

# VisitBritain: Bringing visitors to Britain



**REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
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# 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.**

