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# Tourism 2020

The Welsh Government Strategy for Tourism 2013 – 2020  
Recommendations of the Tourism Sector Panel



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Coast path, Llangrannog, Ceredigion**

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## Introduction

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This document presents the recommendations of the Panel established by the Minister for Business, Enterprise, Technology and Science in September 2011 to advise her on the development of a New Tourism Strategy for Wales. As such, it should be seen as a draft pending further consideration and consultation by the Minister. The Panel's aim has been to enable the Minister to publish a final strategy document by early Summer 2013.

### A New Tourism Strategy For Wales

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The Panel believes that the importance of tourism to the Welsh economy is such that the Welsh Government itself should play a leading role in articulating a vision for growth and creating an appropriate environment to stimulate and support that growth. Partnership, however, is at the heart of this strategy, for success cannot be delivered without unity of purpose and a robust partnership approach from Government, the private sector and other stakeholder organisations. This strategy, therefore, also poses a challenge to the industry and other local and national public sector bodies, to align themselves with its goals and work together to achieve them.

Tourism makes a major contribution to the Welsh economy and the prospects for further sustainable growth are good. The competition, however, is also increasing and it will be those tourist destinations that can best satisfy and exceed the needs of their customers that will stand out and perform best in a crowded marketplace. If we do nothing new or fail to make the most of the opportunities that will arise, we will go backwards against our competitors.

Good progress has been made in taking forward the priorities and actions identified in the current national tourism strategy, *Achieving our Potential*. It must, however, be acknowledged that many of the strategic challenges identified in that document are still current, often because of global factors. Addressing these will take a combination of persistent, focussed effort on the one hand and, on the other, new ways of thinking and working.

The time is now right to set a new direction for tourism that will support growth in the sector during the coming years and which reflects the changing internal and external influences that impact upon it. Threats and opportunities are examined in detail in the accompanying Evidence Base: in order to respond strongly to both we will need to be agile and responsive to our markets.

Our country is rich in cultural and environmental assets and we have a heritage of nurturing extraordinary talent and innovative thinking.

Doing things differently is a prerequisite for further success, embracing innovation in all aspects of tourism from product development and service delivery to communications and partnerships.

### *Governance*

Visit Wales/Croeso Cymru is part of the Department for Business, Enterprise, Technology and Science (BETS), in acknowledgment of the fact that the tourism sector makes a vital contribution to the economic and social well-being of Wales in terms of both job creation and wealth generation.

The Minister for BETS established a Tourism Sector Panel in September 2011 and asked them to lead the development of a new strategy and direction for the sector. This report represents the focus of its work during the eighteen months of its appointed term.

A number of the key points of this strategy, in particular those which focus on a skilled workforce and effective infrastructure, are primarily the responsibility of other parts of Government or the private sector. This has not inhibited the panel from considering them, as important components of a comprehensive strategy for tourism in Wales.

The Panel also considers the governance of Visit Wales to be of relevance as the main vehicle for delivering the Government's support for Tourism. It has therefore welcomed discussion of the possibility of creating a permanent Board for the organisation, tasked with advising the Minister on the delivery of the tourism strategy and the performance of the tourism team. This should underpin Visit Wales's accountability to the Minister, enabling it to continue to harness cross-departmental synergies as an integral part of the Department for Business, whilst at the same time increasing its visibility to external stakeholders in line with comparable tourism organisations internationally.

Flowing from this, a realignment of structures may be required within Visit Wales and the industry to facilitate partnership working and support more effective delivery of programmes and projects. Our small country dynamics are an advantage and should allow us to minimise duplication of representation, resources and effort and re-energise the sector with a fresh collaborative approach.

### *Context*

Tourism is a rapidly changing global industry, with ever more countries presenting themselves as viable and attractive tourism destinations. Our key UK competitors have set ambitious growth targets for the period from 2013 to 2020. Visit England (+51% growth in tourism spending), Visit Scotland (+18%) and the Northern Ireland Tourist Board (+86%) have all prepared strategies for growth. Visit Britain has forecast an

increase in international visitor spend of 38% compared with 2010 – an increase of £5.1bn, supporting an additional 130,000 jobs throughout the UK.

