The Scottish Parliament

Public Petitions Committee – a template for public petitions

Should you wish to submit a public petition for consideration by the Public Petitions Committee please complete the template below. Please refer to the Guidance on submission of public petitions for advice on issues of admissibility before completing the template. You may also seek advice from the Clerk to the Committee whose contact details can be found at the end of this form.

**Details of principal petitioner:**

*Please enter the name of person and organisation raising the petition, including a contact address where correspondence should be sent to, email address and phone number if available*

Kevin Lilburn

**Text of petition:**

*The petition should clearly state what action the petitioner wishes the Parliament to take in no more than 5 lines of text, e.g.*

*The petitioner requests that the Scottish Parliament considers and debates the implications of the proposed Agenda for Change legislation for Speech and Language Therapy Services and service users within the NHS*

Petition by Kevin Lilburn and Fairplay Loch Lomond calling on the Scottish Parliament to urge the Scottish Executive to review the operation of speed restrictions on inland water in Scotland.

**Additional information:**

*Any additional information in relation to your petition, including reasons why the action requested is necessary, should not be included here. However, it may be appended to the petition and will be made available to the Public Petitions Committee prior to its consideration of your petition. Please note that you should limit the amount of any additional information which you may wish to*
Action taken to resolve issues of concern before submitting the petition:
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All local MSPs for the Loch Lomond area, the largest inland water in Scotland, have been contacted regarding this issue and meetings have been held with certain MSPs. Meetings have taken place with the Loch Lomond and Trossachs National Park Authority and other relevant local bodies, such as Riparian owners, to try and resolve this issue of speed inland water, notably Loch Lomond.

Petitioners appearing before the Committee
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Please indicate below whether you request to make a brief statement before the Committee when it comes to consider your petition.

[ ] I DO request to make a brief statement before the Committee
[ ] I DO NOT request to make a brief statement before the Committee

Signature of principal petitioner:
When satisfied that your petition meets all the criteria outlined in the Guidance on submission of public petitions, the principal petitioner should sign and date the form in the box below. Other signatures gathered should be appended to this form.

Signature ...Kevin Lilburn...__________________________________________
Date......2May2006...........................................................................

Please note that any additional information, copies of relevant correspondence and additional signatures should be appended to this form and submitted to:

The Clerk to the Public Petitions Committee,
The Scottish Parliament,
Edinburgh
EH99 1SP
Tel: 0131 348 5186 Fax: 0131 348 5088
APPENDED INFORMATION:

Loch Lomond is Britain's largest inland waterway and is at the heart of the Loch Lomond and Trossachs National Park, which encompasses around 1,865 sq km (720 sq miles) of world-renowned scenery and recreational areas. It is currently under consideration of imposing a speed ban on parts of the water which this petition hopes to overturn.

There are twenty lochs (or lakes) in the park, but Loch Lomond is one of only two on which motorised recreational activities, such as power-boating and waterskiing, take place. In 1996 byelaws came into force governing activity on and around Loch Lomond and a maximum speed limit of 90 kph (56 mph) was established. In addition a speed limit of 11 kph (7mph) was established within 150 m (164 yds) of most shorelines and certain confined areas in order to:

- Reduce noise on the surrounding shores
- Protect wildlife on the surrounding shores
- Improve conditions for fishing
- Improve safety, in particular for swimmers

The existing byelaws are currently under review and proposed amendments include extending the 11 kph (7mph) speed limit right across the middle third of the loch, and encompassing an enormous area of open water.

This new legislation for such a large part of water is UNNECESSARY and UNWARRANTED. Boat numbers have fallen by 66% in the last five years, there have been no accidents attributed to speed, rare species are thriving and visitors cite existing levels of peace and tranquillity as a source of pleasure on and around the loch.

We at FAIRPLAY LOCH LOMOND, a group of concerned residents, loch users and business owners do not want unnecessary speed restrictions imposed on certain inland waters, most notably Loch Lomond, and we oppose this new legislation on the grounds that it will:

- Effectively outlaw the recreational activities enjoyed by generations of loch users
- Severely restrict the water-borne movements of local residents and visitors
- Have a devastating impact on local businesses in an area already blighted by high unemployment
Dear Michael,

Thank you for your letter of 7 February concerning the Public Petitions Committee’s scrutiny of petition PE964 from Fairplay Loch Lomond. I have today approved the Loch Lomond Registration and Navigation Byelaws, and these will be implemented from 21 May. In approving the Byelaws, I have stressed the need for effective enforcement.

I hope this is helpful.

Yours,

SARAH BOYACK
Public Petitions Committee – a template for e-petitions

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<td>Please enter the name of person and organisation raising the petition, including a contact address where correspondence should be sent to.</td>
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<tr>
<td>Colin W. McCall</td>
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<tr>
<td>The petitioner requests that the Scottish Parliament considers and debates the implications of the proposed Agenda for Change legislation for Speech and Language Therapy Services and service users within the NHS</td>
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<tr>
<td>Petition by Derek Rosie and Colin McCall, on behalf of Penicuik Community Education Association, calling on the Scottish Parliament to urge the Scottish Executive to review the provision of community leisure facilities across Scotland, given for example the proposed closure of Ladywood and Queensway Community Leisure Centres and the Jackson Street Community Learning Centre facilities in Penicuik.</td>
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<tr>
<td>Closing date: 15th September 2006</td>
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</tbody>
</table>
Additional information:

Please enter any other information relating to the issues raised in your e-petition, including the reasons why the action requested is necessary. The text entered in this field should not exceed 2 pages. However, you may wish to provide further sources/links to background information.

Midlothian Council's decision to close two Penicuik Community Leisure Centres and the Penicuik Learning Centre owing to the need to make budget cuts.

This decision has been made as 'the facilities are surplus to requirements' according to Council leader Mr Montgomery.

The centres are used by more than 3000 users per week. Midlothian Council officials have confirmed these figures.

Mr Montgomery states 'they are way off the mark'.

Midlothian Council's aim is to house all 3000+ users per week into one Community Campus within Penicuik High School.

For 25% this will be fine but for the remainder they will lose out on accommodation.

Senior Citizens will lose valuable learning and socialisation experiences.

Voluntary adult and youth activities will be lost.

Youth services and drop in centres will cease to exist in the town.

According to Mr Montgomery the decision to make these cuts was made in agreement with all councillors of all political persuasions.

The health and welfare of many Penicuik residents will be greatly affected by the closure of these facilities.

The community spirit of each will be lost.

No consultation took place with Penicuik residents prior to the Council's decision on 6th February 2006.

A decision that has created uncertainty and anger throughout the town.

"Full agreement (if true) does not mean the decision was correct because

a) It was based on a Management assessment review of the Council's physical assets, which was complete for only about 20% of the 10 or so major centres of population in Midlothian. Decisions could only sensibly be taken once the review had been entirely completed.

b) in the case of the Ladywood and Queensway centres a SportScotland study assumed they were sports centres whereas they combine sports and more general community facilities (e.g. old peoples' lunch clubs, toddlers and mother and baby clubs, children's party provision) in roughly equal proportions.
Action taken to resolve issues of concern before submitting an e-petition:

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All Midlothian Councillors and Departmental Directors were contacted in February.
Two replies were received from Departmental Officials.
Not one councillor responded.

All Midlothian Councillors and Departmental Directors were contacted in April 2006.
This was a communication for help to find other accommodation and an invitation to attend a meeting with users and user groups.

The response:
One Councillor acknowledged he had received the letters.
Two Councillors replied and attended the meeting.

Lack of response from Midlothian Councillors and Officials resulted in help being sought from MSPs.
Leader of Council accepted the invitation to meet with groups to help find accommodation.

MSPs accepted invitation to attend.
The purpose of the meeting was for users and user groups to air their views and opinions concerning the closure of the Penicuik Community Learning Centre.
The leader of Midlothian Council refused to participate on learning of the MSPs presence at the meeting.

All attending the meeting disagreed with Midlothian Council’s decision to close the Centre.
A “Tardis” approach to centralise Adult Community Learning, Recreation and Leisure with High School Education ignores completely the value of the community leisure facilities within the community. “The heart is being torn from local communities and the spirit destroyed.” Can new Community High School Centres ever replace what is being lost? Perhaps it is the fault of the Scottish Executive for not meeting its partnership agreement commitment to provide and improve social education and learning opportunities for all, including opportunities for the young to grow and develop through the provision of leisure activities and particularly the provision of youth and community centres.

Petitioners appearing before the Committee
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I DO request to make a brief statement before the Committee

I DO NOT request to make a brief statement before the Committee

Signature of principal petitioner:
When satisfied that your petition meets all the criteria outlined in the Guidance on submission of public petitions, the principal petitioner should sign and date the form in the box below. Other signatures gathered should be appended to this form.

Signature

Colin W. McCall

Date ................................. 26th June 2006 .................................................................

For advice on the content and wording of your e-petition please contact:
The Clerk to the Public Petitions Committee
The Scottish Parliament
Edinburgh
EH99 1SP
Tel: 0131 348 5186  Fax: 0131 348 5088
e-mail: petitions@scottish.parliament.uk

Note
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Details of principal petitioner:
Please enter the name of person and organisation raising the petition, including a contact address where correspondence should be sent to, email address and phone number if available.

Tina Wilson

Text of petition:
The petition should clearly state what action the petitioner wishes the Parliament to take in no more than 5 lines of text, e.g.

The petitioner requests that the Scottish Parliament considers and debates the implications of the proposed Agenda for Change legislation for Speech and Language Therapy Services and service users within the NHS.

Petition by Tina Wilson calling on the Scottish Parliament to urge the Scottish Executive to prevent private sector developers from receiving public subsidy in relation to the provision of affordable housing.

Additional information:
Any additional information in relation to your petition, including reasons why the action requested is necessary, should not be included here. However, it may be appended to the petition and will be made available to the Public Petitions Committee prior to its consideration of your petition. Please note that you should limit the amount of any additional information which you may wish to provide in support of your petition to no more than 4 sides of A4.
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Explanatory email from Katrina McWilliam, Planning Officer, P & K Council

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☐ I DO request to make a brief statement before the Committee
☐ I DO NOT request to make a brief statement before the Committee

Signature of principal petitioner:
When satisfied that your petition meets all the criteria outlined in the Guidance on submission of public petitions, the principal petitioner should sign and date the form in the box below. Other signatures gathered should be appended to this form.

Signature … Tina Wilson .........................................................

Date 9th August 2006 ..............................................................

Please note that any additional information, copies of relevant correspondence and additional signatures should be appended to this form and submitted to:
The Clerk to the Public Petitions Committee,
The Scottish Parliament,
Edinburgh
EH99 1SP
Tel: 0131 348 5186 Fax: 0131 348 5088
e-mail: petitions@scottish.parliament.uk
Dear Mr McGill

Consideration of Petition PE1002

Thank you for your letter of 11 December 2006 inviting comments on the above petition which calls on the Scottish Executive to prevent private developers from receiving public subsidy in relation to the provision of affordable housing.

Communities Scotland provides subsidy to private sector developers to assist in the provision of affordable housing through our GRO-Grant scheme. GRO-Grants are available to private developers to build homes for sale in areas with little or no private housing and to help meet local shortages. Priority Purchase Schemes are agreed locally to ensure assistance is targeted at those who most need it.

GRO grants make up a relatively small part of Communities Scotland’s overall investment programme. In 2005-06, Communities Scotland provided £5.24m in GRO grant funding to developers, and approved GRO grants for 195 new homes. The overall Affordable Housing Investment Programme in 2005-06 amounted to over £400m and over 6400 new homes.

The vast majority of current Communities Scotland’s housing investment goes to Housing Associations to provide affordable housing for rent and for low cost home ownership. Low cost home ownership, for example Homestake, is targeted at people on lower incomes who cannot afford to buy the house they need without assistance.
Housing Associations may build housing themselves on land they own or procure such housing from private sector developers e.g. where local authority affordable housing policies require or encourage a mix of house tenures.

I hope this information is helpful.

Yours sincerely

Angiolina Foster
Chief Executive
Public Petitions Committee – a template for e-petitions

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Mr Alan F. Keith (Chairman)

Text of petition:
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The petitioner requests that the Scottish Parliament considers and debates the implications of the proposed Agenda for Change legislation for Speech and Language Therapy Services and service users within the NHS

Petition by Alan Keith, on behalf of Association of Dumfries & Galloway Accommodation Providers, calling on the Scottish Parliament to urge the Scottish Executive to return the national tourism website, call centre & booking system to public ownership.

Period for gathering signatures:
Please enter the closing date for gathering signatures on your petition, which we would usually recommend is a period of between 4-6 weeks

Closing date: 30 October 2006
Expanding on the petition statement, it is to be an integral requirement that when the website is returned to public ownership, primary search listings are returned on a full & random basis with full contact details of businesses prominently shown whenever their listing is displayed. Agencies, booking agents and destination management companies should also not be denied appropriate website presence whether or not VisitScotland continues to operate a booking service.

The Public Private Partnership set up in 2002 to run a national tourism website and booking system has proved to be an unmitigated disaster. A national website should have, as a fundamental characteristic, facilities whereby tourists can readily find information about the whole range of places to stay & make contact with providers. Run by eTourism Ltd. (t/a visitScotland.com) as a commercial venture, providers’ listings are prioritised by their willingness to allocate rooms or provide availability information, making many of them inaccessible to enquirers. In all cases contact details (telephone numbers, email addresses & web-links) are deliberately obscured behind Inconspicuous & disguised hyperlinks, thus denying many consumers direct access. This is harmful both to the provider who loses enquiries & the consumer who is prevented from finding the provider best suited to his needs.

Many providers fail to co-operate with the company for these reasons, & those who do are charged commission on all business referred to them. While the rate of commission is not high for businesses like large hotel chains, small providers have previously not suffered any commission on the business referred to them via their listing on the national website, so the present system represents an extra cost. Small businesses working at low profit margins are unable to absorb a 10% commission charge, so those who do accept bookings from the company are obliged to increase their prices. Scotland already suffers from being a relatively high cost destination due to high fuel costs & the value of the pound, so any extra costs are likely to reduce the number of tourists.

One of the justifications for the scheme was that it would enable a new market of Internet users to book on-line generating new business for Scotland. This theory is flawed, especially in the case of small providers where personal contact is part of the product. Such a market is only a small minority at present and unlikely to grow quickly. Although many consumers do use the Internet to research their holidays & locate places to stay, & some do use email as a means of communication, on-line booking as a facility is not important to them.

It has also been claimed that the system generates business for Scotland. In reality, it is more cost-effective for the company to convert existing enquiries to bookings, than to seek out new potential tourists. Conversions are but precipitation of business that was already destined for this country, so no overall benefit accrues. It is also a fact that for the visitScotland.com system to be able to function properly, it would be necessary for a high percentage of providers to allocate rooms to the system. Only by having a high level of inventory could the system ever hope to perform, as having to continually ring up providers to confirm availability is costly and does not allow on-line booking. Unfortunately it is a characteristic of the trade that small independent providers will not agree to participate to anywhere near the levels required. When the system was set up it was no doubt envisaged that small providers, threatened by the loss of Tourist Board referrals would be scared into submission. What was not appreciated was that a high percentage of most providers’ trade comes from their own sources, either regular clients, recommendations and in many cases the businesses own website. There is no reason to suppose that the ratio of actively participating providers will increase. Indeed the scheme is causing many providers to abandon VisitScotland totally, giving up Quality Assurance in the process.

There is a value in having a National website containing a full database of Quality Assured providers. There is no justification however for a monopolistic booking service competing unfairly with providers and other agencies, as such services can adequately be developed, both on the Internet and conventionally by independent private businesses. The Internet itself is the unifying platform and technology now enables availability information & on-line booking products to be freely transmitted between participating organisations operating under normal market forces.
It is time therefore to correct the fundamental error and reclaim the website and booking system from visitscotland.com, to be run as a service for the tourism trade and the consumer, leaving the private sector to build the market unfettered. Whatever the cost and difficulty of doing this, it will surely be less than the on-going damage being caused to one of Scotland's most important industries.

Further information can be found on a Campaign website that has been set up by the Association of Dumfries & Galloway accommodation Providers at [www.reclaimvts.com](http://www.reclaimvts.com).

**Action taken to resolve issues of concern before submitting an e-petition:**

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In 2002 when the PPP was launched, the group ADGAP was formed with a dual intention of campaigning against the loss of the publicly controlled National website & supporting local accommodation providers. The group has consistently argued their position, attending meetings with both VisitScotland & visitscotland.com, visiting the call centre in Livingston and lobbying government officials & Members of Parliament.

**Comments to stimulate on-line discussion:**

*Please provide at least one comment to set the scene for an on-line discussion on the petition, not exceeding 10 lines of text.*

It is perhaps understandable that when the concept of an e-commerce platform was first mooted, that few people, even those in positions of authority or influence, possessed sufficient knowledge or experience of the rapidly developing medium that is the Internet to appreciate the implications of the decision to set up the PPP eTourism Ltd. It is now time for those with open minds to use the wisdom gained during the last four years to make the necessary changes so that the continuing problems that the PPP has caused may be brought to a halt, & Scotland’s tourism industry freed from their effects.

**Petitioners appearing before the Committee**

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Please indicate below if you do **NOT** wish to make a brief statement before the Committee when it comes to consider your petition.

I do NOT wish to make a brief statement before the Committee
Signature of principal petitioner:

When satisfied that your petition meets all the criteria outlined in the Guidance on submission of public petitions, the principal petitioner should sign and date the form in the box below. Other signatures gathered should be appended to this form.

Signature: ........................................

Date .......... 4 July 2006 .................................................................

For advice on the content and wording of your e-petition please contact:

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The Scottish Parliament
Edinburgh
EH99 1SP
Tel: 0131 348 5186       Fax: 0131 348 5088
e-mail: petitions@scottish.parliament.uk

Note
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a template for e-petitions, July 2004
VISITSCOTLAND RESPONSE TO PETITION PE1015 – VISITSCOTLAND.COM

INTRODUCTION

VisitScotland welcomes the opportunity to comment on the petition PE1015 by Alan Keith, on behalf of the Association of Dumfries & Galloway Accommodation Providers (ADGAP), calling for the return of the national tourism website, call centre and booking system to public ownership.

However, it is important to acknowledge that ADGAP are involved in a complaint to the European Commission relating to VisitScotland’s relationship with VisitScotland.com. We would therefore reserve our position on any matters touched on by this ongoing EC investigation.

