Tourism in Scotland:
The Economic Contribution of the Sector

April 2018

A report commissioned by
the Tourism Leadership Group

One of Andy Goldsworthy's Striding Arches on Bail Hill, Dumfries and Galloway

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Foreword from the Chair of the Tourism Leadership Group

Castle Stalker, situated on an islet on Loch Laich (part of Loch Linnhe), Appin, Argyll

Tourism is acknowledged by the Scottish Government as being central to the success of the Scottish Economy.

The Tourism Leadership Group (TLG), a partnership of industry and public sector representatives, is responsible for shaping and reviewing Scotland's national tourism strategy "Tourism Scotland 2020"; determining the key priorities; overseeing its delivery; monitoring and reporting on the outcomes.

We actively seek supportive change at policy level to enable our tourism industry to reach its growth ambition and perform as Scotland's main economic driver.

Our mission is to help shape the right conditions for growth and profitability for the tourism sector and raise the profile and importance of tourism in Scotland.

Our vision is to lead an engaged and united tourism industry, delivering an ambitious shared strategy for growth for 2020 and beyond.

This paper presents the strength and driving force tourism delivers to the Scottish Economy. The clear benefits are shown in the contribution the industry returns to the economy; its contribution to sustainability of communities both rural and urban through the employment opportunities it provides; cultural and heritage preservation and the opportunities tourism provides for international inward investment, exports, skills training and job opportunities.

Our thanks go to the staff of the Scottish Government, VisitScotland and Scottish Enterprise who provided the research and support in the production of this publication.

Stephen Leckie

Chair, Tourism Leadership Group & Scottish Tourism Alliance

Chapter 1: Introduction

Arbroath Harbour, Angus

The tourism industry is a cornerstone of the Scottish Economy, and vital to the economic performance of towns, cities and regions across the length and breadth of Scotland.

1.1. The industry accounts for around one in every twelve jobs in Scotland, and around five per cent of the Scottish Economy's Gross Value Added (GVA). It plays an important role in the economies of Scotland's major cities, while also making a substantial contribution to sustaining employment and economic activity in Scotland's rural communities.

1.2. To guide and encourage the development of tourism in Scotland, the tourism sector has taken forward *Tourism Scotland 2020*[1]. This strategy sets out a clear ambition for Scotland to be, "…a destination of first choice for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people".

1.3. The strategy centres on improving the performance through improving **leadership** and **digital** capabilities across the sector; encouraging and influencing **investment** in the sector and supporting infrastructure; and on improving the **quality of the visitor experience** across Scotland.

1.4. TS2020 is industry-led, with progress being supported by the Scottish Tourism Alliance (STA)[2], and overseen by the Tourism Leadership Group (TLG)[3]. The TLG was formed in 2011 to bring together tourism leaders from the private and public sector to drive industry-wide collaboration and alignment.

1.5. This report, produced on behalf of the TLG, gives an overview of tourism in Scotland, and is divided into three main sections:

- **Chapter 2** provides data on **Visitors to Scotland** – where they come from, what they do in Scotland, and the value of their expenditure in Scotland.
- **Chapter 3** explores the makeup of **Scotland's tourism sector** – both in terms of the characteristics of the business base, and the composition of the workforce – and the economic contribution it makes across Scotland.
- **Chapter 4** considers the **contribution tourism makes to Scotland's economy** overall, and its role in supporting activity in other economic sectors.
- **Chapter 5** provides a brief conclusion.

1 http://scottishtourismalliance.co.uk/page/national-strategy/
2 http://scottishtourismalliance.co.uk/
3 http://scottishtourismalliance.co.uk/page/ts2020-strategy-group/

TOURISM CONTRIBUTES **AROUND £6BN** OF GDP TO THE SCOTTISH ECONOMY, 5% OF THE TOTAL

EACH ADDITIONAL £100 MILLION SPENT BY TOURISTS **SUPPORTS AROUND £65 MILLION OF GDP** IN THE WIDER ECONOMY

TOURISM EMPLOYS 207,000 PEOPLE, AROUND ONE IN 12 JOBS IN THE ECONOMY

TOURISM EMPLOYMENT **HAS GROWN 12%** SINCE 2011, CREATING AN EXTRA 20,000 JOBS

OVER 9% OF THE SECTOR'S WORKFORCE ARE NON-UK EU NATIONALS, COMPARED WITH 5% FOR SCOTLAND AS A WHOLE

THERE ARE OVER **14,000 TOURISM BUSINESSES** IN SCOTLAND, AROUND ONE IN 12 OF SCOTLAND'S REGISTERED BUSINESSES

IN 2016 **ALMOST £4.8 BILLION** WAS SPENT BY OVERNIGHT VISITORS TO SCOTLAND

OVER 2.7 MILLION OVERSEAS VISITORS CAME TO SCOTLAND IN 2016 – UP 17% SINCE 2011

IN 2016, SCOTLAND'S TOP FIVE MARKETS FOR INTERNATIONAL VISITORS WERE:

USA, GERMANY, FRANCE, CANADA, POLAND (BY VOLUME)

USA, GERMANY, CANADA, AUSTRALIA, ITALY (BY VALUE)

SCOTLAND WAS VOTED AS **THE MOST BEAUTIFUL AND MOST WELCOMING COUNTRY IN THE WORLD*** BY ROUGH GUIDE READERS IN 2017

SCOTLAND IS HOME TO **SIX UNESCO WORLD HERITAGE SITES** ONE FIFTH OF THE UK'S TOTAL**

THE NATIONAL MUSEUM OF SCOTLAND AND EDINBURGH CASTLE EACH **ATTRACTED OVER 2 MILLION VISITORS** IN 2017 – THE MOST VISITED UK ATTRACTIONS OUTSIDE OF LONDON

SCOTLAND IS THE HOME OF **GOLF, WHISKY & TARTAN**

*Source: Most Beautiful: https://www.roughguides.com/gallery/most-beautiful-country-in-the-world/
Most Welcoming: https://www.roughguides.com/special-features/rough-guides-reader-awards-2017-the-winners/

**Source: Scotland's UNESCO sites are the Old and New Towns of Edinburgh; New Lanark; Heart of Neolithic Orkney; St Kilda; the Antonine Wall; and the Forth Rail Bridge. https://whc.unesco.org/en/statesparties/gb

Chapter 2: The Value of Visitors to Scotland[4]

Young travellers at Pittenweem Harbour, Kingdom of Fife.

4 All data correct as of 27th March 2018.

2.1. As a long-established, mature destination, Scotland has been a popular choice for visitors from the UK and Europe for decades.

2.2. In recent years, tourism has become one of the fastest growing economic sectors in the world. Inbound tourist arrivals (overnight visitors) grew to over 1.2 billion in 2016, an increase of 46 million (3.9 per cent) on the previous year. International tourist arrivals worldwide are forecast to increase by 3.3 per cent a year between 2010 and 2030 to reach 1.8 billion by 2030[5].

2.3. The UK ranks highly in terms of global tourism destinations, being 8th in the world for international tourist arrivals (34.4 million) and 5th for tourism receipts (US$ 45.5 billion)[6]. Although London receives over half of international visitor numbers and spend within the UK, Scotland also generates a substantial portion of the UK's attraction, with 7 per cent of international trips to UK and 8 per cent of spend[7].

OVER 2.7 MILLION OVERSEAS VISITORS
CAME TO SCOTLAND IN 2016 –
UP 17% SINCE 2011

Visitors to Scotland

2.4. Tourism in Scotland includes overnight visitors from other parts of Scotland, the rest of the UK, or from overseas. It also includes people making day visits to different parts of Scotland, either from other parts of Scotland or across the UK.

2.5. In 2016, there were almost 14.3 million overnight visitors to Scotland. Visitors from across Great Britain represent the majority of overnight visitors to Scotland. In 2016, there were around 11.5 million overnight visits from across Great Britain, and a further 2.7 million from overseas. There were also 142 million day visits within Scotland in 2016[8].

2.6. In recent years, there have been divergent trends within the different sections of the overnight visit market in Scotland. Between 2011 and 2016, total overnight visitor numbers declined by around 9 per cent. This decline in overnight visitor numbers has been driven by visitors from within Great Britain, whose numbers declined by 14 per cent between 2011 and 2016.

2.7. However, over the same period, overseas visitor numbers have increased significantly: between 2011 and 2016, numbers of overseas visitors increased by 17 per cent. Within these, the USA, Germany and France have been the main sources of overseas visitors to Scotland, accounting for over one third of total visitors in 2016.

2.8. Growth in visitor numbers from the USA and Germany have been the drivers of growth in Scotland's international visitor numbers, as is highlighted by Table 1 on page 9.

5 OECD, 2018, Tourism Trends and Policies 2018, p 26. https://live.oecd-ilibrary.org/docserver/tour-2018-en.pdf?expires=1522315120&id=id&accname=guest&checksum=F99B3AC2F9FA71F9B6F7F54352EAE5F4

6 Source: UN World Tourism Organisation (2017), UNWTO Tourism Highlights 2017. https://www.e-unwto.org/doi/book/10.18111/9789284419029

7 Change source: VisitBritain (2017) Regional Spread of Inbound Tourism. https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/foresight_157_regional_spread.pdf

8 Source: ONS (2017), Great Britain Visitor Survey, International Passenger Survey.

Table 1: International Visitors to Scotland, Selected countries, 2011-2016 (thousands)

	2011	2012	2013	2014	2015	2016	Growth, 2011-16
USA	333	324	316	417	409	451	**36%**
Germany	250	281	293	343	323	355	**42%**
France	169	174	193	191	196	152	**-10%**
Canada	103	90	106	122	98	149	**44%**
Poland	57	67	80	138	87	138	**143%**
Australia	130	127	138	158	142	132	**1%**
Italy	86	99	100	67	92	123	**43%**
Netherlands	131	150	138	149	157	115	**-13%**
Irish Republic	195	149	105	113	78	96	**-51%**
Spain	132	114	93	101	146	89	**-33%**
Total International Visitors	**2,350**	**2,225**	**2,421**	**2,700**	**2,592**	**2,747**	**17%**

Source: ONS (2017), *International Passenger Survey*

2.9. There are also differences between durations of visit between overnight visitors from Great Britain and overseas. The average length of trip for a domestic overnight visitor in 2016 was between 3 and 4 days. Around 38 per cent of overseas visitors stayed for between 4 and 7 nights, while 44 per cent of overseas visitors stayed for longer than this.

