

The changing nature of tourism demand : what role now for national tourism organisations

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Moffat Centre and Scholarships

- Moffat Centre revenues created by trading; work in more than 45 countries on over 600 projects
- Since 1999 £1.3 million in scholarships awarded by the Moffat Centre to students interested in studying Tourism subjects
- Details www.moffatcentre.com

In the past...

- National Tourist Boards and Agencies
- Destination Branding

Now the catalysts...

- Low Cost Carriers
- Growth of Cities/ urban locations as destinations
- Rise of Retail as the alternative attraction
- Centrality of Web / electronic marketing and data sourcing
- On line consolidators and intermediaries

As we know the Experience

- Is now electronic
- 100% Transparent
- Trailed and Photographed
- Displayed and exchanged
- Consolidated and detailed
- Twitter, Facebook, Tripadvisor...

Scale is important here

The number...

- 500 million

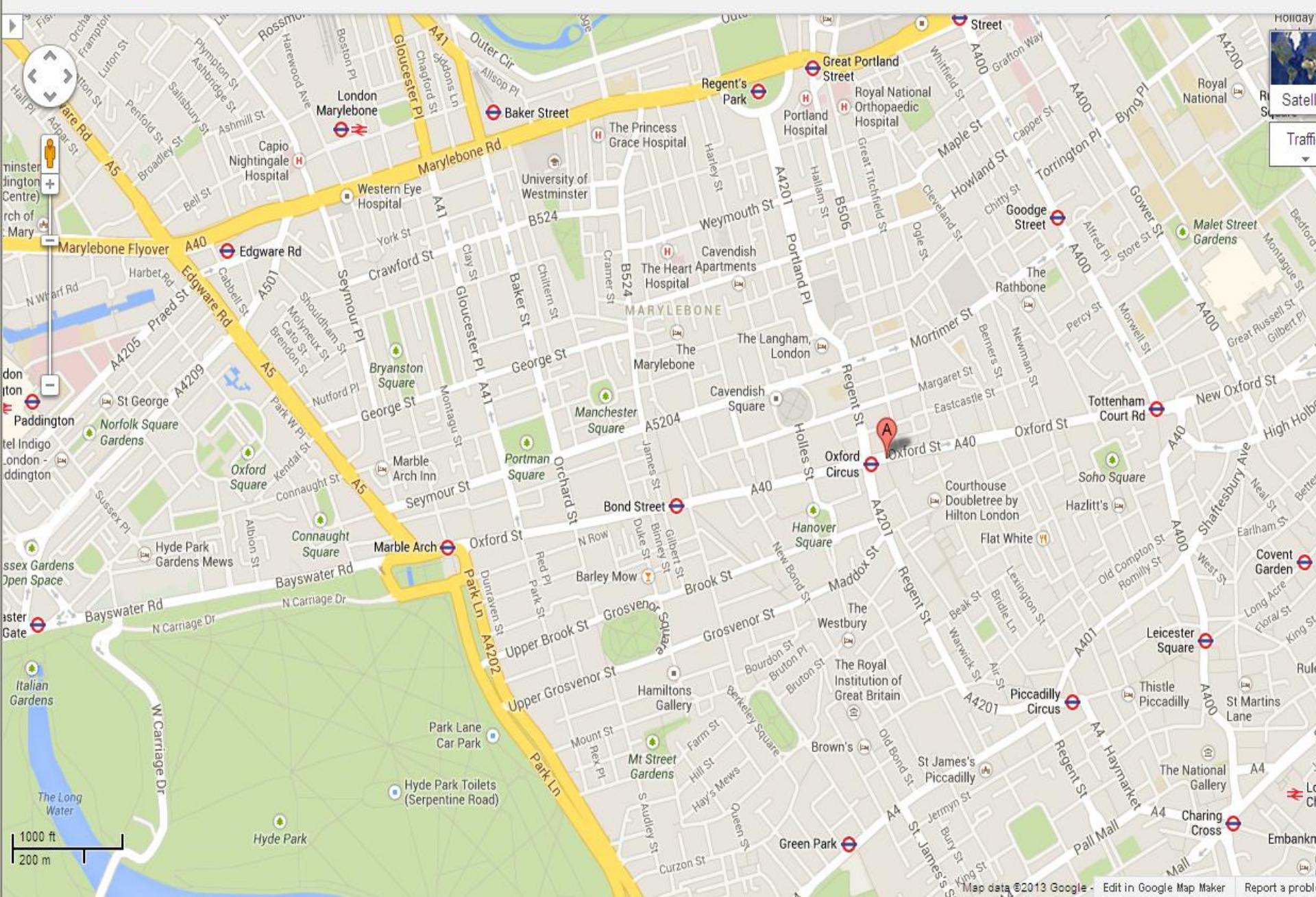
The number

- 500 million ; the number of photos uploaded and shared every minute in 2013

This has changed our industry and will continue to do so

It's a race with the retailers

- Oxford Street, Regent Street, Bond Street in London
- The largest combination of retail spend on the planet



The race is over

- British Museum 5.5 m visitors

The race is over

- British Museum 5.5 m visitors
- Oxford Street Footfall 140 m visitors
- 81% of tourists to London list shopping as a must do activity