VisitScotland operates from over 140 locations throughout the country with our main offices in Edinburgh and Inverness and we have a considerable array of local expertise throughout our network.

As an organisation we have three key roles with related objectives. These are:

- To attract visitors to Scotland
- To engage with partners within the industry
- To add value to the visitor experience.

As the national tourism agency we have two customers – the consumer (visitor) and the tourism industry itself. We have a strategic role as the lead public sector agency for tourism to provide leadership and direction for the development of Scottish tourism to ensure we leverage the maximum possible economic benefit for Scotland. In addition, we exist to support the development of the tourism industry in Scotland and to market Scotland as a quality destination. Our activity is consumer driven.

BACKGROUND

Market and Consumer Trends
The Scottish tourism industry is operating in an extremely competitive environment, with 200 other destinations competing for the same consumers. In such an environment it is imperative that Scotland remains ahead of changing consumer and market trends.

VisitScotland.com was developed to take account of the following market trends:

- the growth in the use of the internet for communications
- the growth in the use of websites for travel and tourism information and bookings
- the unique possibilities offered by technological developments to match Scotland’s wide and varied product with small and very diverse market segments
- consumer preferences for “individual packages”

The initiative seeks to provide a “one stop shop”, integrated national information and booking centre offering a comprehensive list of tourism products and capable of handling telephone, letter, email, fax and online (website) enquiries. It provides Scottish businesses with the opportunity to promote themselves around the world, creating a level playing field for all businesses, irrespective of size.

The integrated system provides the Scottish tourism industry with a value for money “route to market” which they can choose to be part of. It is, however, by no means the only channel through which they can sell their product and there will continue to be other public sector led and private sector led channels for reaching target markets.
The system joins up the existing network of Tourist Information Centres (TICs), with the result that information on tourism businesses (including accommodation availability and the ability to book) is made available to TICs right across Scotland, to the National Information and Booking Centre, and on the worldwide web (in the past, businesses would only provide updated information to their own local TIC which would not have the facility to share this information nationally). Our research indicates that it is exactly this sort of up-to-date / real time information, available 24/7, that consumers are looking for.

**Development of VisitScotland.com**

The decision to follow a PPP route for the establishment of this integrated national information and booking centre was taken in 1999 when it was agreed that the public sector should not support this facility indefinitely. The in-house initiative, Ossian, cost the public sector £1m annually to operate and it was acknowledged that moving forward there was a need to spread risk, introduce private capital and technical expertise, and reduce/remove on-going public subsidy. Therefore, a policy decision was taken to offer a concession for the provision of an integrated e-business platform that incorporated a national web portal, contact centre and an accommodation booking facility for Tourist Information Centres.

This overall approach was enshrined in the National Strategy for Tourism (2000) and then endorsed in the Tourism Framework for Action (March 2002). The direction was also endorsed in the Enterprise and Lifelong Learning Committee Inquiry into the Future of Scottish Tourism (January 2003).

In April 2002, following a comprehensive European tendering process, an agreement was signed with SchlumbergerSema and a joint venture company was set up. VisitScotland.com is the trading name for the joint venture company eTourism Ltd. In July last year, VisitScotland.com entered into a relationship with a new supplier - a global destination management specialist called Tiscover. This allowed VisitScotland.com to develop its technological capabilities to ensure it remained at the forefront of destination management system and booking channel technology.

Operating costs are met by charging a competitive commission rate of 10% on bookings to the businesses that benefit from the sales made and by charging a booking fee for customers who use the telephone booking service (£3 per booking; nil for self-service online bookings made at the website). A small charge is made to tourism businesses for a listing to advertise themselves on the website, which for the forthcoming trading year (from 01 April 2007) starts from £44 (+ VAT) per listing, for which they can have up to 8 pages on the website, featuring multiple picture images and logos and many thousands of characters of text in which to describe and promote their business.

The VisitScotland.com management team report to a Board of Directors made up of representatives from each of the four shareholders (VisitScotland, Tiscover, Partnerships UK and Atos Origin). The future the Board also now has a new independent non-executive Chairman with extensive experience of both business and the public sector in Scotland. VisitScotland has the largest individual shareholding in eTourism (36%) and will continue to take a leading role in steering the joint venture.

Both eTourism Ltd and the 10-year concession granted to eTourism Ltd to operate the VisitScotland.com services are defined and governed by an extensive and robust legal framework, including the Shareholder’s Agreement and the Concession Agreement (as well as its associated annually-renewed Services Catalogue). There is sound corporate governance in place, with a Board of Directors – of which two are VisitScotland senior executives – and an independent non-executive Chairman. eTourism, trading as VisitScotland.com, is answerable to its shareholders through the Board.

In the period between now and the expiry of the current Concession Agreement in 2012 there will be a full review of the best way of supplying the services specified in the Agreement. This is fully in line with good corporate practice and will examine all the possible options for providing the services.
Based on the above, VisitScotland is firmly of the view that the PPP currently offers best value for the public sector and we do not agree with the central premise of the ADGAP petition, namely that the Concession Agreement should be broken and VisitScotland.com should be returned to public ownership. This course of action would require the other investors in the joint venture to be bought out and would inevitably lead to resources being diverted from core activity of marketing Scotland.

Performance of VisitScotland.com
The popularity of the VisitScotland.com website among consumers is such that it has become by far the UK & Ireland’s most successful national tourism website, attracting more visitors than www.enjoyengland.com, www.visitwales.com and www.ireland.ie put together. It is consistently ranked within the top 25 of all travel and destination sites and user sessions have more than doubled in over the last two years from 6.5 million in 2004 to over 13 million in 2006. This growth in usage demonstrates that www.visitscotland.com is a valuable source of information to visitors and potential visitors.

Since it was launched VisitScotland.com has delivered 470,000 bookings, generating over £60M revenue for the Scottish tourism industry. VisitScotland is aware that the ADGAP petition argues that VisitScotland.com is not generating new business but rather is simply converting existing business into bookings. Contrary to the perception of the petitioner, it is not the primary role of VisitScotland.com to promote new business; that is the role of VisitScotland, whose primary function is to market Scotland as a must-visit, must-return destination. VisitScotland.com was established to provide a highly cost effective service to businesses to promote themselves to potential visitors from across the globe; and to offer a facility to potential visitors to book their holiday in Scotland. In the light of the market trends identified above, VisitScotland would argue that Scotland would be in danger of losing business if it did not provide the very service that consumers are increasingly demanding. At a time when we have an ambition to grow tourism revenues by 50% by 2015, we would strongly caution against any action which could result in less business coming to Scotland.

PETITION ASSERTIONS

Prioritisation of Listings
With the move to online booking, consumers are becoming increasingly demanding and correspondingly less loyal to any one particular booking channel as the options available have multiplied. It is therefore essential that we can meet their purchasing requests as quickly and efficiently as possible. Consumers wishing to book their holiday online want to be presented with properties that are bookable online and it is for this reason that VisitScotland.com prioritises those businesses which have provided rooms on allocation and for which they can therefore provide an online booking facility. Prioritising businesses in this manner is standard practice for the majority of booking engines. Businesses of all sizes have provided rooms on allocation to VisitScotland.com so there is nothing to suggest that smaller businesses are disadvantaged by this approach. Indeed, approximately 65% of all accommodation booked through VisitScotland.com is for the B&B and Guest House market. This market is most prone to work with VisitScotland.com and reap the benefits from the marketing opportunities available.

Providers who are not giving rooms on allocation, nor updating with their availability, are also listed from the Browse Full Directory search button, also appearing in a prominent location on the home page.

Contact Details
In order to meet operating costs and make a return on the investment put in by the various partners, VisitScotland.com charges commission on bookings. This means there is a need to encourage visitors to book through the National Information and Booking Centre. The details of the booking centre are
therefore given prominence. It is made quite clear to those customers who choose to book centrally that they are booking through a booking centre and not directly with the establishment.

The opportunity to book directly with establishments is also freely available. Unlike competitor websites, e.g. expedia, lastminute.com, VisitScotland.com makes direct contact details for each establishment available with a clearly visible ‘Contact Details’ link, which with one click displays phone, fax, postal address, email address and, in addition, where available from the business, a link is provided to the individual establishment’s own website.

VisitScotland.com is about to respond further to business needs by introducing a new range of products and services for tourism businesses. This new range of products and services will be promoted within VisitScotland’s 2007/08 Marketing Opportunities. For example, the new products will include ‘Web in a Box’, which will allow businesses to set up and manage their own website using highly affordable and cost-effective software provided by VisitScotland.com. Their ‘Web in a Box’ website is quick to set up and manage because it is based on the existing text, images and data held about their business in the VisitScotland.com database and they will be able to simultaneously update their own website and their pages on the VisitScotland.com (and indeed have that content simultaneously displayed on other relevant tourism websites). Their own website will also be enabled to take “real time” bookings (at no commission to VisitScotland.com).

Another innovation for 2007 is a Directory Listing, which is aimed at businesses who do not wish to participate in online bookings. For an additional listing fee, this option will offer increased content with the business’s own contact details prominently displayed as the main call to action, and with no reference on the listing to VisitScotland.com booking channels.

Commission
As a PPP which does not rely on ongoing public sector subsidies, VisitScotland.com must generate income. As has been said, it does so in part by charging commission on bookings. The 10% rate compares extremely favourably with other equivalent commercial services, including incoming tour operators, travel agents and online booking agents. Competitors’ rates do vary but average between 15% and 30%, with some taking as much as 40%. The petitioner argues that small businesses have not previously “suffered” any commission on the business referred to them via their listing on the national website. However, small businesses have paid commission for bookings placed with them by TICs for almost 20 years. Indeed, the 10% commission rate was based on the existing practices of the majority of the Area Tourist Boards (ATBs).

Furthermore, a more positive and balanced view than the petitioner’s would be to appreciate that small businesses are now being offered a broader range of global sales distribution opportunities than had previously been available to them, at a very competitive rate. Agency commission is a very fair and commercially sound method of charging as it only applies when (and in proportion to) the business is actually generated for the accommodation provider, i.e. costs are variable, not fixed.

Personal Contact
VisitScotland acknowledges that there will continue to be a proportion of visitors who wish to make their bookings directly with the provider. It is for this reason that there is a clearly visible link on website pages to providers’ own details. However, there is no evidence to suggest that these visitors represent the majority. On the contrary, research would suggest that more and more visitors are keen to make their bookings online. Indeed, consumer research has shown that 93% of visitors to the VisitScotland.com site would consider booking their accommodation online at the site. Recognising the need to allow consumer choice, however, VisitScotland.com does offer a range of booking options—online, email, telephone, fax, letter or direct with the provider.

Monopoly
VisitScotland.com is by no means the only available booking engine. Businesses are not required to sign up to VisitScotland.com and VisitScotland offers a range of alternative marketing opportunities. The new approach to industry engagement, introduced by VisitScotland following the merger with the ATBs, allows businesses the flexibility to choose those opportunities which best suit their own needs. While for some this may be the VisitScotland.com booking channels, for others this may be print publications only. Businesses also have the choice of a vast array of alternative commercial channels, both online and printed. Quite simply, VisitScotland.com is not a monopoly.

Provision of Information
The petitioner in his statement to the Petitions Committee claimed that VisitScotland.com fails to encourage tourists to holiday in Scotland because it allocates excessive space to accommodation searches. VisitScotland would argue that this claim is unfounded. Although research shows that 70% of users are looking at the website because they are interested in booking accommodation or a holiday package in Scotland, over half of the home page is dedicated to information provision and the site is rich with content on what to see and do in Scotland. The information element on the site is continually being extended and improved.

CONCLUSIONS
VisitScotland firmly believes that the VisitScotland.com National Information and Booking Centre and website provide a very cost effective service to businesses. Given that many of the competitor sites do not accommodate, particularly well, the needs of small businesses. VisitScotland.com has introduced a platform which provides a level playing field for all businesses irrespective of size and, as outlined above, is about to respond further to business needs by introducing a new range of products and services for tourism businesses.

Crucially, the initiative also offers a consumer friendly, efficient service to our visitors. As more and more visitors move towards online booking it is essential that Scotland is in a position to meet consumer needs. With our ambition to grow tourism revenues by 50% by 2015, we must make it easy for visitors to book their holiday to Scotland. This is particularly important given the competitive nature of the market in which we are operating.

In addition, a major benefit of directing traffic to the national booking centre is the capture of data about visitors to Scotland (for Customer Relationship Marketing [CRM]). VisitScotland.com passes visitors’ data to VisitScotland, which can then use that data to better target its marketing campaigns, with the ultimate aim being to increase visitor numbers to Scotland in a very cost-effective way. The long-term benefits of CRM will be enormous for Scotland, particularly in an increasingly competitive market place.

The PPP approach not only offers a cost-effective solution to the public purse but also allows us to capitalise on the expertise of the private sector in what is a rapidly changing environment, involving regular changes to technology.

The petitioners have not put forward evidence that there would be any advantage to tourism businesses or the Scottish economy through taking VisitScotland.com into public ownership. On the contrary, any such change would involve substantial costs a to buy out the other investors in the joint venture, as well as increased costs and risk to VisitScotland in operating the joint venture services. The proposed change would lead to disruption in the valuable marketing, information and support services currently provided. The end of the current concession in 2012 provides a full opportunity to review options for future service delivery.
Dear David,

Thank you for your letter of 17 November to Jackie McCaig in the Scottish Executive’s Enterprise, Transport and Life Long Learning Secretariat, concerning Petition PE1015 from Alan Keith on behalf of the Association of Dumfries and Galloway Association Providers, calling for VisitScotland.com to be returned to public ownership. I am responding as this topic falls within the Tourism, Culture and Sport portfolio that sits within the Executive’s Education Department.

It might be helpful if I start by setting out some background. VisitScotland.com was established in 2002 as a Public Private Partnership joint venture company with funding of £7.5 million. Total public sector investment totalled £1.875 million from VisitScotland, which gave VisitScotland a 25% stake in the company. This was invested by way of a loan on the condition that it would be repaid once VisitScotland.com reached profitability. The VisitScotland.com Business Plan always anticipated that it would run at a loss in the first years of its operation, and it is expected to reach profitability during the course of this year.

In July last year VisitScotland.com announced that it had a new shareholder, a global destination management specialist called Tiscourier. This company, which has 15 years of international experience, was chosen as the best strategic partner to develop VisitScotland.com and help meet demands from its customers for a sophisticated, fast acting booking system. As a result of this change in the shareholding structure, VisitScotland’s share in visitscotland.com has now increased to 36%, with no additional cost to the public purse.

The central point made by this petition is that VisitScotland.com should be owned and run by the public sector. The Scottish Executive considers that the current Public Private Partnership arrangement provides best value for money and is the right model for Scottish tourism. We believe that transferring VisitScotland.com to public ownership would not be a good use of public resources. The petitioner’s position is that the central purpose of the website should be to sell Scotland as a destination, rather than selling accommodation. The publicly owned VisitScotland.com would therefore devote most of its space to marketing Scotland rather than trying to attract bookings. It
would provide listings of Quality Assured accommodation in Scotland but, being publicly owned and non-profit making, it would make no attempt to sell this accommodation. Instead, it would leave it to potential visitors to make contact with accommodation providers (whose contact details would be provided) to make bookings. The opportunity would be there to book online, but the petitioner argues that most visitors prefer not to book online but to speak directly to their chosen accommodation provider.

The Scottish Executive disagrees with these arguments. VisitScotland.com is proving an increasingly effective shop window for Scotland, promoting a wide variety of Scottish tourism products and events to a global market. More and more the website is providing a rich source of information of all that Scotland has to offer our many visitors who choose Scotland as a place to visit, and sample our vast culture and heritage. However, contrary to the petitioner’s contention, the Scottish Executive does not believe that the primary function of VisitScotland.com should be to promote Scotland as a tourism destination. That is the primary function of VisitScotland, which promotes Scotland through its highly imaginative and very successful marketing techniques. The role of VisitScotland.com, on the other hand, is to build on the success of these marketing techniques, by reaching potential visitors and providing them with an accessible booking channel that allows them to plan and book their holiday in advance of arriving, while providing accommodation providers with a global platform to showcase what they have to offer.

The petitioner contends that a single nationally run booking system is not essential, but that if we are to have one, it should be run as a service to tourism, allowing businesses to market and sell their products as they wish. The Scottish Executive believes that VisitScotland.com is a valuable asset to Scottish tourism and provides an excellent service to the industry. The website is now estimated to be receiving somewhere in the region of 13 million visits a year. This has led to over 460,000 bookings being made which has generated over £60 million worth of business to accommodation providers across Scotland since the inception of VisitScotland.com in 2002.

Individual businesses have many options as to how they market their product on the website. Contrary to the petitioner’s claim, contact details are not obscured but are in fact easily accessible to visitors to the website. By clicking on the hyperlink against each entry on the website, the site shows individual businesses’ contact details (phone, fax, postal address, email address). In addition, where provided, links to the establishment’s own website are included. This means that potential visitors can choose to contact the accommodation provider direct or book through VisitScotland.com. Visitors are not, therefore, forced to book through the website or call centre, as the petitioner suggests.

The petitioner also expresses concern at the 10% commission charged on bookings taken through VisitScotland.com, suggesting that this is too high a cost for small businesses. While we recognise that many tourism businesses are very small and are working at low profit margins, it is worth pointing out that this rate compares extremely favourably with other equivalent commercial services, including incoming tour operators, travel agents and online booking agents.

Nevertheless, it is important to recognise that VisitScotland.com is only one of many avenues that visitors can explore when planning a holiday to Scotland, and only one of the many options available to businesses. It is vital that tourism businesses get to know their own market and the Scottish Executive would encourage businesses to consider how best to market and sell their product to their own potential customers. Indeed, the Tourism Framework for Change, which was published jointly last year by the tourism industry, the Scottish Executive, and other public sector agencies encourages tourism businesses to get e-enabled, and set up their own websites.
The Scottish Executive therefore believes that VisitScotland.com, in its current form, provides a good service to tourism businesses. Nevertheless, it will continue to respond to feedback from the industry and visitors, and improve the service it provides.

Tourism in Scotland continues to show signs of growth, especially in the number of visitors coming to Scotland from overseas, with an increase of 50% between 2001 and 2005. This trend looks like continuing with latest figures showing that there was an increase of 14% in the number of overseas visitors for the first nine months of 2006 compared to the same period for 2005. VisitScotland.com is making a good contribution to this growth, and we will continue to work with it to ensure that its contribution continues to improve.