2.10. People visit Scotland for a variety of reasons. However, the majority of overnight visitors to Scotland are on holiday. Table 2 below sets out the different shares of overnight visitors by reasons for their stay.

Table 2: Overnight Trips to Scotland, by Reason for Stay[9]

	Scotland Residents		Rest of GB		Overseas	
	Volume (000's)	Share (%)	Volume (000's)	Share (%)	Volume (000's)	Share (%)
Holiday	3,354	57%	3,010	49%	1,471	54%
Visiting Friends & Relations	1,710	29%	1,751	28%	782	28%
Business	590	10%	1,141	19%	413	15%
Other	188	3%	244	4%	81	3%
Total	5,842	100%	6,146	100%	2,747	100%

Source: ONS (2017), *Great Britain Tourism Survey, International Passenger Survey*

9 Data for Scotland and Rest of GB trips relate to 2015, while data on overseas trips relate to 2016.

2.11. Edinburgh is the most popular location for trips in Scotland, both for visitors from within Scotland, Great Britain and from overseas. In 2016, Edinburgh and the Lothians was the destination for 42 per cent of overseas visitors' overnight trips, followed by Greater Glasgow and Clyde Valley (18 per cent) and Highlands and Islands (14 per cent).

2.12. Scotland has a number of popular visitor attractions. Both the National Museum of Scotland and Edinburgh Castle exceeded 2 million visitors in 2017, making them the most visited attractions outside of London[10]. Box 1 below gives an overview of recent trends in Scotland's visitor attractions.

Box 1: Visitor Attractions in Scotland

Scotland has a varied and diverse range of visitor attractions across the length and breadth of the country. These include UNESCO World Heritage sites; iconic, world-renowned historical attractions like Edinburgh Castle; important wildlife and natural heritage attractions; cutting-edge cultural attractions; and those that showcase Scotland's status as the home of both golf and whisky. Scotland's diverse visitor attractions make an important contribution to Scotland's tourism sector.

Table B1 gives details of the most popular attractions across Scotland:

Table B1: Most Visited Attractions in Scotland, 2017

Paid Attractions		Free Attractions	
Attraction	**Visitor Numbers**	**Attraction**	**Visitor Numbers**
1 Edinburgh Castle	2,063,709	1 National Museum of Scotland	2,165,601
2 Edinburgh Bus Tours	690,082	2 Scottish National Gallery	1,600,761
3 Stirling Castle	567,259	3 Riverside Museum	1,355,359
4 Edinburgh Zoo	519,281	4 Kelvingrove Art Gallery & Museum	1,304,072
5 Urquhart Castle	488,136	5 St Giles' Cathedral	1,285,654
6 Glasgow Science Centre	425,961	6 Royal Botanic Garden Edinburgh	821,955
7 Glenfinnan Monument	396,448	7 Gretna Green Famous Blacksmith's Shop	812,177
8 Royal Yacht Britannia	390,482	8 National War Museum	764,079
9 The Scotch Whisky Experience	376,757	9 Regimental Museum of the Royal Scots Dragoon Guards	745,208
10 Loch Ness by Jacobite	298,000	10 Gallery of Modern Art	670,555

Source: Moffat Centre (2018), Scottish Visitor Attraction Monitor 2017

Data from the Moffat Centre also suggests that in 2017, visitor attractions in Scotland experienced a 7.0 per cent increase in visitor numbers compared to 2016.

Attractions in Greater Glasgow and the Clyde Valley and Edinburgh and the Lothians received the greatest number of visitors (almost 21 million and over 17 million respectively), while substantial growth in visits were seen in attractions in areas like Aberdeen & Grampian (up over 13 per cent) and Orkney (up 14 per cent). Outdoor and Nature Attractions and Museums and Art Galleries were the most popular types of attraction (with around 21 million and over 17 million visitors respectively) while substantial growth was seen in visits to Castles/Forts (up 21 per cent to around 5.3 million visitors) and Distilleries, Breweries and Wineries (up over 13 per cent to around 1.7 million visitors). These give an indication of the diverse range of attractions that Scotland has to offer.

10 Association of Leading Visitor Attractions (2018), Latest Visitor Figures. http://www.alva.org.uk/details.cfm?p=423

Expenditure by Visitors to Scotland

2.13. In 2016, expenditure by visitors to Scotland was valued at around £9.7 billion[11]. Of this, almost half (£4.75 billion) was generated by overnight visitors. Around 61 per cent of overnight expenditure was generated by UK visitors, while around 39 per cent was generated by overseas visitors.

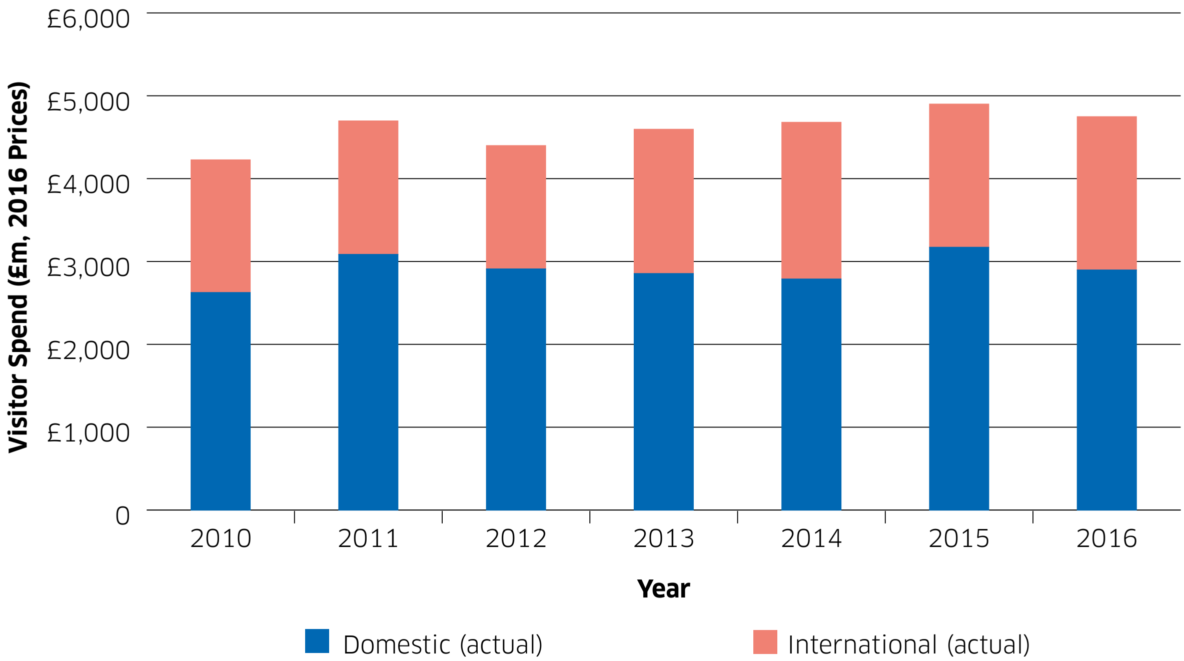
2.14. Since 2011, total visitor spend has increased by 9 per cent in nominal terms, or 1 per cent in real terms, largely driven by a 24 per cent increase in international visitor spend in nominal terms and a 1 per cent increase in spend by UK overnight visitors in nominal terms.[12] Chart 1 below shows the domestic and international spend since 2010.

2.15. Visitors from the USA were responsible for almost £510 million of overseas' visitors expenditure in 2016 – 28 per cent of the total. Germany (£212 million), Canada (£130 million), Australia (£102 million) and Italy (£92 million) were the other countries in Scotland's top 5 markets in terms of expenditure in 2016.

2.16. Table 3 overleaf shows the total visitor spend, number of trips and average spend per trip for 2016. While 61 per cent of spend is generated by UK visitors, they account for 81 per cent of the trips. International visitors account for 19 per cent of trips and 39 per cent of spend.