The World Tourism Organisation (UNWTO) *Tourism Towards 2030* forecasts that the number of international arrivals worldwide is expected to increase by 3.3% a year from 2010 to 2030. This growth would result in an increase to 1.4 billion arrivals by 2020 and 1.8 billion by 2030. Western Europe is anticipated to show lower than average growth rates 2.3% per annum but will maintain the highest share of world arrivals.

These recommendations have been developed from detailed research and analysis of the many factors that are likely to affect the future performance of tourism in Wales. They seek to drive higher tourism earnings to deliver maximum value for the Welsh economy and to support the delivery of the priorities for tourism defined in the Welsh Government's Programme for Government:

- Develop tourism activity and specialist markets and secure maximum benefit from major events in our high profile venues.
- Promote Wales as a destination by making a high quality tourism offer.
- Work to extend the tourism season and associated benefits.
- Identify funding opportunities to improve the visitor infrastructure and product in Wales.
- Support investment in staff training and management to support a high quality tourism industry.

This document will be accompanied by an **annual action plan** which sets out priority projects and programmes of work. It will also clarify who is best placed to deliver them. It bears re-stating that the challenges that face the tourism sector in Wales need sustained and focussed responses over a prolonged period if they are to be overcome. As a small country we have many advantages over our competitors. We can work with agility, we can form close partnerships and we can measure how well we are delivering our priorities. Tourism is well placed to benefit from these competitive advantages and to focus resources where they will drive successful outcomes for the economy.

## Importance of Tourism

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- The Wales Tourism Satellite Account (TSA) estimates total tourism spending in 2011 of £4.5bn, representing a Tourism Gross Value Added (GVA) of £1.8bn – 4.4% of total direct GVA for the Welsh economy.
- Tourism touches all parts of Wales and the geographical spread of employment generated by the tourism sector is one of its key strengths when compared to other sectors in the economy. In 2011, the TSA estimated that 8.3% of all jobs in Wales were generated by tourism related employment. In some areas, (Pembrokeshire and Conwy), tourism employment accounts for nearly 1 in every 5 jobs.
- Tourism supply chain links bring benefits to many small, indigenous businesses in Wales. Income from tourism is often the difference between success and failure for many micro businesses. Tourism businesses are rooted in the communities that they serve and are here to stay.

## A new vision and ambition

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The Panel proposes the following **vision** for tourism:

**Wales will exceed expectations as a tourism destination and develop a reputation for delivering outstanding quality, excellent value for money and memorable, distinctive experiences: we will offer a warm welcome that means every visitor who leaves us wants to come back.**

The **goal** is to drive:

**Sustainable growth in tourism that delivers jobs and wealth for the Welsh economy and supports a profitable tourism industry.**

The **ambition** is to:

**Grow tourism earnings in Wales by 20% or more by 2020.**

This change in emphasis will mean **focussing** on:

#### **Product Development:**

- stimulating investment in high quality, reputation-changing products and events;
- working with partners who have both a track record of success and growth potential;
- strategic prioritisation of Government investment;

#### **Promoting the Brand:**

- promoting and marketing a strong, single, distinctive brand for Wales;
- driving a product-led approach that identifies fresh reasons to visit Wales;
- targeting existing and new markets with most growth prospects;
- selling excellence through the Wales offer – environment, culture, activities, events and distinctive destinations;

#### **People Development:**

- training our people so that they can thrive in the tourism sector;
- applying those skills to improve customer satisfaction and overall experience;
- changing perceptions of tourism as a quality career choice;

#### **Profitable Performance:**

- building the capacity of the industry to utilise the latest technology to reach and influence potential customers;
- supporting higher profitability in tourism businesses through tools such as yield management;

#### **Place building:**

- developing destinations that people want to visit and recommend;
- providing opportunities for local communities to deliver memorable visitor experiences;
- promoting improved transport links by air, sea, road, and rail.

The Panel recognises that this ambitious growth target will not be achieved easily and will require not only an increase in performance and delivery, but also the allocation of realistic resources comparable to those of Wales's key competitors.

