

2023 was a challenging year for domestic tourism in Scotland, however as family finances begin to show some signs of recovery, the outlook is starting to look slightly more positive for the year ahead

The Scottish Tourism Index is a nationally representative survey of the Scottish adult population. It is undertaken on a quarterly basis in January, April, August and October, and this is a report of the first wave of research undertaken in late January 2024. The main purpose is to establish the characteristics of Scots' holiday-taking attitudes and behaviours. As surveys are undertaken at identical times each year, it provides a directly comparable set of measures year-on-year, ensuring predictions for the year ahead can be fine tuned by comparing against previous surveys results. This report begins with a contextual analysis of the extent to which the economic situation will continue to dampen and shape holiday demand. We then look back at Scots' holiday behaviours in 2023 and then forward to 2024 to establish where we may see potential growth as well as continued challenges.

THE CONTEXT - CONSUMER CONFIDENCE AND COST OF LIVING IMPACTS

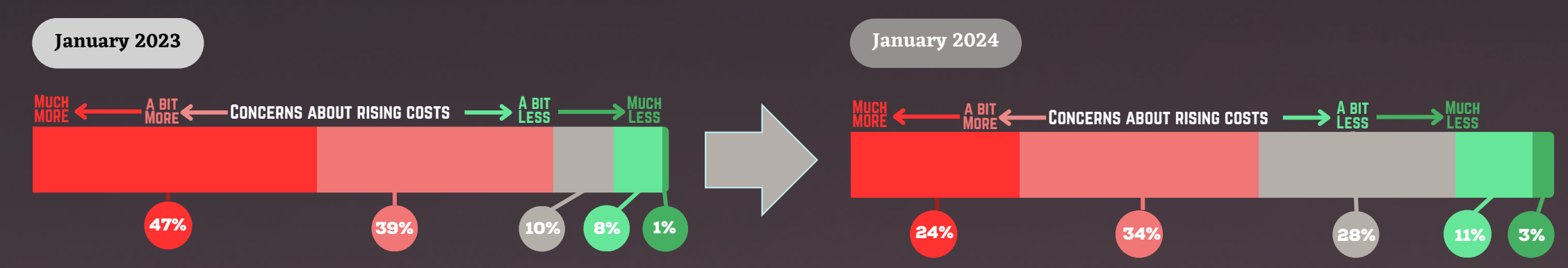
When the Scottish Tourism Index was launched in 2020, the main driver of consumer behaviours was Covid-19. As we emerged from the Pandemic, its economic impacts along with the energy crisis, the war in Ukraine and Government policies have meant that the cost of living crisis has replaced Covid as the main determinant of consumer behaviours - especially in terms of leisure activities and holiday-taking. In 2023, as more Scots rediscovered foreign holiday destinations, smaller family budgets constrained domestic spending on hospitality. At the start of 2024 there is evidence from our initial survey of the year that this spending squeeze has 'bottomed out' and although still likely to constrain what we do in the immediate term, our disposable incomes are beginning to show some signs of recovery.....

CONCERNS ABOUT RISING COSTS REMAIN - HOWEVER SIGNS THAT THESE CONCERNS ARE REDUCING COMPARED WITH A YEAR AGO

In January last year, concerns about rising costs were at their peak with almost half of Scots much more concerned about the cost of living compared to a year before (47%). Some 86% were 'more concerned'.

This year, whilst concerns remain high, the proportions much more concerned than a year ago had dropped to 24% - and overall, 58% are more concerned.

