitBritain should reduce their aggregate incremental spend figure by around 20 per cent to take account of non-response bias. This should be an interim adjustment while VisitBritain develops more suitable formulae based on the different levels of non-response bias associated with different markets and types of campaign.

<sup>18</sup> 'VisitBritain evaluation programme - non-response report'. University of Luton. July 2004.

<sup>19</sup> Non-response bias means that those who do not respond to a survey behave differently from the group that does respond.

## In other respects there are likely to be under-estimates of the return on investment

- 3.10 VisitBritain's questionnaires ask whether the information they provided turned a possible visit into a certainty. The responses open to visitors are: 'definitely', 'probably', 'probably not', 'not at all' and 'don't know'. Only those who answer 'definitely' are counted. The University of Luton research suggests that VisitBritain's approach may be unduly conservative. By ignoring the 'probably' and 'possibly' responses they may be underestimating their degree of influence on visitors and the added value this would generate. The University of Luton recommends that a 'probably' influenced response should be weighted at 50 per cent in conversion calculations.
- 3.11 There is also a possible underestimation because the reported return on investment does not include the incremental spend for visitors VisitBritain influenced but who travelled after the evaluation survey was sent out (which is typically around nine months after the campaign). There is possible scope for VisitBritain to carry out some further evaluation after a longer period in order to generate some information about the longer term impact of its campaigns though it would need to examine the cost-effectiveness of this.
- 3.12 The research concluded that it was not possible to assess whether the over-estimates of 20 per cent associated with the non-responses are cancelled by these possible under-estimates.

## The questionnaire response options on extended stays are less refined than those on influenced to visit

- 3.13 When ascertaining whether visitors were encouraged by VisitBritain activity to extend their trips the questionnaire only offers two response options: 'yes' and 'no'. This means that anyone slightly (though not primarily) encouraged by VisitBritain information will be counted in the incremental spend calculation.

- 3.14 Extended stays contribute around seven to eight per cent of the total incremental spend figure that VisitBritain reports so the questionnaire design will not be causing significant distortion in the overall return on investment. However, the contribution extended stays make to incremental spend can vary considerably between campaigns so it could be causing some distortion in the assessment of the relative success of individual campaigns. It would be more consistent and provide a more accurate indication of the impact of its campaigns if VisitBritain included the same range of response options for people extending their visit (paragraph 3.9) as those offered for the decision to visit.

## The data on spend per visitor has some weaknesses

- 3.15 Using International Passenger Survey data to estimate tourist spend has some limitations. The primary focus of the International Passenger Survey data is to provide figures on migration and balance of payments, but it also asks questions of overseas residents visiting the United Kingdom aimed at estimating visitor spend.
- 3.16 International Passenger Survey spending figures for visitors from overseas exclude all payments for air and sea travel to and from the United Kingdom, regardless of whether the carrier is British. This is because travel is counted elsewhere in the Office for National Statistics' balance of payments calculation. Therefore the estimates of average visitor spend in the British economy may be underestimated.
- 3.17 There is also currently no adjustment to the visitor spend figures for VAT reclaimed by non-European visitors. The Office for National Statistics has considered introducing one but feel that it is not possible because the point at which they are able to interview visitors leaving Britain is before entry to the area where visitors can make their VAT claim.



# Part 4

## There is a tension between VisitBritain's long and short term objectives

- 4.1 This part of the report considers how well VisitBritain manages the balance between short term marketing activities undertaken in order to achieve its annual return on investment target and longer term marketing strategies aimed at strengthening the Britain brand, particularly in new and emerging markets.

### The emphasis on return on investment leads to VisitBritain focusing on short term tactical<sup>20</sup> campaigns

- 4.2 VisitBritain has used the return on investment target to provide a mechanism to ensure the organisation was investing money overseas wisely when, in the late nineties, it was operating in 51 countries around the world. In pursuing the return on investment target, VisitBritain reduced the number of its overseas offices to 27 and introduced a more rigorous campaign evaluation process.
- 4.3 The return on investment target, and the need to respond to recent crises, have led VisitBritain to undertake an increasing number of short term tactical campaigns. Such campaigns, using offers attractive on a price basis, were put to good effect after the foot and mouth crisis and after the terrorist attacks on September 11th, where their primary role was to encourage as many visits as possible to Britain. Some of these campaigns also had a longer term aim of re-building the perception of Britain as an attractive tourism destination, as was the case with the 'Million Visitor Campaign' in 2002. **Figure 23** illustrates a short term tactical campaign.

