



**Good Practices on Regional Research and
Innovation Strategies for Smart Specialisation**
Tourism Innovation Programme

Scotland

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1 Basic Data of the Practice

1.1 Title of the practice

Tourism Innovation Programme

A multi-faceted, integrated approach to stimulating Innovation throughout the Tourism Industry in Scotland.

1.2 Precise theme/issue/policy tackled by the practice

- Clusters
- Innovation friendly business environments for SMEs
- Research infrastructures, centers of competence and science parks
- Universities
- Digital Agenda for Europe
- Key enabling technologies
- Cultural and creative industries
- Internationalisation
- Financial engineering instruments
- Innovative public procurement
- Green growth
- Social innovation

In particular:

- Open innovation
- User driven innovation

Process of regional change initiated:

- Transition
- Modernisation
- Diversification
- Radical foundation of a new domain

1.3 Geographical range of the practice

The project has national coverage across Scotland. NUTS Region - UKM

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1.5 Sources of information

- [Tourism Innovation Framework-Evaluation](#)
- [Tourism | Advice and support for tourism businesses in Scotland](#)
- [VisitScotland - Scotland's national tourism organisation | VisitScotland](#)

2 Introduction: Regional Smart Specialisation Background

The overarching direction for Scotland's future prosperity is articulated in the Government Economic Strategy (GES), which was 'refreshed' in September 2011, to take account of current global trends and Scotland's relative performance. The core objectives of Smart Specialisation' in Europe 2020 of 'smart, sustainable and inclusive growth' fit well with the GES. The GES highlights innovation as a key economic driver, affecting the growth of productivity, companies and sectors. It also recognises that innovation is broader than the traditional focus on technology and R&D, requiring "input from numerous sources customers, competitors, academia and other business.

The delivery of Scottish Innovation policy is articulated in the business plans of Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Funding Council. Scottish Enterprise's Innovation approach is predominantly through our key sectors and working directly with growth potential businesses. The goal is to expand the community of innovative companies and quicken the commercialisation process leading to faster market-ready products and services. Scottish Enterprise has various support mechanisms for the delivery of innovation support direct to Scottish businesses. There are also a number of key sector projects which prioritise innovation through sectorally targeted and delivered activity and there are a number of other funded organisations and trade bodies that support the innovation system.

A key strand of Scotland's economic development objectives has always been focussed on the development of key industry strengths. The main growth sectors in Scotland are Creative Industries; Energy; Financial Services; Food & Drink; Life Sciences; Technologies & Engineering and Tourism. These sectors account for 46% of total Scottish GVA in 2010, with energy (including North Sea oil & gas revenues) accounting for almost 20%. In employment terms, the growth sectors account for 30% of jobs, with tourism the largest sector. Life sciences and digital media account for a small proportion of the economy on both measures. These sectors all have industry lead strategies outlining their aims and objectives, along with the innovation aspirations they plan to achieve during the period of the strategy. All the sectors have Industry Leadership Groups which contain industry, academia and public sector experts who determine the vision, strategic direction, and ambitions for the sector.

The rationale for applying a sector specialisation approach to economic development is well proven especially in current turbulent economic conditions. These specialisms are expected to outperform the average and to provide a disproportionate impact on the economy.

Scotland is supportive and engaged in the European Commission's Regional Innovation and Smart Specialisation agenda (RIS3) but has not registered on the "Smart Specialisation Platform". Instead, Scotland is one of a few regions, that have been asked by the Commission to work' directly with it to develop their Smart Specialisation Strategy.

Tourism is a hugely important industry to Scotland with the sector contributing in the region of £4.4bn (€5.3bn) GVA and employing over 200,000 people in around 20,000 tourism related businesses across the country. The sector's total wider contribution actually accounts for around £11bn (€13.2bn) GDP, 10.4% of the country's economy and 10% of the country's workforce.