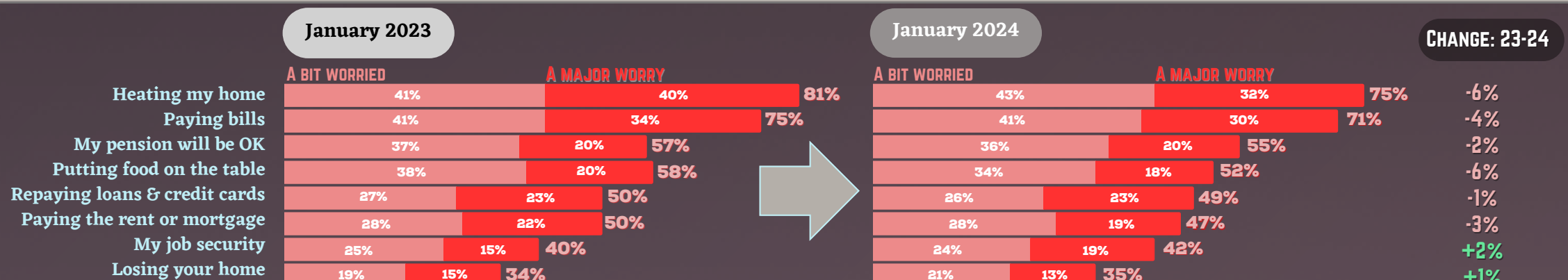
Clearly, the high costs of living are continuing to play a part right now, though there has been a move towards a slightly more positive picture overall than was the case a year ago.



SPECIFIC FINANCIAL WORRIES - ALTHOUGH REDUCING - REMAIN.....

Specific financial worries remain however - 75% of Scots worry about heating their homes, and 71% are concerned about paying bills. And over half of Scots continue to worry about being able to put food on the table (52%).

Although these proportions are slightly lower than was the case a year ago, they remain high - and highlight the extent to which, for many, spending on less essential items such as leisure, hospitality and holidays will be a much lower priority.



SO, HOW IS THIS IMPACTING ON OUR BEHAVIOURS - WHAT ARE WE DOING MORE, AND WHAT ARE WE DOING LESS?

The extent to which the hospitality, leisure and tourism industries are likely to continue to be affected in 2024 is illustrated by the fact that over half of us are less likely to eat out than was the case a year ago (51%), 44% are less likely to take leisure day trips, 38% will be less likely to attend the theatre/concerts and 37% are less likely to be planning holidays. Again, these proportions are not as high as they were a year ago but they continue to be significant and likely to result in constrained demand.

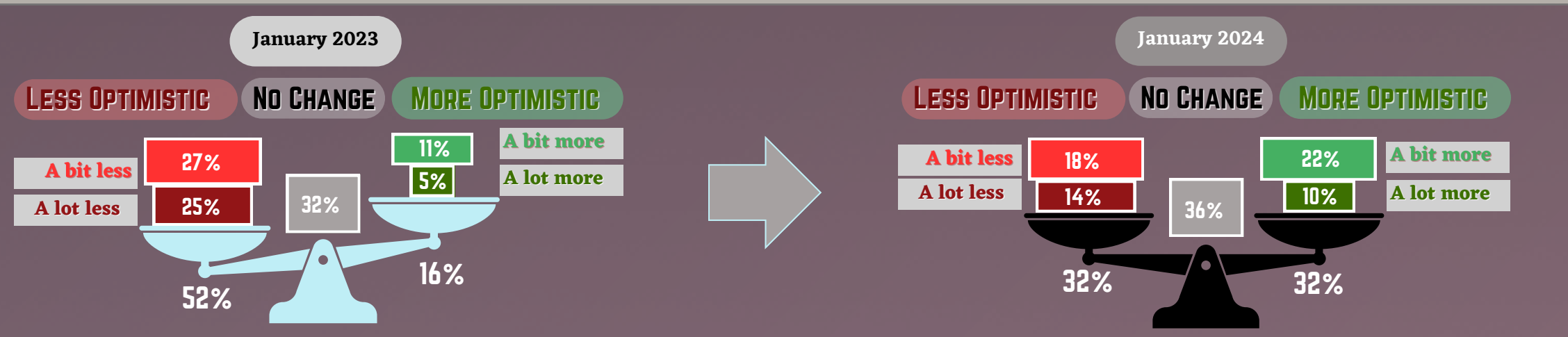
We continue to look at ways to save money by reducing our energy usage and shopping in discount supermarkets for value brands.