Some parts of the industry will be better placed than others to withstand competitive influences and disruptive events. Growth will not necessarily be experienced equally in all geographic areas, reflecting the fact that Wales does not offer a single uniform product across all its regions and investment has been patchy. However, given a unity of purpose between the Welsh Government, the tourism industry and other stakeholders, delivery of this strategy will result in a general improvement in tourism that will in due course contribute even more significantly to local communities across Wales.

An approach to delivery that facilitates strong and productive partnerships is a necessity for success. Visit Wales will work with the industry to present their product in a way that is more accessible to the market and to create platforms for businesses to promote themselves.

Sustainable development is another overarching consideration that will be embedded in our thinking, in common with all Welsh Government policies. The relevance to Tourism is clear: we will promote Wales as a place where the environment is cherished and maintained, creating real long-term value and jobs for our communities.

## What will Tourism look like in 2020?

<b>Industry</b>	<ul style="list-style-type: none"> <li>● The number of jobs supported by tourism has grown from 88,300 in 2011 to 105,960, with tourism contributing 5.2% of GVA (compared to 4.4% in 2011).</li> <li>● Partnership working is an overarching theme: effective and well-understood relationships between all involved in the tourism sector, ensuring that teamwork is the accepted modus operandi for delivery, based on clear objectives, accountabilities and responsibilities.</li> <li>● Environmental sustainability is also embedded in the way we work, building on Wales's strong reputation for leadership in this field.</li> </ul>
<b>Product</b>	<ul style="list-style-type: none"> <li>● A range of quality accommodation including luxury destination Hotels</li> <li>● A reputation for quality local food and drink and excellent, recognised dining experiences</li> <li>● Vibrant year round entertainment, attractions, festivals and events</li> <li>● Well recognised and easily booked destination experiences</li> <li>● Leading utilisation by business of emerging technology</li> <li>● An established conference and convention centre</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>● Improved awareness of Wales as a visitor destination – high brand recognition</li> <li>● Improved perception of Wales as a place to visit</li> <li>● Improved preference to visit Wales over competitor destinations</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>● A skilled and customer focussed workforce attracting the ambitious and talented</li> <li>● At least one internationally recognised centre for hospitality, tourism and leisure skills</li> <li>● Well defined standards in service delivery: a distinctive service style that puts people at the heart of our brand along with language skills to serve a global tourism market</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>● Improved business yield</li> <li>● Increased levels of investment in the industry</li> <li>● A range and variety of opportunities across the sector offering attractive career paths at many levels</li> <li>● High Growth potential and quality businesses are fostered</li> <li>● An environment exists that encourages entrepreneurs and developers</li> </ul>
<b>Place</b>	<ul style="list-style-type: none"> <li>● Well managed places people want to visit</li> <li>● Clearly understood networks to support destination delivery</li> <li>● Cardiff internationally recognised as a short break Capital City</li> <li>● Improved connectivity, including a thriving international airport</li> </ul>

# Tourism In Context

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## The tourism experience

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Tourism is a highly competitive global industry. Wales is well placed to compete with the best and can offer a rich culture and heritage, a landscape of high scenic quality, a unique coastline and a diversity of experiences contributing to our visitors' mental and physical wellbeing.

It will be the experiences that differentiate Wales from other destinations that will resonate most memorably with our visitors. Specifically, the Panel believes we can offer five areas of competitive advantage:

- **Natural Environment:** A central reason why visitors choose to holiday in Wales is the quality and accessibility of the natural environment. We have three National Parks of distinctive character, five areas of outstanding natural beauty and, since 2011, a 870 mile long all-Wales coastal path, which is the only one of its kind anywhere in the world. We need to take full account of the major asset represented by Wales's natural environment and consider how to use its characteristics for growing tourism sustainably;
- **Heritage and Culture:** The welcoming character and diversity of our people, with our two living languages, provide the essence of Wales's distinct cultural identity. In addition, many historic features remain in the landscape as testament to our rich heritage, including three World Heritage Sites;
- **Activities and Adventure:** The scenic character of Wales provides a varied backdrop to support a wide range of activities including walking, cycling, horse riding, adventure sports, fishing and golf;
- **Events and Festivals:** As well as a well-populated calendar of significant cultural festivals, Wales has hosted a range of major sporting events in recent years including the Ryder Cup and the Ashes. Opportunities exist to build on the success already achieved and to support other cultural and sporting events at community, regional and national levels to boost tourism performance throughout the year;
- **Distinctive Destinations:** Our destinations are often the main stimulus for the visitor to choose Wales. From the coastal resorts of Tenby and Llandudno, to the character destinations of Hay and Portmeirion and the dynamic cities of Cardiff and Swansea, Wales can offer a range of places to stay and visit and things to do that appeal to a wide market.