IN 2016 **ALMOST £4.8 BILLION** WAS SPENT BY OVERNIGHT VISITORS TO SCOTLAND

Chart 1: International and Domestic Overnight Visitor Spend from 2010 - 2016 (£m, Real Terms)



Sources: ONS (2017), Great Britain Tourism Survey, International Passenger Survey

11 Source: ONS (2017), Great Britain Tourism Survey / International Passenger Survey

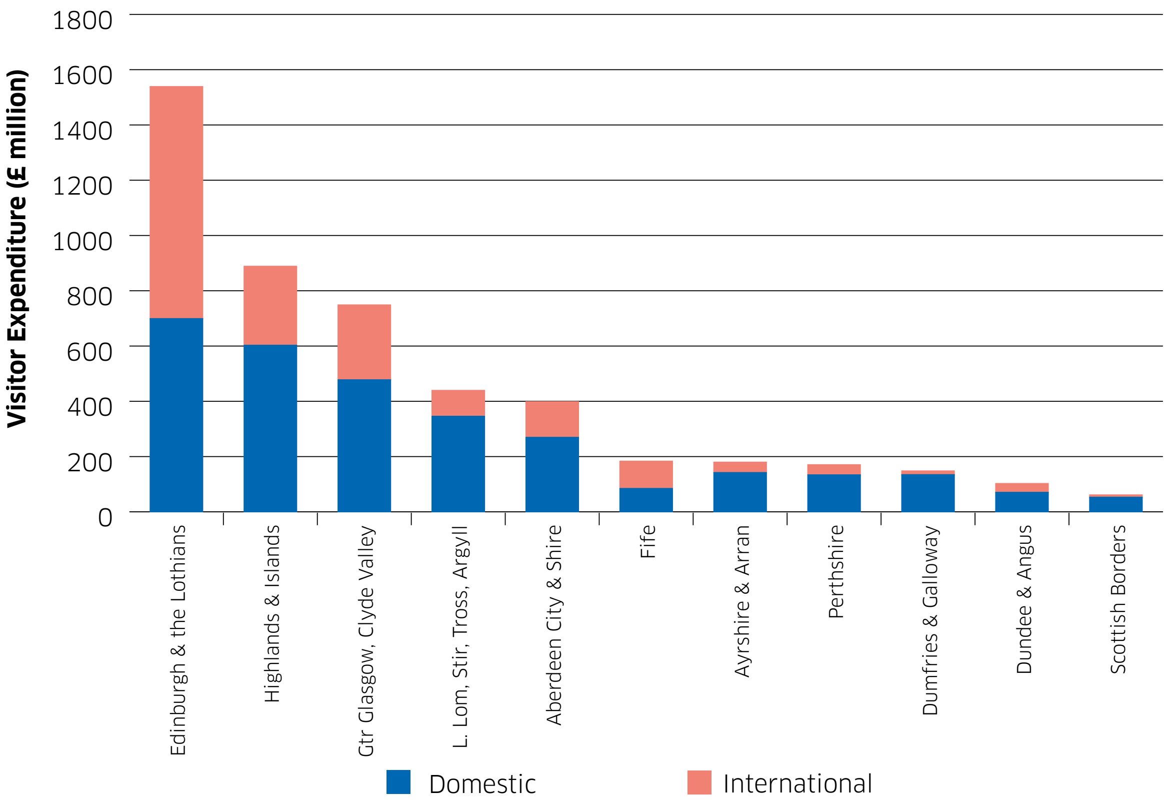
12 In this document, financial data are presented in 2016 prices, unless otherwise stated. Data have been converted to 2016 prices (real terms) using HM Treasury's GDP deflators at market prices, and money GDP December 2017 (Quarterly National Accounts). https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2017-quarterly-national-accounts

Table 3: Total Overnight Visitor Spend, Number of Trips and Average Spend in 2016

Overnight Visitors	Total Spend (£ million)	Trips (million)	Average Spend/Trip
UK visitors	£2,897	11.51	£252
International visitors	£1,850	2.75	£673
All visitors	£4,747	14.26	£333

Sources: ONS (2017) Great Britain Tourism Survey, International Passenger Survey

Chart 2: Overnight Visitor Spend (Domestic & International) by Region (2016)[13]



Source: ONS, Great Britain Tourism Survey, International Passenger Survey

2.17. Chart 2 shows that Edinburgh and the Lothians receive almost one third of all overnight visitor expenditure (32 per cent). Highlands and Islands received 18 per cent of expenditure, while Glasgow received 15 per cent.

2.18. This data helps to illustrate the importance of tourism to both Scotland's regions, and Scotland as a whole.

Summary

2.19. In recent years, while overall numbers of overnight visitors to Scotland have fallen, numbers of overseas visitors have increased substantially, as has the value of expenditure by visitors to Scotland. While Edinburgh and the Lothians receive the largest shares of both visitor numbers and expenditure, overall visitor numbers and expenditure are distributed widely across Scotland. This supports a sector that operates across Scotland, the characteristics of which are described in Chapter 3.

13 Domestic Overnight Expenditure values are based on three year annual average for period 2014-16

Chapter 3: The Tourism Sector In Scotland[14]

The SSE Hydro, Glasgow

14 All data correct as of 27th March 2018.

3.1. The tourism sector is an important component of the Scottish Economy, supporting business activity and employment opportunities across all parts of Scotland.

3.2. The importance of tourism is demonstrated in its status as one of the Scottish Government's six Growth Sectors – sectors in which Scotland has been identified as having a distinct comparative advantage. The other Growth Sectors are: Creative Industries, Energy, Financial & Business Services, Food & Drink, and Life Sciences.

3.3. There are differing approaches to defining the scope of Scotland's tourism sector. For the purposes of this chapter, the industry is based on the Scottish Government's 'Sustainable Tourism Growth Sector' definition, though it is recognised that this omits elements of the sector. A discussion of this is set out in Appendix 1.

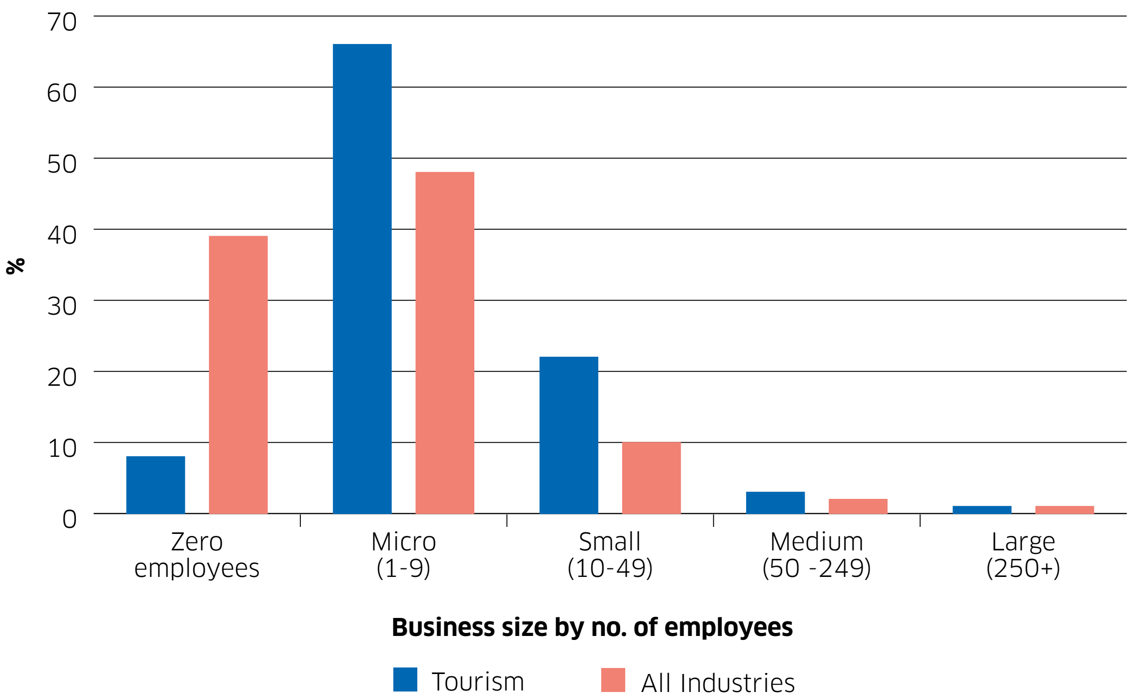
Scotland's Tourism Enterprises

3.4. In 2017, there were 14,145 registered enterprises within the Sustainable Tourism Growth Sector in Scotland. The sector accounted for 8 per cent of all registered businesses in Scotland.

3.5. Within the Sustainable Tourism Growth Sector, the largest sub-sector in terms of business numbers are restaurants (51 per cent), pubs and clubs (20 per cent) and hotels (11 per cent)[15].

THERE ARE OVER **14,000 TOURISM BUSINESSES** IN SCOTLAND, AROUND ONE IN 12 OF SCOTLAND'S REGISTERED BUSINESSES

Chart 3: Registered businesses by size, 2017



Sources: Scottish Government

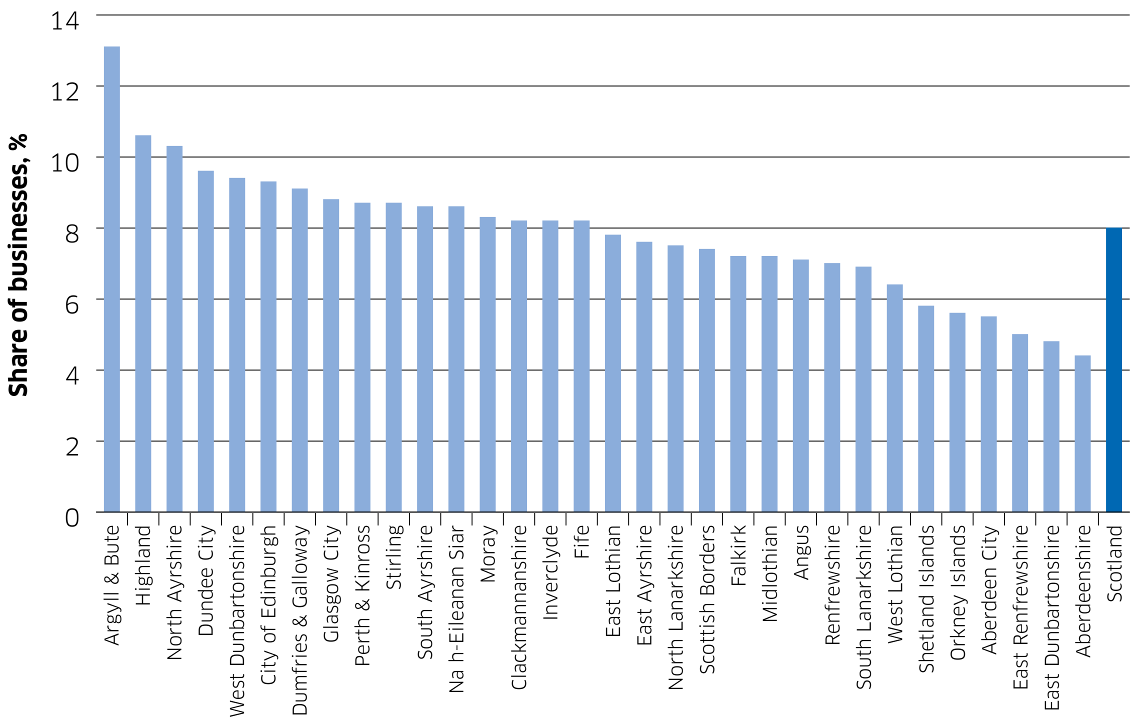
15 Scottish Government (2018), Growth Sector Statistics Database. http://www.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors/Database

3.6. Chart 3 above summarises the size distribution of the business base. While the market shares of medium and large businesses within the sustainable tourism sector are similar to the Scottish Economy as a whole, the sector has a notably larger share of micro-businesses (1-9 employees) and small businesses (10-49) than the Scottish Economy overall.