### 23 European Short Breaks campaign

**Aim:** To establish Britain as *the* short breaks destination for European travellers.

**VisitBritain Funding:** £2.2 million.

**Partnership Funding from the tourism industry:** £1.8 million.

Eleven cities showcased across Britain, with 63 partners including national and regional tourist boards and regional development agencies (contributing a total of just under £1 million) and tourism businesses such as British Airways, BAA, P&O Ferries, Stena Line, SeaFrance and Radisson Hotels (contributing just under £800,000 in total). American Express and MG Rover also contributed marketing support.

*Source: VisitBritain*

### There is a risk that partnership funding can cause VisitBritain's campaigns to be even more focused on short term objectives and that smaller businesses can feel excluded from the benefits

- 4.4 Obtaining additional funds from partner organisations gives VisitBritain greater financial leverage, enabling it to maximise return on investment and there might also be a less visible incentive for VisitBritain to seek partnership funds because these funds are not accounted for in the return on investment calculation (see paragraph 3.7). Naturally it is the larger businesses that are more able to help VisitBritain with partnership funding and for these reasons the Department for Culture, Media and Sport prefers not to set targets for the level of partnership funding that VisitBritain should achieve each year.

<sup>20</sup> The primary aim of short term tactical campaigns is to encourage as many tourists as possible to visit Britain within a defined time period. To encourage visitors, attractive prices on specific travel and accommodation options are offered as part of the campaign.

4.5 Partnership involvement is currently on a tiered basis (Figure 24), with the level of promotion for the partner dependent on the amount of funding from the organisation. Smaller businesses can be part of campaigns, through quite low levels of investment or without any investment. For example, the 'Million Visitor Campaign' was rated as highly successful by the stakeholders we consulted, in part because VisitBritain managed to bring together thousands of special offers from small businesses across the country on its website.

#### 24 Funding tiers for the European Short Breaks campaign

There are a range of funding levels that partners can provide, dependent on which market(s) they wish to advertise in and the number of advertising outlets available. For the European Short Breaks campaign VisitBritain grouped the target markets according to the number of visitors they deliver to Britain per year. They grouped the advertising opportunities into three groups.

Market Group	Level 1	Level 2	Level 3
A (2-3 million visitors per year to Britain)	£40,000	£10,000	Free
B (1-1.5 million visitors per year to Britain)	£20,000	£5,000	Free
C (500,000 visitors per year to Britain)	£10,000	£2,500	Free

Level 1 - Web and online marketing, public relations and media (including press trips), direct mail, trade promotions and tactical trips.

Level 2 - Web hotlinks, public relations and direct mail.

Level 3 - Web and hotlinks (in dedicated campaign website). Free subject to partners adopting campaign branding in their marketing promotions.

Alternatively partners could take the opportunities across all markets at level one for £200,000 or at level two for £50,000. Level one includes membership of the campaign steering group.

Source: VisitBritain

4.6 The influence of the 'big players' in VisitBritain's marketing activities risks distorting campaign objectives in favour of short term tactical objectives. These focus on increasing the number of overseas visitors in a specific time frame, rather than longer term marketing activities that draw out the distinctiveness of Britain, promoting the country as a desirable destination.

4.7 However by including 'special price offers' as part of its campaigns, VisitBritain supports the longer term aim of overcoming the perception that as Britain is seen as a relatively expensive tourist destination to the benefit of the whole industry. In addition, it would be wrong to assume that partners are only interested in short term returns. Large businesses are likely to benefit from brand building activity and some partners, for example a city council supporting the destination, would have no specific commercial tourism product to sell.

4.8 Participants in our stakeholder focus groups generally felt, however, that where there was reliance on large contributions from the 'big players' in the industry, there might be a risk that it produced an unreflective and undifferentiated picture of what the British tourism industry has to offer. VisitBritain's strategic partners, the majority of key stakeholders within the tourism industry and our expert panel members concurred that even where there are major financial contributions from the private sector, building the Britain brand should be the overriding objective of VisitBritain's overseas marketing activities.

#### Parts of the industry are concerned that they sometimes have to compete against VisitBritain's campaigns

4.9 As well as feeling excluded from the benefits of campaigns, parts of the industry can sometimes perceive VisitBritain as 'a publicly funded rival'<sup>21</sup> in that they may have to compete against a VisitBritain campaign that is based around cut-price offers from rival operators. VisitBritain considers this to be acceptable because any business is welcome to suggest an offer for VisitBritain to promote. In practice, however, campaigns can only give prominence to a limited number of offers. Participants in our focus groups felt that whilst VisitBritain should be commercially aware it should not act like a commercial organisation by selling airline tickets, tours, and accommodation directly on its websites.