3 Description of the Practice

3.1 Key features of the practice

In 2006 the Scottish Government launched “Scottish Tourism: The Next Decade - A tourism framework for change”. The framework set an ambition to keep pace with global trends over the next 10 years – which meant achieving 50% sustainable revenue growth (in real terms), which means tourism growth must not be at the expense of Scotland’s environment, or culture and communities. To achieve Scotland’s ambition some key changes needed to take place across the industry:

- higher level of awareness of what is happening in the marketplace and with customers and how this intelligence can influence new and improved products and services
- better management of the quality of the overall visitor experience
- establish a culture of enterprise and innovation across the industry to drive continual investment in new products and services
- improve access and ease of travel in and to Scotland, balanced with the need to protect the environment
- integrate marketing effort behind a common brand
- effective use of the Internet as an information and sales channel for the industry
- approach to tourism development must be sustainable –economically, socially and environmentally sustainable

The tourism industry in Scotland needs to capitalise on its asset base in ways that will meet the expectations of discerning travellers and match the best of what is on offer in competitor destinations around the world. The key themes in the “Tourism Framework for Change” reflect this. They are: Market Intelligence and Innovation, The Customer Experience, Marketing, Infrastructure and the Business Environment and Sustainability.

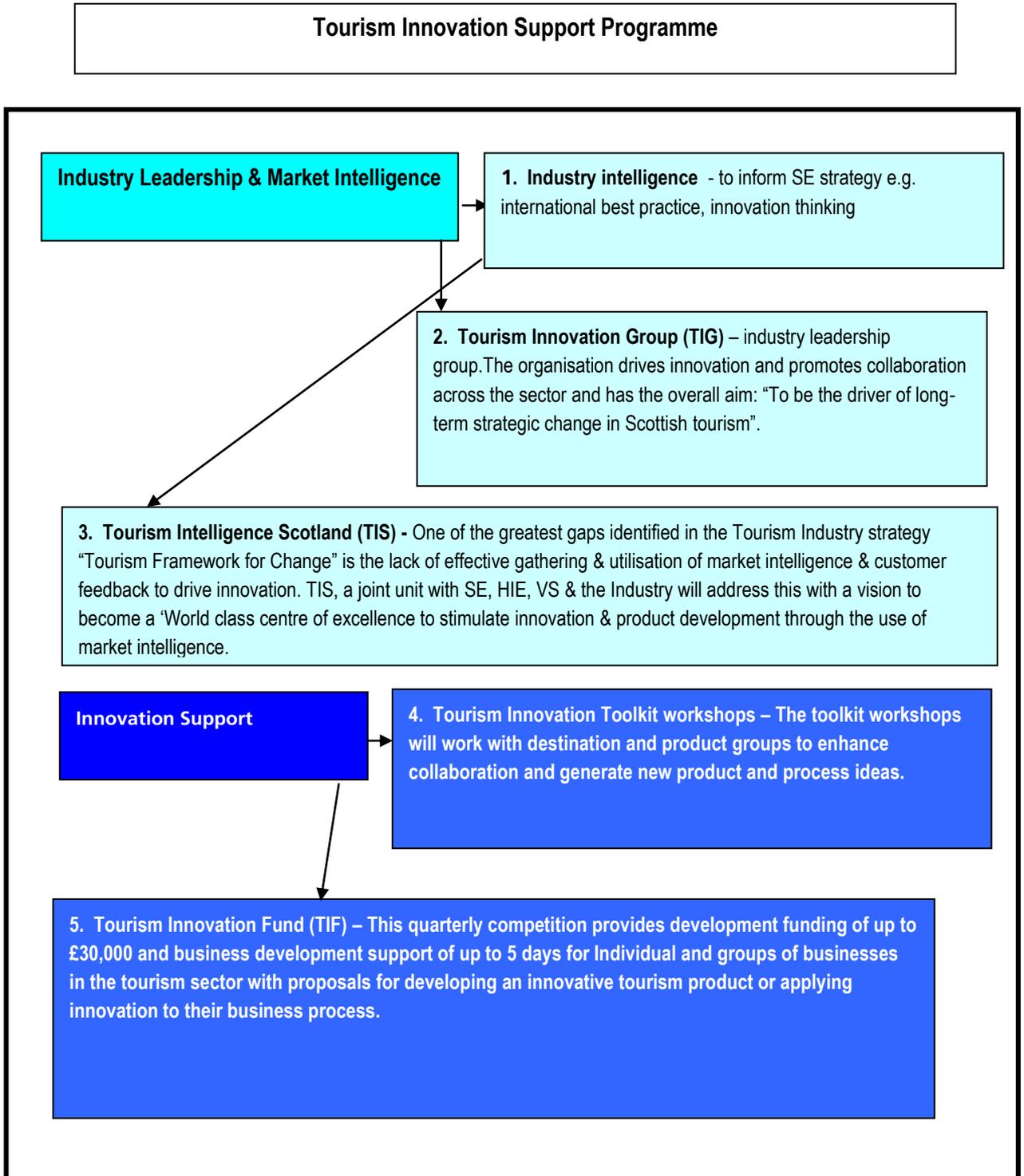
Scotland has tremendous tourism assets; however with increased competition and greater consumer choice, it is essential the industry constantly look at ways to exploit this to maximum advantage. Effective innovation based on an understanding of the market and implemented well can revolutionise a business or group of businesses, increase profitability and improve competitiveness. By encouraging higher levels of innovation and collaboration Scotland’s tourism experience can continue to improve and attract more visitors in new and exciting ways.