Our World in 2013

- How is it characterised ?
- How is it defined ?



Mercedes-Benz



Our world



MARC JACOBS



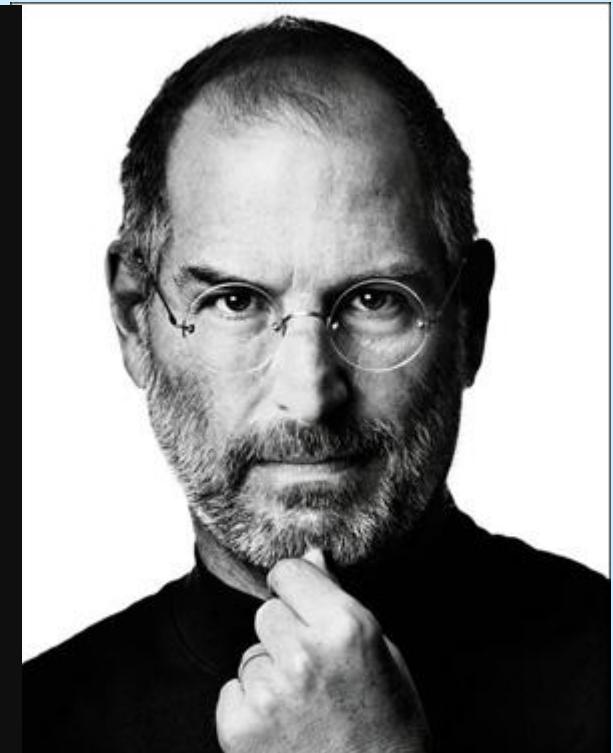
LVMH
MOËT HENNESSY, LOUIS VUITTON

P X A R
ANIMATION STUDIOS

Think about this brand



Think different.



Apple

- The toddlers favourite toy
- Baby friendly Apps
- Toddler Teasers, Baby Fun !, Instant Arcade, Peek-a-Boo, Pocket Zoo.
- Apple is the favourite brand among children
- Pass tablet to child and they are hooked
- But I want the best for my child...

Think about brands and teenagers

- Anxiety and belongingness
- Majority of teenagers believe buying branded goods will enhance confidence and peer acceptance
- Superdry T Shirts, Abercrombie Hoodies
- Todays teenagers spend 5-6 x the revenues their parents spent on clothes

The Centrality of Brands

- By 2 years 90% of all infants are watching screen media regularly (developed world)
- Brand recognition 18-24 months
- By 36 months US children can recognise up to 100 brands
- Brand preferences expressed at age 4-5 years
- 56% of adults use brands they remember from childhood

Brands and Teenagers

- That's how Abercrombie can charge £50 for a T shirts and Apple £590 for a phone

Not many tourism brands here

- Investment in destination marketing
- Brand development
- Results...

Recognisable Tourism Brands



Memorable Destination Strap Lines

- Paris
- Edinburgh
- Banff and Buchan
- Macclesfield

My own location



PEOPLE
MAKE
GLASGOW



However ...

