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ADVENTURE TOURISM IN SCOTLAND

Executive Summary - July 2015

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INTRODUCTION

The Adventure Tourism sector is growing rapidly and Scotland has a world class product. There is increasing recognition of the value of the outdoors to the Scottish economy and the role it plays in supporting sustainable economic growth by creating employment, sustaining tourism spend and enhancing the profile of Scotland through the promotion of its natural landscape and scenery.

This report presents the findings of a wide ranging study to: assess the scale and scope of Adventure Tourism activity across Scotland, explore how competitive and innovative the product offering is against destinations worldwide and identify the most significant growth opportunities and support requirements for the sector.

In all, 351 named Adventure Tourism businesses in Scotland have been identified, through liaison with trade bodies, Destination Marketing Organisations (DMOs) and membership organisations. Although not exhaustive, this is a considerable evidence base.

The research comprises analysis of 214 completed Adventure Tourism business proformas; 71 in-depth qualitative Adventure Tourism business interviews; consultation with 24 key stakeholders; and three workshops. In addition, a further group session was held with delegates of the Wild Scotland Annual Industry Conference in November 2014.

Cover image: Hill walking by the Buachaille Etive Mor, Highlands. Credit, VisitScotland/Scottish Viewpoint

WHAT DO WE MEAN

- The Adventure Tourism sector is defined as: **walking and climbing, cycling and biking, river activities, marine activities, wildlife and nature watching** and **snow activities**. This is the commonly held sector definition developed in the Adventure Tourism in Scotland – Market Analysis Report 2010[1].

- Adventure Tourism includes both: **soft adventure** – safe travel experiences without excessive physical demands e.g. camping, walking on gradually changing terrain and short route cycling; and **hard adventure** – more physical and riskier travel experiences e.g. mountain biking, white water rafting and bungee jumping.

- The sector is analysed by three Adventure Tourism business types: **activity/ experience providers**, typically based in one location but which may provide activities (e.g. mountain guides, canoeing instructors, wildlife boat cruises) on a regional or national basis; a**dventure travel tour operators,** providing customers with a package of services (e.g. accommodation, transport, guides and equipment etc); and **activity centres and attractions,** that provide a range of adventure and nature-based experiences typically in a single or multi-site basis.

- A number of activities/organisations have not been included within the definition applied to this research. These include golf, go-karting and segway activity, hire businesses, club organisations, country sports, and local authority and regional funding bodies (e.g. Highlands and Islands Enterprise, Scottish Enterprise etc).

SOURCE: [1] Adventure Tourism in Scotland, Market Analysis Report (2010) Paul Easto and Caroline Warburton. http://wild-scotland.org.uk/wp-content/uploads/2010/12/TIG-report.pdf

ADVENTURE TOURISM IN SCOTLAND – WHAT DID WE ALREADY KNOW?

- **Adventure Tourism, globally, rose in value by 195% to $263bn from 2010 to 2013**[2]. This was attributed to increased vacation expenditure, the choice of adventure travel holidays over other forms of holidays, and the number of people taking holidays. Demand has been fuelled by the rise of emerging markets (e.g. China, India, Mexico, Peru), increased connectivity and disintermediation (direct booking without the middle man).

- Within Scotland, the national tourism strategy 'Tourism Scotland 2020' **identifies Adventure Tourism as a market with significant growth potential**. It sets out three growth markets which are forecast to account for the majority of tourism spend in 2020: **home turf** (visitors from Scotland, England, Northern Ireland and Wales) with the potential to grow from £3.1bn to over £3.5bn; **near neighbours** (European tourists), from £730m to nearly £1bn; and **distant cousins** (visitors from US, Canada and Australia), from £400m to over £500m.