Over the last decade, Scottish Enterprise has delivered a significant amount of activity in the tourism innovation area. It has created, developed and delivered a multi-faceted, integrated approach to stimulating Innovation throughout the tourism industry. The Tourism Innovation Programme aims to stimulate a culture of innovation in the industry around effective use of market intelligence, business collaboration and investment in new products and services. The Programme is made up of a number of discrete elements:

- Tourism Intelligence Scotland - Provision of Market Intelligence to Tourism Businesses
- Tourism Innovation Toolkit Workshops – Provision of facilitated, collaborative workshops for businesses
- Tourism Innovation Fund (TIF) – Funding for the development of funding for innovative product development

3.2 Detailed content of the practice

The Tourism Innovation Programme is made of a number of discrete elements shown below:



Tourism Intelligence Scotland (TIS) aims to stimulate innovation and product development in tourism through the use of market intelligence. Highly recognised as a first, TIS helps companies access and share a range of market intelligence to help identify new opportunities. This is a joint initiative led by Scottish Enterprise in partnership with the industry, Highlands and Islands Enterprise and VisitScotland, helping businesses achieve growth and embrace innovative ways to create new products, services and ways of working, based on practical interpreted intelligence.

The website <http://www.tourism-intelligence.co.uk> acts as the point of contact for businesses, providing intelligence and insights, along with news, events, workshops and areas to share information. To date over 2,000 individuals have registered to receive resources, newsletters and communications from TIS. Specific guides on the “Opportunities for Growth” series have been disseminated to over 11,000 businesses such as ‘Knowing your Markets’, ‘Scottish Tourism in the Future’ ‘Golf Tourism in Scotland’, ‘Listening to our Visitors’ and ‘Walking Tourism’

The TIS newsletter ‘Ear to the Ground’ is circulated to 6000 businesses and includes hints and tips, insights, facts and also practical examples of how businesses have responded to the challenges and opportunities associated with the economic climate.

Tourism Intelligence Scotland (TIS) is an online resource designed to encourage greater use of market intelligence in the tourism sector across the whole of Scotland. Since 2008/09, SE and HIE have invested just under £1 million in TIS. It has been jointly managed by SE, HIE and VisitScotland with overall project management carried out by SE and project delivery sub-contracted to Tall Poppies. An Industry Advisory Group was also set up to inform TIS activity.

The Tourism Innovation Group(TiG) was originally established in 2002 to provide a vehicle for industry leadership and to stimulate innovation in the tourism sector. It provided a forum for leading tourism innovators to engage with the wider industry around the principles and practices of innovation. The aim of TiG was to be a “driver of long term strategic change in Scottish tourism, and to encourage innovation and collaboration”. The TiG business plan had six broad aims:

- TiG Teams - deliver innovative initiatives at a strategic level
- to influence the strategic development of tourism in Scotland
- innovation and collaboration by Scottish tourism operators
- to undertake the tasks allocated to TiG in the Tourism Framework for Change
- to support Enterprise Companies in implementing the Government Economic Strategy
- to work with the Enterprise Companies in developing better understanding of the nature of innovation in Tourism.