I hope that you find this response helpful.

Yours sincerely

LAURA JOHNSON
Private Secretary
27th February 2007

Dear Mr McGill

Petition PE1015

Please find enclosed the response to Public Petition PE1015 from the Scottish Tourism Forum.

Yours Sincerely

Alan Rankin
Chief Executive
Public Petitions Committee Petition PE1015
Response by the Scottish Tourism Forum

This response is made on behalf of the Scottish Tourism Forum members. STF represents a wide range of tourism businesses. Through our membership structure of individual companies and trade associations we reach approximately 8,000 businesses and have representation in many sectors and across the whole of Scotland. The following statement is based upon feedback from members and additional comment from the chief executive.

Initial position
The world tourism market is set to grow by 4% per annum for the next 10 years. Scotland has set a target of growing tourism revenues by 50% by 2015 which is in line with world growth rates. Tourism contributes £4.2bn to the economy, employs over 215,000 people and supports over 20,000 businesses. World tourism will become more competitive with over 200 countries seeking to have the competitive edge.

Consumer buying behaviour is changing with dramatic speed. Tourism is a sector that will become more and more dependent on internet based shopping. With that in mind it is essential that Scotland has a well developed e-commerce strategy with tourism providers equipped with the e-capacity to trade in this fast moving marketplace.

Customers are becoming more on-line demanding; they will want to research, book and have confirmed purchases on a 24 hour, seven day a week basis. Business must be open for business 24/7. More and more people are willing to, and indeed demand the ability to, book and pay online for goods and services. Unless a business is in a position to service these demands revenue to Scotland will be lost. That in itself justifies the need for a national portal with the ability to take business on behalf of our industry.

- STF do not agree that the national portal should be returned to public ownership nor should it be entirely private sector. STF hold the view that the investment made to date should be capitalised upon but one that is developed without an overriding need for financial return or bias towards the private sector. One STF member commented: “I do believe with more interaction between the sector and the provider, misunderstandings can be ironed out and that the current site will develop sufficiently to become an icon. Already there are improvements that are very acceptable but there is still much work to do which I do not believe the private sector could achieve in a fair and unbiased manner.”

The public private partnership approach has brought a great deal of benefits to Scottish tourism. Private partners allow access to shared R&D within the private sector, an aspect that is vital in the fast moving development of IT and e-commerce technology. The site, however, must remain responsive to change.

- STF do not agree that listings should be displayed in an entirely random basis. We do however agree that full and direct contact details for online display should be available to all businesses in order to allow an option for the consumer to transact with that business should the consumer so wish.

- STF also believe that providers of services such as booking agents and tour operators, area marketing groups and destination management organisations should have open and commercial access to the national portal regardless of whether they operate online booking services to the consumer.
Detailed Response

1. There is the need to provide a simple one click call to action from all national and international marketing that is carried out by VisitScotland. The national portal of VisitScotland.com should be that first click result. From there the consumer should be free to browse, research and buy via any channel that they so wish, be it through a third party, direct with a business, area group or Destination Management Organisation.

2. STF believe that VS.com is correct to charge commission rates for sales activities on behalf of clients. We believe, however, that presence on the site should not be based on sign up to sales commission deals but should be on the basis of bought advertising space. STF believe that a sustainable business model for VS.com could be based on a mix of commission income and advertising income but with the emphasis on advertising revenue from tourism businesses.

3. The website should be run as an extension to the national marketing activities of the national agency and also support individual businesses that market their area and product offer. VisitScotland undertake successful overseas marketing campaigns and the main call to action is to go to www.visitscotland.com website. This practice must continue as consumers must get one clear message as to how to follow through on their interest in the advert. It is from this point that consumers must be given as wide a choice as possible to make enquiries and purchase Scottish tourism products and services.

4. STF wish to see a national portal that will offer consumers the opportunity to buy direct, through a third party, and also have the ability to package separate deals should they so wish. This can be best served via a national portal that is working in partnership between the private and public sectors - not one that is wholly owned and operated by one sector.

5. STF believe that an easy, one step, click to buy from the national advertising call to action is required but should not be the only option open to consumers. STF take the view that consumers must have the choice at entry to the website to browse, gather information and buy tourism products or services. Business software capacities are increasing every day and it is now clear that individual businesses can establish online booking facilities and services. The need for a centrally run booking service is, in our view, likely to diminish in the future.

6. STF understand that VS.com have over the past two years been working on a suite of products that will provide business solutions to many of the concerns voiced in the petition, namely:
   - Web in a Box: a fully functional, booking-engine enhanced website template, hosted on the VS website, so allowing businesses to promote direct contact with the consumer should they choose.
   - Advertising Listing: this service offers the consumer an opportunity to buy from the businesses who can elect to deal direct or have business taken via the call centre, so in that instance attracting commission.
   - Standard Listing: bookable through the VS infrastructure or direct with the business. Businesses can update their details via the extranet system.

7. It is **essential** that the above new products are given every opportunity to serve the needs of the tourism market. The success of these products is critical to the future success of VS.com and engagement with the wider industry.
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7. It is essential that the above new products are given every opportunity to serve the needs of the tourism market. The success of these products is critical to the future success of VS.com and engagement with the wider industry.
8. We do not agree with the statement within the petition that business contact details are deliberately hidden from users and this is a statement that is neither helpful nor accurate and does not add to the debate. There is, however, discontent with the manner in which the VS.com ‘steers’ consumers towards listed accommodation providers. The solution does not lie in a fully randomised free search engine, as put forward in the petition. STF see the solution being market driven by advertising structures that are based on advertising rates and promotions that businesses are free to engage at whatever level they wish.

9. It is understood that tour operators have concluded successful ‘package’ deals with consumers through VS.com so it is wrong to assume that the site does not currently cater for this sector and approach to third party agents working via VS.com.

10. STF agrees that lack of support towards VisitScotland.com undermines general support to VisitScotland and QA schemes and this is a trend that is not contributing to the overall objectives of good partnership working in our industry.

11. STF agrees that the home page of VisitScotland.com must provide more opportunities for users to gather information about Scotland, things to do and places to visit. Accommodation booking should not take up 75% of the home page. Consumers will buy into a destination and not be driven by accommodation as the first reason to visit. The home page must act as a window to tourism products and services in Scotland and it does not currently satisfy that role.

12. Consumers should be given every opportunity to purchase product as quickly and as easily as possible. Research has shown that internet use is expanding and users are prepared to search and buy more and more on-line. Indications are also confirmed that users are becoming more and more used to buying goods and services online. Yes, tourism depends on a high level of service and human contact and yes, that is at higher levels with people booking to stay at B&Bs and small properties. However, it is our understanding that in this instance it is the seller who is more interested in physical contact as he is in effect taking someone into his own house. It is in effect more likely to be the seller who is more interested in the personal contact at booking than the buyer.

13. STF do not dispute that businesses should be able to market as they wish. Market forces will dictate where and how a business will promote its offering. Quote from an STF member: “As a VS 5 star hotel, I get maybe a dozen bookings a year, 18 bednights from my total of 11,000 sold, so makes no difference to me or to my income. However, I have continually heard complaints from the B&B end of the market, so I think at that level there is a problem. Perhaps they should reduce the commission charged to the B&B, i.e., the lower end sector, as it affects them, not us?”

14. Further proof of businesses following consumer trends to drive marketing decisions is echoed from another STF member: “We have spent some of the budget saved on VisitScotland Fife publications on Google adwords and are already seeing a return on our money.”

15. Further comment from an STF member: “Properties have already paid for advertising on the web portal. Why should the need of VisitScotland.com to generate revenue through bookings restrict the properties from taking direct
bookings having already paid for the advertising space? I sympathise with this view and a solution is probably to look at the pricing structure for the advertising so this makes more sense to VisitScotland.com, albeit the properties advertising will in all likelihood have to pay more for the advertising."

18. STF hold the view that every tourism business should be free, should they so wish, to sell and transact directly with every potential tourist on the planet. Consumer buying channels are widening every day; business must be in a position to meet that demand. STF have for some time recognised the need for tourism businesses to develop their own e-capacity to promote and sell products on-line. STF have pioneered a successful series of e-commerce workshops targeted specifically at small tourism business with the aim of: improving skills, improving and developing business capacity to trade on-line, to maximise current on-line sales, to maximise future on-line sales.

17. The national call centre can and does handle calls from many consumers and many are satisfied with the service they receive. STF agree that a local level of information should be made available to consumers and that this is unlikely to be provided with a high enough level of accuracy at a nation central resource. However, financial resource is unlikely to allow for fully manned local information centres to cope with referred calls from the call centre. Local solutions for customer information are not the sole responsibility of the public sector so the level of local provision should be private sector led by the local businesses. One STF member is quoted: "The movement of TIC local knowledge to a centralised call centre as part of VisitScotland.com has created many problems with inaccurate information being given to end consumers and tour operators alike. As recently as last week it took considerable effort to obtain the correct information through the call centre and in the end local contact in St. Andrews had to be used to obtain the information required. This is a really negative advert for Scotland and has to improve. Thought has to be put into the effectiveness of the call centre and does it really work in terms of replacing the local knowledge available through the TIC? This combined with numerous councils withdrawing their funding of VisitScotland - with the closure of TIC being one of the main reasons for funding being withdrawn has to be viewed as a wake up call that VisitScotland/VisitScotland.com have got this wrong and has created a detrimental situation for Scottish tourism that must be improved through new thinking."

18. Concerns have also been voiced over the site structures. "The site itself is extremely difficult to use, particularly if you are a first time visitor with no idea of place names, accommodation providers, etc. It is almost impossible to find a list of accommodation without being informed that there are no providers in a particular area due to that area having no on-line booking operatives."

19. Concern is also voiced over the pricing structures.

- "The pricing structure is dreadful with a 2 night stay as the main price; this should definitely be a one night per person rate."

- "The booking fee and 10% commission taken on the entire visit including food is a major point of contention with small operators."

20. There should be a concerted effort by VisitScotland and VisitScotland.com to better engage with tourism businesses both large and small. The current polarised position adopted by certain sectors of the industry is not conducive to a partnership approach to developing the overall tourism market values to Scotland.
Conclusion
The subject is complex with polarised views across the industry regarding the VS.com website and its performance. One issue is clear and that is that we are in a fast moving and highly competitive marketplace where flexibility to meet changing consumer patterns and buying channel preferences is essential.

The industry is dis-united on e-commerce and that is not good for the profitable and sustainable growth of our industry. VS.com has been in existence for five years and both VS.com and VisitScotland have failed to bring all parties together and every effort must be made to have the private and public sectors pulling together.

The petition is wrong to push for a retrograde move to take VS.com into public ownership but other elements within the petition do reflect a growing disquiet within the smaller business sectors of the industry regarding the relationship and effectiveness of the national agency and the national web portal.

As the industry representative body STF is willing to convene a fully independent industry led e-commerce advisory panel to facilitate the future collaboration over this subject.

Scottish Tourism Forum
27th February 2007
Consideration of Petition PE1015

The Association of Scotland's Self-Caterers (ASSC) thanks the Public Petitions Committee for the opportunity to comment on the Petition raised by Alan Keith on behalf of Association of Dumfries and Galloway Accommodation Providers (ADGAP).

ASSC was founded by a group of self-caterers who were committed to quality in 1978 and has grown to a membership of almost 600 self-catering businesses covering some 2,500 properties right across Scotland. Our Association promotes its quality graded members, actively represents the sector in many places and listens very attentively to what our members tell us. A main and recurring topic for some years now has been dissatisfaction with visitscotland.com.

The contribution of Self-catering is notoriously difficult to count up, but is reckoned to be worth some £300m to the Scottish economy per annum.

Background.

ASSC had previously worked with Project Ossian to inform the staff there on specific self-catering issues, and we have been involved with VisitScotland.com in a similar vein since it started. We have taken the line that VisitScotland.com is our national website, and therefore must be made to work effectively for self-catering businesses and, most importantly, their visitors. It cannot be stressed enough that ASSC has willed a successful way forward for this project.

The Public Private Partnership (PPP) VisitScotland.com started in 2002, signing a 10 year contract with VisitScotland. Summer 2007 will bring us only to the halfway mark.

VisitScotland.com’s vision back in 2002 correctly anticipated a large growth in online and internet behaviour by visitors looking to book holidays in Scotland. The aim was to present "a sophisticated showcase for all Scotland’s tourism products – from the smallest B&B through to the five star resort hotel; for transport operators to visitor attractions to historic houses – to reach every country and market in the world". It was looking forward to a scenario where "up to 500,000 room nights could be booked on-line by the year 2005".

(VisitScotland press release May 2002).

Many self-catering accommodation providers however considered that the launch of VisitScotland.com was neither attuned to the needs of the visitor nor to those of the Accommodation Provider. What they really wanted from the national tourism website at that stage was a well promoted marketing website, an attractive listing with their businesses’ own contact details prominently displayed, and direct click through to their own websites. This industry view was in direct conflict with the aims of VisitScotland.com who hoped to channel bookings through the Call Centre as well as through the traditional route of the VisitScotland TICs. It was essential to generate revenue for the private/public business model. From the outset VisitScotland.com laid itself open to accusations from accommodation providers that it was not bringing in extra visitors to Scotland; it was merely displacing bookings that would otherwise have gone direct to accommodation providers.
The IONA booking system for self-catering was launched in early 2006, but compared to other commercial online booking systems, was clunky and difficult to work. It did bring in extra bookings for those who were able to use it; although only 200 self-catering businesses, including some ASSC members, were fully signed up to this system.

Some self-catering accommodation providers won't entertain booking by VisitScotland.com in any form. Others have tried to work with VisitScotland.com, but in reality, the number of bookings made, although increasing, has been small.

Recent Developments.

Before coming to major conclusions, we must recognise that things have moved on substantially over the last year and in particular since November 2006.

There is an ongoing sea change in visitors' behaviour. Internet use, and broadband have mushroomed, and confidence in buying online has risen enormously in the past year alone. Visitors increasingly expect to research, choose, book and pay for their holiday online. The industry must respond to that change or be left behind. Displaying availability is arguably a useful tool to increase bookings.

VisitScotland.com has been substantially increasing traffic to its website. For the first time, in early summer 2006, VisitScotland.com was able to demonstrate a clear demand for self-catering which was not being met with available accommodation. For the industry, the message was that by showing availability there were extra bookings there to be taken.

Introducing Tiscover as a partner on 20th November 2006 VisitScotland.com migrated 17,000 data sets onto the new Tiscover platform and has announced that in March 2007 they will be offering businesses three ways to buy in through the Business Opportunity Package marketed by VisitScotland:

**Web in a Box** – this is described as a booking engine that sits on a business' own website, or the business has a website hosted by VisitScotland.com. There are numerous features with this, but one is the exposure of a business to the entire international Tiscover network.

**Advertisement Listing** – this is promised as a full website listing, well promoted and with no call to book through VisitScotland.com. Business' own contact details will be prominent. Unfortunately, these entries will not come up on availability searches, so will be disadvantaged by VisitScotland.com' primary availability-led search facilities.

**Standard listing** – as for IONA as was. Bookable through VisitScotland.com, or by owner's contact details. Businesses use the Extranet system to update their status.

Today, in early February, many businesses have details that were migrated over in November, but are unable to update these due to not having been issued Extranet usernames, difficulty in operating the Extranet system, an insistence on pricing per night, and difficulties in fitting self-catering pricing to the new system. This has been extremely frustrating for self-catering businesses accustomed to utilising the peak enquiry time after Christmas that generates bookings for much of the year to come.

We must recognise that a considerable number of self-catering businesses have moved on themselves and have successfully and independently set up their own online booking systems, rather than wait for VisitScotland.com to get organised.
Most self-catering businesses do not distinguish between VisitScotland and VisitScotland.com. We have evidence that businesses, unhappy with VisitScotland.com’s performance, have taken and are still taking the decision to disengage with VisitScotland completely. This means coming out of the Quality Assurance Scheme, Green Business Tourism Scheme, and going it alone. Scotland’s tourism industry needs to work together if it is going to achieve growth to a £6bn/year industry by 2015. Industry fragmentation due to poor performance by VisitScotland.com is a very real concern.

The Petition

The Petition specifically calls on the Scottish Parliament to urge the Scottish Executive to return the national tourism website, call centre and booking system to public ownership.

When the Petitions Committee were in discussion, the question was put as to whether there is, at the heart of the system, a conflict of interest between the structure of VisitScotland.com and the interests of accommodation providers.

Response.

If we were to poll all our ASSC members on this issue we suspect the majority view would be “yes, there is a conflict of interest.” VisitScotland.com has over the years now acquired more foes than friends, evidenced by the strong feelings expressed by our members. There are businesses who would like to see VisitScotland.com work, and believe that if it does, they and their visitors will benefit. There are businesses who believe that VisitScotland.com as presently set up will never work effectively. It is certainly true to say that many businesses are doing well in spite of VisitScotland.com. ASSC members are much divided in their views, and our response will reflect this.

We do not have any estimates for the cost of dismantling the agreement, and breaking the contract, but suspect it to be very substantial. We consider it would be hugely expensive and extremely disruptive to return the site to public ownership. If we go down this route, then substantial money will have to be found (presumably) from the VisitScotland budget to square this away. This is money that should be used to market Scotland. To go down the route suggested by ADGAP would not be sustainable without an additional injection of public money from outside tourism.

To represent our understanding of how the sector feels as a whole, we have two responses:

Response A (estimated 2/3 majority):

We believe VisitScotland.com as an accommodation booking site to be fundamentally flawed, as it should be primarily a marketing website, reflecting VisitScotland’s marketing campaigns, with the secondary function to allow bookings to be made. We propose that VisitScotland should control the marketing, which should remain, like the rest of its marketing, in the public sector. We think that the booking engine should be entirely in the private sector.

There is a conflict of interest between the structure of VisitScotland.com and the interests of accommodation providers. A national booking engine was not asked for, has not yet been shown to work on a realistic scale, but is fundamental to bringing in income to VisitScotland.com.
Although we are unsure of the actual amounts, the ongoing costs of running a PPP website that is clearly not 'fit for purpose' is a concern, and we think that these funds could be better employed. VisitScotland.com has had 5 years now to produce a first-rate website, and has failed to achieve this. It is time to move on to something that works.