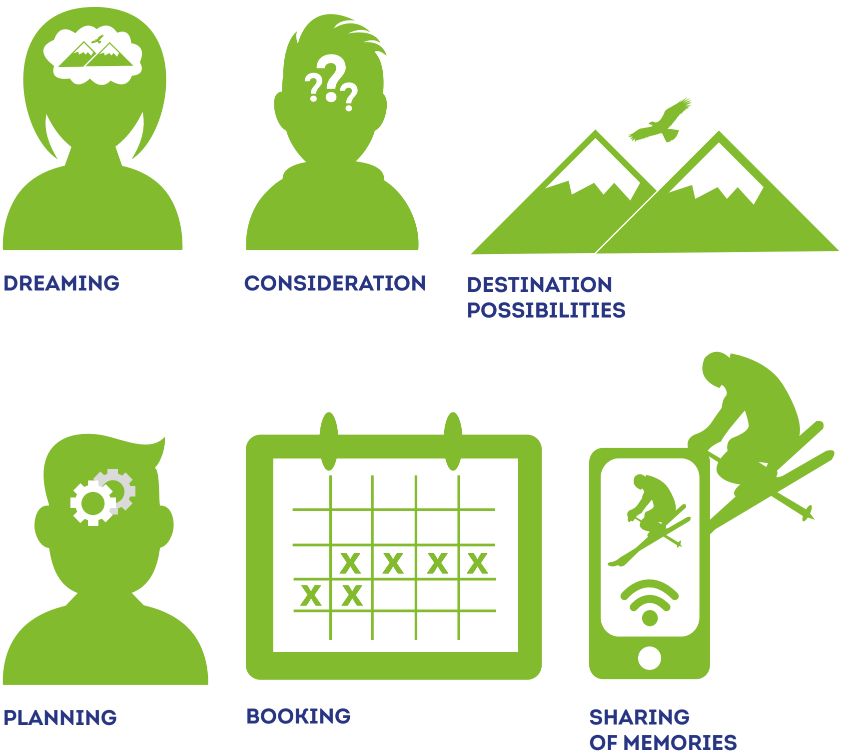
- Existing research has also quantified the value of certain sub-sectors: trips where walking was the primary purpose yielded spend of £174m (2012); leisure cyclists' expenditure per year was estimated £106m per year (2013); mountain biking £49m per year (2013); the sailing market £101m per year (2010); and the snow sports sector £30m (2010).

- The UN World Tourism Organization 2014 report identifies **six key stages** through which adventure tourists typically go. These are **dreaming; consideration of destination possibilities; planning; booking; the experience; and sharing of memories.** Adventure Tourism businesses need to consider these steps in the promotion and provision of experiences.

$263BN

GLOBALLY, Adventure Tourism rose in value by 195% to $263bn from 2010 to 2013

SIX KEY STAGES



SOURCE: [2] Adventure Trade Travel Association (ATTA) Market Study 2013

ADVENTURE TOURISM IN SCOTLAND – WHERE IS IT NOW?

- The **vast majority of Adventure Tourism businesses in Scotland (84%) are activity and experience providers,** one quarter (24%) are activity centres and attractions, and a small proportion are tour operators (5%), with some businesses falling under more than one classification. **More than one third (35%) of Adventure Tourism businesses in Scotland are based within the Highland Council area.**

- There are clear geographic clusters of activity, varying from those locations offering a broad range of activities, such as Aviemore and Fort William, to those that are particularly strong in one or two sub-sectors, such as Peebles which is popular for mountain biking. Other geographic clusters include Oban, Shetland, Gairloch, Portree, Ballater and Blairgowrie.