Tourism Innovation Toolkit Workshops are facilitated sessions bringing together collaborative groups of businesses or in-house teams to develop new ideas and ways of working which aim to drive growth by using a range of tools to identify innovative opportunities based around market intelligence. In the last 12 months, the project has delivered over 20 workshops to 170 businesses and over 3000 businesses have participated since 2006. Since 2008/09, SE has invested £55,000 in the Innovation Toolkit workshops.

Tourism Innovation Fund (TIF) provides matched funding assistance of up to £30,000 and tailored professional one-to-one innovation and business development advice to help enable tourism operators to deliver innovative projects to market. The support is awarded via a competitive process and is aimed at individual or collaborative project ideas that offer a new and genuinely innovative experience which encourage people to visit Scotland, spend more and stay longer. TIF replaced the highly successful Tourism Innovation Development Awards and has attracted significant interest since its launch in March 2010 – receiving 68 applications in first four rounds, 13 dynamic new products to market and 24 projects participating in the innovation surgeries as a result. Successful projects include ‘Roam Edinburgh’ - a PDA based GPS tourist guide, now a successful i-phone app. ‘Roulotte retreat’ – Glamorous eco caravanning in stunning 5* unique Roulottes and ‘Highland Fling – the first non-crane professional bungee jump in the UK. Since 2008/09, SE has invested £240,000 in on the TIF project.

The Tourism Innovation Day provides stimulus to tourism businesses to innovate through a range of inspirational speakers and local influencers sharing their expertise and stories. Over 2000 individuals have attended Innovation Days over the last 7 years. The last Innovation Day was delivered successfully in 2011 to over 400 individuals across Scotland in two locations and live on a webinar
http://www.dpdigitalmedia.co.uk/tid_site/awards.html

3.3 Bodies and stakeholders involved

The Tourism Innovation Programme has been developed in response to market trends and industry needs identified during the development and consultation for the “Scottish Tourism: The Next Decade - A Tourism Framework for Change”, launched in 2006. The projects which make up the overall Programme have been managed by Scottish Enterprise, and implemented in close consultation with industry bodies such as the Tourism Innovation Group (TIG) and the Scottish Tourism Forum, together with partners: VisitScotland and key destination and product groups. This will ensure the Programme focuses on priorities for growth, compliments other support mechanisms and does not cause confusion in the marketplace.

The main partners involved in the development and delivery of the Innovation Programme were VisitScotland and Highlands & Islands Enterprise (HIE). VisitScotland have made an in-kind contribution with support through their research function to provide useful insights and practical hints and tips on how to use this intelligence to get ahead and stay competitive. With a similar remit to Scottish Enterprise, HIE’s operating plan sets out a priority of developing key sectors, particularly focusing on distinctive regional opportunities. The Highland area faces differing challenges and opportunities around innovation than Lowland Scotland (specifically relating to the geographical diversity).

The other influential bodies involved in the delivery of the innovation activity were the various industry participants in the Tourism Innovation Group. The themes of the various TIG groups (whose participants ranged from visitor attractions to accommodation providers) were instrumental in informing and shaping the delivery of the programme and raising the profile of innovation in a sector which traditionally has quite low levels of innovation activity.

TIG was a precursor to the formation of the Tourism Industry Leadership Group, the operation and administration of which was undertaken by the Scottish Tourism Forum which was established in 1998 to act as the ‘voice of the tourism industry in Scotland’. The Leadership Group’s main objective was to develop a detailed business/strategic plan to deliver the industry strategy going forward beyond March 2010 based on growth opportunities.

Another organization which has been heavily influential in the way the innovation programme has been shaped and is delivered is the Scottish Tourism Alliance, which is an evolution of the Scottish Tourism Forum. The Alliance was formed in March 2012 to undertake both the responsibility of facilitating, coordinating and supporting industry to deliver the newly launched strategy for Tourism Scotland 2020.

3.4 Timescale and maturity

The projects within the Tourism Innovation Programme were developed in response to the ambitions and challenges identified in the “Scottish Tourism: The Next Decade” - A Tourism Framework for Change”, launched in 2006. The projects have been running since 2008/09 and were evaluated in 2012.