***"I feel quite sad these days that VisitBritain is in a way competing with us, you look at their website and there is selling, selling, selling, selling, selling..."***<sup>22</sup>

<sup>21</sup> National Audit Office Stakeholder Focus Groups. March 2004.

<sup>22</sup> Views expressed by participants of the National Audit Office Stakeholder Focus Groups. March 2004.

## The tourism industry wants VisitBritain's campaigns to give more emphasis to promoting the Britain brand

- 4.10 Part of the rationale for VisitBritain's existence is that it provides smaller business with a route to market which they are too fragmented to achieve themselves. Participants in our focus groups questioned whether VisitBritain's use of short term tactical campaigns with partnership funding means it is actually undertaking activities which are best done by the private sector, and which primarily benefit large businesses. There was general agreement amongst the members of the focus groups that VisitBritain should promote Britain as a destination and leave private businesses to sell the means by which visitors can travel, stay and explore.
- 4.11 Branding has now become a vitally important tool in destination marketing. Developing a distinctive and credible national brand creates an 'identity premium' (in the same way as branded products and services, for which customers will pay a premium price) which can bring significant economic benefits<sup>23</sup> to a country's tourism industry, as countries as varied as New Zealand with its '100 % Pure New Zealand', and Ireland with its 'Discover the island of Ireland', have shown.
- 4.12 Members of our Expert Panel expressed the view that building a strong and well defined Britain brand lies at the heart of being competitive within the global tourism market, and remaining competitive. And the consensus amongst stakeholders we consulted was that VisitBritain needs to focus on attracting the long-haul visitors, developing high yield market segments, and encouraging first-time visitors to become repeat visitors, by promoting the diverse range of innovative products and experiences provided by the British tourism market.
- 4.13 VisitBritain's three year strategy for international marketing - 'Leading the World to Britain' - was launched in October 2002. The strategy focuses on redefining the organisation's approach to overseas marketing and developing new and innovative marketing techniques. One of the key strands of this strategy, which runs from 2003-04 to 2005-06, is to sharpen the brand position of Britain so that it is more compelling for overseas visitors. To help develop a Britain brand model, VisitBritain conducted research in eight international markets - including mature and developing markets - to inform the detail of the core values and the essence of Britain as a destination brand.
- 4.14 The new Britain brand adopted by VisitBritain is shown in **Figure 25** along with the Scotland, Wales and England brands as adopted by VisitScotland, the Wales Tourist Board and VisitBritain respectively. Together these brands need to present a complementary and coherent image of Britain as a tourist destination. VisitBritain has also developed toolkits for the overseas offices to use, which reflect the new Britain brand and cover such things as imagery, colour, typography and tone of voice, to support local marketing activities.
- 4.15 VisitBritain recently commissioned consultants to undertake brand tracking research<sup>24</sup> to look at the perception of Britain abroad as a tourist destination. When it is completed, this work will be used as a benchmark for monitoring the impact VisitBritain's brand building has on overseas perception of Britain as a tourist destination in the future. VisitBritain intends to conduct follow-up brand tracking research, on a biennial basis, to track and quantify the changes in the perception of Britain overseas in the longer term.

### 25 The Britain, Scotland and Wales brands adopted by the national tourism organisations

**VisitBritain (Britain):** The three words at the heart of the essence that defines Britain as a tourist destination are depth, heart and vitality - **depth**, a land of cultural complexity, rich in traditions with fascinating stories to tell; **heart**, a real warmth and informality of spirit; **vitality** reflects a country alive with attitude and invention, spark and energy.

**VisitBritain (England):** The English tourism experience is defined as real, fun, and indulgent - **real** in the sense that England offers an experience the visitor can relate to on a personal level, allowing them to be themselves; **fun** reflects a liberating, exciting and joyful sense of adventure, whilst the accessibility of its luxuries and simple pleasures make it an **indulgent** experience that revitalises and relaxes.

**VisitScotland:** VisitScotland position their brand in the global tourism market as 'Scotland is enduring, dramatic and human' - **enduring** in its buildings and architecture, history, culture and traditions; **dramatic** through its scenery, beautiful light and the drama of its changing weather; and **human** in that its population is seen as down to earth, innovative, solid and dependable but full of integrity and pride.

**Wales Tourist Board:** Wales Tourist Board led campaigns and other joint partner activity has all been branded under '**The Big Country**'. The 'Big Country' brand aims to develop a real distinctive and motivating identity for Wales as a tourist destination. Campaigns play on the Hwyl (a good time) of Wales as a place where it is possible to feel real moments of uplifting, overwhelming joy and exhilaration. And that Wales is a land of inspiring scenery, warm friendly people and is the perfect place for uplifting renewal to the mind, body and soul.