DESPITE THE ECONOMIC WORRIES WHICH REMAIN, WE ARE SEEING INCREASED LEVELS OF OPTIMISM FOR THE YEAR AHEAD - JANUARY 2024 VS JANUARY 2023

Although the above economic indicators remain concerning and continue to suggest it is unlikely that Scottish domestic tourism will recover to the levels achieved immediately post-Covid, potentially there could be some light at the end of the tunnel in terms of consumer confidence.

Last year at this time, 52% of Scots were less optimistic about the year ahead and only 16% were more optimistic (a net of -36%). This year, as many Scots are more optimistic (32%) as are less optimistic (32%) again suggesting that there may be shoots of recovery ahead this year. The extent to which this could result in a more positive forecast for the domestic tourism industry is examined below.



SCOTTISH HOLIDAY BEHAVIOURS IN 2023 - AND INTENTIONS FOR 2024

The economic situation in 2023 undoubtedly contributed to a reduction in the proportion of Scots taking home holidays - they were often the casualty as more Scots decided to take trips further afield instead. More encouraging, and reflecting the apparent gradual improvement in family finances, is that 2024 looks slightly more promising for home holidays with the possibility of recovery to 2022 levels. Trips to Europe are also likely to increase as well however, and there is continued evidence that domestic trips will be shorter in duration with more cautious spend. Barriers remain - home heating increases are always a greater concern at this time of the year, but other economic factors along with rising prices for holidays, potential travel disruption, and the probability of a General Election could all play a role in dampening travel demand.

LOOKING BACK: MORE SCOTS TOOK HOLIDAYS IN 2023 THAN IN THE PREVIOUS YEAR.....HOWEVER MORE OF THESE TRIPS WERE OUTSIDE OF SCOTLAND RESULTING IN LOWER NUMBERS TAKING HOME HOLIDAYS

Across 2023, we estimate that 72% of Scots adults took holidays (to any destinations) - a 2 percentage point increase on 2022. However, the proportion taking holidays or breaks in Scotland DECREASED from 45% across 2022 to 41% in 2023. A greater proportion of Scots were choosing to take holidays further afield (see below) at the expense of domestic holidays and breaks.

The pattern of Scots' overall trip taking across the year suggests that larger proportions took holidays in the first half of the year than in 2022, with a slight drop in the third quarter and an increase again in the 4th quarter. This was also the case for home holidays - by the start of August, a higher proportion of Scots had taken holidays at home than in 2022 (35% vs 32%) - however this tailed off significantly after that.



LOOKING BACK: EUROPEAN DESTINATIONS - ESPECIALLY SPAIN AND THE MEDITERRANEAN - BENEFITED MOST IN 2023 WITH THE LARGEST INCREASES IN SCOTS HOLIDAY VISITORS COMPARED WITH 2022

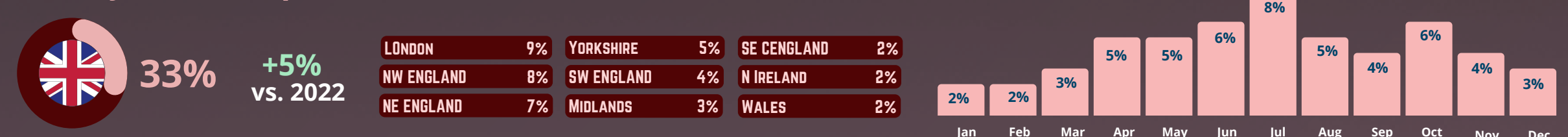
Just over four in ten Scots took a holiday or break in Scotland in 2023 - a decrease of 4% on 2022. The Highlands remained the most popular destination with 11% visiting, followed by Edinburgh (8%), Glasgow (7%) and the Loch Lomond, Argyll and Trossachs area (7%). Although trips were spread across the year, 10% of us took Scottish trips in July making this the most popular month.