Response B (estimated 1/3 minority):

It will be very damaging, and a waste of scarce funding to try and dismantle the existing contract between VisitScotland and VisitScotland.com. The site already has 16m unique visits per annum and is growing. All things considered, we feel that the best way is to try to move forwards and improve what we have in place.

VisitScotland.com correctly recognises that visitors will increasingly wish to research, book and pay for their holidays in Scotland online. Our national tourism website must keep up with this trend or risk the industry falling behind the competition. The Explore Scotland section recently launched is a good move to increasing the marketing content of the website.

We think that the new range of buy-ins to VisitScotland.com have shown that VisitScotland.com is listening to the industry, and will provide a genuine choice of levels of engagement. In particular, we think that the 'advertisement listing' will be popular with those businesses who wish to be on the site, but not have their visitors directed through VisitScotland.com’s booking engine or call centre. However, we are concerned that these will not have equal visibility alongside bookable entries.

Frustration persists with the technology, in particular the slowness of roll-out the process whereby businesses can update their details, the inappropriate 'serviced accommodation' assumptions on self-catering entries, and the level of bugs in the new Tiscover Extranet system.

Conclusions.

Sadly the VisitScotland.com website has not been seen by the self-catering industry to have delivered a workable useful website. The project is almost 5 years in, and by this stage self-catering businesses should be, but are not, seeing VisitScotland.com as "the site that they simply have to be on" to derive significant business.

ASSC wants to see the National Tourism Website work for the industry: for the visitor, provider businesses and public sector. Some of us would like a big change now, to be effected quickly, while others are ever hopeful that the site will come good in 2007.

The problem is that we have waited patiently for a long time. Meantime, we have considerable evidence of industry disengagement, which is very worrying. Feelings are running very high.

David Smythe
Chairman
13.02.07
Public Petitions Committee:
Petition PE1015 - visitscotland.com
February 2007

Introduction

The Federation of Small Businesses is Scotland's largest direct-member business organisation, representing over 19,000 members. The FSB campaigns for an economic and social environment which allows small businesses to prosper.

FSB Scotland welcomes this opportunity to comment on Petition PE1015, which calls for the Scottish Parliament to urge the Scottish Executive to return the national tourism website, call centre and booking system to public ownership. The services offered by the public/private partnership visitscotland.com are of particular interest to our members, many of whom are small tourism businesses.

Throughout 2006 FSB Scotland held a series of focus group meetings across Scotland with varied small tourism businesses, from accommodation providers to visitor attractions. Our members raised a number of issues concerning the operation of, and services offered by, visitscotland.com. The research findings of this exercise were published in an FSB Scotland policy paper on Tourism in January 2007.

Overview

FSB Scotland is aware of a general level of dissatisfaction with visitscotland.com, particularly among small tourism businesses. We have highlighted some of the reasons given by our members for this dissatisfaction. While we do not believe that the actions proposed in this Petition are the most appropriate way to solve these issues, we do stress that it is important that these problems are addressed by visitscotland.com. Continued disillusionment has implications not just for visitscotland.com, but also VisitScotland. Many tourism businesses do not clearly distinguish between the two organisations, partly because they share the same branding – which causes confusion.
Operation of visitscotland.com

It is fair to say that a large number of small tourism businesses are highly dissatisfied with the current operation of visitscotland.com. This dissatisfaction stems primarily from a number of common complaints about the practical operation of visitscotland.com, and the corresponding impact on small tourism businesses.

Firstly, our members have concerns about the accessibility of contact information for individual tourism businesses on the visitscotland.com website. Many accommodation providers believe there has been a deliberate attempt to dissuade visitors from contacting businesses directly, by obscuring their contact details, and guiding visitors towards visitscotland.com’s commission-based centralised booking system.

Secondly, our members also express dissatisfaction with visitscotland.com’s cancellation policy, which can be particularly disruptive and costly to small businesses, in the form of empty rooms and having to chase customers for deposits. There appears to be poor communication links between visitscotland.com, visitors and accommodation providers in this regard.

Our members also report numerous incidents of visitors being told by visitscotland.com that certain locations are ‘full’. Visitors contacting visitscotland.com’s call centre have been told that there were no rooms left in certain areas of Scotland (including Edinburgh and Glasgow), when in reality visitscotland.com merely had no more rooms available through its booking system. This is potentially extremely damaging to Scotland’s tourism industry, because visitors could be deterred from making a planned journey based on this inaccurate information.

Our members firmly believe that the primary function of Scotland’s official tourism website should be promoting Scotland to potential visitors, and that the booking function should be secondary. FSB Scotland believes that this balance between marketing Scotland and operating a booking service is not being achieved by visitscotland.com’s website.

However, our members are concerned, not just at the service visitscotland.com offers to individual businesses, but also the level of service provided to the wider tourism industry from visitscotland.com. As visitscotland.com operates Scotland’s official tourism website, and in part funded from the public purse, FSB Scotland believes that it has a duty to serve the wider tourism industry; not just those businesses who sign up to its booking service, and not just its own profit margins.

There are also high levels of confusion among tourism businesses about the distinction between VisitScotland and visitscotland.com, and the duty each is perceived to have to Scotland’s tourism businesses. This naturally has implications for the expectations of service from visitscotland.com, and this may go some way to explaining the levels of dissatisfaction with visitscotland.com.

While we are aware that changes to the operation of visitscotland.com are coming on-stream, we feel that significant improvements to the level and standard of communication between visitscotland.com and businesses will be required, if we are to begin to build some trust in the system.
FSB Scotland Recommendations

We believe that visitscotland.com’s duty to serve the wider interests of the Scottish tourism industry should be clearly reflected in the contractual agreement between VisitScotland and visitscotland.com. VisitScotland.com’s duty to offer a high quality service to all its customers should also be integral to this agreement. We believe this should take the form of a new code of practice for visitscotland.com, under which the following recommendations could be implemented.

1. The code of practice should, first of all, instruct visitscotland.com to enhance communications with small businesses.

2. It should also instruct visitscotland.com to be more flexible in dealing with small businesses, to reflect the particular challenges faced by this sector. For example, small businesses require greater flexibility in a booking system and in matters such as cancellation policy.

3. The code of practice should also instruct visitscotland.com to inform potential visitors of the availability of alternative channels to find accommodation and visitor attractions to those listed by visitscotland.com.

4. FSB Scotland also believes that the visitscotland.com website should be required to give greater prominence, than it does at present, to marketing Scotland than it gives to the booking service.

5. Given the high levels of confusion about the distinction between VisitScotland and visitscotland.com, and the implications of this confusion, the branding of visitscotland.com should also be given some consideration.

Conclusion

FSB Scotland has outlined a number of challenges that visitscotland.com will have to meet to gain the confidence of many small tourism businesses. We have also outlined a number of potential solutions to some of these issues. We believe these issues should be the focus of any changes made to the operation of visitscotland.com, and therefore the priority for action. We are not convinced that, at this time, these challenges would necessarily be addressed simply by a change in status of visitscotland.com. However, regardless of the outcome of the Petition, the frustrations and problems outlined in this submission must be addressed.

For further information on any of the points raised in this submission, please contact Julie Hepburn, Policy Officer, on julie.hepburn@fsb.org.uk or 0141 221 0775.
26 February 2007

Mr David McGill
Clerk to the Public Petitions Committee
The Scottish Parliament
TG.01 Parliamentary Headquarters
Edinburgh EH99 1SP

PETITION PE1015: NATIONAL TOURISM WEBSITE

Thank you for your letter of 17 November 2006, seeking the views of the British Hospitality Association (BHA) on the above petition, which calls on the Scottish Parliament to urge the Scottish Executive to return the national tourism website, call centre and booking system to public ownership.

The BHA is the national association for the hotel, restaurant and catering industry. The 40,000 establishments in membership across the UK employ some 500,000 people. In Scotland, BHA membership in the hotel sector includes both chain/group hotels and independent operators, represented by the BHA Scotland Committee, whose current chairman is Gavin Ellis of Knockarome Hotel, Forres.

As is well known, the history of developing national tourism websites, both in Scotland and elsewhere, has been chequered. The public sector has tended to spend well but not always wisely. The Scottish website needed the disciplines of the market place, which the PPI was intended to provide. We have no information on the terms of the PPI contract beyond that given during the Petitions Committee debate. However, it was indicated that, if the PPI contract were to be unwound, there would probably be contractual penalties which would fall upon the public purse.

It is also highly likely that VisitScotland would need to purchase equivalent services from a third party: this would in turn require funding, either from public funds or from accommodation providers.
Our position is therefore to ask whether the problems identified by Mr Keith on behalf of ADGAP are sufficiently serious to merit unwinding the present contractual arrangements.

(The quotations are from the petition, except the final one, which is from Mr Keith’s statement to the Petitions Committee.)

The first problem identified is that “providers’ listings are prioritised by their willingness to allocate rooms or provide availability information, making many of them inaccessible to enquirers.” This is not unique to the visitscotland.com website. Indeed, probably all commercial sites work on the basis of allocation and availability. Smaller operators do find it harder to allocate rooms, but it is not necessarily impossible for them to do so.

For example, a search of www.visitscotland.com under ‘Dumfries and Galloway’ on 21 February 2007 produced, at the top of the list, a six bedroom guest house in Dumfries, whose own website was accessed from visitscotland.com and where online booking of allocated rooms was possible.

Second, “in all cases contact details ... are deliberately obscured behind inconspicuous and disguised hyperlinks, thus denying many consumers direct access.” The person accessing the site on 21 February, who had not previously visited it, was able to find the guest house’s website via hyperlinks without any difficulty. A Google search also enabled a number of guest houses in Dumfries to be accessed directly, though some agency sites, unlike visitscotland.com, did not have visible links to the websites of establishments where they were selling rooms online.

Third, “small businesses working at low profit margins are unable to absorb a 10% commission charge.” Every hotelier will have instinctive sympathy with this argument: nobody likes to pay a third party for introducing business. The argument would be strong if visitscotland.com was a monopoly, but it is not. The petitioner referred to losses made in respect of the visitscotland.com operation. Clearly, those would have been higher if there had been a lower, or no commission charge.
Fourth, the “theory [that the scheme...would enable a new market of internet users to book on-line] is flawed...on-line booking as a facility is not important” to many consumers. In fact, we think both positions are true: websites have facilitated and created a massive online bookings culture, but, yes, a significant proportion of consumers do prefer, having researched online, to call to make their booking, and, again yes, this is more likely to be the case for smaller properties with non-standard rooms and features. None of this is an argument for bringing visitscotland.com into public ownership.

Finally, “the national website fails to encourage tourists to holiday in Scotland because it allocates excessive space to accommodation searches, deals and offers.” We have some difficulty with this statement because the person accessing the site on 21 February saw significant non-accommodation material on, and accessible from the home page.

As the Committee will have noted from our remarks above, we do recognise many of the points made in the petition, but think that they are overstated, and do not provide sufficient argument for overturning the existing arrangements. The petitioner has, however, done a service by drawing attention to the fact that the implications for our industry of information technology systems have not all been foreseen.

I confirm that we have no objection to this response being made publicly available.

Bob Cotton
CHIEF EXECUTIVE
Public Petitions Committee  
TG01  
Parliamentary Headquarters  
EDINBURGH  
EH99 1SP  

Consideration of Petition PE1015

Dear Ms Martin,

In response to your letter of the 19 March I am enclosing the following documents:-

1. Our comments on the responses of various tourism organisations.
2. A document entitled “Ossian to eTourism – A Lost Opportunity”.

The above are for consideration by the committee. Both documents and this letter will also be transmitted by email as requested for ease of reproduction. Should you have any queries on the above please let me know.

I trust the committee will have the opportunity to consider the evidence at the earliest date possible. The future of the tourism industry in Scotland hangs in the balance.

Yours sincerely

Alan Keith
1. General.
Responses from industry side organisations STF, ASSC, BHA, & FSB were supportive of many of our contentions regarding the failings of the existing scheme. Differences mainly arose over the means of achieving a solution, with some bodies suggesting that eTourism Ltd could be made to behave in a manner more acceptable to accommodation providers. Unsurprisingly, VisitScotland and the Scottish Executive defended the status quo, with no acceptance of any need for change. In the face of substantial and widespread industry discontent, the nature of this response perhaps reflects why the problem has come to exist in the first place. Where we differ from the respondents, our response to the various submissions is set out as follows:-

2. STF
STF claim that customers need to be able to purchase tourism products 24/7 and unless (all) businesses provide that service revenue will be lost. This overlooks the fact that a) large scale provision on-line already exists & b) Many customers do not yet require this level of service & c) small providers cannot practically provide it (through visitscotland.com or any other agent).

STF also suggest that the national portal while not being returned to public ownership should be “developed without overriding need for financial return”. We do not believe this is a workable solution. The facility may be operated as a commercial concern, or as a service. It is difficult to see how a compromise could be achieved between the two.

STF claim that the PPP has “brought a great deal of benefits” & “allowed access to shared R&D within the private sector”. This is disputed, there being no evidence to support the statements. STF say (6) that it is essential that the new products (Web in a box, Advertising listing & Standard listing) are given an opportunity to serve the needs of the tourist market. We do not believe that these “products” have any real merit and evidence unfolding is that the take-up is poor.

Bizarrely, STF disagrees (8) that contact details are hidden, despite the fact that eTourism itself admits in private that this is so, due to the need to “drive consumers to book via the agency”. Anyone using the www.visitscotland.com website can see that the contact details are not shown on initial presentation of a listing, while the call centre telephone number and booking buttons appear prominently.

3. ASSC
While agreeing in majority that the PPP involves a conflict of interest, the ASSC believes that the costs of “breaking” the contract with eTourism would be substantial. We do not accept this as a justification, since if the present system is defective, any costs involved in its rectification must be borne. Examination of accounts to December 2005 indicates serious operating losses as well as an admission that nearly £6 million was written off by majority shareholder Atos Origin. Participation in the booking system by providers has plateaued at very low levels and new products such as directory listings and “web in a box” are likely to be of little interest. Consequently the company is likely to be insolvent within a short period at which point the website and booking system could be taken over at no cost.

FSB
As with the STF, FSB say that a change in status of visitscotland.com is not required, and that a new “code of practice” (the concession agreement) will suffice. We cannot see, however, any reason why eTourism should agree to variations in their agreement that will reduce their level of commission revenue. The fundamental basis is what is at fault which is why we believe public sector ownership is a pre-requisite for any solution. That in itself will not solve the problems, but it will prepare the ground for a better arrangement.
BHA
Like the ASSC, BHA believes that contractual penalties would arise if the concession agreement were to be "unwound". As said before, we do not believe that is the case. They also claim that funding would be required to purchase equivalent services. Certainly, maintaining the website would involve some costs, but it is quite appropriate that VisitScotland meet these just as they do other marketing costs. With the website properly run as a service, increased support from accommodation providers would result and it is reasonable to expect them to bear some of the costs.

BHA say that it is not impossible for small operators to allocate rooms. That may be so, but it is certainly impractical in the majority of cases and we do not see why profitable concerns should be forced into operating methods they do not find worthwhile. Providing one example of a guest house in Dumfries with on-line booking proves nothing.

Similarly, BHA claim that a person accessing visitscotland.com on 21 February was able to find the businesses contact details without difficulty. This is hardly a statistically significant survey. Widespread anecdotal evidence, plus common sense observation proves that the contact details are for many users, more or less difficult to uncover. We have never claimed that they are impossible to find, just difficult for many people.

In the same light, the comment that "a person" saw significant non-accommodation material on the website is not relevant. We have never claimed that there is no such material on the website, only that the priorities in terms of the relative prominence and space allocated are wrong.

VisitScotland
Unsurprisingly, VisitScotland seeks to defend its position by citing trends in Internet use by consumers. Their entire philosophy is however based on a defective understanding of consumer behaviour. Consumers must first be persuaded of the benefits of purchasing an accommodation product. This is where the website as a marketing tool comes in and visitscotland.com fails down. The facility to book on-line is not in itself an incentive to purchase. Instead of being offered full and interesting information about all that Scotland can offer, the consumer is driven prematurely towards a minority of providers whose establishments offer allocation to eTourism, with detrimental effect overall.

A good comparison is the Irish website www.ireland.ie. On this website searches for accommodation default to "all providers", unless an "on-line booking" option is ticked. First the type of accommodation is ticked. Next a county is selected, then a town (or "all towns"). In seconds, a list of providers (with full contact details) is shown. Clicking on any example brings up full details with a good (expandable) map. Typically, an establishment can be viewed in comprehensive detail in less than 20 seconds. A similar, though less effective, facility can be used on visitscotland.com, but is not the obvious route for users.

In detail our response to specific comments is as follows:-

Development of visitscotland.com. A separate history compiled from STB minutes and other documents is provided as a separate document. There are some discrepancies. It is claimed for instance that Ossian cost the public sector £1 million to operate, but as the project never reached the end of its development phase before being converted into a PPP, the true running costs were never established. The setting up of the PPP undoubtedly cost a great deal and it is probable that VisitScotland costs of running their side of the concession agreement may be substantial.

Suggestions that visitscotland.com is at the forefront of destination management technology are overstated. Tiscover is a dated system, no better than many in the field. VisitScotland, like others, also say that up breaking the PPP would involve buying out other parties, but as the
company continues to lose money with no sign of the dramatic turn-round that would be required to reach profitability, the opportunity must soon arrive again for "restructuring" as happened in 2006 when shares were obtained at nil value due to the insolvent financial situation then present. Additional funds made available by the private partners must soon run out. Even if this were not the case, it is not a justification for retaining the PPP if it is clearly not working.

Web performance of visitScotland.com is claimed to be improving, but an independent assessment method www.alexa.com (shown below) used to provide a measure of various performance characteristics shows the website as in a slow decline over the last year.
VisitScotland also claim that it is not the primary role of visitscotland.com to promote new business, as that is the role of VisitScotland. This illustrates precisely VisitScotland’s misunderstanding of the function & value of the Internet and websites. Websites are a highly effective way of promoting tourism destinations and it is because of the pre-occupation of eTourism in selling accommodation, that it is defaulting on the most important function of the national website: to sell Scotland as a destination.