- Lets get back to consumption
- Understanding visitation and value
- Retail competitors
- The role of the internet
- And what do we do with these things...



90% of mobile users keep their mobile <1 metre, 24/7

Tourism Consumption Indicators

???



Big Data

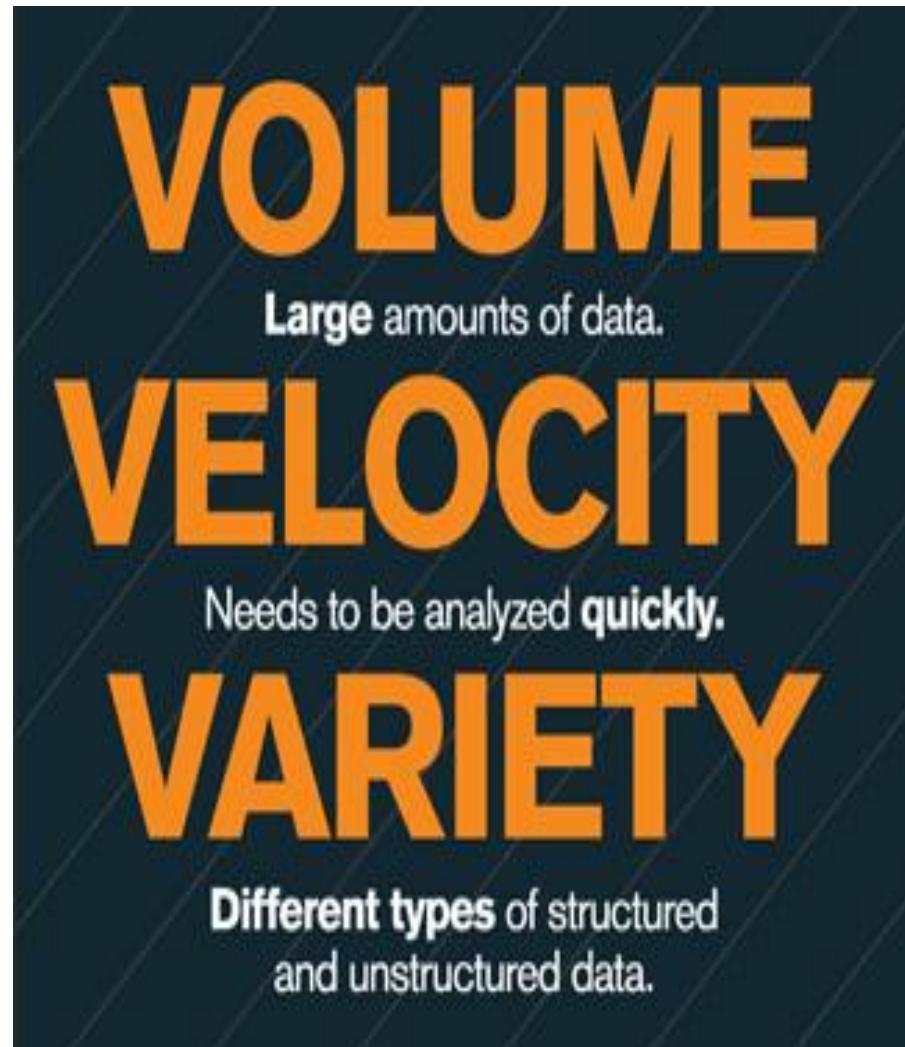
- From the dawn of time to 2003: 5 Exabytes of information were created...
- The world now generates this every two days

What is that in Data terms?

5 EXABYTES
OF DATA IS CREATED
EVERY 2 DAYS

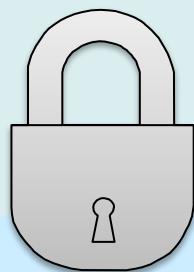
That's **5,000,000,000,000,000,000 bytes**

And how does it come together?