Holidays in Scotland, 2023



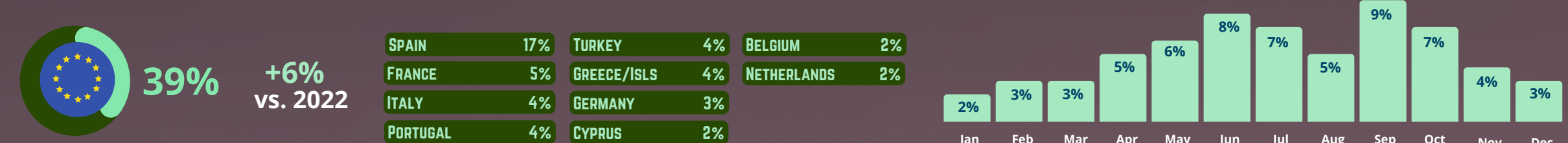
Around a third took holidays to other parts of the UK last year (33%), a 5 percentage point increase over 2022. London remained the most popular destination choice (8% of Scots visited last year) followed by the closest regions to visit - the North West/Lake District (7%) and Northumberland and the North East (7%). Again, July was the most popular month last year (8% visiting then).

Holidays to other parts of the UK, 2023



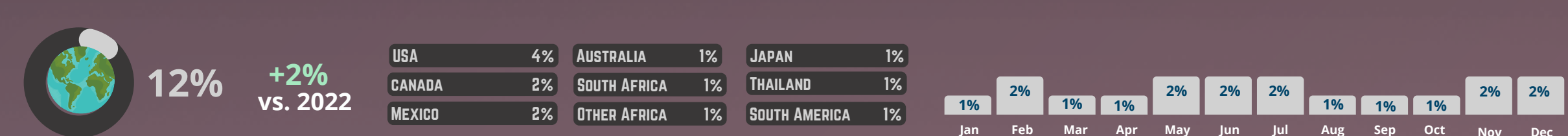