## The tourism market

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*Domestic market:* The GB domestic market is the primary market for Wales and will remain the main focus for marketing activity during this strategic period. It accounts for 92% of all staying visitor trips and 84% of staying visitor spend. Within this, the domestic holiday segment is by far the most important and valuable visitor segment for Wales with just over 6 million trips and £1.2 billion visitor spend in 2011.

Wales is holding its position in its core market of domestic holiday visitors but is under increasing competition. Future prospects for growth for Wales will need to come from gaining market share from competitor destinations. There will be a need to strike a balance between targeting repeat visitors and new markets with most growth potential.

As explained in more detail in the supporting Evidence Base, the main regions of origin for holiday and other trips to Wales continue to be from Wales itself and the adjacent regions of North West and West Midlands, which account for more than half of all domestic trips and spend to Wales. Within the constraints of proximity, we appear to have significant scope to grow share of holiday visitors from London and the South-East, East Midlands, Yorkshire and the South West.

**Accordingly, subject to the Minister's agreement to the scale of delivery outlined on the following pages, the Panel recommends that marketing activity should be increased in London and South, East Midlands and Yorkshire, as well as within Wales itself.**

*Overseas market:* International visitors are a relatively high spending market but historically have been of lower importance for Wales, accounting for just 8% of all staying trips and 16% of all staying visitor expenditure. Scotland, Ireland and the English regions attract significantly more international visitors than Wales. As a result, Wales' market share of all international trips has been gradually falling from 3.6% to 2.9% and share of spending from 2.15% to 1.83% between 2002 and 2011.

Wales should benefit from the forecast growth in international visitors to the UK. However, there are still significant barriers constraining growth including low visibility and lack of awareness amongst consumers, media and the travel trade of the Wales brand and tourism offering, limited connectivity and air capacity and lack of priority by the tourism industry and travel trade in promoting Wales in international markets.

It is essential to target marketing investment carefully at a small number of territories where we are building on current strength and have identified strong potential for growth. **The three such international markets identified by the Panel are Ireland, Germany and the USA.**

This does not mean that other parts of the world will be abandoned. Digital marketing will have global reach and we will work closely with Visit Britain to deliver strong results for Wales through its international network of offices. We will also make allowance within staff and resource allocations to react swiftly to specific commercial opportunities such as a new direct flight that may arise from time to time.

## Options For Delivering Growth

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We believe that it should be possible to grow tourism earnings in Wales by 20% or more by 2020.

The achievement of this target will depend upon the ability of Wales' tourism industry to attract and retain visitors within an increasingly competitive and dynamic marketplace. Increasing visitor yields during difficult economic conditions and a price sensitive market will be challenging so, in the short term, the principle route for Wales to sustainably grow earnings will be to increase the overall number and value of trips by attracting new higher yield visitors whilst retaining levels of visits and spending from current visitors.

Visit Britain has forecast that the number of inbound visitors may increase to 40mn a year by 2020. These growth projections have been used as the basis for forecasting potential trips and spend for Wales from international markets. Domestic growth forecast have been based on 0.5% increase in trips p.a. equivalent to a growth of 5% by 2020 compared to 2011.

Three potential growth scenarios for tourism to Wales are summarised below i.e. defending position, selective growth and accelerated growth. Two estimates for visitor spend have been calculated for each scenario – one based on zero real growth in spend per trip (column 4), the other based on a real growth in spend per trip of 1% p.a. (column 5).