Regarding specific petition assertions our comments are as follows:-

Prioritisation of listings. Contrary to VisitScotland’s assertions, consumers need to be sold their “accommodation product” before they are prepared to book. Offering a minority range of bookable accommodation only limits the amount of potential business. Many consumers prefer to make direct contact, particularly with the smaller more personal establishments, and few indeed are actually inhibited from booking due to a lack of on-line availability when alternatives such as email & phone are readily available. Many establishments have their own on-line booking system as well. What is important is to offer consumers a free choice and widest possible range. Instead, the national website effectively restricts choice.

Contact Details. It is admitted by VisitScotland that visitscotland.com have a need to “encourage” visitors to book through the call centre. This is not being focussed on the needs of the consumer, rather on the need for eTourism to try to make profits. Consumer focus would provide a level playing field where the consumers’ wishes were paramount and leave them to choose without bias, the mode of booking they prefer. Failing to do this simply irritates and inhibits the consumer who may choose an alternative destination if he finds difficulty in obtaining the form of service and communication he wishes. It is accepted that it is possible to find contact details, but what is undesirable is the deliberate difficulty placed in the consumers’ way.

Commission. VisitScotland has tried to argue that commission has always been charged, but overlooks the fact that prior to the PPP, little effort was made to sell advance bookings. The policy generally was to put visitors in touch with their prospective customers. Bookings were largely made by people on tour calling into TICs on the day in question. This represented only a small proportion of overall referrals and was accepted historically by providers as reasonable. Most advance bookings came direct to the provider after their advert was seen on printed material or in recent years, on the national website. Since the PPP, referrals from the website have steadily declined until now presence is perceived to be of little if any value, hence the large numbers of businesses abandoning VisitScotland entirely.

Personal Contact. This has been effectively covered in our answer to the first item

Monopoly. It is accepted that visitscotland.com is not exactly a monopoly and that there are other accommodation websites. It is felt however that a national website such as visitscotland.com should rightly be available to all providers as part of the Scottish Tourist Board’s remit to support the industry and in such a way that they can promote themselves without the obligation to appoint a specific commercial concern to act as an agent for them.

 Provision of Information. VisitScotland’s “research” on the motives of users of their website is far from independent and verifiable. The suggestion that 70% of users are “interested in booking” is impossible to deduce from their web behaviour, in that many are likely to be browsing accommodation to see if the establishment or location interests them, rather than being ready to book. VisitScotland’s own statistics quote 13 millions user sessions in 2006. If 70% of these were to book accommodation this would have resulted in over 9 million bookings (around £1 billion of business perhaps), many times more than were actually achieved.

Conclusions. VisitScotland’s platform does not, as claimed, provide a level playing field. Its predecessor did so, but since the PPP, bias towards providers who allocate rooms or work closely with eTourism has been the case. Providers are often fiercely independent, wish to
engage with their market in their own way, and are highly successful in doing that, often embracing e-commerce more effectively than VisitScotland. Ease of booking is always cited as a justification, but what is more easy than an email quickly responded to, or a telephone call from abroad answered at 10 pm long after the call centre has shut down? The idea that Scotland is NOT easy to book is a red herring. Consumers have no difficulty in booking anywhere in Scotland and have many facilities to do so outwith visitscotland.com.

Capture of data is another overrated facility. Consumers are more and more resistant to data capture and email addresses are notoriously short-lived. The best form of CRM is the small provider’s personal memory, rightly perceived as genuine against the artificial “I’m Anne – Fly me” type of call centre presentation.

Scottish Executive. It is claimed by the SE that the PPP was expected to run at a loss for the first years of its operation, but presumably it was not expected to have to be bailed out by its private partners to the tune of over £8 million in terms of written off dept and loan notes additional to the original £7.5 million. (See notes to Co accounts at Dec 2005) within 5 years.

The financial state of eTourism prior to the 2006 refinancing is shown in the separate account of the History of Ossian and shows Profit & Loss reserve as a steeply sloping decline towards £8 million at end of 2005. By any commercial evaluation, eTourism Ltd. is bust.

The SE’s contention about the function of the national website reflects that of VisitScotland and our response to that has already been given. We do not think it necessary to deal with this and other points that have already been covered in our response to others.

FINAL CONCLUSION

We have seen nothing in the responses that would cause us to alter our view that the national website should be returned to the ownership of the public sector and run as a service to tourism.

A.F. Keith

On behalf of the Association of Dumfries & Galloway Accommodation Providers.
Ossian to eTourism – A Lost Opportunity

1995

Around 1995 an STB director had a vision. At the time, the Internet was still unknown to many, ATB members relied entirely on conventional marketing and booking was done by telephone, a particularly inefficient process when arranged between different ATB regions. The vision was of a single network enabling integration of functions such as membership records, Quality Assurance certification, accounting, availability & booking. Members would be able to post their availability direct to the network so that all parts of the country would be able to access the data. A website would enable access to a world market. It was a far-sighted and comprehensive plan, which would require co-operation between STB, ATBs and Industry.

1997

Initial work on the "IT project" served to identify the complexity of the problems and the need for a highly skilled team to develop the solution. By 1997 an experienced project manager, had been recruited and a team of top-rank IT specialists formed. By early 1998 the name "Ossian" appears in STB minutes1, the project being under the control of Visitor Services director Tim Oliphant. By the end of that year2, concern was being raised by the board that marketing funding was being cut by the Scottish Executive to fund Ossian and a request was made that additional funding be provided.

1999

By early 1999, board members were requesting a date when Ossian would go live and reference to 44 presentations to ATBs was made.3 Official launch of the project was scheduled for March 1999.4 Prior to that date, the board noted a paper on the ATB's readiness to adopt Ossian, and the chairman, Lord Gordon said "there was an urgent need to ensure sufficient strategic level support was applied to Ossian".5

By April, an analysis of the e-commerce system by the Ossian team was presented to the board, who agreed to develop links with "our supermarket" (believed to be Bank of Scotland). It was further stressed that the biggest single benefit of Ossian to Scottish Tourism is its information database.6 In May the board noted that "Ossian was well on track", but indicated concern that only 87% of membership forms had been received from ATBs, notably none from Edinburgh & Glasgow.7 By September, reference to the e-commerce pilot being trialled with dummy bookings appears and Peter Lederer reported that he had been highly impressed by Ossian. A budget bid for the Scottish executive was also being prepared.8

It is at this point in time that a change of direction occurs, one that would seriously affect the future of tourism in Scotland. In the October meeting, a reference to "additional funding for Ossian not being available", appears9. Later, a report on Ossian by Deloitte & Touche, unmentioned in previous minutes is referred to. The minutes state that "The main recommendation (by Deloitte & Touche) is to work as quickly as possible to securing a PPP and

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1 STB board minutes 12&13 Feb 1998 par5
2 STB board minutes 4 Dec 1998 par 9
3 STB board minutes 21 Jan 1999 par4.2
4 STB board minutes 19 Feb 1999 par 16
5 STB board minutes 12 Mar 1999 par15
6 STB board minutes 23 Apr 1999 par14
7 STB board minutes 21 May 1999 par5.6
8 STB board minutes 3 Sept 1999 par 4.7
9 STB board minutes 19 Oct 1999 par 5
that recommendation and the others were endorsed by the board. Examination of the actual report by D&T, however, reveals the following:

"The disadvantages (of retaining an in-house team) referred to are listed in the report as:-

- All the risks of Ossian would be retained in-house
- The operation of a system such as Ossian is not a core STB business and, therefore, the appropriate operating environment would not be available.
- No expertise would be imported from other systems.

As a result of such disadvantages it has been the intention of STB management to transfer Ossian to some structure separate from STB departments as the system moved from a developmental to an operational phase."

It appears therefore that rather than the STB board adopting the advice of consultants Deloitte & Touche, they were simply following their own decision to free themselves from the risk of failure of the project by transferring it into the private sector. Given that STB had formed, and was managing, a top class team of IT experts to create Ossian, the justification that Ossian "is not a core STB business" seems ludicrous, while the third excuse that "expertise would be not imported" is feeble. Hence after two years of hard work and with the project on the point of achieving success, it was to be dumped on the private sector. STB minutes are noted for not detailing controversy amongst the board members, but evidence from ex-STB personnel who were involved, but who are unwilling because of confidentiality restrictions to speak publicly, indicates that a number of board members were totally opposed to the decision, believing rightly that the concept was flawed. Chief Executive Tom Buncle was instrumental in pushing for the PPP and with support from some other directors gained the vote. Information has also been received that Wendy Alexander, then minister responsible for tourism, was enthusiastic to cooperate in a politically fashionable PPP scheme.

A factor likely to have influenced the decision was the unrealistically optimistic financial projection offered as part of the D&T report. Income was estimated using two methods, suppliers & users. In the former case an assumption was made that "the improved distribution channel offered by Ossian would increase occupancy rates by 2.5%". In the latter case, statistics for website visitors were factored by a percentage based on "look-to-book" ratios of other websites. Both calculations gave approximately the same result, around £1.3 million for 2003. Both assumptions were of course unsound, implying as they did that an increase in business volume, for businesses, STB & Scotland, would occur simply due to the provision of a national on-line booking system. Commonsense tells us that the nature of the process that is occurring is one of transfer from conventional means to Internet use, and as such no extra volume can be anticipated on that basis alone.

2000

The decision to convert to a PPP having been made, development on the project was suspended while the tendering process was implemented, a process that would take around 18 months and involve significant costs. As a result, many key technical staff members left as morale sank. The project manager also left, allegedly summarily dismissed without explanation. It should be noted that up to this point all evidence of the technical quality and performance of Ossian supports the contention that it was technically sound and fit for purpose, with only relatively minor issues still to be resolved. The D&T report concludes that "Overall, the technical architecture adopted and the technical components used within the Ossian system appear sound.".

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10 STB boards minutes 19 Oct 1999 par 7
12 As 11 above, par 15.7
A report by technical consultants published some 7 months later reported that “Project Ossian is based on a strong and stable technological platform upon which it is perfectly possible to implement a fully functioning system.”

2001

During 2001, as the process of seeking tenders was rolled out, various problems emerged. In February, Partnerships UK withdrew from the process. Board minutes revealed:-

“3.1 Scottish Tourism e-Business PPP Issues
• Lynne Hollis reported that co-sponsors, PuK, have withdrawn from the draft development partnership agreement (dpa), citing the increased risk and difficulty in getting public sector stakeholders involved as their main reasons.”

By March ATB concerns were surfacing & minutes reveal:-

“5.1 Peter McKinlay reported that we are currently finalising agreement with Partnerships UK with a view to them re-joining the project. ATBCo will be formed soon. Concerns from some ATBs are being dealt with. If they are addressed successfully, the invitation to negotiate (ITN) will be issued by 31st March and we will use this fact to promote the project.”

During May, the board made it clear that ATBs would be expected to co-operate by providing a letter of comfort to indicate their commitment:-

“6.2 PPP Update
Lynne Hollis introduced this by emphasising once again that the PPP is about totally re-engineering our business, and is a joint venture. However, ATBs remain concerned about the impact on their income. Before the Invitation to Negotiate is issued to the bidders, ATBs will be expected to sign a Letter of Comfort to indicate their commitment to the project. Donal Dowds pointed out that there is currently a lack of transparency on the financial position of the PPP and board members agreed that there should be a full PPP presentation to the 15th June board meeting. Lynne Hollis advised that Partnerships UK would attend to discuss financial modelling. The presentation should include:
• a clear breakdown of expenditure to date on the PPP;
• potential revenue streams; and
• a comprehensive analysis of the risks, and our contingency plans for dealing with them.”

By June one of the original four bidders for the PPP had dropped out. Minutes stated:-

10.1 Peter McKinlay circulated a written update from Joe Summers. He reported that Thus plc /Newell and Budge had withdrawn from the bidding process because of their own business re-engineering. The invitation to negotiate would be sent to the remaining 3 bidders and the timetable was for a financial close by 31st December 2001.

Several months later a further bidder also dropped out as evidenced by minutes:-

“3.3 E-commerce Development (see also under 9)
We have received 2 interesting and substantial bids for the PPP and are evaluating these.”

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13 Technical due diligence report of project Ossian  Mason Communications May 2000
14 STB board minutes Feb 01
15 STB board minutes March 01
16 STB board minutes May 01
17 STB boards minutes June 01

OssianbeTourism.doc
By December only one contender remained as minutes stated:-

"3.5 E-Commerce Development
SchlumbergerSema (SLB) has been chosen as the preferred partner for the public/private e-business joint venture. We are working towards final completion by 31st March 2002. It is important fully to engage ATBs and make sure they sign up to the joint venture, even though it is likely to be a difficult period for them as local structures are reviewed. SLB is also very keen to work with ATBs. But ATBs do have concerns about potential loss of revenue as a result of the joint venture. In addition, some ATBs are already facing the prospect of financial deficits on current trading, even without further loss of income. After discussion, members agreed that the various scenarios for dealing with the ATB situation should be set out in a paper for the tourism minister”.

2002

It was now evident from the letter statements that ATBs were to be forced into compliance and by February 2002 board minutes reveal further pressure being put on ATBs to co-operate, including a ministerial letter:-

"2.1 Agenda Item 3.5 ATB review
Following discussion on the ATB review and the impact of e-commerce on ATBs, it was agreed that:
• Director of Industry Services should write to ATBs to underline the joint venture nature of the PPP.
• Chief Executive to meet with the Minister week beginning 4th February 2002 to discuss implications of the ATB review;
• Ministerial letter to ATBs on importance of the PPP to be circulated to board members.

In March, minutes show pressure being increased on ATBs:-

"18. AREA TOURIST BOARD CONDITIONS OF GRANT-IN-AID
8.1 In noting this paper, board members suggested that the 2 way nature of the agreement should be emphasised wherever possible and that the language used should be collaborative.
8.2 Review the timescale (May 2002) under 1 (iv) of the Network Agreement to make sure it is reasonable.
8.3 Make clear to ATBs that there will be no additional funding.

By May, all ATBs except Glasgow & Western Isles had capitulated to the blackmail and minutes reveal how funding was to be denied. In the case of Glasgow, with massive levels of financial support from Glasgow Corporation this was not a problem, but Western Isles would suffer and later surrendered also. :-

"4.3 Greater Glasgow and Clyde Valley Tourist Board
Willie Macleod and Philip Riddle outlined the current situation and legal position.
After discussion, board members agreed:
• Balance of 2001/02 Grant Outstanding
There is no contractual obligation to pay this. The Chief Executive should have discretion to release, however, pending discussion and wider agreement with GGCVTB;
• 2002/03 Grant

18 STB board minutes Oct 01
19 STB board minutes Dec 01
20 STB board minutes Feb 02
21 STB board minutes Mar 02
Given the absolute clarity of advice to GGCVTB, the reaffirmed link between signing all conditions of grant and receiving grant-in-aid and the duties of accountability of VisitScotland Chief Executive, this grant should not be paid unless GGCVTB sign up to the conditions in full. It was agreed that VisitScotland would investigate other ways of using the allocated funds for the benefit of the Glasgow and Clyde Valley area, including possibly buying services from the ATB; and

* Future Resource Allocation – staff to develop a new resource allocation methodology as soon as possible.

4.4 Western Isles Tourist Board Board members agreed:

In line with 4.3 above, it would not be possible to release grant-in-aid to WITB without full acceptance of all condition.22

Around June of 2002 incredulous ATB members were becoming aware of what had been done behind their backs. Despite being membership organisations, no prior notification was made to their members by any ATB so far as is known and the first ATB accommodation providers knew about the contract with eTourism Ltd. was that it had been signed. ATB executive committees were advised that there was only one option on the table and hence reference back to membership was not appropriate. In Dumfries & Galloway 180 B&B & guest house proprietors (90%) signed a petition calling on the ATB to rescind the contract, but to no avail.

Earlier in the year, the Scotexchange.net website forum began to present a discussion between concerned individuals in tourism related organisations who had become aware of the PPP project. Almost all the input from industry sources such as SIGTOA, Wilkinson Golf, Whiteholme Publishers, Taylere Mayde Golf Tours, Best of Scotland Holidays and many others were highly critical of the concept of the PPP. Many individuals gave impassioned pleas to the STB (now known as VisitScotland) to reconsidr the project, providing highly competent arguments as to why it should not be proceeded with. The detailed arguments were later lost as the Scotexchange forum was abandoned, most likely as a result of the growing criticism of VisitScotland & visitscotland.com expressed on its pages. At least one hard copy has survived, however and is in the author’s possession.

2003

By July 2003 the website and call centre was in operation. While industry discontent continued to surface, minutes showed that “It was reported that bookings through visitscotland.com have now exceeded £3.5m.”23 Later in the year minutes showed further progress, though on-line booking was as yet not operational. “e-Tourism: Over £5.2 million worth of business was generated from accommodation bookings and over 365,000 calls have been handled by the venture to date. The £1m in one month” booking milestone was reached in July and weekly average bookings now exceed £250k. Software difficulties have resulted in a delay to the implementation of online booking.”24

In October the board again reported that “Visit scotland.com is progressing well. Joint operational meetings with VisitScotland and visitscotland.com have been held with ATBs. Philip Chalmers has been brought in from SchlumbergerSema for six months to assist with communications. Most of the criticism regarding the concept has been dispelled and concerns now relate specifically to operational issues. Online booking has now gone live and other innovative work is ongoing behind the scenes.”25

2004

22 STB board minutes May 02
23 VS board minutes July 03
24 VS board minutes Aug 03
25 VS board minutes Oct 03
The following year saw the original CE, Steve Langmead leaving and a new CE, (with actual hospitality industry experience) being recruited:-

6e REPORT ON VISITSCOTLAND.COM
The Director of Marketing reported that Marco Trufelli has been appointed as Chief Executive of visitscotland.com. An awareness campaign is currently being run within Scotland to promote the contact centre and the website to the home market, which makes up almost 50% of visitors to Scotland. Results from visitscotland.com are positive: web usage is up 30% on last year, with a total of 4000 online bookings having been made to date; and turnover is approaching £15 million. The Director of Corporate Services reported that the financial situation of the joint venture is being reviewed and consideration is being given to the transfer of the outstanding loan into equity.26

During the year, Schlumberger Sema was taken over by Atos Origin, a French owned multinational IT company. An interesting reference comes to light at the end of the year when the board discusses its IT policy within VS (i.e. separate from eTourism Ltd). It will be remembered that the reason that Ossian was abandoned as an in-house project was that it was not a core activity of the STB. The costs of VS’s own internal IT system are now estimated at around £1 million. (Ossian development costs were running at around £2 million pa in 1999, but on-going operational costs would have been a much lower figure.)-

There was a general discussion about the need to further develop – as a priority – an e-business strategy. Malcolm Roughhead confirmed that the new network would have a new e-business strategy unit, though much depends on how business develops at visitscotland.com.