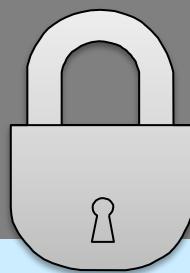


Privacy is an issue – in theory...

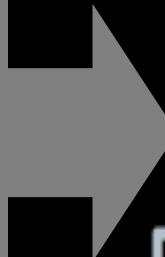
ANONYMISED



AGGREGATED



EXTRAPOLATED



Big Data is already helping consumers

Travel networks



Smart Cities

REAL-TIME URBAN INFORMATICS

With the combination of low power sensors, wireless networks, and web and mobile-based applications, Smart Cities have arrived.



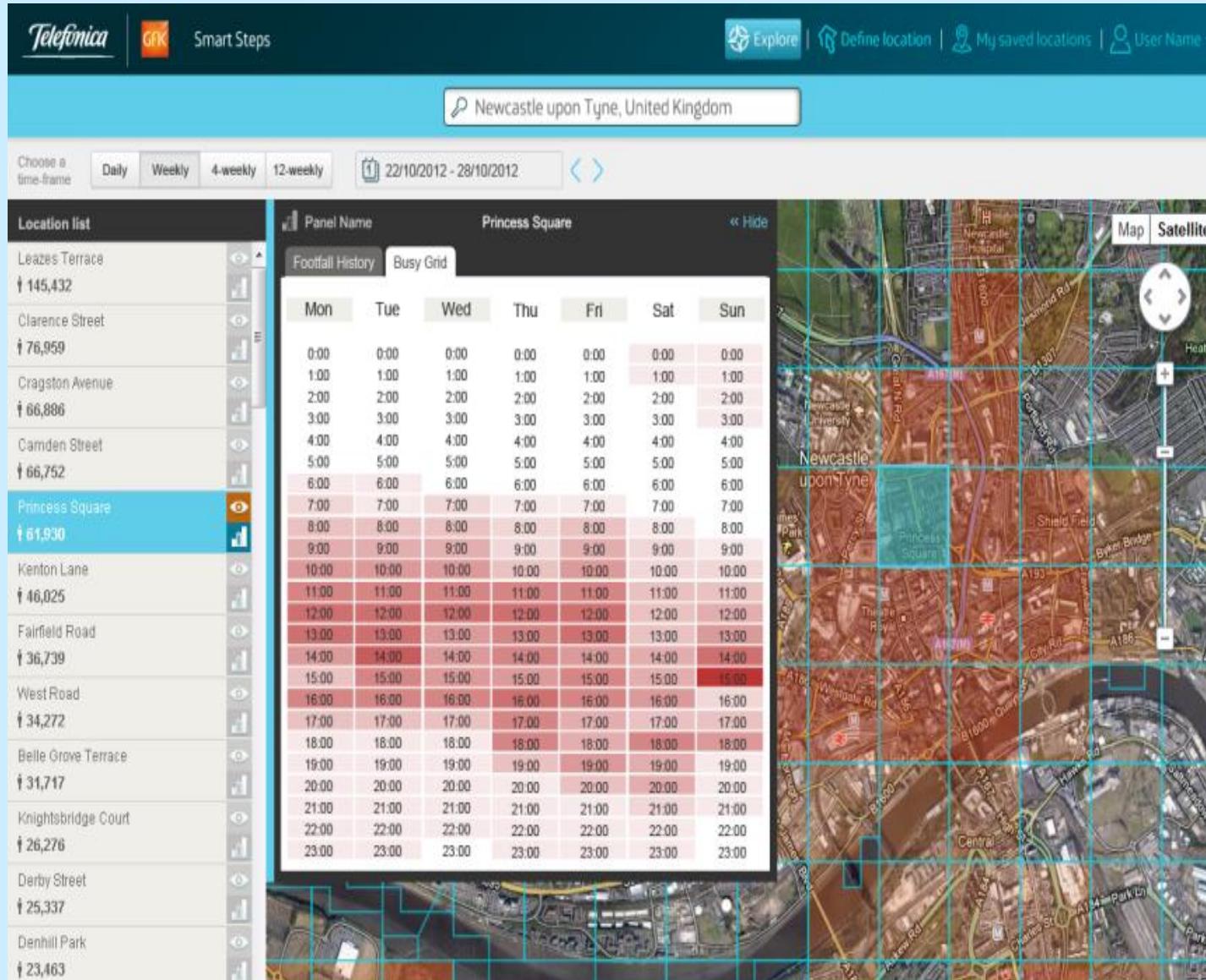
Event Planning



Spread of disease



Bringing it home... footfall, expenditure, hour by hour.