*Source: VisitBritain, VisitScotland and the Wales Tourist Board*

23 Research commissioned by VisitBritain - 'Assessment of the structure and function of competitor national tourist offices' by the Moffat Centre for Travel and Tourism Business Development and The Travel Business Partnership.

24 'Perceptions of Britain as a tourist destination brand tracking research'. TNS Travel and Tourism. March 2004.

4.16 VisitBritain is also a member of the Public Diplomacy Group<sup>25</sup> and continues to work with the Public Diplomacy Strategy Board, whose remit is to assess, influence and monitor changes in global perceptions of Britain. The Public Diplomacy Group has recently completed research into how Britain is perceived in a number of key overseas markets and VisitBritain is using the findings of this research to inform marketing activities aimed at improving these perceptions.

### The emphasis on the return on investment measure may act as a disincentive to VisitBritain working in emerging markets

4.17 VisitBritain and the Department for Culture, Media and Sport are aware of the importance of the emerging markets. Since 2003 VisitBritain has been carrying out some initial campaign work in the top four emerging markets for inbound tourism to Britain (China, Poland, Russia and South Korea). And the Department for Culture, Media and Sport sees maximising opportunities in these four emerging markets as a funding priority.

4.18 **Figure 26** shows the return on investment that VisitBritain achieved in each regional hub in 2003-04. In general the higher returns are achieved in the hubs that cover the more mature markets. This is likely to be because it usually takes some time for a newly-promoted brand to penetrate. Therefore the requirement for VisitBritain to achieve its return on investment target may cause it to seek the higher short term yields that mature markets offer. In 2003-04, of VisitBritain's expenditure that can be allocated to individual markets, less than 1 per cent (£400,000) occurs in emerging markets.

4.19 The consensus among those we consulted was that the tourism industry would also like to see VisitBritain develop a different way of working between the mature markets for British tourism and secondary and emerging markets, so that greater focus could be given to a strategic role, promoting the newly developed Britain brand in emerging markets, with a marketing services role in the more mature markets where other parts of the British tourism industry agencies are already more active.

## 26 Return on Investment (RoI) ratios achieved by regional hubs for 2003-04

Regional hubs <sup>1</sup>	Incremental spend achieved in 2003-04 (£ million)	Grant-in-aid allocated to regional hub in 2003-04 (£ million)	RoI based on grant-in-aid in 2003-04
Americas	350.00	9.48	37:1
Asia	110.00	3.63	30:1
Australasia	90.00	2.01	45:1
Middle East & Africa	19.00	1.53	12:1
Europe Central	87.00	4.43	20:1
Europe South	152.00	5.90	26:1
Europe West	186.00	5.05	37:1
Europe Nordic	86.00	2.93	29:1
Other supporting objectives	-	0.51	-
<b>Total</b>	<b>1,080.00</b>	<b>35.50</b>	<b>30:1</b>

#### NOTE

1 The countries covered by the regional hubs and associated satellite offices are stated in Figure 18 on page 20.

Source: VisitBritain

<sup>25</sup> The Public Diplomacy Group includes members from the Foreign and Commonwealth Office, the British Council, UK Trade and Investment (a joint organisation of the Foreign and Commonwealth Office and Department of Trade and Industry) and VisitBritain.



## Greater clarity about VisitBritain's role and responsibilities in relation to those of other publicly funded tourism bodies would help in promoting the Britain brand

4.20 Our Expert Panel members and participants in our stakeholder focus groups considered that there was some confusion within the tourism industry regarding VisitBritain's role in relation to national, regional and local tourism organisations. This might reflect, in part, the fact that since 1984 and 1992 respectively, part of VisitBritain's remit duplicates the remits of VisitScotland and the Wales Tourist Board. Roles and responsibilities for tourism in England have also become more fragmented following the creation of the Regional Development Agencies.

4.21 In looking at how it could take on a role that best complements that of the other tourist organisations VisitBritain has been researching experiences in other countries. This research identified the Australian national tourist organisation's interaction with the State and Territorial organisations as providing a possible model. **Figure 27** details a joint initiative, devised for the European market, between the Australian Tourist Commission<sup>26</sup> and the Australian State and Territory Tourist Organisations, highlighting how the relationships between the organisations are managed.

4.22 The Department for Culture, Media and Sport's recently published Tourism Prospectus<sup>27</sup> has gone some way toward setting out clear roles and responsibilities for the various bodies involved in tourism though it is too early to say whether this has been effective in reducing confusion. In addition, VisitBritain is discussing a model for a new way of working with the other national tourist boards. Though not all the principles of this proposal have been agreed, there is a timetable for implementation in 2005-06.