In 2012, the Tourism Scotland 2020 industry strategy, led by the Tourism Leadership Group (TLG) was launched. This strategic document is the approach by which the Scottish Tourism Alliance (STA) will lead the many different businesses and stakeholders across the sector to deliver on a common goal for 2020 and beyond.

The 2020 strategy is an opportunity to achieve a step change in how the tourism industry in Scotland capitalises on its asset base by turning these assets into more rounded, added value experiences. It focuses on Scotland’s opportunities, strengths and capabilities whilst highlighting the priorities for action to achieve annual visitor spend of between £5.4bn and £6.4bn by 2020.

Due to the timing of the evaluation and the launch of the 2020 Strategy, the current innovation delivery is under revision to ensure that it is aligned with the new strategic aims and objectives. It is anticipated that a new phase of activity will be delivered during 2013.

3.5 Legal framework

The elements of the project were structured in a variety of ways. While the project management of all aspects of the programme were overseen by SE, elements of the project delivery of both the Toolkit Innovation Workshops and the Tourism Innovation Fund were procured through normal public sector procurement practice.

3.6 Financial framework

Scottish Enterprise funding of the programme during 4 years from 2008/9 to 2011/12 is shown below:

	TOTAL (£'000)
INNOVATION FUND	240
INNOVATION GROUP	250
INNOVATION WORKSHOPS	95
TOURISM INTELLIGENCE SCOTLAND	1250
TOTAL	1835

While the above table shows the SE contribution to the Tourism Innovation Activity, the total planned budget for the whole Tourism Innovation Programme has been just under £2.1 million over the three years. This includes financial contributions from HIE and both financial in-kind contributions from VisitScotland.

4 Monitoring and Evaluation

In August 2011, Scottish Enterprise (SE) commissioned an independent evaluation of the Tourism Innovation Programme. Each project has been evaluated individually and the following section outline the main evaluation findings from each competent.

Tourism Innovation Group

Since the Group's activity was one of leadership, it had limited direct impact on individual businesses and organisations, this was not included in the formal evaluation.

Tourism Intelligence Scotland

The project has performed well against the agreed outputs and has generated over 4,000 registrations to the TIS website, produced eight Guides and circulated 15 editions of the "Ear to the Ground" newsletter. In addition it has made good progress in addressing its original objectives with 70% of TIS users stating that the support has influenced their willingness to collaborate and their interest in new products and services. An even higher proportion (85%) of users state that it has influenced their use of market intelligence. There was generally positive feedback from stakeholders on the efforts of the TIS project team to promote and raise awareness with tourism businesses and local groups. This includes the use of social media to direct traffic to the website.

According to the TIS survey, there is regular usage of the website (with 25% using it one or more times a month) by registered users. It is being used mainly for accessing market information and the Opportunity for Growth Guides. Nearly half say they have actively used the information from TIS in some way (mainly in terms of helping people access funding and to better understand their markets).

Just under a third of TIS users have been able to report an output from using TIS (the most common being a collaboration with another business, a new use of social media and a new method of capturing customer feedback). Of this figure, 40% stated that it has had a positive impact on sales and profitability of their business.

Tourism Innovation Toolkit

Although the number of workshops delivered has been marginally less than expected, the project has overperformed in terms of the number of businesses that have been supported (many of which have been visitor attractions and tour operators). The workshops have also supported a large number of public sector organisations involved in the sector.

Based on the feedback from stakeholders and workshop participants, it would seem as though the project is broadly addressing its objectives. For example, 63% of participants stated that they used the events to find other people and organisations to work with. Although the Toolkit workshops initially had a high profile when launched in 2003, stakeholder consultees felt as though there has been lower awareness in the sector over the last couple of years. Many of those who receive information about the workshops are likely to have already been involved.

For those that have taken part in the workshops, there remains very positive feedback. This is highlighted by event feedback forms and the survey of Toolkit participants. Nearly 90% of participants rated the quality of advice and material as either 'good' or 'excellent'. Over 40% of participants agreed that they had identified some specific actions that they could take from the session and just under 33% stated the workshops had helped them identify specific partners that they could work with in the future. The economic impact model suggests that Toolkit impacts to date (i.e. to end 2010/11) have been approximately: £0.5 million in gross annual turnover amongst Toolkit users; £0.2 million in net annual GVA for Scotland with an Economic Impact Ratio of 3.8.