Mike Cantlay asked about IT arrangements at TICs w/e 1 April 2005. David Noble explained that this would be covered by the Due Diligence exercise. Mike Cantlay offered to work with the Working Group looking at IT/purchasing, if it was required. The Chair noted this. Ken Neilson confirmed that the software IT costs remained on track circa £750k, but that training, testing and implementation costs would increase the project budget to circa £1-£1.1 million.27

2005

During the first half of 2005 minutes regularly reflected underperformance and cash problems. As the appendix to this paper proves, losses were mounting. Frequent and contradictory references to being “in line with overall plans” & “targets not being met” continue to appear. Minutes over the year recorded the position as follows:-

"Ken Neilson summarised latest performance. The venture was operating in line with overall financial targets although the numbers of calls and bookings had grown less than anticipated. The venture remains good value to the public sector and there is significant potential for increased business, particularly through further web developments. The possible cash shortfall later in the year would be covered by the bond facility allowed for under the shareholders’ agreement. Questions arose as to Board responsibilities in relation to visitscotland.com and possibilities to introduce other suppliers and/or partners. The importance of having a fully integrated contact centre and web site to support future growth was noted. The impact of visitscotland.com on the new network is to be kept under review. There was discussion about reviewing the overall position of the venture, particularly in relation to the Tourism Network Scotland project and it was noted that, should we anticipate any significant changes, of direction then this would be a good time to bring these forward to ensure alignment with the overall network restructuring.

Action - PR to discuss the Plan and financials with Atos Origin and update Board

26 VS Board minutes July 04
27 VS board minutes Dec 04
members on or before the March meeting.  28

"vs.com
MR referred to the new CRM system which would be installed shortly. This was a crucial element currently missing in the current vs.com. He explained that the initial business targets had been over-optimistic and these targets had not been met. vs.com was building up a reputation as an industry friendly team and the benefits of the vs.com venture would be seen in the future. vs.com was containing costs well and minimising outgoings but we are looking for a significant quantum leap forward in the near future. VS had to continue to support the vs.com management team. It was a difficult balancing act for vs.com with VS as a small player and the other very big shareholder,
ATOS. visitscotland.com
PKR reviewed the general outlook for visitscotland.com. The joint venture has a solid base and is performing well against current targets. Financial performance has been good although the company is behind initial business targets. An ongoing review would be taken by the CEO. The Board endorsed his approach and gave the go-ahead for the CEO to proceed and examine the strategic options for the business.  29

"8. VISITSOCOTLAND.COM
MR reported that VisitScotland has been measuring the performance of visitscotland.com using an online tracker and working with a search engine optimisation company. Traffic to the site is now up by 33%. Statistics from April have shown that the site is the 39th most visited site in the UK and the average time spent on the site is eight minutes and 48 seconds (more than the industry average). MR advised that calls to the contact centre are below plan. There are two possible reasons for this: (i) behavioural; and (ii) visitscotland.com tends to market itself to a web-savvy audience. VisitScotland is addressing this issue through marketing. MR reported that a trial is being run with the contact centre in Berlin in order to expand the contact centre's scope internationally. KN reported that revenue is in line with the Business Plan. While visitscotland.com is making a loss, it is less than planned.  30

By mid 2005 the position was clearly worsening, the minutes revealing a statement by the CE that there was little or no prospect of receiving the original loan. Further capital would apparently be necessary to upgrade technology to keep pace with further developments. This, bearing in mind the fact that the original £7.5 million loan was still outstanding, no repayments of either capital or interest having been made to date. Accumulated losses by the end of the year would in fact exceed the value of the loan. Mention of an “exit strategy” was made for the first time.

"7. VISITSOCOTLAND.COM
The Chief Executive updated the Board on visitscotland.com's recent performance. He clarified that visitscotland.com is the 35th most visited "travel: destination and accommodation" site out of around 3000 sites. The Chief Executive noted that there was nothing of significance to report on various shareholder discussions that had taken place. He also reported that current financial forecasts indicated that there was little or no prospect of receiving the initial loan.  31

"7. VISITSOCOTLAND.COM
- 5 -
MR reported that visitscotland.com is performing well in terms of traffic to the site. It remains in the top 20 most visited travel sites and receives six times as much traffic as visitsengland.com and four times as much traffic as the Irish site. Content on the site is improving and is deeper and richer. There remains, however, a 45% drop off rate from

28 VS board minutes Jan 05
29 VS board minutes Mar 05
30 VS board minutes May 05
31 VS board minutes July 05
"look" to "book", a potential opportunity to convert interest into actual bookings worth up to £12m.
KN reported that financially visitscotland.com is behind plan. However, there has been a 13% growth in sales to July compared with the same period last year. It is possible that the original plan was too ambitious. It is also the case that fixed costs have been high, although they are beginning to come down. VisitScotland is working with visitscotland.com to consider models which will help to increase their revenue. KN confirmed that the models show cash positive in 07/08 and break even in 09.
DD asked whether further capital would be required in order to help visitscotland.com to grow. He also asked whether it was viable for a public sector organisation to retain this level of involvement in a private sector company or whether an exit strategy should be prepared.
The Chief Executive confirmed that more investment would be required to upgrade technology in line with latest developments.
The Minister has been kept fully appraised of recent developments regarding visitscotland.com and understands changes may be required although it is unlikely that additional funding will be made available. We remain of the view that VisitScotland should be involved with visitscotland.com as e-tourism is a key feature of Scottish tourism. Continued partnership will be essential however, particularly in terms of technology supply.
The Chairman noted that there is interest in developing a Scotland-wide portal. He suggested that we should take into account the Scottish Executive's ambitions if we are considering re-structuring.
AP asked whether the issue was lack of marketing. MR confirmed that VisitScotland markets the website on all its activity. He explained that there is interest in the website but that web conversion was disappointing. This is partly a problem with functionality.

2006

During the first half of the year mention is made of a new "technology supplier", Tiscover, and that an offer of shares was being made in exchange for reduction in fees. (It is difficult to understand why a new supplier was being sought if as had always been claimed, the current partner Atos with its acquisition of Sema, was such a highly qualified company in the field.) The matter of VisitScotland increasing its shareholding in return for a reduction of the concession fee also comes to light.

3. APPROVAL OF VISITSCOTLAND.COM BUSINESS PLAN
Malcolm Roughhead (MR) clarified that the issues causing concern within the visitscotland.com business plan, namely the growth assumptions relating to income and the problems associated with reducing operating costs, had been addressed in a paper he had circulated to all Board members.
MR also reported that the visitscotland.com plan has now been re-written, partly in response to the concerns raised by VisitScotland. It was agreed that the revised plan should be circulated to the two TourCo Board members.
PKR reported that the new technology supplier (Tiscover) has been approached and invited to take a shareholding in the company in return for a reduction in fees. He also suggested that VisitScotland should consider increasing its shareholding in return for a

32 VS board minutes Sept 05
reduction in the concession fee. This would give VisitScotland a larger share which
would assist in addressing reputational issues. 33.

At a later meeting the fact that Atos Origin is funding losses is mentioned. By the end of 2005,
etourism was effectively bankrupt, the accumulated losses having exceeded the original loan.
(Why Atos should have chosen to bail out the company is unknown, perhaps to avoid
embarrassment and having been involved in such a disastrous project.) Mention of technology
weaknesses again surface.-

"19. VISITSCOTLAND.COM
DN led discussion on visitscotland.com. He explained that ATOS is supporting the
current deficit. The Board of eTourism is confident that the venture will reach
operational profit.
DN further reported that visitscotland.com is reviewing the technology platform. The
original platform worked well initially but because of developments in this field, a
more powerful system would now be beneficial. Two possible systems are currently
being considered. Once a recommendation has been made, approval of the
shareholders will be required.
The Board agreed that given the significant developments taking place, a mechanism
should be found for more Board involvement in decisions regarding visitscotland.com.
It was agreed that the visitscotland.com Business Plan should be shared with the
Board. It was also suggested that consideration should be given as to whether (i) a
sub-group from the VisitScotland Board should sit on the Tourco Board; or (ii) whether
the whole Tourco Board should be subsumed within the VisitScotland Board.
PR noted that once the Business Plan is circulated, he plans to meet with the other
shareholders to establish their longer term intentions.
Action: visitscotland.com Business Plan to be circulated to Board members.
BH asked whether the reduction in contact centre bookings was reflected in a move to
the web. MR confirmed that web performance was up 55% on last year. He noted that
problems remained regarding the conversion rate but explained that the proposed
change in technology supplier would hopefully address this issue. 34.

"24. VISITSCOTLAND.COM
MR led a discussion on visitscotland.com. It is recognised that there is a need to
update the technology base and proposals to do this are quite complicated and
progressing. The Board has agreed to approve the e-Tourism Business plan on the
basis of advice from TourCo Board members.
The Chief Executive noted on-going discussions related to shareholding, the ATOS
bond and new investment.
Any decisions in these areas require to be approved by the Tourco Board, with final
approval from the VisitScotland Board. Thereafter, a programme of communication
with industry and politicians will be required. 35.

Minutes for the May meeting of the board revealed some details of the restructuring of eTourism.
Atos was to write off part of its investment (Notes to the 2005 accounts showed around £5.7
million in loan stock & interest) and VisitScotland to acquire some extra shares, with Tiscover
being given a tranche. Clearly the transfers of shares at nil reflect the value of the company at
this point. It is also difficult to understand what benefit Tiscover foresaw in its acquisition and
why it was prepared to fund the company with a substantial loan.

4. VISITSCOTLAND.COM
The Chief Executive updated the Board on discussions regarding visitscotland.com.

33 VS board minutes Jan 06
34 VS board minutes Feb 06
35 VS board minutes Mar 06
He explained that the decision to change technology supplier might lead to a change in the shareholding arrangements as the new supplier would acquire shares as part of the deal. VisitScotland may also increase its shareholding and will seek the right to nominate an independent chair to the eTourism Board. In addition, it is envisaged that an industry advisory group would be established. The aim would be to secure a greater sense of ownership from within the industry. There will also be a VisitScotland representative on a strategic advisory group to be set up for the potential new technology supplier’s customers world-wide.

Alex Pagetti (AP) asked whether VisitScotland had sufficient expertise internally to maximise the opportunities. The Chief Executive confirmed that in the longer term, there will be a need for additional expertise within the VisitScotland team and this requirement is at the heart of the new media proposals which are being submitted to the Scottish Executive.

BH asked whether there would be any risk of substantial financial restructuring. Ken Neillson (KN) reported that the Auditors have advised VisitScotland that there is no risk provided that it does not acquire more than 50% of the shares. He also noted that Atos will be writing off some of its original investment.

The Board approved the direction being taken and agreed that reports on progress should be made through the Tourco Board.

June minutes recorded that the deal with Tiscover was almost concluded:

"5. VISITSCOTLAND.COM
Malcolm Roughhead (MR) led a discussion on visitscotland.com. He reported that the value of bookings was now £6.06m. Web bookings are growing well, while TIC bookings remain steady. The Highlands and Edinburgh are still the main beneficiaries, although Glasgow is coming through strongly in respect of web bookings. Bookings for guest houses and bed and breakfasts constitute about 60% of total bookings, demonstrating the benefit of visitscotland.com, i.e. it provides a depth/breadth that no other site does. The site is now ranked 22nd most visited site.

AP asked what steps are being taken to increase web bookings. MR explained that various steps are being taken to drive traffic to the web. For example, VisitScotland is now capturing data from those visiting TICs (something which would not have been possible before the creation of the integrated network). This data is being fed into VisitScotland’s segmentation work and then fed into visitscotland.com. The Autumn Gold campaign will be used to pilot the segmentation activity. It is then hoped that the pilot will be extended to the data captured through TICs in spring 2007.

Willie Dunn (WD) reported that he had visited visitscotland.com’s offices in Livingston. He was interested to note that visitscotland.com receives complaints about the quality of accommodation providers, not simply complaints about the booking service. Willie Macleod (WMac) explained that complaints are made to visitscotland.com because the properties are part of the VisitScotland Quality Assurance Scheme. Complaints of this nature are generally passed to VisitScotland’s Quality & Standards Department. However, all staff at visitscotland.com, like those in the Q&S Department, are trained to deal with complaints. WMac also reported that VisitScotland is looking at new ways of dealing with complaints.

The Chief Executive reported that the deal with Tiscover has almost been concluded. This will result in changes to the shareholding. The Minister has been briefed directly and is comfortable with the changes. A joint communications plan has been agreed with visitscotland.com. The paperwork will be approved by the Tourco Board and will be signed by the Chief Executive."

VS board minutes May 06
VS board minutes June 06
The conversion to Tiscover's new website and booking platform took place around November as referred to in minutes. The change required all data to be exported to Tiscover's headquarters in Austria. (It is interesting to note that Tiscover is believed to be a wholly owned subsidiary of the Austrian Tourist Board. The question of all Scotland's tourism data being held and processed by a competitor destination must surely raise concerns):-

"7. VISITSCOTLAND.COM
The Chief Executive reported that sales in July and August had been ahead of plan, except in Tourist Information Centres. He also confirmed that the transition to Tiscover's new platform is going well.

- 4 -
Testing has so far thrown up no particular problems. The go-live date is towards the end of November. The most apparent changes will relate to the speed of the service and to the pricing options which will be different. Updating prices and availability will be much quicker for businesses."³⁸

Details of the new platform were being revealed to the board, in October, presented as improvements. What was not being disclosed was that the Tiscover system mapping facility was very poor, while initial entry presentation thumbnails were so small as to be almost indistinguishable. Although speed was improved, numerous other defects also came to light. Contact details of providers were hidden as before. Generally feedback from industry would be that the change was overall detrimental:–

"1. VISITSCOTLAND.COM PRESENTATION
The Chairman welcomed Marco Trufelli (MT), Chief Executive of VisitScotland.com, to the meeting and invited him to update the Board on the latest developments relating to the website and the contact centre. MT reported that the new technical platform is due to go live on 20 November 2006. The company is currently undertaking a significant migration project, involving 9000 accommodation providers who have been given the opportunity to update their data. Town / region data is also being provided as a new feature.

MT demonstrated how the new search engine will operate. As a result of the new platform, the speed of search will be significantly improved. Currently VisitScotland.com is aware that business is lost because the search facility is too slow and it is therefore hoped that the new system will result in additional business. A new product range will also be introduced. This is currently being market tested to determine pricing and packaging. The intention is to market these new products at the same time VisitScotland markets its next round of Marketing Opportunities. The Board noted the new developments and agreed that there should be a communications plan to support them."³⁹

"8. VISITSCOTLAND.COM
Malcolm Roughhead (MR) presented the most recent results from VisitScotland.com. He explained that the current variance from the Business Plan will improve towards the end of the financial year. Losses are due largely to lower footfall in Tourist Information Centres (TICs) which is in line with the increase in people using the website to make their bookings. With the transfer of VisitScotland.com's technology platform to Tiscover, VisitScotland.com will be able to capitalise more fully on this trend towards web bookings.

MR also reported that the transition to the new platform took place on 20 November as planned. There had been a few minor problems and some training issues had been identified. However, overall the new platform has been viewed as a significant improvement": ⁴⁰

³⁸ VS board minutes Sept 06  
³⁹ VS board minutes Oct 06  
⁴⁰ VS board minutes Nov 06
2007

By early 2007, it was becoming evident that the change of technology was not having beneficial results. Less than 10% of serviced providers were allocating any rooms to eTourism. Many others were not providing availability information and of those who were, many were doing so tactically to get their listing to the top of lists, with no real desire to take commissioned bookings from the call centre.

"7. VISITSCOTLAND.COM
MR reported on the 12 month performance of visitscotland.com. Results are provisional and have not yet been finalised. He noted that there remain concerns about conversion rates in respect of web sales. It is possible that conversion rates are not as high because there is not sufficient available product. It is hoped that the new technology platform will result in more product being made available. However, MR noted that it remains important that the right products are available; it is not simply a question of quantity.

The Chairman suggested that a fundamental review of the business plan should be undertaken. It was agreed that this should initially be undertaken by TourCo and then VisitScotland. In reviewing the future development of VisitScotland.com the Chief Executive noted the need to bear in mind (i) the trends of other national tourism organisations (most of which only provide information) and (ii) the original purpose behind the establishment of a national contact centre and website, i.e. to give all businesses, irrespective of size, a booking channel." 41

In February, new products are mentioned. These are in fact Directory Listings and Web-in-a-box. The latter item is an attempt to sell providers what is claimed to be a website, but what is in actual fact simply an extension of their listing on Visitscotland.com. The "website" will have exactly the same data as their normal entry, though on a differently presented web page. Search engines, however, will not find this page for various technical reasons. Although a booking button of the page allegedly allows them to take commission free bookings it is unlikely that many people will find it to press.

"6. VISITSCOTLAND.COM
MR introduced a paper on the performance of VisitScotland.com and reported that it was on target to perform as planned. The contact centre had performed well in January with a strong conversion rate. However, while traffic to the website is increasing, conversion rates remain low.

The Chief Executive reported that the VisitScotland Management Team had recently met with the management team of VisitScotland.com. At this meeting they were advised of plans to address the conversion rates. This includes the launch of new products through Industry Engagement in April. In addition, a strong chairman has now been identified for VisitScotland.com.

However, it was agreed that careful monitoring of VisitScotland.com's performance, in addition to the global market place, would be required over the coming year." 42

CONCLUSION

Over four years from the launch of the PPP, the company has failed to thrive. In the process it has alienated the majority of VisitScotland's former ATB members. VisitScotland itself has suffered as a result of its allegiance with eTourism and as a result has lost many of its customers. Right from the beginning the PPP concept was flawed as was seen by many enlightened people at the

41 VS board minutes Jan 07
42 VS board minutes Feb 07
time and now. By now, eTourism Ltd. must be approaching insolvency again. The time is therefore ripe to cut losses and restore the website to its correct place, owned by the public sector. There is no reason why the website should not be run by a private sector company, but the basis must be to provide a specified service for the industry on a fixed price basis, not to make profits from accommodation by competing with its own business customers.