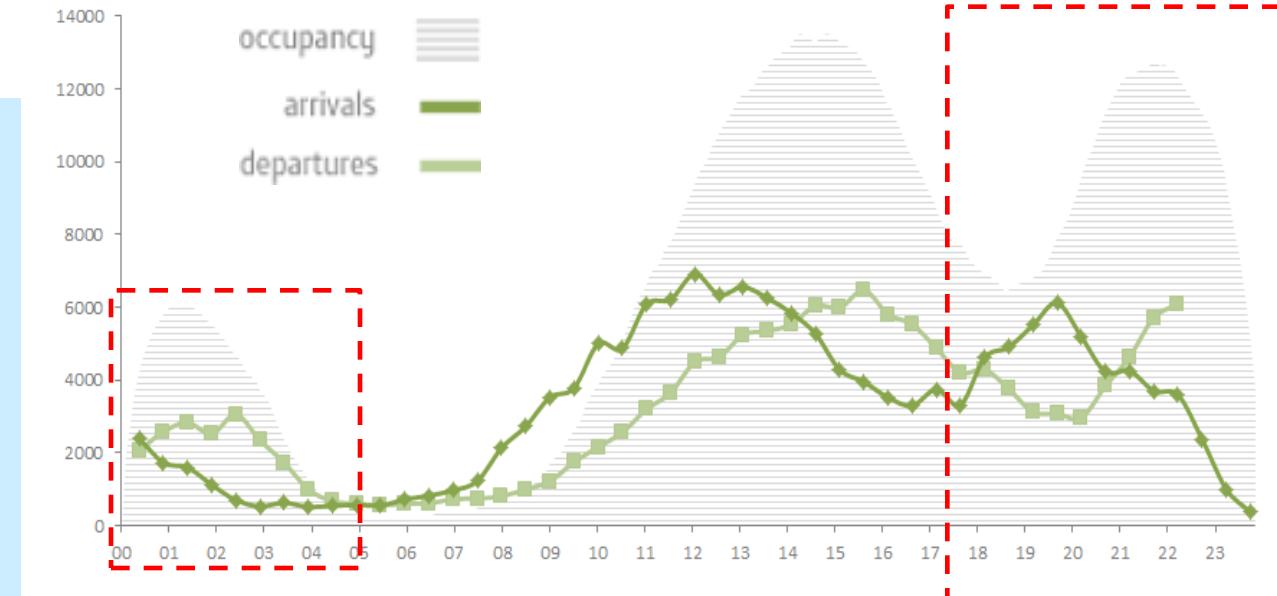


Footfall

Example 1.