Baseline		Total Trips 2011	Total Spend 2011	Total 2011
2011	International Markets	0.879m	£328m	10.6m trips £2062m
	GB Market	9.7m	£1734m	
Scenario	Growth by market	Total Trips by 2020	Total Spend by 2020	Total by 2020
Defending Position	Maintain share GB market	11.3m trips 7% growth by 2020	£2243m 9% growth by 2020	£2453m 19% growth by 2020
	Maintain share of forecast growth in all international markets			
Selective growth	Grow share GB <i>holiday</i> market by 1%, with a greater focus on marketing within Wales and SE England	10.75m GB staying trips, 11% growth by 2020	£2434m 18% growth by 2020	£2662m 29% growth by 2020
	Grow market share in three leading international markets (Germany, US, Ireland)	1.36m international trips, 55% growth by 2020		
Accelerated Growth	Grow overall market share of GB market by 1%	13.1m trips 24% growth by 2020	£2634m 28% growth by 2020	£2880m 40% growth by 2020
	Grow market share of all international markets by average 1%			

**Defending Position:** This could deliver real term growth in visitor spending of between 9% -19% by 2020 equivalent to a real growth rate of 0.9%-2% p.a. In an increasingly competitive tourism environment, even this 'defending position' option will require sustained commitment and, where necessary, additional investment to market Wales and to develop the tourism product to meet market needs. This option will not allow the vision and ambition for the repositioning of tourism in Wales to be achieved.

**Selective Growth:** This could deliver real growth of between 18%-29% in staying visitor revenue by 2020 equivalent to a real growth rate of 1.8%-2.9% per annum. There would be above average growth in international visitors to Wales with an increase of 55% by 2020 equivalent to growth rate of 5% per annum. This would include a growth in trips from a wide range of international markets plus significant growth in trips and spend resulting from our increased market share in the selected markets of Germany, US and Ireland. Wales would also see an increase in market share from the domestic GB

holiday market resulting in a growth in trips and spend of 15% or more by 2020.

This will require Wales to significantly increase its competitiveness and share of the key UK holiday (including within Wales) market supported by growth in share from selected international markets, specifically Ireland, Germany and the USA. This would require enhanced marketing resources to support proactive activity in selected international markets and leveraging Visit Britain's opportunities fully. The ability to convert the resulting increase in demand by improving access, by investing in the tourism product to meet new market needs and effective marketing by the tourism industry would be key dependencies for achieving selective growth.

**Accelerated Growth:** This could deliver real growth in staying visitor revenue of between 25%-40% equivalent to a real growth rate of 2.8%-3.8% per annum. This would require a major step change in Wales' competitive position and significant market share growth in holiday, VFR and business tourism sectors of the domestic market and significant market share growth across most of the major inbound international markets to the UK. It would need major additional resources to be available to accelerate the development of new high quality tourism products and to enhance marketing, media and trade activity in a wide range of international markets. The ability to support rapid and major increases in demand with the provision of suitable capacity, access, infrastructure, product and the right skills to ensure conversion and positive customer experiences would be key dependencies for achieving accelerated growth.

**The Panel is proposing that the ambitions and activities under the new strategy are focussed around achieving Selective Growth for tourism in Wales.**

# The Strategic Framework

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## Focus: Product Development

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If Wales is to attract more business from new markets and achieve the 20% growth target, we will need to develop, market and manage areas of competitive advantage wisely and effectively over this strategy period. Focussed investment will be required to improve the overall tourism experience if the sector is to grow with confidence. There will need to be a greater emphasis on working with those businesses and stakeholders that have achieved success through investment and are ambitious for further growth.

At the same time, Visit Wales will also realign itself to make sure that teams are focussed appropriately on strategic areas of growth, and market insight is applied effectively when it comes to specialist sectors such as the cruise and golf markets. Visit Wales will make sure that no commercial opportunities are lost, within the framework of State Aid rules.

The focus for investment in the tourism product will be:

*Product quality and range:* There is clear evidence to show that investment in better quality visitor facilities, particularly accommodation, supports higher performance and drives profitability. Visitors are prepared to pay more for a higher quality experience. While the quality of the tourism product in Wales has never been higher, there are still important gaps that need to be filled if the vision of delivering excellence is to be achieved.

There are, for example, too few luxury, high-end and reputation changing hotels which can create new demand. There are also issues of scale, with a lack of quality accommodation in some areas to meet the needs and expectations of larger tour parties.