A.F. Keith
On behalf of the Association of Dumfries & Galloway Accommodation Providers
May 2007
APPENDIX A.

Etourism Ltd. Analysis of financial performance 2002 - 2005

<table>
<thead>
<tr>
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<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<tbody>
<tr>
<td>Turnover</td>
<td>878,974</td>
<td>2,349,790</td>
<td>3,323,997</td>
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<tr>
<td>Operating costs</td>
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<td>2,139,941</td>
<td>2,446,066</td>
<td>2,348,375</td>
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<tr>
<td>Gross profit - continuing operations</td>
<td>36,778</td>
<td>209,849</td>
<td>877,931</td>
<td>1,457,429</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>1,233,391</td>
<td>2,298,628</td>
<td>2,302,419</td>
<td>2,662,034</td>
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<tr>
<td>Selling &amp; marketing expenses</td>
<td>61,305</td>
<td>137,779</td>
<td>162,743</td>
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<tr>
<td>Other income</td>
<td>146,723</td>
<td>208,277</td>
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<tr>
<td>Operating loss - continuing operations</td>
<td>-1,111,195</td>
<td>-2,018,281</td>
<td>-1,587,231</td>
<td>-1,515,758</td>
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<tr>
<td>Profit &amp; Loss Reserve</td>
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<td>-3,623,685</td>
<td>-5,617,183</td>
<td>-7,635,847</td>
</tr>
</tbody>
</table>

Figures taken from accounts posted at Companies House

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eTourism Ltd Financial performance

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History
LOCH EARN TOURISM INITIATIVE

A SUBMISSION IN SUPPORT OF PETITION NO PE1015

INTRODUCTION - This submission is made by the Loch Earn Tourism Initiative (LETI) and is in support of the petition number PE1015 raised by Mr Alan F Keith, Chairman of the Association of Dumfries and Galloway Accommodation Providers.

ABOUT LETI - the Loch Earn Tourism Initiative comprises of some 40 tourism operators from the settlements of Balquhidder, Lochearnhead, St Fillans and Strathyre. The group was formed some 14 years ago and unlike many similar groups, it had two distinct differences. Firstly there was a subscription to belong and was not a free group subsidised by local STB’s and secondly there was no requirement for establishments to be part of the then Scottish Tourist Boards Quality Assurance Scheme. There was a condition that all members had to sign up to provide good clean accommodation and membership would be withdrawn if any member did not comply.

The majority of the members are very small businesses with several being small B&B’s run by families and the largest operator is a 12 bedroomed hotel. Self-catering has grown more than any other sector and despite the size of businesses, tourism is vital to the local economy.

CHANGE TO VISIT SCOTLAND - when the re-organisation took place some two years ago, the regional hubs were to be seen as a means of passing down to local groups, some of the work done by the centre and LETI looked forward to receiving some financial support to that end. We all read that more was to be expected from tourism associations but sadly to date, no such help has been proffered to encourage this aspiration.

ACHIEVEMENTS - besides trying to promote the members interests by producing leaflets etc, LETI is a successful pressure group. It has a social element that enables local networking and more recently, has a website www.robroycountry.com which has been funded mainly from members and partly from grants from Stirling Council.

CONCERNS ABOUT VISIT SCOTLAND - the first concern is the confusion that arises from the title Visit Scotland and Visit Scotland.com. Most of our members think they are one and the same.

Secondly, because of the decline in service during the change from the STB to VS, many members were beginning to withdraw their support. There has been further dissatisfaction with the new structure being remote and arrogant to small operators.
Thirdly, the on-line booking service was haphazardly introduced with no clear direction and an almost experimental approach to a very serious business. Many members thought it too expensive and inflexible, particularly in the self-catering sector where for example a single booking could forfeit perhaps £100.00, which represents 10% of a £1,000.00 booking. If this was widely done, it could have a major impact on the cost to visitors as no operator can afford such discounts and would have to raise tariffs accordingly.

Fourthly, there is much irritation to members who advertise in hard copy journals published by the area hubs of VS where on most pages an unpaid section is taken up by the booking service offered by VS. It is misleading as many members have not signed up to the booking service, yet these advertisements are free to Vs.com.

AN ALTERNATIVE - members feel that VS is not doing a good job to promote Scotland and so much damage has been done to the credibility of VS.com that it should be replaced as soon as possible by a website that provides a full visitor information package and promotes accommodation of graded members with a direct link to their own email/website to enable the visitors to book direct. A halfway house arrangement is totally unacceptable.

It seems that whatever is attempted by VS.com to get back in favour, it cannot undo the damage already inflicted to the industry as there is no longer any trust left in their abilities.

Lawrie Hopkins - Chairman
5.10.07

FAQ: Mr David McGill
Clerk to the Public Petitions Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Mr McGill

In Support of Petition PE1015 to Public Petitions Committee

On behalf of Orkney Tourism Group, consisting of over 130 tourism businesses in Orkney, please consider this letter as support to petition PE 1015 submitted by Alan Keith on 15 November 2006. We would also like to call for the Scottish Parliament to urge the Scottish Executive to return the national tourism website, call centre and booking system to public ownership.

We strongly feel that vs.com is only interested in profits for its shareholders and is not interested in providing a quality service to the tourism industry. The website run by eTourism Ltd. for visitscotland.com is purposefully misleading in that it gives the customer the impression that bookings can only be made through them by cleverly hiding all contact details of the provider. They are a commercial business that drives customers to its booking centre whilst diverting customers from direct contact with providers. While we agree that many customers book their holidays totally online there are still a number of people who want to talk to a "real person" regarding special concerns, and who better than the accommodation provider? We would far prefer that the consumer be brought directly to our entries, websites, e-mail addresses and telephone numbers so we can service their requests in a knowledgeable manner. We know our businesses better than anyone and oftentimes there are queues that only we can handle in a traditional booking manner.

Since the centralisation of the tourism booking system in the past few years, our members have reported that they have received a very limited amount of bookings. In the past, the Scottish Tourist Board website and tourist information centres generated a significant volume of bookings due to the fact that direct contact details were given. Many tourism businesses are disappointed with the changes this centralisation has brought and do not see any advantages to that move.

On a personal level, I own a B & B and accepted a booking made by visitscotland.com last year for 2 nights for a double room ensuite in the peak of the season: July. The customers never showed up and I phoned VisitScotland the next morning to inform them of that fact. They told me to wait to see if the client showed up for their second night before they would process a refund. The customer never showed up for the second night either and I called VisitScotland again. They said they had a MasterCard number for the client and would be charging them and I would receive a refund. After a period of time when no refund came I again called VisitScotland. They claimed they made numerous attempts on the customer’s credit card to charge them for the balance due with no success and there was nothing else they could do. So, I was left with an empty room in the height of the tourist season with no compensation. Not surprisingly, visitscotland.com received their booking fee and also the non-returnable deposit (which is their commission), so I really feel like they couldn’t be bothered with me. In speaking to other members of our tourism group, I find that this kind of treatment is not uncommon. Needless to say, I have since withdrawn my four star B & B accommodation from the scheme.
In conclusion we are all in favour of reclaiming the website, call centre and booking system from visitscotland.com and putting it back to the private sector. For the sake of our future in tourism let’s clean up this mess!

Kind Regards,

Kathy Bichan
Director, Orkney Tourism Group

cc. Alan Keith (Chairman)
I welcome the invitation to make this submission in relation to the issues raised in petition PE1015. This petition requests the return of "the national tourism website, call centre and booking system to public ownership". I am making my submission in my capacity as an independent researcher engaged in Doctoral research at Edinburgh University, bringing with me a rich background which includes the tourism sector. My study investigates the online practices of serviced accommodation providers within the Scottish Tourism sector. Although I am still in the process of interviewing serviced accommodation providers and analysing data, I am able to make a number of observations from my data and interviews. My comments relate specifically to serviced accommodation providers. My conclusion suggests that online technologies are being exploited by serviced accommodation providers in a way that is by-passing visitScotland.com. This does raise the question about the role of visitScotland.com as an intermediary between customers and serviced accommodation providers, in particular, should it also intermediary for other interested parties, such as local destination management organizations?

ARGUMENT

The fundamental argument of the petition concerns the appropriateness of the visitScotland.com business model and whether there is a conflict of interest between visitScotland.com and those that it serves.

As a Public-Private-Partnership it can be assumed that there is a need to meet profitability targets and provide a return to investors. This pursuit of profit possibly distracts attention from the delivery of services on behalf of the tourism industry as a whole and its constituents, e.g. serviced accommodation providers. Indeed, I assume that serviced accommodation providers represent an important if not significant source of revenue, as well as being a key element in visitScotland.com’s online offering.

Whilst a customer focus is visitScotland.com’s priority, attention to the process of service delivery must recognise the importance of all respective parties involved in a process in which visitScotland.com is but an intermediary, both off- and on-line. One role is to facilitate the bringing together of customers (visitors) and suppliers (e.g. serviced accommodation providers) so that they can complete a transaction (the overnight stay). The degree that visitScotland.com intervenes in this transaction through the capturing of elements of this transaction (e.g. making the booking and taking a deposit) will depend upon the dependency of the customers and suppliers upon the service offered and its cost. This intermediary service is offered by many online intermediaries (free, on a subscription basis, on a commission basis) and also through the collective efforts of local tourism enterprises (e.g. the tourist portals of tourism action groups and community websites). Thus, the question emerges as to what distinguishes visitScotland.com from its competitors, since as a profit based venture visitScotland.com is in the business of competition, i.e. it is in competition with others. This boils down to what users (visitors AND serviced accommodation providers) of visitScotland.com’s services perceive to be the benefits from using these services – do they add value in way not available elsewhere? A simple test of this from the perspective of serviced accommodation providers is the share of the population of serviced accommodation providers visitScotland.com hold on their active inventory, whether the uptake by serviced accommodation providers of visitScotland.com’s services is increasing or decreasing and the way the visitScotland.com offering is used by serviced accommodation providers.

TEST

An analysis of the ATB regional accommodation brochures for 2005 indicates that the number of serviced accommodation providers was 3932. It is assumed that most if not all of the brochure entries had a visitScotland.com online presence. The actual share of all serviced accommodation providers can be gauged from two additional sources: Yellow Pages and SmoothHound. Analysis reveals an additional 2100 businesses in the Yellow Pages and an additional 802 businesses on the SmoothHound website, neither mentioned in the 2005 accommodation brochures. A trawl of BT’s telephone directory for the Edinburgh and Lothians area yields an additional but small number of businesses. If the total population of serviced accommodation providers in 2005 was 6362 based on just the three aforementioned sources, then 61% had a visitScotland.com presence, revealing a large excluded section. Levels of representation are currently being examined in my more in-depth studies of various locations around Scotland and reveals that visitScotland.com share can be as low as 41% and as high as 78%.

It must be noted that Quality Assurance (QA) by VisitScotland is a condition for representation on visitScotland.com, though a number of properties are currently listed whose grading is unknown (e.g. 30 hotels out 462, 18th May 2007). This suggests that there may be reasons other than visitScotland.com deterring participation, e.g. the QA grading system.

The uptake of these services may be increasing from a visitor perspective, but analysis suggests that it is decreasing from a serviced accommodation provider perspective. An analysis of visible inventory on the visitScotland.com website on the 23rd February 2006 and the 21st February 2007 revealed the overall reduction in inventory (Table 1). A visit on the 16th May 2007, in the lead-up period to the ‘season’, reveals a further net reduction, with an increase in hotels and decrease in the other property types.

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1 Alasdair Morgan “The fundamental question is whether there is... A conflict of interest between the structure of visitScotland.com and the interests of accommodation providers” Official Report Petitions Committee Meeting, 15th Nov. 2006
2 Scottish Parliament: 16th November 2005 Written Answers: in reply to Alex Ferguson (520:205) by Patricia Ferguson: “...The management of visitScotland.com remain confident that it is on track to break even in the next two years and achieve profitability thereafter”
3 The Board also noted the progress made by visitScotland.com in ensuring the industry supports the product, while agreeing that the consumer must remain at the heart of visitScotland.com’s activity. VisitScotland Board Meeting minutes 18th August 2006.
4 TARGET 3 – VisitScotland will increase the proportion of businesses in their accommodation QA scheme to 90% by the end of 2008”, Scottish Executive (2005) “The Next Decade – A Tourism Framework for Change”, Edinburgh, Scottish Executive
Table 1

The number of serviced accommodation providers on the visitScotland.com website on the 21st February 2007 was 3744. Longer term, an analysis of the regional accommodation brochures for 2003 and 2005 reveals a similar fall from 4535 to 3932. This net fall was composed of 555 new members and 1158 withdrawals. Of course this fall cannot be attributed solely to visitScotland.com and there may be other reasons, e.g. discontinuance with the grading system, retirement. However, as a simple measure it does provoke the question of why there is a decline if there are benefits.

Examination of the manner serviced accommodation providers engage with visitScotland.com through use of the automated online booking engine raises the question of the appropriateness of the online facility. An analysis reveals that those most likely to use the on-line allocation are three star (29% of all three star hotels), four star (47%) and five star (33%) hotels; these represent 32% of all those using the online facility. Further 50% of adopters are three and four star bed and breakfasts (18%), three and four star guest houses (21%) and three and four star small hotels (15%). However, as table 2 reveals, those using the online booking facility (green) account for only 9% of all serviced accommodation providers. Within this 9%, 54% do not allocate all of their rooms to the on-line booking engine; instead require customers to call-to-book (blue) for these unallocated rooms. Further, of those that are presented as able to book online (blue) 46% have also allocated rooms either on a call-to-book (blue) or as unavailable.

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<tbody>
<tr>
<td>blue</td>
<td>7%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>green</td>
<td>5%</td>
<td>0%</td>
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<tr>
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<tr>
<td>blank</td>
<td>57%</td>
<td>17%</td>
<td>0%</td>
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</tbody>
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Table 2

A preliminary analysis of the manner of booking and size of business (number of rooms) suggests that 1-2 room businesses default to booking by email (blank-be) and businesses with 3-9 rooms select the call-to-book (blue) option. Larger businesses appear to be more receptive to the allocation of rooms to an online booking engine (green), possibly reflecting the capability of larger organisations to manage this. Seasonal businesses appear to constitute around 15% of those businesses investigated of which approximately 75% appear to prefer the email bookings.

The simple analysis suggests that the services of visitScotland.com are not necessarily viewed as beneficial. Why might this be?

PRACTICES

An examination of practices may shed light on this.

**Serviced Accommodation Provider Practices:** The online practices of individual serviced accommodation providers have arisen for a variety of reasons, often after the recognition that ‘this is the way forward’ or upon the realisation of potential benefits. There has clearly been an increase in the number of serviced accommodation providers using e-mail and establishing a website presence. Online practices emerge as a complement to the traditional activities of brochure advertisement and telephone/postal bookings, and in some cases have become the dominant mode of interaction.

One common concern of many of my respondents is the desire for personal contact with customers, which provides the opportunity to inform and negotiate, ensures that customers’ expectations are not misplaced, and allows potential customers to be ‘sounded out’ before they come into the ‘family home’. This appears to reflect the comments about personal contact by the Federation of Small Businesses. There is resistance to anonymous automated online booking. Many smaller providers use a physical reservations book/diary, which offers practical convenience, this together with a mobile phone gives providers mobility, enabling them to take a booking irrespective of what they are doing or where they are. Larger serviced accommodation providers tend to be more able accommodate automated on-line bookings. Smaller serviced accommodation providers tend to be busy running their business and do not necessarily have the time to dedicate to managing on-line allocation on a routine basis. One of the potential problems raised about the allocation of rooms to an automated booking engine is the possibility of a double booking, if a booking is taken by another means, e.g. email or telephone. Another issue is the handling of deposits, which particularly affects small businesses, who use deposits as a means to offset losses due to no-shows. Thus, the practicalities of taking a booking appears to determine the way IT is used.

Accommodation providers often enrol the services of intermediaries. Larger organisations e.g. the international hospitality chain, prefer to direct visitors to their own websites and avoid the commission paid to third parties. For some smaller businesses an intermediary website may be the sole mode of online presence. Use of intermediaries by smaller organisations varies considerably, ranging from non-use to their strategic selection and management. Budgets are limited so there is an expectation to recover the cost incurred in using an intermediary through bookings. Thus, intermediaries are configured to suit individual constraints and requirements. Reliance can vary according to the season; during July and August the demand may be such that there is no need for the services of intermediaries. The situation changes out of season, with intermediaries being valued for enquiries and the bookings

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generated. The amount of business gained from such sources varies considerably and if deemed not worthwhile can lead to discontinued use. Despite the abundance of intermediaries, there is still a perceived desire and/or need for both individuals and local groups of tourism businesses, in particular serviced accommodation providers, to develop an online presence to promote their locality and individual businesses. This has led to the proliferation of locally developed websites, of which some appear to be relatively successful in attracting local businesses and generating trade.

1. The VisitScotland.com Business Model: There is a need to cover the cost of the service provision to the tourism sector. However, I would argue that there is a need to generate profit, which, assuming relatively stable costs and mounting losses, places emphasis upon revenue generating activities. One revenue source is clearly the charging structure for bookings. Attempts to increase revenue include enrolling serviced accommodation providers to provide inventory, "driving" visitors to the visitScotland.com booking facilities ("various steps are being taken to drive traffic to the web") and improving the enquiry to booking conversion rate. A significant increase in the number of web pages has led to a 3-fold increase in traffic between February 2006 and February 2007.

DISCUSSION

There are mixed views amongst serviced accommodation providers about the perceive contribution of VisitScotland's services to individual businesses. Some of my respondents have indicated that they get a lot of business from visitScotland.com, which perhaps puts into context the statement by Patricia Ferguson, Minister for Tourism: "VisitScotland.com... has placed some 340,000 bookings, the majority of which have been with small accommodation providers. More than £45 million of business has gone in that direction, and the feedback that we have received indicates that some operators are getting more than half their business through that website." [Col 2567, Thursday 11 May 2006 Official Report; Scottish Enterprise]

However, this is not a universal view. A number of serviced accommodation providers have expressed discontent from the outset regarding the charging structure, the manner of directing visitors and, for some, the fall-off in enquiries compared to previous years. The complaints have found their way into institutional dialogue[9] and the media[10]. The cost of booking (10% deposit) is clearly a concern particularly in the smaller businesses. In terms of practices, an automated online booking engine appears to be inconsistent with the effective handling of an enquiry in smaller businesses, in particular by those serviced accommodation providers who have a clear desire to have personal contact with potential customers. Whilst some serviced accommodation providers, despite their grievances, persist with VisitScotland's services, others have discontinued or have revealed that they are going to discontinue with the services. Discontent has culminated in this petition to the Petitions Committee.