Newcastle Upon Tyne

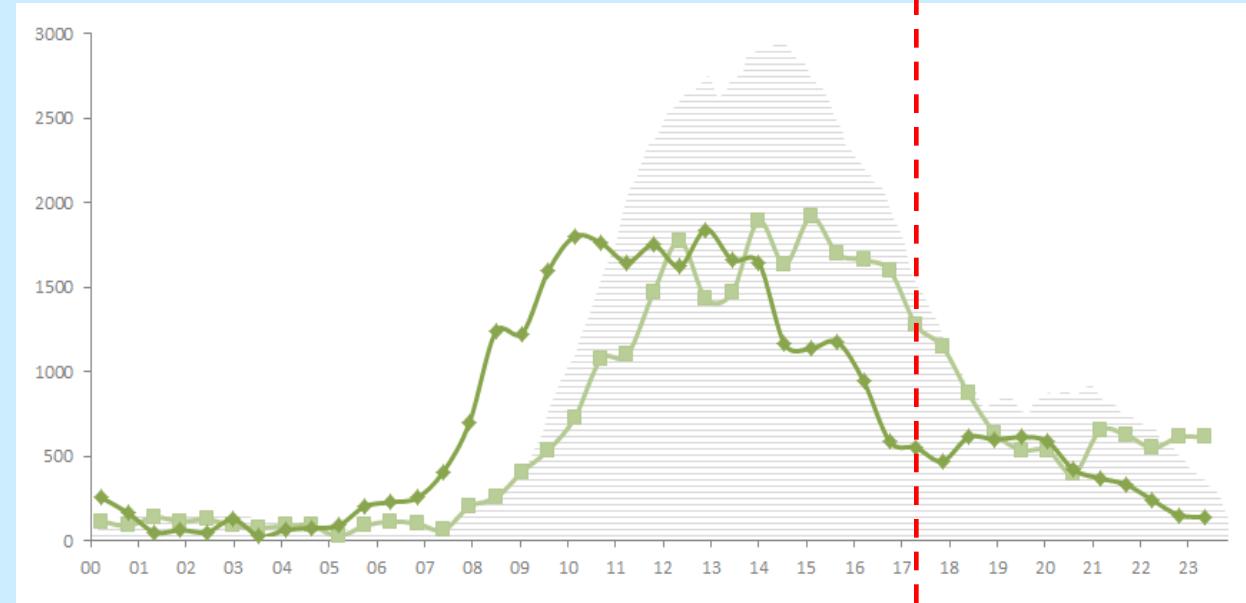
**Vibrant night time economy,
extending to small hours.
Occupancy c.90% of daytime**



Example 2.

Livingston

**Relatively smaller night-time
economy, relative to daytime
occupancy.**



So what does Big Data mean for Tourism?

Understanding Tourism Consumers

Where are they from?

How did they get there?

What are they spending?

Destination Brand Proof of Concept



The Role of National Tourist Boards

- If VisitScotland did its job effectively it would cease to exist in 5 years time

The Role of National Tourist Boards

- If VisitScotland did its job effectively it would cease to exist in 5 years time
- Chairman of VisitScotland

The Role of National Tourist Boards

- If VisitScotland did its job effectively it would cease to exist in 5 years time
- Former Chairman of VisitScotland

Peter Lederer

- Chairman of Gleneagles PLC
- On takeover £4m business
- As MD he took to £40million business
- Now taking it to a £400million business
- So is progress about innovation ?

Case Study: Misunderstanding Innovation

- Lego 1978-1993 Profits doubled every 5 years
- From 1993 Plenty of innovation in company
- Intelligent toy maker California
- Internet business NYC
- Design Studio Milan
- 2003 Sales plummet

Innovation outcomes



Innovation v Core Values

- Centrality of core product lines
- Star Wars, Harry Potter, Lord of the Rings
- Creator, On line, Home delivery, Cuusoo (Crowdsourcing ideas) Park expansion
- Core value : system of play
- Imagination, Creativity, Fun, Learning, Caring, Quality

The Compromise

- Innovation within context of an organisation's core values and culture
- Give teams the space to create with direction to deliver defined results

Schadenfreud

- Easy to analyse organisations like Tourism Boards / Agencies
- Particularly if you have never run one
- Use such thinking to look at my world...Universities (indulge me for a moment)

Universities and Learning

- In 2012 the USA average age of electronic gamers is 39 years
- Games are where you learn and fail most of the time
- In games you fail so spectacularly that want to return, start again, learn

Universities and Learning

- In University if you fail you drop out, you don't come back

Universities and Learning

- We should be twice as keen to learn through failure as much as through success
- We learn dynamically in immersive games in a different but important way
- University learning rarely described as immersive / dynamic
- We have to change our models of learning

Lessons from Benchmarks

- Lets look at FMCG
- Specifically online retail to help understand the consumer

- 60,000 Product lines
- 850 Brands
- Shipping to 190+ countries

Retail Case Study : ASOS

- £1+ Billion Retail Sales
- No Stores
- 1 Warehouse, 7 websites, 150+ countries
- Free Delivery
- UK based
- UK 3% of consumer base
- In 8 years UK 1%