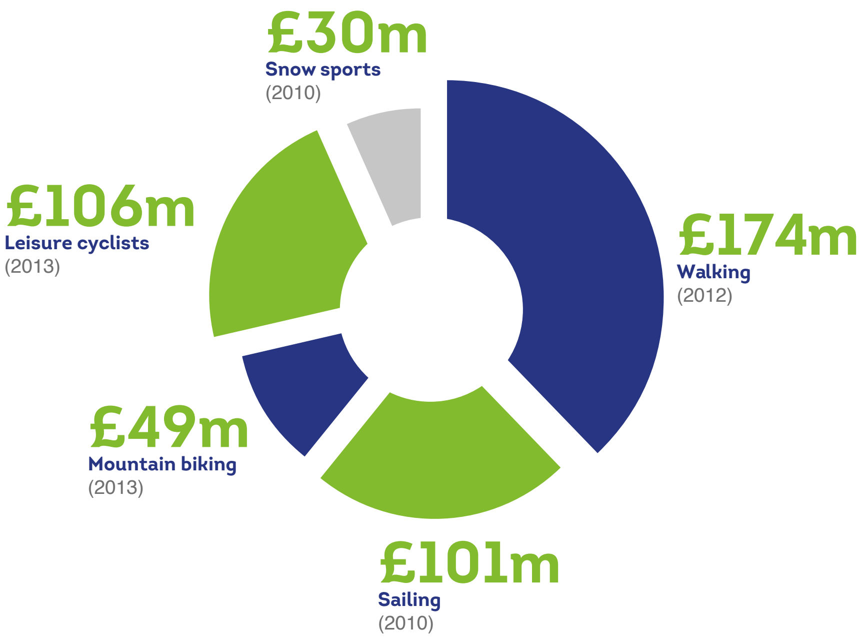
- **Scottish Adventure Tourism businesses typically operate locally or regionally,** with just under half (47%) delivering their activities locally and a further third (32%) operating regionally. Around one in eight (13%) operate internationally, although most of these offer only a few trips outside the UK as part of their wider business activities.

- The importance of the marine environment and walking/climbing in the Adventure Tourism sector is clearly shown, with **44% of Adventure Tourism businesses offering some form of marine-related activities and 43% offering walking/climbing.** Almost four in ten (39%) offer cycling or biking activities and over one third (36%) offer wildlife watching.

- There are **high levels of optimism for future business performance within the sector.** More than two thirds (68%) of Adventure Tourism businesses are looking to expand their turnover over the next three years, and over half (57%) are planning to increase employment.

3,000 FTE JOBS

Looking at **OVER** 350 businesses, it's estimated that at least 3,000 full time equivalent jobs are directly employed in the **ADVENTURE TOURISM** sector.



HOW DOES THE ADVENTURE TOURISM SECTOR WORK IN SCOTLAND?

- More detailed conversations with Adventure Tourism sector businesses reinforces the view of a wide and varied offer across the Adventure Tourism sector. The value of walking is apparent, as is cycling/biking, **reflecting that soft adventure is a key part of the Scottish Adventure Tourism market.** Marine/coastal activities are also important, reiterating the findings from the wider mapping of the sector.

- Alongside the delivery of the Adventure Tourism activity or experience itself **a wide range of products and services are offered by Adventure Tourism businesses,** including the provision of guides, equipment or training; there is scope for the provision of these aspects to be extended further.

- **There are seasonal variations in overall employment levels, but not significantly so.** Adventure Tourism businesses generally operate for the majority of the year, although often at a reduced service. Walking/ climbing and cycling businesses tend to be least seasonal and more likely to be open all year round while seasonality was most evident amongst snowsport businesses. However this is reducing as businesses diversify, offering alternative activities to further stretch the season.

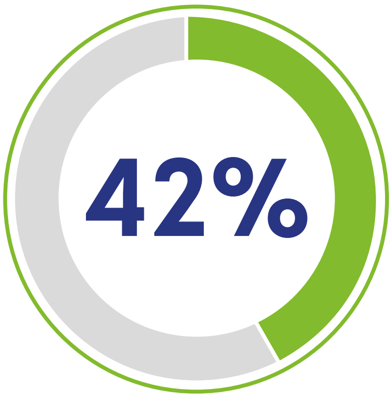
- The **extent of collaboration in the sector is sub-optimal and there is both scope and an appetite for Adventure Tourism** businesses to collaborate more - **over half the Adventure Tourism sector (and 70% of tour operators) would like to do so.** Where businesses are not collaborating, this tends to be because they do not see its value, lack time and resources or lack knowledge/awareness of potential partners.

- **For activity/experience providers, and centres and attractions, visitors are predominantly from Scotland, or the rest of the UK,** although 14% are estimated to be customers from overseas. For centres and attractions there is a strong schools/education market. **For tour operators, more than half of customers are from overseas (57%)**, mainly from Europe and North America. Collaborating with tour operators, or adopting some of their routes to market, may help other Adventure Tourism businesses reach more international markets.