In the response to a Scottish Parliamentary question[12] from John Farquhar Munro (Ross, Skye and Inverness West) about the number of "bookings visitScotland has taken in 2006, also broken down by region" (S2W-27756), Patricia Ferguson presented a table that revealed regional disparities, with Edinburgh appearing to be the main beneficiary and the Western Isles the least. This lends support to the perception that there is a need for individuals and local groups to "do their own thing" to promote their locality. This situation appears to have been exacerbated with the dissolution of the Area Tourist Boards (ATBs) on 1 April 2005, which was not universally welcomed[13]. Although Area Tourism Partnerships (ATPs) have been since established, these are not membership organisations and the mechanism for engagement with local businesses, in particular serviced accommodation providers, is unclear. Further, whilst ATPs have developed strategies and action plans for their area, this perceived lack of engagement is potentially problematic for their implementation, particularly when the online developments by independent local tourism action groups are taken into consideration.

The development of local websites has given rise to concern about the proliferation of these local websites within VisitScotland[14]. VisitScotland Board Meeting minutes state that VisitScotland "supports Destination Management Organisations (DMOs) but not marketing organisations" (18th August 2006), though the role of DMOs is unclear: VisitScotland is currently working with Scottish Enterprise and Highlands and Islands Enterprise to agree on the definition and responsibilities of DMOs (22nd September 2006). An insight into how these roles and responsibilities could be enforced is suggested by the need to ensure alignment of DMOs with the national strategy: VisitScotland is providing funding for some DMOs through the Challenge Fund to ensure that their marketing activity is aligned with the national strategy.

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[9] Personal communication 17th May 2007, Marco Toffetelli, CEO, visitScotland.com

[10] Scottish Parliament debates about VisitScotland and visitScotland.com can be found in the Parliament's "Official Report" [www.scottish.parliament.uk/business/official_reports/index.htm] Views expressed about VisitScotland and visitScotland.com from different organisations can be found in:

2002-3 Future of Tourism in Scotland Review


2005 "Tourism Strategy - refresh:


5th September 2006, Written Answers, Scottish Parliament [www.scottish.parliament.uk/business/legislation/06/06/06/06w095.htm] [accessed 26th April 2007]

2002-4 ATB Review


Given the implications of DMOs on VisitScotland's activities, particularly if DMOs' activities are not aligned with the national strategy, it was agreed that they should be carefully monitored" (22nd September 2006). "Ultimately, the aim will be to tie DMOs into the ATFs" (24th November 2006). However, concern was raised about the "longer term sustainability of DMOs". These preceding issues expose a dilemma. The proliferation of websites in addition to and independent of visitScotland.com can create confusion for the visitor and undermine national efforts of a unified effort, thereby creating the desire for some form of control. However, the principle that the Internet is open, unrestricted and "free", allows anyone to set up a website to promote their locality.

A perhaps significant issue found among the VisitScotland Board Meeting minutes pertains to the "conversion" metric used to monitor visitScotland.com's performance (e.g. 18th August 2006). The statement "The Chief Executive reported that the VisitScotland Management Team had recently met with the management team of VisitScotland.com. At this meeting they were advised of plans to address the conversion rates" (16th February 2007) raises questions about priorities. Does concern with conversion rate suggest that revenue generation is the priority rather than the provision of a service in which the accommodation provider equally achieves conversion?

The visitScotland.com model appears to be underpinned by "The Next Decade - A Tourism Framework for Change" (2006), the successor to "A New Strategy for Scottish Tourism 2000". This strategy attempts to push businesses down the e-commerce route. Whilst a stated aim is that every business has a "computer and email address" (target 9) it is also stated that the "ultimate aim is for businesses to provide 24-hour online booking facilities, as well as making use of other technology which will meet the needs of their particular customers. This is clearly underpinned by the assumption that accommodation must be booked online because that is what tourists want. There is a failure to recognize that neither all people nor all transactions are well suited to anonymous automated online transactions processes. Non-adoption of an on-line booking facility does not imply a lack of consumer orientation since the act of making a booking is only one element of the whole experience.

Further, the preceding examination of the uptake of online booking facilities, the practice of serviced accommodation providers and composition of this sub-sector, in terms of size of business, suggests that the aim of online booking is perhaps inconsistent with the effective use-in-practice of online technologies by serviced accommodation providers, particularly the more numerous smaller serviced accommodation providers. Nevertheless, as online technologies develop these may facilitate online booking practices consistent with the way smaller serviced accommodation providers operate. However, this stage in technological development does not appear to have been reached.

One recent development which may alter the view presented here is the recent launch (2nd April 2007) by visitScotland.com of options to either self-manage an online presence on visitScotland.com with "web-in-a-box" or to have a directory listing which allows the serviced accommodation provider to have more control over contact with the visitor, though perhaps will be more difficult to find. These perhaps belated offerings appear to be more aligned to serviced accommodation provider practices and their manner of uptake may further clarify practices – which mode is preferred? This is against a background where many businesses already have some form of website presence and some website developers are generally encouraging individual businesses to maintain their own websites using content management systems.

The institutional push to an online presence, irrespective of its suitability or acceptability is evident in "The Next Decade": "From 2007 VisitScotland industry engagement will be done predominantly on an e-basis. Every tourism business wishing to work with VisitScotland will therefore have to have an email address, although we would hope that most businesses would have made much more progress by then in using e-technology". It proposes that businesses can achieve this online presence "either themselves or through visitScotland.com, perhaps by using the latter's "web-in-a-box", highlighting visitScotland.com's privileged position as a national portal.

Perhaps the most poignant comment about the role of visitScotland.com is that by the Scottish region of the Federation of Small Businesses in January 2007: "(visitScotland.com) does have a duty to serve the wider tourism industry of Scotland, not just those businesses who sign up to its booking service, and not just its own profit margins". Likewise it is reported in the VisitScotland Board Meeting minutes (19th January 2007) "In reviewing the future development of VisitScotland.com the Chief Executive noted the need to bear in mind (i) the trends of other national tourism organisations (most of which only provide information) and (ii) the original purpose behind the establishment of a national contact centre and website, i.e. to give all businesses, irrespective of size, a booking channel".

CONCLUSION

To conclude, my analysis presents a view of visitScotland.com specifically from consideration of serviced accommodation providers' online practices. There are many issues not considered. It is acknowledged that a number of serviced accommodation providers are clearly benefiting from the services of visitScotland.com. However, the decline in the number of serviced accommodation providers using the service, of which less than 9% appear to use the online booking engine, against a backdrop of only around 60% (2005) of serviced accommodation providers being represented on the visitScotland.com website, does raise the question of this perception of benefit. Will bookings offset the cost of dealing with visitScotland.com, in particular the 10% deposit? Do practices benefit from the provision of an online booking facility? For smaller businesses in particular, which represent a significant proportion of the serviced accommodation stock, costs are a concern and the online booking facility appears to be mismatched with practice. The impact of visitScotland.com's new product offerings remains to be seen. Further, the growing number of independent local groups of businesses (DMOs) who are developing their own online presence suggests that a new era in the organisation of the sector is emerging, in which online technologies are being exploited by serviced accommodation providers in a way that is by-passing visitScotland.com. This does raise the question about the role of visitScotland.com as an intermediary between customers and serviced accommodation providers, in particular, should it also intermediate for other interested parties, such as local destination management organisations?


13 In choosing the Directory listing they may find, though, that they are less able to attract customers in a growing market segment who wish to find and compare available accommodation and increasingly will make bookings online as websites such as www.visitScotland.com

http://www.visitscotland.org/about_us/visitScotland_services/visitScotland.com/visitScotland.com_updates/visitScotland.com_updates_directory [accessed 19th May 2007]

Mr. David McGill  
Clerk to the Public Petitions Committee  
The Scottish Parliament  
Edinburgh  
EH991SP  

Petition 1015 Regarding visitscotland.com Website  

Stirling Tourist Association is an independent trade body representing a wide range of Stirling businesses with an interest in tourism. On behalf of the Association I write in relation to the above petition, raised by Mr. Alan Keith, of the Association of Dumfries & Galloway Accommodation Providers.  

For several years one of the issues most frequently criticised by many of our member businesses has been the operation of the "national" tourism website, visitscotland.com. Accommodation providers in particular (from B&Bs to major hotels) feel that this initiative:  

- is poorly administered  
- makes it difficult for users to find direct links to accommodation providers  
- overcharges accommodation providers (and therefore visitors) in terms of commission fees  
- provides an exceptionally poor return relative to the massive public investment in the site (through various guises) over many years  
- places too much emphasis on one unique gateway, rather than encouraging multiple channels for booking holiday or business trips to Scotland  
- represents inappropriate and unhelpful competition with genuine private sector efforts to promote online booking facilities for visitors to Scotland.  

As a trade association, we are especially concerned that promotion of visitscotland.com now appears to have become more of an end in itself, for the corporate good of Visit Scotland, than a wise use of resources to increase the economic value of tourism to Scotland as a whole. This perception is growing and has the effect of diluting the independence and wider strategic purpose of our national tourism agency.  

One minor but important example of this monopolistic approach is the operation of Visit Scotland's Marketing Challenge Fund. This scheme is intended to manage disbursement of public money to support worthwhile private / voluntary sector promotion of Scotland. One would expect effective e-marketing activity to be a key part of this, yet Visit Scotland actively...
opposes projects which strongly feature online promotion. Moreover, the scheme rules specifically preclude any project which dares to utilise any method of online booking other than visitscotland.com. We believe this is a serious distortion of the strategic purpose of the scheme; is detrimental to the overall interests of the tourism industry in Scotland; and is clear evidence of misuse of taxpayer’s resource and Visit Scotland influence to protect a monopoly for visitscotland.com.

There are of course multiple online booking channels for most major tourism destinations (consider, for example, the multiplicity of travel companies offering holidays in Spain or short breaks to European cities). However, Visit Scotland policy seems determined to limit market choice for Scotland to one main gateway (theirs). So much so that business owners believe strongly that visitscotland.com seeks to discourage direct contact with providers (even if that’s what prospective visitors may prefer) in favour of forcing centralised, commissionable bookings as the favoured (by Visit Scotland) means of booking.

A recent meeting of our Association discussed the subject of visitscotland.com. It was very revealing to learn that large hotel chains as well as smaller accommodation providers lack faith in visitscotland.com. The latest ‘web in a box’ package purports to address some of the concerns of smaller businesses yet the whole booking system effectively seeks to limit direct interaction between prospective customers and accommodation hosts – thus eradicating rather than encouraging the independence and personal touch that is one of the key attractions for visitors to Scotland.

In essence, visitscotland.com should be a support tool for the Scottish tourism industry, not a bureaucratic overlord. If we project the present trend forward 10 years it would be reasonable to anticipate on-line real-time booking as being the norm. However, a single dominant booking agency would not be in the interests of our unique industry. As indicated above, we are also concerned about the association between Visit Scotland and visitscotland.com.

Visit Scotland exists – or should exist - to promote Scotland as a whole, from an economic perspective and is the front end of the Scottish tourism industry. VisitScotland.com, on the other hand, is just one booking agency, with naturally commercial objectives. Using an industrial analogy, the only common element is the raw material, visitors. The process and final product are different and any amalgamation will inevitably dilute the quality or efficiency of the process.

Industry and commerce over the last decade has had to learn this lesson with a rash of painful and very public rationalisation exercises, with spin off
businesses being sold off or abandoned. The message was simple. Stick to what you do best or leave it to others.

The ongoing relationship between Visit Scotland and visitscotland.com is obscured by a series of administrative changes and transactions which, to many in the trade, now suggest a smokescreen. We do not see visitscotland.com as a success yet equally we see no compelling reason for the two organisations to be joined at the hip. If visitscotland.com can provide Scotland’s best booking agency then great – but as a commercially-driven entity it should do this on its own feet, not with the monopolistic and protective support of a public agency and not with exclusive backing of millions of pounds of taxpayers money, via Visit Scotland’s ‘national’ marketing activity. Fundamentally we question the morality and legality of a public sector organisation investing in a private sector activity.

I trust that these brief comments area helpful and would appreciate further information on how this matter will now be progressed within the parliament. We will of course be pleased to do what we can to keep tourism businesses in Stirling appraised of developments.

Thank you in anticipation.

Yours sincerely

Donald Pow
Chairman
SCOTTISH GUEST HOUSE AND BED & BREAKFAST ASSOCIATION

PUBLIC PETITIONS COMMITTEE
National Tourism Website
(Ref: PE1015)

Introduction

1. The Scottish Guest House and Bed & Breakfast Association (GHABBA) is pleased to submit its views on the petition from Alan Keith on behalf of the Association of Dumfries and Galloway Accommodation Providers on the National Tourism Website.

2. In doing so, we have sought to present a balanced approach which takes account of the views of our members as well as the Executive Committee’s long experience of the industry. These views are presented under the following headings.

   1. The Role of the National Agency
   2. The Significance of the Guest House/Bed & Breakfast Sector
   3. Booking Trends and Information Provision
   4. Conclusions and Recommendations

The Role of the National Agency

3. In the eyes of the industry – and as we understand it, the Scottish Executive – VisitScotland is the national agency with responsibility for tourism, with the Enterprise Networks also having key roles to play in the fields of product and service development. VisitScotland’s role is especially significant in the marketing of the country as a tourist destination, and the operation of the national quality assurance schemes.

4. In fact, VisitScotland is the single most significant Scottish tourism marketer. However, the collective spend of the industry on marketing should be at least three times greater if 3% of the industry value is spent on marketing (which is a reasonable assumption to make). Given this, it is vital that VisitScotland and industry marketing relate to each other effectively if private and public sector marketing investment is to come together and produce the best possible return for the industry and wider economy.

5. VisitScotland will argue that visitscotland.com represents such a coming together. Our fear is that this is not the case and that doubts over the need for, and costs associated with, visitscotland.com are damaging the reputation of the national tourism agency in a way that is detrimental to the organisation and the wider industry. As we will argue later, this should not be allowed to continue, especially if there is no evidence of “market failure”
(and therefore no need for public sector intervention) in the area of central booking which justifies the investment of large amounts of public money in visitScotland.com. In short, there is no need for visitScotland.com and its existence is damaging to the interests of VisitScotland, which is in turn damaging to the future prospects of Scottish tourism.

The Significance of the Guest House and Bed & Breakfast Sector

6. According to the 2005 data on Scottish tourism produced by VisitScotland, the industry was worth around £4.2 billion in that year. However, only £2.6 million of this is holiday tourism (and there is a suspicion that non-discretionary business tourism is understated). Total holiday trips amount to 10.55 million, 1.22 million of them (12%) being spent in bed & breakfast accommodation (excluding guest houses). As most of the bed & breakfast trips will be holiday rather than business-related, however, these statistics understate the real value of the sector to Scottish leisure tourism. We estimate that up to 9% of domestic holiday trips are into B&B establishments, the equivalent figure for overseas visitors being 30%.

7. Guest house and bed & breakfast operators are not only more significant to leisure tourism than some imagine, they are also distinctive in that they invite visitors into their "homes" rather than their businesses. Whilst they appreciate that visitors will want to know about the B&B they are about to visit, it is also true that the operator wants to know as much as possible about the guest. Given this, direct contact between the operator and the visitor is very important – but impossible to achieve through a central booking agency.

8. In addition, whilst 10% commission for bookings received through agents is reasonable, it is one of numerous costs which have to be borne by the small operator (e.g. Quality Assurance, VisitScotland marketing costs and many others). If the business is genuinely additional some B&Bs might accept this added burden but as Alan Keith has pointed out there is some doubt about this. If visitScotland.com is simply displacing business it is performing no useful purpose but it is driving up costs in an industry that needs to be competitive if it is to survive in what is a fiercely competitive international market-place.

Booking Trends and Information Provision

9. Few would deny the trend towards online booking. We suspect, however, that many would dispute that this trend means that central booking agencies are becoming more popular. There is, in our view, plenty of evidence to suggest that many customers still prefer to book directly with the establishment (perhaps after a telephone conversation) whether online or not; and even more would argue that the provision of holiday information – which is in many respects the life-blood of the industry – is not better
handled through a remote call centre rather than a local TIC or accommodation provider. In addition, we understand that many independent travellers now book their own flights and accommodation separately over the Internet. Whilst our visitors are increasingly independent, however, they still appreciate the personal attention and service they receive from their guest house and bed & breakfast hosts who are in a better position than most to answer the perennial question of “What can we do in the area today?”.

10. The trend, as far as we are aware, is far more “individualism” from holiday menus which make visitor choice easier than it has ever been. Given this, the national tourism website has a significant role to play as a portal which enables and cases visitor choice through easy linking to all there is to see and do in Scottish tourism, and to a wide range of accommodation options once the decision to come has been taken. We do not believe that visitscotland.com performs this role.

Conclusions and Recommendations

11. In summary, we believe that VisitScotland’s promotion of visitscotland.com is damaging to the industry as well as the former itself. This is not in the interests of the industry or the agency. Success demands public/private sector cohesion but visitscotland.com (especially with the demise of the Area Tourist Boards) is creating unnecessary friction, given the range of private sector providers in this field.

12. This is especially so in the case of smaller operators, for whom visitscotland.com is not a suitable or cost-effective promotional vehicle. This should be of concern to VisitScotland and the Scottish Executive, given the importance of the guest house and bed & breakfast sector to Scottish tourism, and to overseas leisure tourism in particular. We as an Association are also fearful of visitscotland.com being little more than an unnecessary and unwanted extra cost-burden (which is demanding of scarce public sector resources), rather than an organisation which is at the cutting edge of international tourism. Indeed, in our considered opinion, it is rather an anachronism which is neither customer nor supplier friendly.

13. Our major concern, however, is for VisitScotland itself. We believe that its relationship to visitscotland.com has damaged our national agency, which can only be damaging to the industry and all who operate in it. Whilst Alan Keith and his association are seeking to reclaim the national website (with which we can identify) GHABBA is anxious to reclaim our national agency and to see it perform its proper public function of marketing all of Scotland effectively at home and overseas.