Holidays to Europe saw the largest increase in 2023 compared with the previous year with a 6 percentage point jump meaning that almost four in ten of us took a European holiday last year (39%). By some distance, Spain was the most popular destination - 17% overall, with the Canary Islands accounting for the largest proportion (8%). France, Portugal, Italy, Greece and Turkey were each visited by 4% of Scots in 2023.

Holidays to Europe, 2023



Around 12% of us travelled further afield last year, up from 10% the year before, with North America the main destination (especially the USA - 4%).

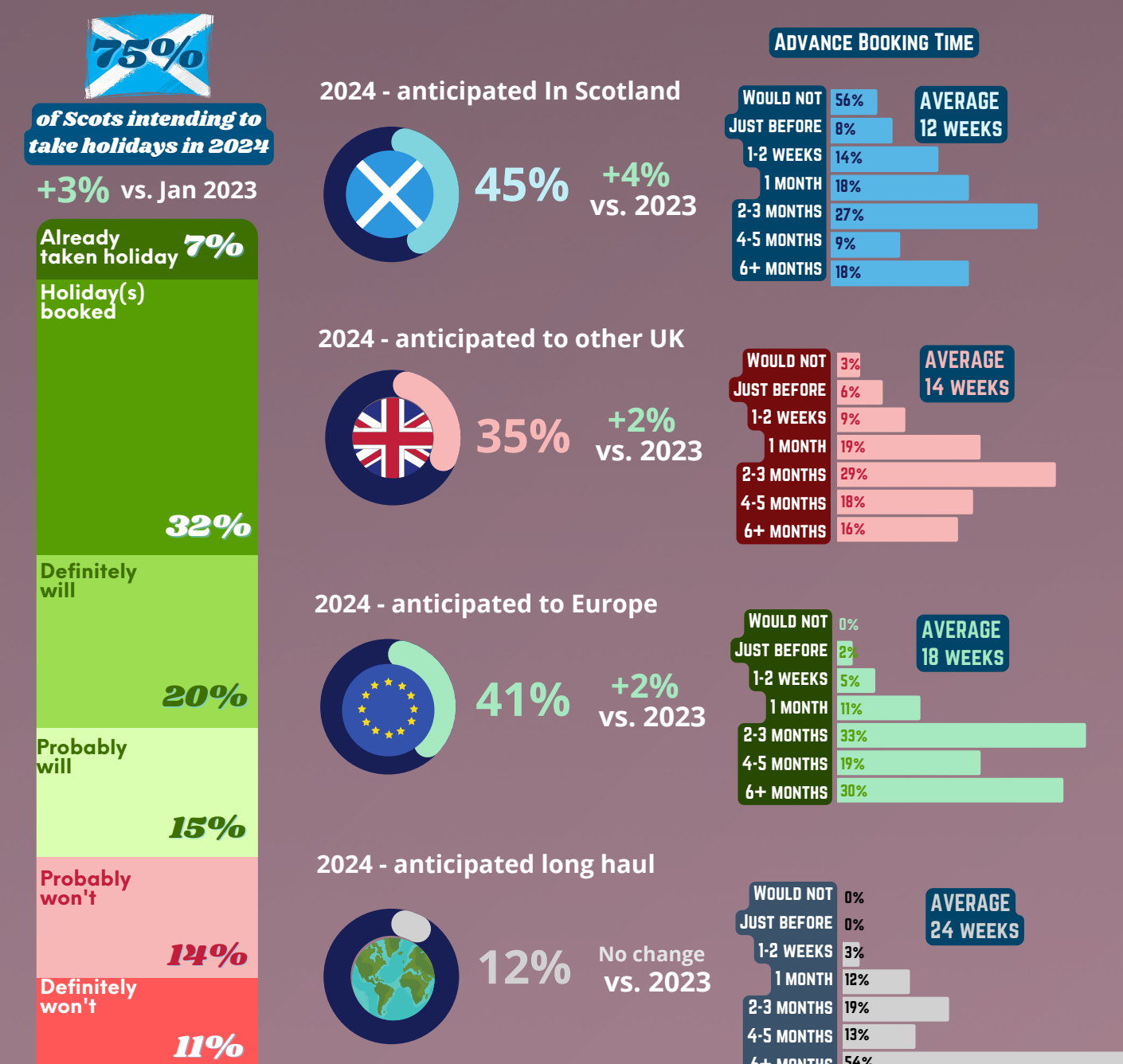
Holidays to long haul destinations, 2023