PROMOTION

have a website

use social media



sell online

Tour operators are more geared towards e-commerce and online booking. There are significant opportunities for Adventure Tourism businesses to improve their use of digital technologies to bring efficiencies and enhance market reach.

HOW ADVENTURE TOURISM IN SCOTLAND COMPARED TO THE REST OF THE WORLD

The review benchmarked Scotland against a range of indicators including the range of Adventure Tourism activities available, access to Adventure Tourism activities, marketing and brand effectiveness. Comparator countries are Iceland, New Zealand, Norway, England, Wales, Chile and British Colombia in Canada.

- **A wide range of activity possibilities are currently offered in Scotland,** although other countries, especially New Zealand, have more successfully aligned themselves with the more niche, commercial, 'adrenalin-hit' adventure pursuits. These activities, however, narrow the market potential of the offer. **Scotland would do well to retain its sense of identity as a site of traditional outdoor activity excellence**, similar to Norway.

- **Scotland is considered world class in terms of the frameworks it has in place for client safety and the wide range of skills development programmes,** and in some areas it is world-leading.

- In terms of internal access, Scotland is more compact, and appears to offer easier and quicker access to activities than countries such as Chile and Norway. However, **slow and non-integrated public transport makes accessibility uncompetitive.**

- **Technological adoption, for example mobile phone reception and the provision of Wi-Fi, is an area where other countries are ahead,** although digital connectivity issues are currently being addressed in Scotland as national priorities through the roll out of NGA Broadband. Less than half of Adventure Tourism businesses have e-commerce ability and, for some, their web presence is often out-of-date and low quality. There is also insufficient collaboration by way of co-operative vertical and horizontal integration via web links and online recommendations. As such, **Scotland lags behind many countries in terms of developing the consumer 'journey' and booking process.**

The review also benchmarks some of Scotland's adventure hubs (Fort William, Aviemore, Peebles, Oban, Isle of Skye) against comparator destinations (Whistler, Queenstown, Ambleside, Betws-y-Coed).

- Most of Scotland's hubs (with the exception of Peebles which mainly focuses on mountain biking) are broadly **comparable with the competitor destinations in terms of the range of activities possible, and the number of commercial operators.** Food and accommodation standards have risen over the years in Scotland, although many Scottish hubs still struggle to serve the market of new adventure customers who expect high standards and exciting, innovative forms of accommodation.

KEY GROWTH OPPORTUNITIES

OVERSEAS MARKETS ARE A KEY GROWTH OPPORTUNITY, especially for tour operators, who recognise and target international visitors. The Adventure Tourism sector as a whole would benefit from more international customers. Activity and experience providers and centres and attractions require improved (internet-based) ways to access these markets. Young people in particular, are a growing market, yet their needs and preferences are different to previous generations, particularly where digital connectivity and environmental values are concerned.

FAMILIES ARE RECOGNISED AS A GROWTH MARKET OPPORTUNITY, and these are likely to seek a broader range of activities related to the outdoors, of which adventure may form a part. For centres and attractions, education-related markets and staycations are existing key markets, and there is further growth potential here. Centres and attractions are also the part of the Adventure Tourism sector most likely to see renewed interest in the corporate market.

WALKING, CYCLING/BIKING, WILDLIFE/NATURE WATCHING AND MARINE ACTIVITIES ARE THE KEY AREAS IN WHICH DEMAND IS EXPECTED TO INCREASE, again reflecting that soft-adventure is crucial to the Adventure Tourism sector in Scotland. It is also recognised as a growth opportunity by the business community and wider stakeholders.

THE GROWTH POTENTIAL FROM NEW AND EMERGING OVERSEAS MARKETS is from a small (but growing) customer base. This extends to Asia and South American markets. That said, the largest overseas markets are Europe, Scandinavia and North America, and there is considerable potential to further exploit these.

KEY GROWTH OPPORTUNITIES CONSIDERATIONS

Scotland and the UK are the largest markets for activity and experience providers and for centres and attractions, but these markets are not fully accessed, with the domestic (Scottish) market for adventure (linked to healthy living and staycations) seen as a major opportunity for new business.