3.7. While 96 per cent of tourism enterprises are small (0-49 employees), they account for 51 per cent of employment in the sector. In contrast, large enterprises (250+ employees) account for just 1 per cent of registered enterprises and account for 34 per cent of employment in the sector.

3.8. The share of Tourism businesses within the overall business base varies across Scotland. Tourism related enterprises are over-represented relative to the national average in many rural areas: for instance, Argyll & Bute, and Highland, have the highest proportion of tourism businesses in Scotland as a share of their businesses bases. However, as Chart 4 below illustrates, it is not a uniform picture, as both Edinburgh and Glasgow also have a higher share of tourism businesses within their business bases than Scotland overall.

Chart 4: Tourism Businesses as a share of Businesses, by Local Authority, 2017



Sources: Scottish Government, Office for National Statistics (Inter Departmental Business Register)

Table 4: Total Turnover by Sustainable Tourism Sub-Sector (2015)

Business Type	Total Turnover (£M)	% of total	% change, 2011-15, real terms
Restaurants	£2,481.5	36%	+15%
Hotels	£2,062.1	30%	+18%
Pubs & Clubs	£1,180.7	17%	-10%
Others	£1,212.3	17%	+20%
Sustainable Tourism Growth Sector	**£6,936.6**	**100%**	**+11%**

Sources: Scottish Government (2018) Growth Sector Statistics Database; Scottish Annual Business Statistics

3.9. Overall turnover by Sustainable Tourism Growth Sector businesses has increased by 18 per cent since 2011, or 11 per cent in real terms. As Table 4 above illustrates, Restaurants (36 per cent), hotels (30 per cent) and pubs & clubs (17 per cent) account for the largest proportion of the Sustainable Tourism sector's turnover. All sub-sectors, with the exception of pubs and clubs have seen an increase in turnover between 2011 and 2015.

3.10. A similar pattern is shown for GVA (Gross Value Added) which has increased by 32 per cent since 2011, or 25 per cent in real terms and driven largely by growth in the restaurant and hotel sectors. Sixty-nine per cent of GVA can be attributed to restaurants and hotels.

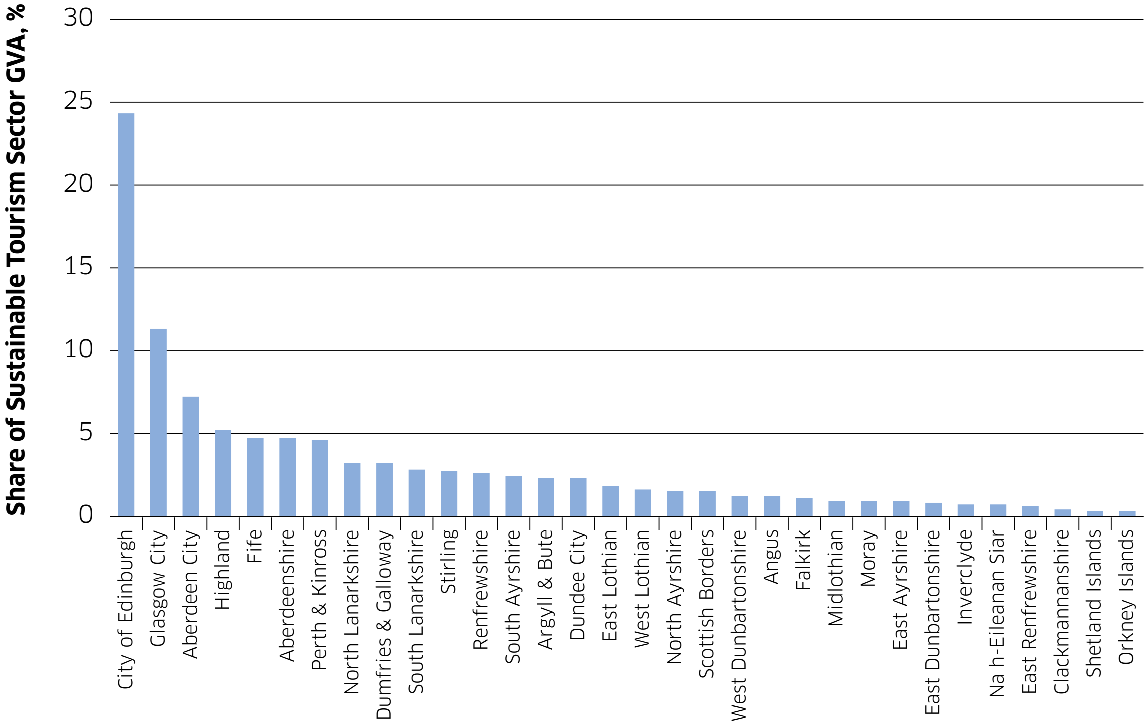
3.11. As Chart 5 overleaf illustrates, almost one quarter (24.3 per cent) of the Sustainable Tourism Growth Sector's GVA is generated by the City of Edinburgh. In addition to this, over one tenth (11.3 per cent) of the sector's GVA is generated by Glasgow, 7.2 per cent by Aberdeen City and 5.2 per cent by Highland. Along with Fife, these five Local Authorities contribute more than half of the GVA in Scotland's Sustainable Tourism Growth Sector as a whole.

Table 5: Gross Valued Added (GVA) by Sustainable Tourism Sub-Sector (2015)

Business Type	GVA (£m)	% of total	% change, 2011-15, real terms
Restaurants	£1,372.5	36%	+41%
Hotels	£1,227.8	33%	+25%
Pubs & Clubs	£636.0	17%	+11%
Others	£524.5	14%	+10%
Sustainable Tourism Growth Sector	**£3,760.8**	**100%**	**+25%**

Sources: Scottish Government (2018) Growth Sector Statistics Database; Scottish Annual Business Statistics

Chart 5: Share of Sustainable Tourism Growth Sector GVA, 2015

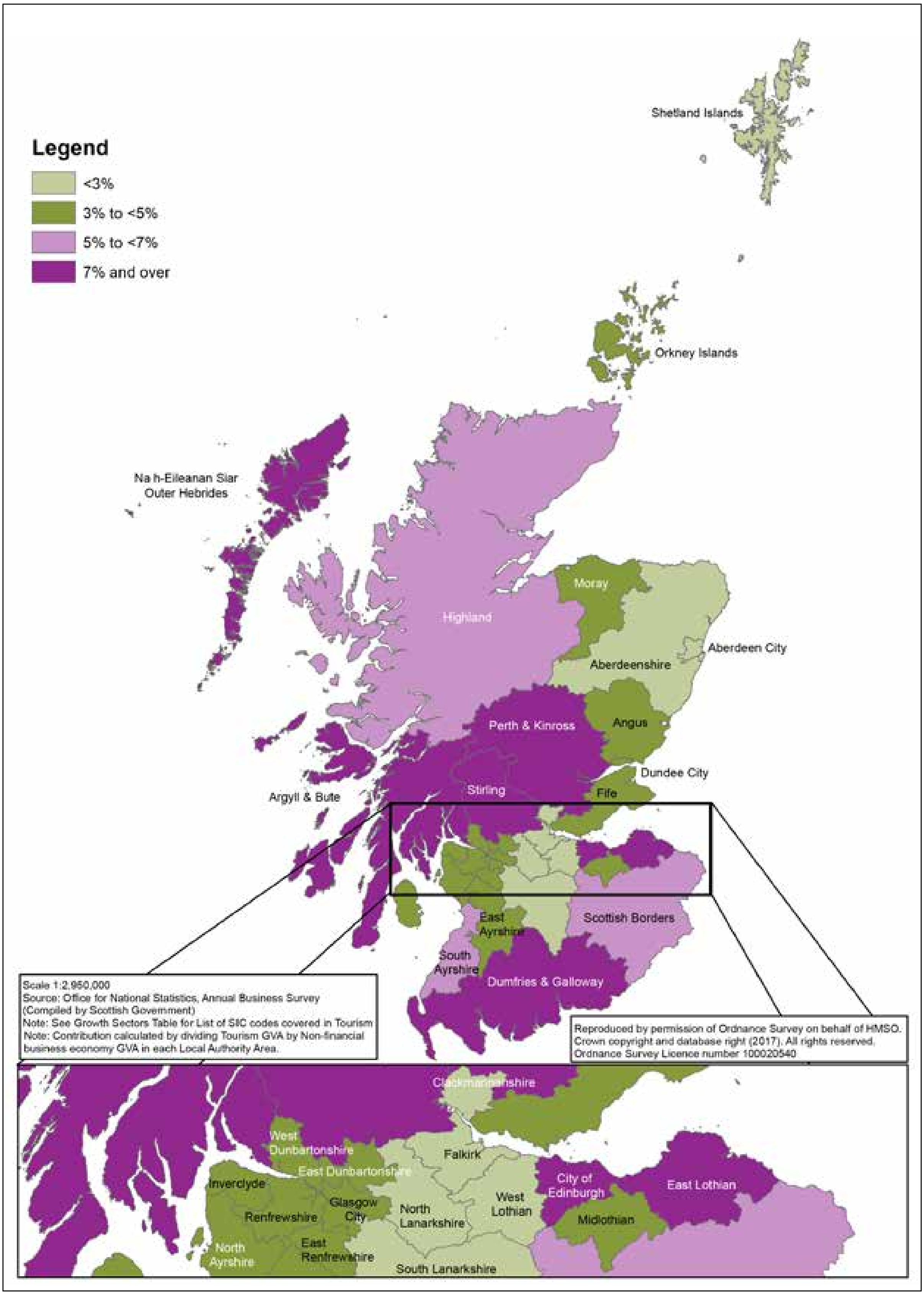


Sources: Scottish Government (2018) Growth Sector Statistics Database; Scottish Annual Business Statistics

3.12. To better understand the contribution of the Sustainable Tourism Growth Sector to local economies, it is helpful to consider the share of GVA within local areas that is attributable to the sector.