Extending the appraisal period to include expected future impacts, we estimate that the Toolkit impacts could be the following in 2014/15: £0.4 million in gross annual turnover amongst Toolkit users; £0.1 million in net annual GVA for Scotland with an Economic Impact Ratio of 11.6

Tourism Innovation Fund

Over the three year period, the project expected to receive 225 applications. After round 7, it had received 82 bids (with two rounds left). The main reason for lower than expected application numbers (to date) was suggested to be the level of project promotion. It is difficult to measure progress against agreed targets as many of the supported projects remain in progress and have yet to generate outputs. Similarly measuring the progress against objectives is challenging. In some areas such as raising awareness of innovation and producing case studies the project has delivered, perhaps just not quite on the scale of what was envisaged. In terms of supporting growth companies in the sector, this is more difficult to measure.

Up to round 7 there have been 20 winners and these have typically been visitor attractions or tour operators, and use of ICT has been a common theme for winning projects. The average size of Innovation Support Grant awarded has been just over £14,000 per company.

As perhaps would be expected (since they have been awarded funding), TIF 'winners' have been very positive about the value of the support and funding provided. However, in addition, nearly half of unsuccessful applicants also described the support as good, reflecting the range of support provided to winners and non-winners. The introduction of consultancy support was particularly welcomed by stakeholders.

Our economic impact model suggests that TIF impacts to date (i.e. to end 2010/11) have been approximately: £1.6 million in gross annual turnover amongst TIF users; £0.4 million in net annual GVA for Scotland; 19 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 3.1.

Extending the appraisal period to include expected future impacts, we estimate that the TIF impacts could be the following in 2014/15: £1.4 million in gross annual turnover amongst TIF users; £0.4 million in net annual GVA for Scotland; and 17 net jobs for Scotland; with a (cumulative) Economic Impact Ratio of 6.9.

5 Lessons Learnt

While we were pleased overall with the impact made by the Tourism Innovation Programme, there have been some aspects of the activity which could have been improved, some of which have been identified from a recent evaluation of the approach.

Overall programme:

- Establish stronger links between the various component parts of the programme
- Seek to encourage greater uptake in specific geographic locations of within particular product groupings i.e. whisky, golf, mountain biking.
- Is there a way we can make the tourism sector definition of 'innovation' consistent across the sector and aligned to other industry groups?

TIG:

- Ensure that the 'innovation' agenda is maintained as a core element of future tourism strategy development by the Scottish Tourism Alliance

TIS:

- Improve our links with intermediary groups to ensure that they are updated with TIS activity and can promote our market intelligence to their members/businesses
- Better utilise our relationship with our partners, for example, VisitScotland have Quality Assurance Advisers who visit Accommodation Providers
- Registration to the website must be improved
- Use technology better to communicate with our members

Toolkit:

- The toolkit content is now quite dated and must be revamped if further toolkit activity is to take place
- Raise awareness of the toolkit workshops and benefits internally and to partners
- Ensure that an improved level of aftercare support is developed so that action plans are implemented after a toolkit session

Fund:

- Improved promotion of the fund if the activity is to continue
- Should the type of innovation and the criteria for the fund be reviewed so that better and more cutting edge applications are submitted in future
- Possible review of levels of funding available and an improvement to the financial processes involved.
- Should themed rounds be proposed to encourage uptake and collaboration at a geographic or product level.
- Should we run a rolling application programme rather than having rounds with deadlines for submission.
- Improve the levels of support given to fund winners to ensure that the project is delivered as agreed in the project specifications

Future Activity:

At present there is no specific Tourism Innovation Programme Activity being run. This is resulting from the recent launch of the Tourism 2020 Strategy. This strategy, together with the outcomes of our recent evaluation, has provided the impetus for us to look in close detail at our delivery and ascertain whether changes should be made in certain areas.

Work is currently underway to determine which aspects of our delivery are closely aligned with the aims and objectives of this strategic document. This will enable us to identify and develop our delivery over the coming years.