In addition, Wales needs more iconic, flagship, all-weather attractions that are distinctive to Wales and reflect its culture and personality.

*Heritage and Culture:* Wales is extraordinarily rich in cultural assets both tangible and intangible. These can help to tell an informative and entertaining story about Wales that sets us apart from others. Opportunities exist to enhance the experience of visitors to our heritage attractions, museums and cultural venues to sustain their long term viability: indeed colleagues from other departments and organisations such as Cadw, the National Trust and National Museum Wales are already engaging actively with Visit Wales to address this point.

Literally hundreds of historic buildings exist that have the potential to be exploited as highly distinctive accommodation of very high quality. The Welsh Government could play a vital role in creating the right climate and conditions for private investment in these opportunities.

Wales's vibrant culture manifests itself in particularly strong creative industries and there are opportunities here to capitalise on investment by a range of partners to maximise tourism potential. Through film and television, for example, images of Wales reach millions, offering significant scope to reinforce positive and often unexpected impressions.

There is also scope for identifying and exploiting ideas arising from internationally-known stories that have their roots in Wales such as the history of archery and the Arthurian legend.

*Activity and wellbeing:* Our countryside and coast provide outstanding environments for a range of outdoor activities. The recent developments of our outdoor activity product, such as the all-Wales Coast Path, will not only allow us to promote this as a unique part of the overall tourism offer but contribute to wider Welsh Government interventions to improve the health of the nation. Working closely with partners in the National Parks, Local Authorities, the National Trust and the new body Natural Resource Wales will be essential.

Wales's wealth of gardens, supported by an increasingly successful season of festivals, is a promising theme to explore, as is walking as an activity (including infrastructure such as baggage transfer), where a range of options exist to cater for adventurers of every degree.

*Food and Drink:* High quality local ingredients, distinctive food and drink and interesting places to eat are increasingly important to visitors. Our best hospitality businesses are earning a reputation for excellence but there is more that needs to be done to increase the number of world-class food destinations and to promote and deliver quality Welsh food and drink as part of the overall visitor experience. Not only will this help to distinguish Wales from its competitors but it will bring more direct economic benefits by strengthening local supply chains between producers and tourism businesses.

*Major events and festivals:* Events and festivals are very important to tourism in Wales, as essential ingredients of the visitor experience providing a showcase for our heritage and culture. They facilitate community involvement and offer an experience that is distinctively Welsh. Opportunities exist to selectively support new events that can enhance the reputation of Wales, but it is also important to put weight behind existing events which have the potential to grow and are helping to change perceptions of Wales.

By establishing and publicising its calendar of such events sufficiently in advance, Visit Wales can make it easier for the industry to respond positively to associated opportunities and enhance the visitor experience.

At a local level too, there should be opportunities to harness the skills and talents available in communities to create attractive programmes of events that can augment the visitor experience significantly.

*Business Travel:* The meetings, conferences and events market is relatively high spending and non-seasonal but we are currently underperforming in Wales in attracting sufficient volume and value. The development of an international conference and events facility in the Capital Region would stimulate demand from this market which can help to reinforce a stronger city destination brand for Wales as well as encouraging Wales-wide business-to-business activity.

*Accessibility:* If tourism is to grow in Wales we need to ensure that visitors are able to travel to and within the country without unnecessary restriction. It is important that we make it easier for visitors to get to and to move around Wales by car or public transport. Opportunities exist to develop stronger connectivity with international markets by air, sea, rail and road. We will need to make provision to cater for the needs of all visitors, including elderly travellers and consumers with healthcare and mobility needs. The imposition of tolls on the Severn Bridges is clearly a disadvantage in tourism terms and the Panel would hope that this could be looked at by the Welsh Government when the current operating contract comes to an end in 2018.

Visit Wales will also investigate the feasibility of promoting joint ticketing schemes so that visitors can enjoy convenient and simple means of gaining entry to a variety of attractions and transport systems.

Digital accessibility is another important consideration. The Panel is supportive of Welsh Government's campaign to roll out broadband to all areas in Wales.