3.13. Figure 1 overleaf indicates the relative importance of the Sustainable Tourism Growth Sector to Scotland's Local Authorities, in terms of its share of local GVA. The Local Authorities where the sector accounted for the highest share of local GVA were the Western Isles (10.9 per cent), City of Edinburgh (8.7 per cent), Argyll & Bute (8.4 per cent) and East Lothian (7.8 per cent).

Figure 1: Sustainable Tourism's contribution to Local Authority GVA, 2015



Sources: Scottish Government (2018) Growth Sector Statistics Database; Scottish Annual Business Statistics

Scotland's Tourism Workforce

3.14. Scotland's tourism sector is a significant employer across Scotland, and an important provider of routes into the labour market for a number of Scots.

3.15. In 2016, 207,000 people were employed in Scotland's Sustainable Tourism Growth Sector[16]. This represents around 8 per cent of all employment in Scotland. Overall employment within the sector has increased by 12 per cent since 2011, creating an additional 20,000 jobs.

3.16. Just over half of the workforce within the sector are female, which is similar to the Scottish Economy as a whole. However, the sector has a notably higher proportion of part-time employment than the Scottish Economy overall, with 47 per cent of posts being part-time (compared against 27 per cent overall for Scotland), but a lower share of female employees in part-time roles (62 per cent, against 77 per cent for Scotland as a whole).

3.17. Within the sector, restaurants employ the most people, accounting for 39 per cent of all employment. The number of people employed in the restaurant sector has increased by 35 per cent since 2011, in contrast to the hotels and pubs & clubs sectors which have seen a decrease of 6 per cent and 10 per cent respectively.

TOURISM EMPLOYS 207,000 PEOPLE,
AROUND ONE IN 12
JOBS IN THE ECONOMY

Table 6: Employment by Sustainable Tourism Sub-Sector (2016)

Business Type	Number of employees	% of total	% change 2011-16
Restaurants	81,000	39%	+35%
Hotels	50,000	24%	-6%
Pubs & Clubs	32,000	15%	-10%
Others	44,000	22%	+22%
Sustainable Tourism	**207,000**	**100%**	**+12%**

Sources: Scottish Government (2018) Growth Sector Statistics Database; Scottish Annual Business Statistics

16 Scottish Government (2018) Growth Sector Statistics Database

3.18. Some occupations represent a greater share compared with the Scottish Economy as a whole[17]:

- Around 14 per cent are managers, directors and senior officials, compared against 9 per cent for the Scottish Economy overall;
- Over 40 per cent are employed in elementary occupations (such as kitchen and catering assistants, waiters and waitresses, bar staff, leisure and theme park attendants, cleaning staff and hired help) compared against 11 per cent in the Scottish Economy overall;
- Over 14 per cent are employed in skilled trades (including chefs, catering and bar managers, groundsmen and greenkeepers) compared against 11 per cent in the Scottish Economy.

3.19. The sector also has a smaller share of staff in professional occupations (2 per cent) than the Scottish Economy overall (21 per cent).

3.20. While the share of the workforce educated to a degree level is lower in the Sustainable Tourism Growth Sector (17 per cent) than for the Scottish Economy overall (32 per cent), a larger portion of the work force are educated to Credit Standard Grade and Higher level (48 per cent) than the Scottish Economy (38 per cent).

3.21. Compared to the overall Scottish workforce, workers in the tourism sector are far less likely to be employed in occupations that are considered 'High skill' (4 per cent against 26 per cent in Scotland), and are more likely to be employed in occupations that are considered 'Low skill' (43 per cent against 11 per cent in Scotland). However, there is a larger concentration of workers in Medium-high skill roles than in Scotland as a whole, as shown in Table 7 below.

3.22 Despite this, the Hotels & Restaurants sector, which makes up part of the Sustainable Tourism Growth Sector, is more likely to report having underutilised or overqualified staff than most other sectors. In 2015, 41 per cent of Hotels and Restaurants reported having under-utilised staff, compared to 32 per cent across all sectors. 51 per cent reported having staff who were over-qualified for their role, compared to 42 per cent across all sectors[18].

Table 7: Distribution of employment by Occupational Skill Level, 2017

	Sustainable Tourism Growth Sector (%)	Scotland (%)
High skill	4%	26%
Medium-high skill	32%	27%
Medium-low skill	22%	35%
Low skill	43%	11%

Source: Annual Population Survey (Jan-Dec 2017)

17 Source: Annual Population Survey, Jan-Dec 2017, ONS
18 UK Commission's Employer Skills Survey (UKCESS) 2015, Scotland Toolkit

3.23. Of those establishments with under-utilised staff, 46 per cent of businesses in the Hotels and Restaurants sector reported that the under-utilised staff were working in elementary roles, compared to just 9 per cent of over-qualified staff across all sectors. Around one quarter (26 per cent) of Hotels and Restaurants businesses stated that their under-utilised staff were not interested in taking on a higher level role, while one fifth (20 per cent) noted that the staff were using the job as a stop-gap until beginning their desired career.

3.24. The sector's workforce has a high share of young workers, with around 59 per cent of the workforce aged between 16 and 34.

3.25. Non-UK nationals comprise a substantial proportion of the sector's workforce. Box 2 below provides more detail on their importance to the sector.

OVER 9% OF THE SECTOR'S WORKFORCE ARE NON-UK EU NATIONALS, COMPARED WITH 5% FOR SCOTLAND AS A WHOLE

Box 2: The Importance of Non-UK Nationals to Scotland's Tourism Industry

Non-UK EU and non-EU nationals make a significant contribution to Scotland's economy, and play a vital role in Scotland's sustainable tourism sector.

In 2016, there were over 190,000 non-UK nationals living and working in Scotland, around two thirds of whom were EU nationals. Around 17,000 non-UK EU Nationals, and a further 5,000 non-EU nationals, were employed in the Sustainable Tourism Growth Sector. Table B2 below sets out how this compares against other industries identified by the Scottish Government as Growth Sectors.

Table B2: EU Nationals Employed in Scotland's Growth Sectors, 2016

Growth Sector	Non-UK EU Nationals Employed	Share of Non-UK EU Nationals in Employment	Share of Employment in Sector
Sustainable Tourism	**17,000**	**13.2%**	**9.4%**
Food & Drink	10,000	7.7%	12.3%
Creative Industries	10,000	8.1%	7.6%
Finance & Business Services	9,000	7.1%	4.2%
Scotland	**128,000**	**100%**	**5.0%**

Source: APS, Jan-Dec 2016, ONS

Table B2 shows the sector to be the largest employer of EU nationals among the growth sectors. Over 9 per cent of the Sustainable Tourism sector's workforce were non-UK EU nationals – almost double the share for the economy as a whole. A further 3 per cent of the sector's workforce are non-EU nationals. Within the Hotels sector, this share is higher, with 15 per cent of employees coming from outside the UK. This illustrates the importance of workers from outside the UK to the success of the sector.

Earnings and the Gender Pay Gap[19]

3.26. Earnings within the Sustainable Tourism sector tend to be lower than those in some other parts of the Scottish Economy. In 2017, median weekly full time earnings across the Scottish Sustainable Tourism growth sector stood at £357. This was lower than the equivalent for the Scottish Economy as a whole, which stood at £547 in 2017. This measure had also grown more slowly for the sector than in the Scottish Economy overall during 2017, with median weekly full time earnings increasing by 1.6 per cent and 2.4 per cent respectively.

3.27. The proportion of employees earning the Living Wage is also lower within the Sustainable Tourism Growth Sector than the overall Scottish Economy. In 2017, 40 per cent of employees in Scotland's sustainable tourism sector earned the Living Wage or more, compared with almost 82 per cent of all Scottish employees aged 18 and over.

3.28. However, the Sustainable Tourism Growth Sector performed more favourably than the Scottish Economy overall with regard to gender disparities in pay. In 2017, the gender pay gap within the sustainable tourism sector was 2.7 per cent, compared with 6.6 per cent for Scotland overall.

Regional Employment In Tourism

3.29. Tourism employs people the length and breadth of the country. Although heavily represented within Scotland's largest cities, the sector is also an important provider of employment on Scotland's more rural and coastal regions.

3.30. In 2016, five local authority areas account for almost half of employment in the sustainable tourism workforce, while around 30 per cent of employment in the sector was concentrated in the City of Edinburgh (15.9 per cent) and Glasgow City (14 per cent) combined. Highland, Fife and Aberdeen City employed a further 7.7 per cent, 5.3 per cent and 4.8 per cent of the sustainable tourism sector workforce respectively. Figure 2 overleaf shows the share of tourism employment across Scotland.