ASOS

- Internet is just another phase of retail development
- Technology is an enabler allowing people to make big decisions in a very short time
- But what about Oxford Street, London
- Everyone still goes to TopShop

ASOS

- Choice is killing the Old World
- Not everyone has access to Oxford Street or TopShop, Oxford Street
- They do on the internet
- Choice on-line v Choice in Store

ASOS

- Building web appeal
- No one enjoys viewing 7-8 websites - better one site that has everything
- **Then make it Personal** – how do we simplify the offer / profile algorithm
- 1 They buy at night / 2 They buy a lot online / 3 Personalisation and the idea of a personal stylist helps (style library)

ASOS

- Building awareness – from web to brand
- ASOS saw space opening in fashion
- Employed young people who...
- Love Fashion, Love mobile, Love internet
- They also love holidays as Facebook, Instagram, Twitter and Tumblr will testify

ASOS

- Largest clothing retailer in Australia with no traditional marketing and 2-3 days delivery time
- Awareness and growth only via Facebook, Twitter and other social media channels

In Store experience is on-line

- Marketing
- Everything is about story telling
- The new shopping
- No longer “How can I help you ?”
- Now its how can I help myself
- Holidays are pretty much the same...

Are we really keeping pace with technology ?

- 7 years is an eternity

So who really understands the tourism consumer in 2013 ?

- Clue... its probably not a major hotel chain

So who then... ?

- Probably Mark Zuchenberg (Facebook)
- If it was a country it would be between 2nd and 3rd largest in the world by population
- More than 60 million daily status updates
- Its where everyone is
- Its where we construct our lives
- Where we send messages, post invites,

Understanding customers

- Welcome to the £70+ billion world of data mining / knowledge discovery / consumer insights
- Companies now can chart your buying habits, race, gender, address, phone no, education, approx. income, family size, pets, film choice and much more creating an ability to understand...

Understanding Consumers

- The motivations and understandings around what customers buy and do
- Every element of what you purchase can be monitored
- An airline boarding card or a discount voucher printed from your computer with a bar code gives access to your computer IP address, Facebook profile and posts, date and times you printed and used the boarding pass

Best of all Google

- Most sophisticated predictive algorithms and data tracking capabilities
- Google knows what you search for, links search to computers used, knows what online videos we watch, music you stream, articles read, files downloaded, knows what's in your emails (scans automatically for serving contextual advertising).

That brings us back to the tourism consumer and the NTO

- The aim here is to get close to people and understand consumption
- Develop organisations fit for purpose

Case Study: Scottish Reform

- From 32 Area Tourist Boards to 12
- From Regional Focus to National Sales and Marketing Focus
- From paper to digital
- One Team; One Vision; VisitScotland

Scottish Reform

- Tourism dominated by public sector directives and strategy
- Local Authorities, Destination Marketing Organisations, Local Economic Development Agencies, National Economic Development Agencies, and National Tourism Agency : VisitScotland

Travel

- Public sector involvement minimal
- Tour Operators, Travel Agents, Budget Airlines
- Electronic revolution has been brutal
- Industry has been radically transformed
- Understanding of outbound highly sophisticated in a challenging market

Reform Context

- Holidays continue to compete with retail, fashion, gaming, other uses for disposable income

Tourism can compete

- Holiday is a must do
- Travel is the norm
- Authenticity and personal contact is the desire / aspiration
- Personalisation is at the heart of most of the algorithms used for profiling
- Here is the advantage for tourism....

Tourism

- Less about destination branding
- Geographical boundary based marketing
- Fonts, logos and extremely forgettable straplines
- Much more about consumer profiling and understanding buying behaviour

Tourism

- Perhaps our single biggest advantage has been visible throughout
- We do not need an algorithm to understand a customer – we can ask them, we can talk to them, we can build personal contact in an anonymous world
- Think carefully about contact
- Who ? What ? How ?

Understanding Contact

- Mapping the experience, growing the value

Thanks for listening

- Enough from me
- Questions welcome
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