Accessing new markets may not be straightforward, and Scotland will continue to face competition from existing and new locations. Adventure Tourism sector businesses find it challenging to identify and reach new customers, allied to a weak approach to e-marketing and online activity. **There are broader constraints to future growth in the sector, linked to poor transport links and integration, and broadband and mobile coverage.** The latter may significantly undermine the ability of the Scotland adventure market to remain competitive.

Workforce issues are not perceived as significant amongst Adventure Tourism businesses. Skills gaps, where they do exist, generally relate to specific sub-sectoral qualifications. Nevertheless, businesses are mostly satisfied with the level of skills development support and training, although for some there are issues of access and cost.

With the notable exception of tour operators, staff recruitment and retention is not a barrier to growth in the sector. However, where it is an issue, it is a significant one. **Business leadership and management capability remains a challenge for the Adventure Tourism sector.** This is restricting growth and is the most frequently cited business challenge. Improved Adventure Tourism sector specific support in this area may help unlock this constraint.

A couple cycling take in the view over Sands of Wright, South Ronaldsay, Orkney

CONCLUSIONS

Scotland is a world-class destination for outdoor leisure, 'adventure' tourism and wildlife watching. This much is acknowledged by DMO leaders and the international trade body ATTA alike.

The evidence indicates that Adventure Tourism businesses expect growth. Tour operators want to do more business here and indicate they need the practitioners who meet their standards of operation – web-savvy, with a high-end product and solid ethical credentials.

Scotland's natural capital ranks with the very best in the world and is contained in a compact, relatively accessible area, offering a range of natural conditions, scenery and bio-diverse coastal/marine environments.

There is a growing outdoor-active community, including both indigenous Scots and those who have settled here from around the world, but particularly the rest of the UK. This can allow general promotion of the Adventure Tourism sector, through word of mouth, and harnessing this interest more actively, for example through recruitment into the sector. Throughout, there is the **potential for excellent product development, and for growth in the sector.**

Skiers at the Top Station of the CairnGorm Mountain ski area

MARKET OPPORTUNITIES

- **The current clusters approach based on developing adventure hubs is an important way to take advantage of market opportunities.** What is also required is for the customer typologies that have been developed to be further utilised to effectively target the appropriate demographic, using age-relevant social media to stimulate the awareness and intention via meanings, values and behaviours of the consumer groups.

- Scotland also offers **scope for attracting new customers to its quieter, wilder places.** For consumers of these experiences, the 'activity' is less important. Its outdoor offer is something beyond what is traditionally labelled as adventure tourism activities – rather it is something embedded in its rugged landscapes, history and culture, 21st century concerns of sustainability, green ethics, popular access to the outdoors and healthy activity.

SECTOR CONSTRAINTS

- **There is a general lack of world-market awareness amongst operators and DMOs,** with limited targeting of overseas markets. There are also too few innovative operators, keen to develop their offer to the consuming public and harness information technology to communicate and sell their experiential products to a discerning international audience.

- **There is a need to broaden the appeal of the Adventure Tourism sector.** This involves using all the seasons, the local culture, local food, music, arts, stories, histories and services to produce a total, rich and authentic product. It is the whole experience on every level that comprises Scotland the brand and its sub-brands.

- Although the evidence from the review encouragingly indicates that the Adventure Tourism sector is succeeding in extending the season, **there remain some seasonality issues.** These can compromise efforts to professionalise the sector and also to innovate and encourage both new product development and further season-stretching interventions.

- There is **no clear, formal understanding of what Scotland's 'adventure tourism' offer comprises.** The breadth of the offer means the sector can encompass everything from bars, restaurants, B&Bs, campsites and hotels, to its travel infrastructure, to what target markets might understand as the whole richness of Scotland's great outdoors. **There is a continuing need to develop links between the different parts of the sector and with supply chain infrastructure to maximise the offer and thus visitor experience.**

- To an extent, a lack of professionalism in the sector continues to exist, in part due to the over-focus on adventure activities mentioned. Skills/knowledge should cover wild places, the people, history, geology, biodiversity and so forth. These would all help to support and create the destination branding required.