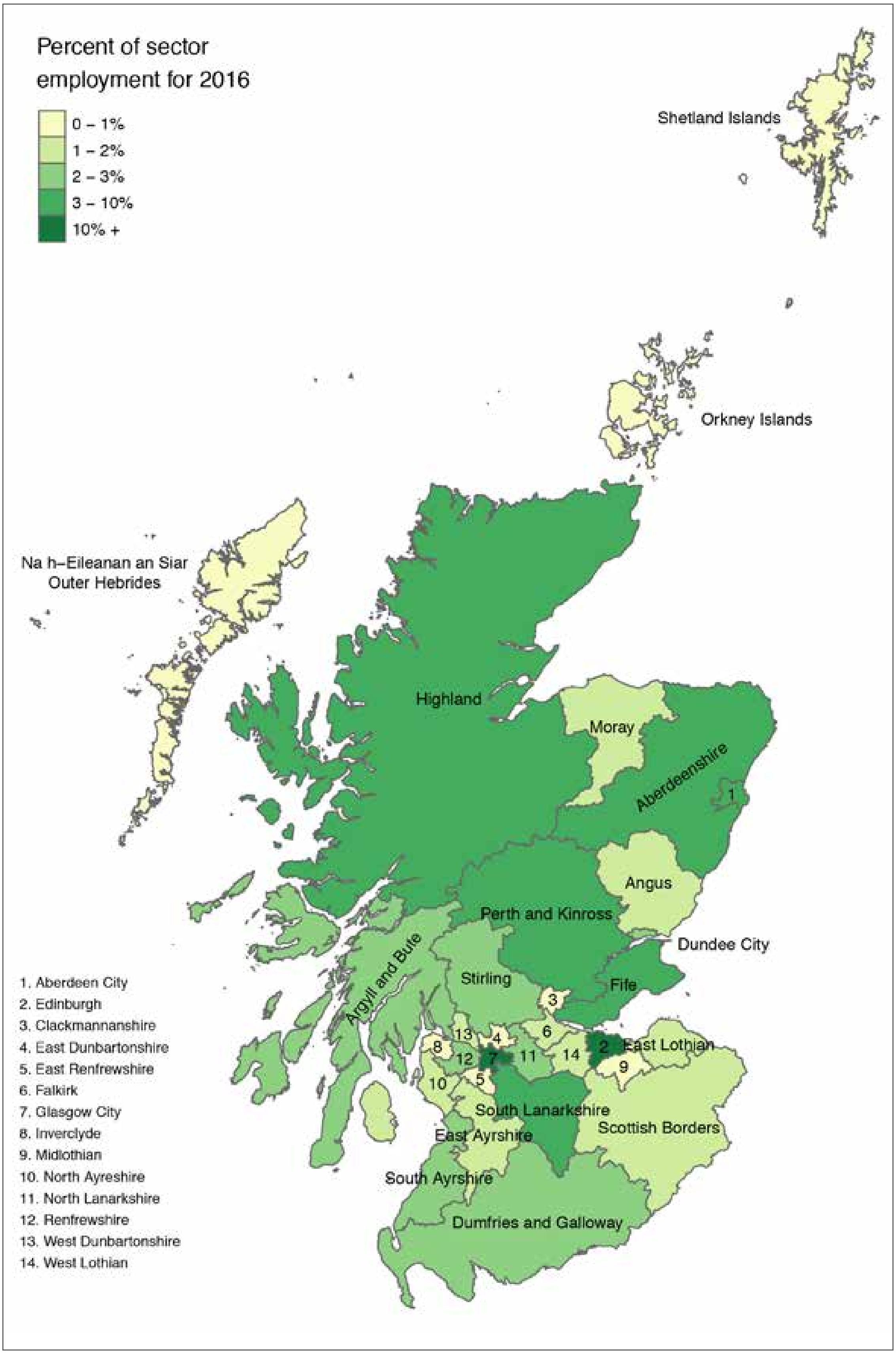
3.31. However, several local authority areas are more dependent on tourism employment than the Scottish average. For instance, tourism represents 15 per cent of total employment in Argyll and Bute, and 13 per cent in both Perth & Kinross and Highland.

3.32. A number of Scottish local authority areas also rely more heavily on tourism as an employer than the Scottish Economy overall. For instance, the share of employment in the sustainable tourism sector is over 30 per cent higher in Argyll and Bute, the Highlands, Perth and Kinross, South Ayrshire and East Lothian than the Scottish Economy overall. Edinburgh, Stirling, the Borders, and Dumfries and Galloway also have a relatively higher reliance on the sector for employment than the Scottish Economy overall, as is illustrated in Figure 3[20] on page 24.

19 Source: Annual Survey of Hours and Earnings, 2017, ONS

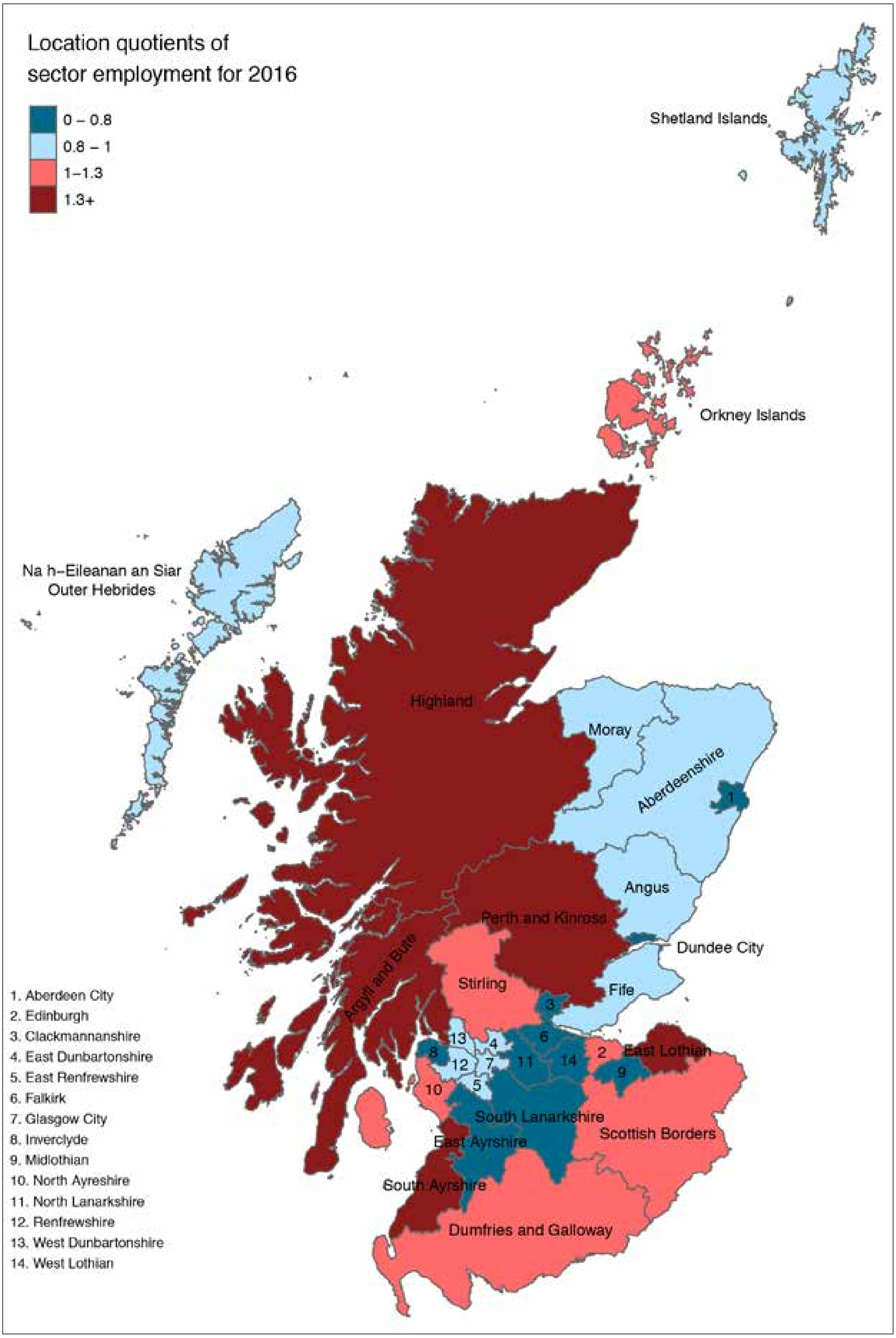
20 The analysis in Figure 3 makes use of location quotients to illustrate the relative importance of employment in different areas. These compare the proportion of jobs in a local authority that are in Sustainable Tourism against the proportion of all jobs in Scotland that are in Sustainable Tourism. In a local authority with a location quotient greater than 1.0, the proportion of jobs in Sustainable Tourism is higher than in Scotland as a whole; in a local authority with a location quotient lower than 1.0 the proportion of jobs in Sustainable Tourism is lower than in Scotland as a whole.

Figure 2: The Share of Tourism Employment in Scotland, by Local Authority, 2016



Source: Scottish Government, Business Register and Employment Survey 2016

Figure 3: Importance of Sustainable Tourism Employment, Compared to Scottish Average, 2016



3.33. Tourism is also an important employer in Scotland's rural areas. For instance, in 2016, 14 per cent of jobs in 'remote rural'[21] areas were in the accommodation and food service sectors. This meant the sector was third only to the public sector (16 per cent) and agriculture, forestry and fishing (15 per cent)[22] in terms of employment in these areas.

Benchmarking the Tourism Sector against other Scottish Government Growth Sectors

3.34. As mentioned earlier in paragraph 3.2, Sustainable Tourism is one of six growth sectors identified by the Scottish Government in which Scotland has been identified as having a distinct comparative advantage. Table 8 below compares the different growth sectors' performance against a range of economic indicators.