### 27 Case study of the joint initiative 'Destination Australia' Partnership

'Destination Australia' Partnership is a joint initiative between the Australian Tourist Commission and the Australian State and Territory Tourist Organisations.

**Aim:** To better align marketing activities and operations, improve effectiveness in marketing Australia overseas, and reduce duplication and overlap within the UK and European market.

**Implementation:** In the Europe market initially, with the regional office located in the Australian Tourist Commission office in London and additional resources based in Frankfurt, Paris, Italy and Munich. The Australian Tourist Commission and the State and Territorial Organisations have agreed a set of operating processes and guidelines to ensure resources work to increase interest in Australia and provide core servicing and training to trade and retail partners. They have also agreed an aligned strategic approach to activities in the market. Within the overall marketing strategy for Australia, States will continue to undertake and maintain control over their marketing activities in Europe, adding value to the overall strategy by being destination specialists.

#### **Expected benefits for the Australian Tourist Commission, State and Territorial Organisations and the Australian tourism industry:**

- agreed strategy and direction for each market;
- increased operational synergies and scale benefits;
- improved service to partners from co-ordinated approach;
- increased market growth, product dispersal and development targeted to agreed segments;
- individuality and flexibility within the framework.

*Source: Australian Tourist Commission*

<sup>26</sup> The Australian Tourist Commission adopted a new name and corporate identity - Tourism Australia - in July 2004. Tourism Australia is the new tourism marketing body for Australia which brings together the collective skills and knowledge of four separate organisations - the Australian Tourist Commission; the domestic marketing body, See Australia; the Bureau of Tourism Research and the Tourism Forecasting Council.

<sup>27</sup> 'The Tourism Prospectus'. The Department for Culture, Media and Sport. July 2004.

# Appendix

## Methodology

- 1 In evaluating VisitBritain's overseas marketing activities we used the following methods.

### Expert Panel

- 2 We convened a panel of experts to assist us with the study. The panel consisted of senior personnel from key organisations within the tourism sector. The panel met twice; in October to develop and agree the study process and again in April to critique our early findings and recommendations. They also provided comment on our draft report. The panel members were:

Name and Position	Organisation
Julian Burrell, Chair	Wales Tourism Alliance
Anthony Climpson, Head of Tourism	New Forest District Council (Also, Chair of the Tourism Management Institute).
Bob Cotton, Chief Executive	British Hospitality Association
Sandra Elliott, Deputy Chief Executive	Visit London
Martin George, Commercial Director	British Airways Plc (Also Member of the Board of VisitBritain, appointed 1 November 2003 for a three-year term).
Robert Maitland, Director	The Centre for Tourism, University of Westminster
Andrew Mathieson, Chair	Scottish Tourism Forum
Sue Piper, Former Head of Strategic Marketing	South West Regional Development Agency
Angela Shanley, Chair	British Incoming Tour Operators Association
Richard Tobias, Director-General	The Tourism Alliance

## Stakeholder Focus Groups

- 3 We employed consultants Robert Maitland (Academic Leader of the Centre for Tourism at the University of Westminster) and Graham Miller (Lecturer in Management at the University of Surrey) who undertook two focus groups with industry representatives [a total of 15 organisations] including tour operators, attractions, accommodation providers and travel companies. Participants were able to draw on a wide range of experience of VisitBritain which included taking part in their organised events, using VisitBritain's overseas offices, participating in campaigns and using the website. Both focus groups were audio-taped and transcribed in full.
- 4 Participants were invited to comment on the following:
  - impressions of VisitBritain;
  - awareness and appropriateness of campaigns;
  - effectiveness of campaigns;
  - consultation on strategy;
  - the sharing of research and data; and
  - the future of Britain's national tourism organisation.

## Case reviews of marketing activity in the USA and France

- 5 We visited VisitBritain's Paris and New York Hub's. The United States of America is the highest yielding inbound destination to Britain in terms of visitor numbers and spend. France is the second highest in terms of visitor numbers and a close third to Germany in terms of visitor spend. The visits were designed to:
  - provide an insight to VisitBritain's locally delivered marketing activities in two very different cultures;
  - provide an opportunity to interview VisitBritain's contracted public relations and marketing agencies as well as major campaign partners; and
  - add to our comparator work. We were able to interview Visit London and Wales Tourist Board representatives based at the New York office.

## Interviews with relevant organisations

- 6 We conducted interviews with officials at the Department for Culture, Media and Sport, the Senior Management Team at VisitBritain and the Office for National Statistics.

## Document review and data analysis

- 7 We analysed data and documents held by VisitBritain.