## Focus: Promotion

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Developing a distinctive and unique national identity can drive measurable economic, social and cultural benefits. In this context, destination branding has become an increasingly sophisticated means of differentiating destinations by promoting their distinct characteristics and personalities. The tourism brand for Wales will need to reinforce and reflect the wider brand positioning for Wales.

The focus for promoting the tourism brand for Wales will be:

*Brand narrative:* It will be important to prepare a brand narrative to sit behind the creative execution and endorse it to all involved in promoting a distinct tourism identity for Wales as there is value to be gained through repeating and reinforcing clear messages that seek to build a positive reputation for Wales. The co-operation of partners in industry will be essential in amplifying this narrative by their own adoption and use of it, for example in the use of logos, signage and flags.

*Brand positioning:* The aim will be to develop a clear, compelling tourism brand for Wales that is based on our authentic strengths and unique characteristics as a nation. We want Wales to be seen as a place which is pleased to welcome others to share its heritage, culture, natural beauty, food and genuine hospitality.

*Product-led strategy:* Change will be achieved by driving a product-led strategy that creates fresh reasons to visit and discover Wales. The approach will be phased and initially will seek to exploit existing products that can differentiate Wales through more effective packaging. Later stages will involve developing best in class product experiences with stakeholders and linking their promotion with booking and delivery to consumers.

Visit Wales will, for example, seek ways to create and promote a platform whereby businesses investing in Wales, whether small or large, can find it easier to reach markets and develop strong brands of their own.

*Brand innovation:* Ensuring that the tourism brand has wider reach and resonance with consumers will require the application of a range of innovative approaches. This could include using high profile Welsh personalities to promote the Wales brand experience and the promotion of Wales as a world leading location for film / TV production. Digital platforms and social media in this new world are not the work of a discrete team, but a cross-cutting imperative that will be built into the heart of our promotional work.

## Focus: People

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A mediocre visitor experience will reduce the likelihood that visitors will return or recommend us to others. Wales needs a tourism workforce that can help make every visitor experience an exceptional one. If the visitor economy is to grow, investment in the people that work in the industry is crucial. They must be supported, developed and equipped with the skills to deliver the best possible experience for visitors.

The focus for people development will be:

*Customer care:* Skills and professionalism are critical to creating profitable businesses and satisfied customers. Every visitor interaction whether at a port, airport, restaurant, hotel, attraction or event has an impact on the visitor's overall experience. A culture of service and hospitality is crucial to the competitiveness of the sector. We need to compete on quality, consistency of service and sense of place.

*Demand-led skills:* We need to align skills support with industry requirements. Many different organisations are involved in the provision of training and the qualification system is often confusing to employers. We need to find ways of simplifying this system. The development of a 'national skills framework' offers opportunity for further exploitation. Tourism skills development needs to account for the breadth of the sector, the range of skills providers and the variety of learning methods.

*Specialist skills:* If the tourism sector is to grow, we need to increase the professionalism of those working in the industry, focussing on areas such as chef skills, management and leadership, outdoor instruction and front facing roles to meet future visitor demand. Language skills are also important to meet the demands of international markets. It will be important to focus on ensuring that the qualifications and flexible learning opportunities are fit for purpose and tackle areas of need.

*Changing perceptions of tourism as a career:* There is a perception that tourism does not offer a viable career option providing long term stability and progression. This traditional perception of the industry can result in a lack of high quality candidates entering the industry, which in turn can affect the level of professionalism within the tourism sector. It will be important to promote the real career opportunities that exist in the tourism and hospitality sectors more actively. The profile of the sector could also be improved through the creation of a centre(s) of excellence for learning, skills development and research in hospitality and this will be further explored.

## Focus: Profitable Performance

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A sustainable approach to tourism growth sits at the heart of this strategy. We want to see an economically prosperous tourism industry that generates long-term and lasting local benefit which is welcomed by and supports local communities. Occasionally, difficult decisions have to be made balancing the needs of development and environmental management in sensitive areas, but the Panel believes that Wales can point to many examples of tourism projects enhancing the local environment.

As a small country Wales can lead the way in achieving real and measurable sustainable benefits through tourism by improving the viability and competitiveness of tourism enterprises, maximising the proportion of income retained locally through supply chains and improving the quality of tourism jobs.