3.35. These results highlight some of the differences between tourism and the other growth sectors. The Sustainable Tourism Growth Sector is the second-largest sector, in terms of employment. However, it also has the lowest productivity level (in terms of GVA/worker). This reflects the labour-intensive and people-orientated nature of many occupations within the tourism sector, and also reflects the relatively high share of part-time employees.

3.36. When comparing the Growth Sectors, it is also important to consider changes in performance over time. Since 2011, productivity levels in the sector have grown by over 5 per cent in real terms, while employment has also grown by 12 per cent.

Table 8: Scottish Government Growth Sectors, Economic Measures[23]

Sector	Enterprises (2017)	Employment (2016)	Exports (£M, 2016)	Productivity (GVA/worker, 2015)
Scotland Overall	**176,400**	**2,588,000**	**£75,580**	**£49,708**
Food and Drink	17,330	111,000	£10,145	£45,309
Financial & Business Services	28,985	232,000	£13,220	n/a
Life Sciences	540	16,000	£1,310	£77,281
Energy	3,920	70,000	£13,870	£223,359
Sustainable Tourism	**14,145**	**207,000**	**£900**	**£17,771**
Creative Industries	15,735	84,000	£2,915	£68,062

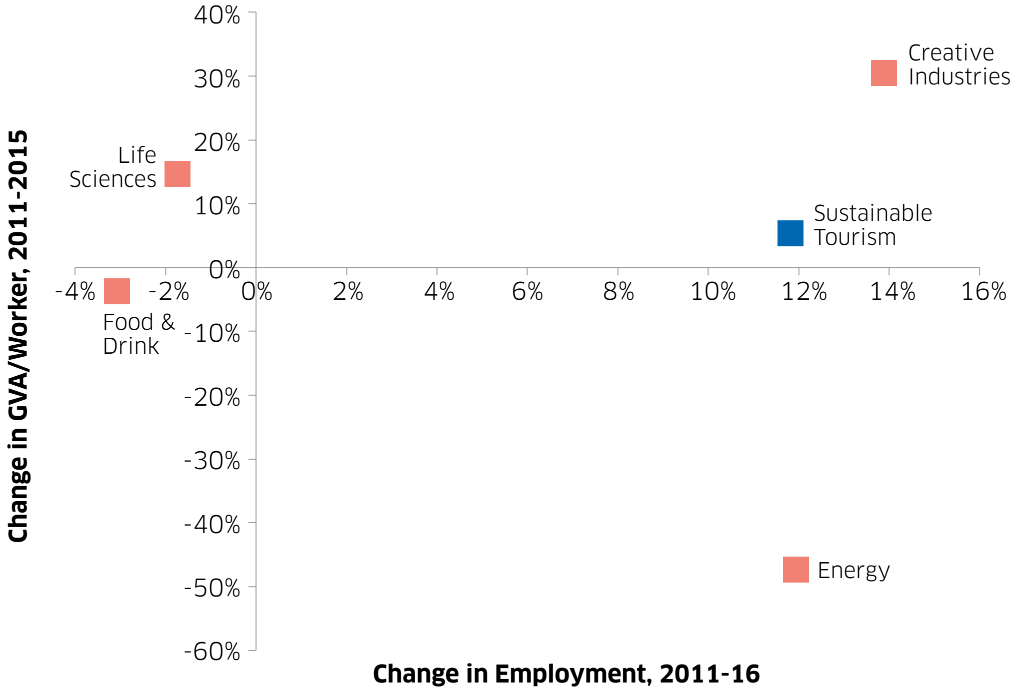
Sources: Growth Sector Statistics Database; Scottish Annual Business Statistics

21 As defined by Scottish Government Urban Rural Classification.

22 Scottish Government (2018), Understanding the Scottish Rural Economy. http://www.gov.scot/Publications/2018/02/3310/4

23 Scottish GVA figures exclude the financial sector and parts of agriculture and the public sector. Financial and Business Services relates only to those sectors fully covered in the Annual Business Survey (so excludes financial and insurance activities). Consequently, a Financial and Business Services Scotland total for GVA and estimate for productivity are not provided in the Growth Sectors Database, and are therefore not available for this report.

Chart 6: Growth Sectors, Change in Productivity and Employment since 2011[24]



3.37. As Chart 6 highlights that the Sustainable Tourism sector and the Creative Industries both contributed to productivity and employment growth since 2011. The other growth sectors for which comparable data is available either experienced growth in employment or in productivity.

Summary

3.38. The Tourism sector represents both an important part of the Scottish business base, and an important source of employment across Scotland. While the sector represents an important part of the economies of Scotland's cities, it also forms a critical part of the economies of more rural areas like the Highlands and Argyll and Bute.

3.39. The sector is an important source of flexible employment and employment for young people, and has benefited in recent years from the contribution of Non-EU nationals. The sector has also been an important source of both employment and productivity growth since 2011. The contribution that the sector makes to Scotland's economy overall is discussed further in Chapter 4.

24 From 1 January 2016, the coverage of the ONS Standard Business Survey Population was extended to include a population of solely Pay As You Earn (PAYE)-based businesses. The impact on figures is minor, but this should be noted when comparing employment figures before and after 2015.
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/businessregisterandemploymentsurveybresprovisionalresults/provisionalresults2016revisedresults2015#impact-of-additional-paye-units

Chapter 4: The Contribution of Tourism in Scotland

The Royal Edinburgh Military Tattoo fireworks display over Edinburgh Castle

4.1. Tourism is an important part of the Scottish Economy, and it makes a substantial contribution to Scotland's economic performance.

The Direct Economic Contribution of Scotland's Tourism Sector

4.2. The Sustainable Tourism Growth Sector is a significant source of employment within Scotland. In 2016, 207,000 people were employed in the sector, representing around 8 per cent of total employment[25], or almost one in twelve people employed in Scotland. Although this represented a reduction of 15,000 jobs compared to 2015, employment in the sector has grown by 12 per cent, or 20,000 jobs, since 2011.

4.3. The sector's GDP has also grown faster than the Scottish Economy in recent times. Scottish GDP data for the third quarter of 2017[26] indicates that output in the Sustainable Tourism growth sector increased by 0.4 per cent and in year on year terms the sector's output increased by 2.3 per cent, compared against growth of 0.2 per cent in the Scottish Economy overall during the quarter, and 0.6 per cent over the year.

4.4. Scotland's tourism sector is larger than the Organisation for Economic Co-operation and Development (OECD) averages in terms of employment and GDP[27], but Scotland has a similar share of employment and GDP as those of several other OECD countries. In employment terms, the sector is of a similar relative size as those of Austria, France and New Zealand.

4.5. The sector also accounts for an important portion of Scotland's exports, particularly with regard to services. Total exports from the Sustainable Tourism Growth Sector stood at £900 million in 2016, accounting for 2.4 per cent of Scotland's total services exports, and for 1.2 per cent of Scotland's total exports overall. Exports from the sector were 9.8 per cent down in real terms from their 2015 level.

4.6. Exports to the Rest of the UK (RUK) stood at £570 million in 2016 and accounted for 63.2 per cent of total Sustainable Tourism exports. Exports to the Rest of the World (RoW) stood at £330 million and accounted for 36.8 per cent of total Sustainable Tourism exports[28].

25 Scottish Government (2018) Growth Sector Statistics Database

26 The index represents the volume of GVA created compared to the 'base' year (currently 2014). Figures are deflated to remove the effect of price changes over time to produce an estimate of real terms (or constant price) growth. The figures are seasonally adjusted to remove the effects of regular, calendar based cycles in certain industries.

27 On average, tourism directly contributes 4.2% of GDP, and 6.9% of employment in OECD countries (OECD, 2018, Tourism Trends and Policies 2018, p 26). https://live.oecd-ilibrary.org/docserver/tour-2018-en.pdf?expires=1522315120&id=id&accname=guest&checksum=F99B3AC2F9FA71F9B6F7F54352EAE5F4

28 Scottish Government (2017), Export Statistics Scotland.

The Wider Economic Contribution of Tourism in Scotland

4.7. In addition to its direct contribution, the sustainable tourism sector also supports activity in other sectors of the Scottish Economy.

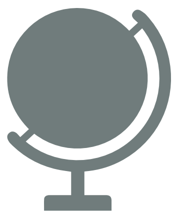
4.8. In 2016, total expenditure by domestic and non-domestic tourists in Scotland, including overnight and day visitors, was around £9.7 billion[29]. Analysis using the Scottish Government's Input-Output model[30] indicates that, after adjusting for the imports purchased by the sector, and including an estimate of capital expenditure undertaken by the sector, this directly supported £4.3 billion of GDP (in basic prices) in the Scottish Economy, including around £3 billion in the hotels, distribution and catering sector.

4.9. However, this also supported activity in the wider Scottish Economy through the purchases made by the sector from the wider Scottish supply chain, and through the wages spent by those working in the sector. Purchases from the supply chain accounted for around £1 billion of GDP in the wider Scottish Economy, including around £350 million of GDP in Finance and Business Services. Wages spent by those working in the sector and the supply chain also supported a further £1 billion of GDP.

4.10. Taken together, spending by tourists in Scotland generated around £11 billion of economic activity in the wider Scottish supply chain and contributed around £6 billion to Scottish GDP (in basic prices). This represents about 5 per cent of total Scottish GDP.

4.11. This analysis also gives an indication of the impact on the wider economy of an increase in expenditure by visitors to Scotland. Each additional £100 million of spending by tourists is estimated to support around £65 million of GDP in the wider economy, when taking into account the direct effects, supply chain effects and re-spending of wages. These effects would mainly be seen within the food and beverage, retail and accommodation sectors, giving a sense of the contribution the sector makes to the wider economy in Scotland.