RECOMMENDATIONS

THE OFFER

1

Consideration should be given to better linking together of the different Adventure Tourism offers and assets. This may include the landscape, scenery and nature through offering related activities, routes and journeys at a destination level, for example where day operators develop linked food and drink and accommodation offers to create a more joined up experience for visitors. It may also include developing the Adventure Tourism offer around place, history, wild food, stories, culture, music and so on, to further broaden the offer beyond hard adventure. Businesses can be helped to better understand the benefits of working in partnership, with improved mechanisms for doing so.

2

In linking the Adventure Tourism offer and assets, it is recommended that the promotion and facilitation of the combination of complementary activities to further stretch seasons is continued. For example, developing mountain biking around ski centres or use of events to provide an opportunity for consumers to experience Scotland and act as a draw for first time visitors. There is some evidence this is happening, although the Adventure Tourism sector still demonstrates a largely seasonal pattern.

ACCESSING MARKETS

3

A range of support mechanisms should be further developed to help businesses to access international markets. There may also be the need to develop more culture-specific products or 'tailor made' experiences. Businesses should be supported to help access UK markets, particularly at off-peak times (linked to extending the season under 'The Offer' above).

INFRASTRUCTURE

4

With respect to improving ICT communications/ broadband coverage and internet-based support, it is recommended that increasing online bookings and web-based information sources and search engines is championed, and that Adventure Tourism sector businesses are supported to develop their online and e-commerce capabilities. More broadly, there remains a need for faster/ better broadband connections, especially in rural areas and more reliable connections to facilitate growth. The lack of high quality, reliable wifi access can also hinder last minute and chance business promotion.

5

There is an identified need for improving public transport connections, particularly with regard to trains and ferries and connections between different types of public transport. Maximising the opportunities afforded by the new Scotrail franchise and lobbying for better integration of transport and timetabling should be a priority for the Adventure Tourism sector. More specifically, there may be a need to develop and further improve shore-side facilities, given that the marine and coastal sub sector remains the largest Adventure Tourism sector, and evident concern that shore-side facilities are not meeting the requirements of many sailing visitors.

TRAINING

6

As well as the guiding courses and softer hospitality skills support available and under development, there is a need for wider training for accommodation and food and drink providers, so they better understand the value of the Adventure Tourism sector and can promote and communicate the offer more effectively to customers. Some form of support to understand the cultural requirements of different market groups may also be valuable.

7

Businesses in the Adventure Tourism sector identify a need for developing their leadership and management skills, as this is an area where businesses face particular challenges. The benefits of developing higher levels of soft skills, wildlife and land/seascape interpretation and interpersonal (hospitality) skills in the Adventure Tourism sector, to deliver very high levels of customer service, are also important areas to develop.

MARKETING AND BRANDING

8

The 'soft' adventure side of the sector should continue to be promoted and the quality of the offer in Scotland and its outdoors better communicated to consumers. There is a need to make the sector as a whole attractive. Scotland has an enviable offer, and this needs to reach more potential customers.

PUBLIC SECTOR SUPPORT

9

Public sector agencies should play a lead role in joining up and integrating connected agendas: the public sector can help facilitate Adventure Tourism sector growth by promoting integrated partnerships across the whole of the adventure tourism sector – bringing together Adventure Tourism businesses and supply chain activities and required infrastructure (transport, accommodation, activities, food and drink, digital connectivity).

Knoydart Coming Ashore. Credit Wilderness Scotland

NEXT STEPS

This research provides an insight to the adventure tourism sector, and confirms the huge growth potential in Scotland.

The research has been led by Highlands and Islands Enterprise and supported by partnership including: VisitScotland, Scottish Enterprise, Scottish Development International and the Scottish Tourism Alliance. This partnership of industry and public bodies will continue to work together to consider the recommendations in this report. We are determined to make the most of our incredible adventure tourism offering and to bring further economic benefits to Scotland.

This report was produced for Highlands and Islands Enterprise by ekosgen in partnership with Reference Economics and the University of the Highlands and Islands Centre for Recreation and Tourism Research. For the full report, go to **www.hie.co.uk.**

Image right: Paddling across the glassy calm waters off the Outer Hebrides. Credit Wilderness Scotland

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