The focus for profitable performance will be:

*Building capacity:* The most successful businesses are those that respond effectively to market needs, adjusting their product and the way they communicate with their customers. In this context, there are opportunities for Welsh tourism businesses to be more innovative and embrace digital technologies to distribute and market their offer to a global audience. But innovation goes wider than the digital environment. It means standing out from the crowd and taking risks – things that are best delivered through the private sector. Government can help foster an innovation culture through leadership by example and by communicating examples of good practice.

Indeed, it may be possible to go further and create an Innovation Fund that will offer financial support more flexibly than current programmes allow. These considerations will be fed into more general reviews underway of funding available to business.

*Yield management:* The average expenditure from overnight visitors to Wales is lower than competing destinations. In part, this is due to the composition of the visitor mix – Wales attracts a relatively high number of leisure visitors and a low proportion of business visitors. There are opportunities to market Wales to higher spending visitors and also to develop more professional approaches to yield management in the industry. Providing visitors with more reasons to spend and encouraging longer stays will be important if we are to achieve our ambitions for growth.

## Focus: Place Building

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Successful tourism destinations are those that provide a high quality environment for the visitor. Facilities for visitors will also be used by the communities in which they are located and will help to generate local income and jobs. In this way, tourism can also play a role in contributing to spatially focussed regeneration programmes throughout Wales. Increasingly visitors are seeking authentic experiences in their choice of things to see and do. A planned approach to destination management in Wales allows local tourism communities to decide what is most important to put in place to maximise visitor satisfaction and to stimulate local support for tourism.

The focus for place building will be:

*Destination management:* It will be important to improve the visitor appeal of tourism destinations throughout Wales. Destination Management is a simple concept which involves a partnership approach to managing places. Tourism infrastructure such as waymarking, signposting, car parking, beach management, toilets, tourist information and litter collection are often only noticed when they are sub-standard but they can often be the difference between a satisfied and an alienated visitor. Our major destinations, cities and hub towns will require a particularly focussed approach bringing stakeholders together to fully exploit opportunities to maximise economic growth.

*Prioritisation:* In addition to this vital grass-roots work, Visit Wales will need to work according to an agreed set of criteria to identify iconic strategic priorities for promotion. Successful tourism destinations worldwide have demonstrated the benefits of building on acknowledged strengths as an initial step to attracting visitors who know nothing or very little about their countries. Over time, the benefits of this approach can significantly outweigh a strategy of disseminating investment resource more generally and thinly.

*Regeneration:* While tourism will not be the panacea to the long standing economic and social problems that may exist in some parts of Wales, it can help support a mixed, diverse and sustainable economy. Regeneration schemes that can promote associations with local culture can help to support tourism and also instil local pride and identity.

*Authentic experiences:* We need to provide a distinctive sense of place experience through identifying the qualities that make each destination special. By recognising and valuing these qualities, destinations can promote themselves as being distinctive and unique – something that visitors find appealing. It will be important to involve local communities closely in this process and to ensure that the visitor welcome is genuinely warm and memorable.

*Sustainable ways of working:* As an overarching principle, it will be important to support and raise awareness of new and innovative ways to improve the sustainability of the industry. Sustainable tourism means choosing to develop the type of tourism that makes the greatest contribution to Wales' social and economic development. This requires a balance to be struck between the environmental impact of tourism and its contribution to host communities' social and economic development. Concern for the environment has rapidly become a major concern for both consumers and Government. People are increasingly expressing a desire to minimise their carbon footprint in their everyday lives and travel choices. Government targets to address climate change add force to this global imperative.

## Conclusion

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The Panel commends this draft to the Minister as the basis of a Tourism Strategy, setting out high-level aspirations for the period 2013-2020.

Accompanying it is an Evidence Base, explaining more fully the analysis and statistical underpinning of the conclusions reached and, critically, a headline Action Plan, which identifies immediate next steps and clarifies who should be responsible for them. The Action Plan will be amplified in the light of reaction to the Draft Strategy and the final version presented at Easter 2013.

Despite the financial and environmental issues facing the industry as it embarks on this New Year, the Panel believes that there is scope for optimism for growth and success, building on the solid progress made in recent years.