TOURISM CONTRIBUTES
AROUND £6BN
OF GDP TO THE SCOTTISH ECONOMY, 5% OF THE TOTAL



29 ONS, Great Britain Tourism Survey, International Passenger Survey
30 Scottish Government (2017), *Input-Output Tables*. http://www.gov.scot/Topics/Statistics/Browse/Economy/Input-Output

The Wider Benefits of Tourism to the Economy, Communities and Regions

4.12. As well as its contribution to Scotland's economy, the sustainable tourism sector also provides a number of wider benefits to Scotland. These include:

- **Promoting Scotland on the Global Stage**: Scotland's profile as a tourism destination plays a significant role in shaping overseas perceptions. Conference delegates and holiday makers returning home spread the word about Scotland, its people and its tourism industry.
- **Supporting Other Growth Sectors:** attracting business visits through international conferences and meetings with strong alignment to Scotland's key sectors helps showcase Scottish companies and Scottish products, supporting other growth sectors in the Scottish Economy.
- **Supporting Community Sustainability**: Additional spend from visitors supports many community facilities, such as shops, cafes, pubs and village halls, and in some cases helping them to remain open during the quieter times for locals and visitors alike.
- **Providing Flexible Employment and Career Opportunities**: The sector employs people of all ages, abilities, skill sets and nationalities. It is an inclusive and flexible industry with a low barrier to entry. There are many employability programmes focussed on priority groups, such as young offenders, 'back to work' and our young people. All of these mean that tourism is an industry that can make an important contribution to inclusive growth in Scotland.
- **Supporting Scottish Culture and The Arts**: From major sporting events, music festivals and our theatres to Highland Games, other traditional events and local museums, heritage and culture is for many the main reason for visiting Scotland. It supports Scotland's musicians and artists, presenting Scotland as an open and contemporary society.

4.13. Taken together, these highlight the important contribution that tourism makes to Scotland's economy and society.

Chapter 5: Conclusion

The Kelpies at The Helix, Falkirk

5.1. Tourism's reach across Scotland's economy and communities is significant, and the sector makes an important contribution to Scotland's economic performance. It plays a positive role in the every region of Scotland.

5.2. The Tourism Sector and Visitor Economy are an important part of Scotland's business base, and an important support for economic activity across Scotland's regions. It has made an important contribution to employment growth in recent years, and generates economic activity in many of Scotland's more rural areas.

5.3. The sector also supports other sectors and industries across Scotland, such as food & drink, and transport, as it provides an important route for Scotland to increase its international profile.

5.4. All partners are committed to ensuring that the sector continues to grow and develop to achieve its full potential. Collaboration and partnerships are therefore essential to enabling Scotland to remain a world-class tourism nation, with a reputation for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people.

Appendices

Competitors race in the Bell Lawrie Scottish Series in 2000, Loch Fyne, Argyll

Appendix 1: Defining Tourism and the Wider Visitor Economy

There are different approaches to defining the scope of the tourism sector, using official statistics and other methods. While parts of this report make use fo the Scottish Government's Sustainable Tourism Growth Sector definition, this section gives an overview of different approaches that have been used elsewhere.

Definition of the Sustainable Tourism Sector

Sustainable Tourism Growth Sector was identified in Scotland's Economic Strategy[31] as one of the growth sectors in which Scotland can build on and existing comparative advantage and increase productivity and growth.

Scotland's Tourism Sector is a diverse industry, with a range of subsectors such as hotels, camping sites and other provision of short stay accommodation, restaurants, bars, travel agents, museums and other recreational and cultural activities. In addition, other sectors in the Scottish Economy, for example retail and transport, benefit directly and/or indirectly from the Tourism Industry.

Economic activity generated by tourism expenditure cannot be precisely captured using Standard Industrialisation Classification Codes, as tourism is a characteristic of demand rather than specific products or services.

However, a number of industries within the service sector can be used to capture economic activity in a set of tourism-related industries outlined int Table A1. Data based on this classification does not represent a direct measure of economic activity from tourism, as part of the demand in these industries will be generated by non-tourists as well as tourists.

Table A1 sets out how the **Sustainable Tourism** growth sector is defined, according to the SIC 2007 codes:

Table A1: Definition of the Scottish Government's Sustainable Tourism Growth Sector

SIC Code	Activity
SIC 55.1	Hotels and similar accommodation
SIC 55.2	Holiday and other short-stay accommodation
SIC 55.3	Camping grounds, recreational vehicle parks and trailer parks
SIC 56.1	Restaurants and mobile food service activities
SIC 56.3	Beverage serving activities
SIC 79.12	Tour operator activities
SIC 79.9	Other reservation service and related activities
SIC 91.02	Museum activities
SIC 91.03	Operation of historical sites and buildings and similar visitor attractions
SIC 91.04	Botanical and zoological gardens and nature reserve activities
SIC 93.11	Operation of sports facilities
SIC 93.199	Other sports activities (not including activities of racehorse owners) nec
SIC 93.21	Activities of amusement parks and theme parks
SIC 93.29	Other amusement and recreation activities

31 Scottish Government (2015), Scotland's Economic Strategy. https://beta.gov.scot/publications/scotlands-economic-strategy/

The International Definition of Tourism

There is also an international definition of the Tourism Industries, data for which is provided to allow comparisons between Scotland and other countries.

The international Tourism Industries definition is wider than the Sustainable Tourism Growth Sector definition – for example, the international definition includes passenger transport, gambling and betting activities and travel agents. Table A2 below shows the additional SIC 2007 codes that are included in the international definition – the international definition includes these additional codes and the Sustainable Tourism codes.

Table A2: Additional SIC 2007 Codes in the International Definition

SIC Code	Activity
SIC 49.1	Passenger rail transport, interurban
SIC 49.32	Taxi operation
SIC 49.39	Other passenger land transport nec
SIC 50.1	Sea and coastal passenger water transport
SIC 50.3	Inland passenger water transport
SIC 51.101	Scheduled passenger air transport
SIC 51.102	Non-scheduled passenger air transport
SIC 55.9	Other accommodation
SIC 56.2	Event catering and other food service activities
SIC 68.202	Letting and operating of conference and exhibition centres
SIC 77.11	Renting and leasing of cars and light motor vehicles
SIC 77.21	Renting and leasing of recreational and sports goods
SIC 77.341	Renting and leasing of passenger water transport equipment
SIC 77.351	Renting and leasing of passenger air transport equipment
SIC 79.11	Travel agency activities
SIC 82.301	Activities of exhibition and fair organizers
SIC 82.302	Activities of conference organizers
SIC 90	Creative, arts and entertainment activities
SIC 92	Gambling and betting activities

The size of the Sector under Different Definitions

The difference in figures between the Scottish Government growth sector definition, and International Standard definition of tourism (which is broader), are provided in the table below:

Table A3: Comparison of Scotland's Tourism Sector under Different Definitions

Tourism Indicators	Growth Sector Definition	International Definition	Year
No. of Enterprises	14,145	17,975	2017
GVA (£ billion)	£3.76	£7.56	2015
Productivity (£ GVA/worker)	£17,771	£27,332	2015
Employment	207,000	276,000	2016

Sources: Growth Sector Statistics Database; Scottish Annual Business Statistics

Measuring the Impact of Tourism Expenditure

While the Scottish Government and the International SIC Code classifications enable direct tourism activity to be compared to other sectors, they may not fully capture the contribution of visitors' expenditure to the Scottish Economy. These are measured and reflected through other routes.

The Statutory Tourism Monitors – namely the Great Britain Tourism Survey (GBTS), the International Passenger Survey (IPS) and Great Britain Day Visitors Survey (GBDVS) – are collected by VisitScotland and are undertaken in accordance with EU Directive on Tourism Statistics (Council Directive 95/57/EC). Statistics from these surveys potentially reflect the economic contribution of the sector more accurately and allow analysis at national and regional level on the number of trips and visitor expenditure.

It is important to note that SIC Codes capture information from businesses, i.e. the suppliers of a product or service. The Statutory Tourism Monitors capture information from customers, i.e. those generating demand for those products or services. These visitor expenditure figures show the direct economic effect of visitor activity – namely what visitors buy, such as accommodation, activities, transport, and food & drink.

However, there are limitations of using visitor expenditure to reflect tourism's contribution. The main one being that using visitor expenditure data means that the sector cannot be directly compared to other economic sectors who use SIC Code data. Using SIC Code data for tourism, as explained above, does not reflect its full economic contribution to Scotland, therefore both data sets are used to highlight different aspects.

These figures also do not reflect the indirect (supply-side) activity and induced (re-spending of wages) activity, i.e. the wider effects of visitors on the economy. To take account of this wider economic effect, Input-Output modelling are used. This not only captures the direct effect of visitor expenditure but also the indirect and induced impacts across all sectors of Scotland's economy.

Scottish Government Office of Chief Economic Advisor (OCEA) Input–Output Impact Model takes the direct spending by tourists in Scotland (the Input), deducts imports and product taxes, and then estimates indirect (supply-side) activity and induced (re-spending of wages) activity.

While Input-Output modelling captures the true value of tourism, it is more challenging to use Input-Output modelling to compare tourism with other sectors due to nature of the sector's 'inputs' (i.e. visitor expenditure). Hence, when looking to understand tourism as a discreet sector and element within, such as different markets and activities, visitor expenditure data is used. For comparison with other sectors SIC definitions are more preferable (with the limitations as previously described).

Appendix 2: Abbreviations

Abbreviation	Full Term
GBDVS	Great Britain Day Visitor Survey
GBTS	Great Britain Tourism Survey
GDP	Gross Domestic Product
GVA	Gross Value Added
IPS	International Passenger Survey
OCEA	Office of Chief Economic Advisor (Scottish Government)
OECD	Organisation for Economic Co-operation and Development
SABS	Scottish Annual Business Survey
SIC	Standard Identification Classification
TLG	Tourism Leadership Group
TS2020	Tourism Scotland 2020 (national tourism strategy)
UNWTO	United Nations World Tourism Organisation
WEF	World Economic Forum

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