LOOKING FORWARD: INTENTION TO TAKE MORE HOME HOLIDAYS IN SCOTLAND IN 2024

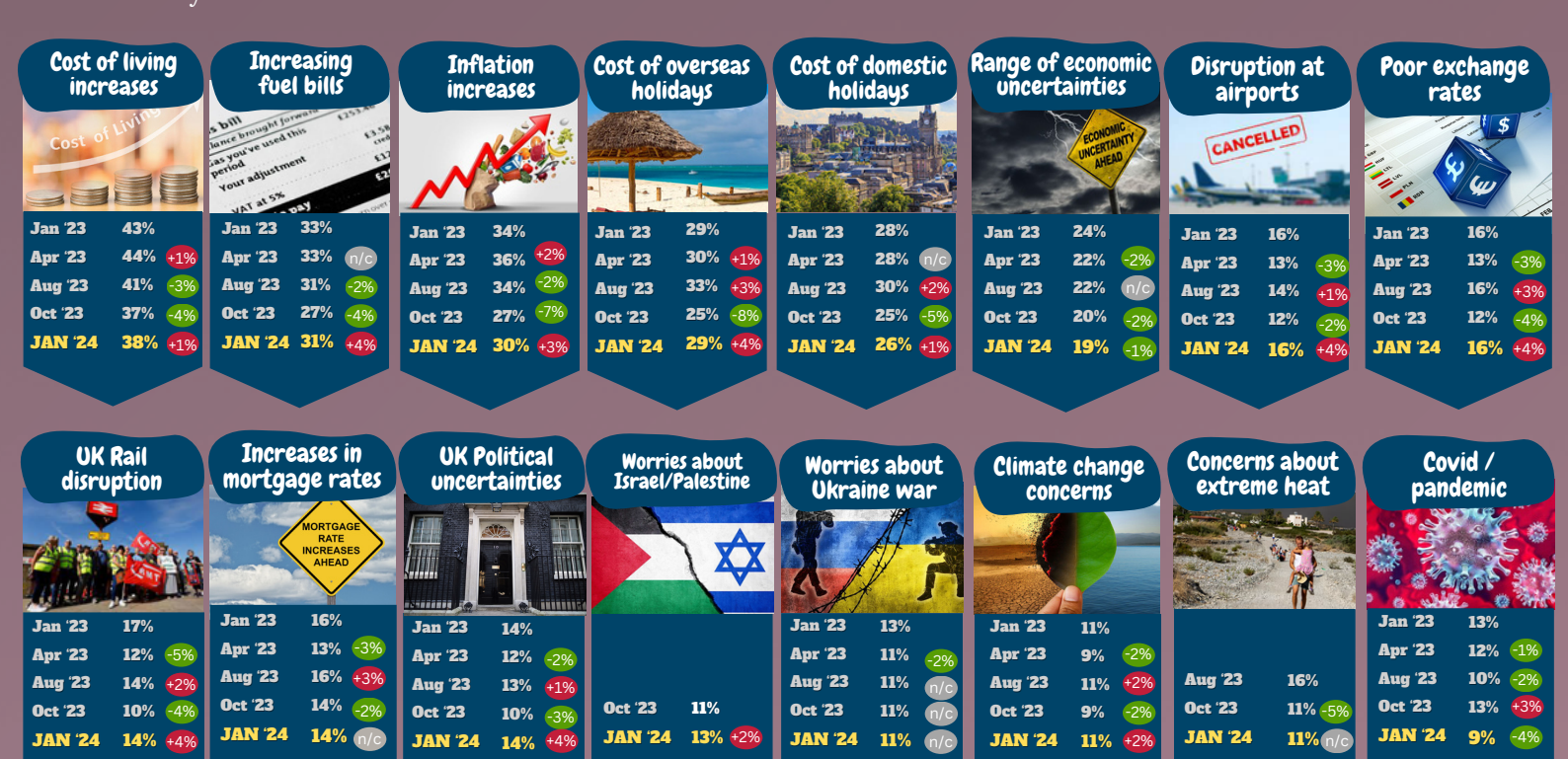
Looking ahead, 75% of Scots anticipate taking at least one holiday during 2024 - this is a 3% increase on holidays anticipated during 2023 when asked this question a year ago. There is also some hope that the reduced proportions of Scots who took home holidays last year might increase to 2022 levels (45%), the proportions anticipating holidays elsewhere in the UK or in Europe are each also higher (+2%) than the proportions recorded last year.

Last year, we saw evidence that Scots were leaving it later and later before booking a home holiday. This led to increased uncertainty and greater difficulties for Scottish tourism businesses. The trend looks likely to continue in 2024 with average booking lead times for Scottish home holidays sitting at 12 weeks before travel; in 2023, the average was 13 weeks before the trip.



LOOKING FORWARD: BUT A RANGE OF BARRIERS ARE LIKELY TO CONTINUE TO DEPRESS TRAVEL

The economic uncertainty across all aspects of our lives is still playing a role when it comes to our likely holiday decisions and behaviours in 2024. The continued high cost of living is likely to impact 38% of us. Whilst this, alongside other economic uncertainties peaked last April and the picture gradually improved over the rest of 2023, reflecting the situation we often find at the beginning of a year when consumer confidence and optimism is low, there have been slight increases in the extent to which the economic - and other - issues may well play a part again in 2024, dampening potential holiday activity. In particular, there have been increased concerns around higher fuel bills and the costs of overseas holidays, whilst political uncertainty (a General Election on the horizon?) and worries about potential rail and air disruption impacting travel plans have also increased. Only Covid concerns have fallen back considerably to 9%.



LOOKING FORWARD: THE NATURE OF FORTHCOMING TRIPS IS ALSO CHANGING.....

Over three in ten of us say that any Scottish holidays they will take are likely to be shorter than before, making them more affordable (31%), whilst 6 in 10 are keeping costs as low as possible by reducing their spending when on holiday (60%). The overall outcome for domestic tourism will continue to be a trend towards shorter, lower spend trips. Additionally, over a third of us will book holidays at the last possible moment (35%) which adds to the uncertainties for tourism businesses. For overseas travel, just over a third of us are now more likely to book using a tour operator because of the additional protection this brings (34%),....and 18% of us are still nervous about foreign travel because of continued concerns over Covid.

