



Scotland's Viewpoint

PREDICTING FUTURE TOURISM BEHAVIOURS: THE FORECASTING POTENTIAL OF THE SCOTTISH TOURISM INDEX



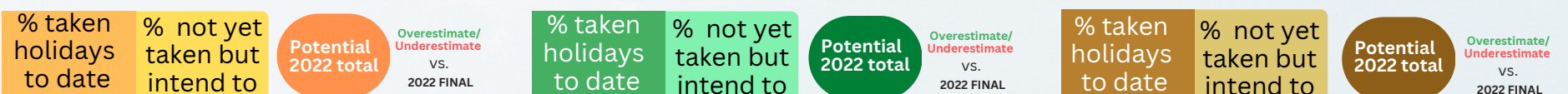
SCOTTISH TOURISM INDEX LATE APRIL 2022

SCOTTISH TOURISM INDEX EARLY AUGUST 2022

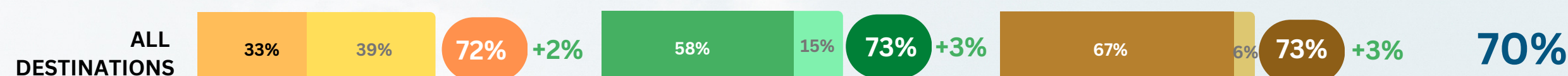
SCOTTISH TOURISM INDEX LATE OCTOBER 2022

SCOTTISH TOURISM INDEX JANUARY 2023

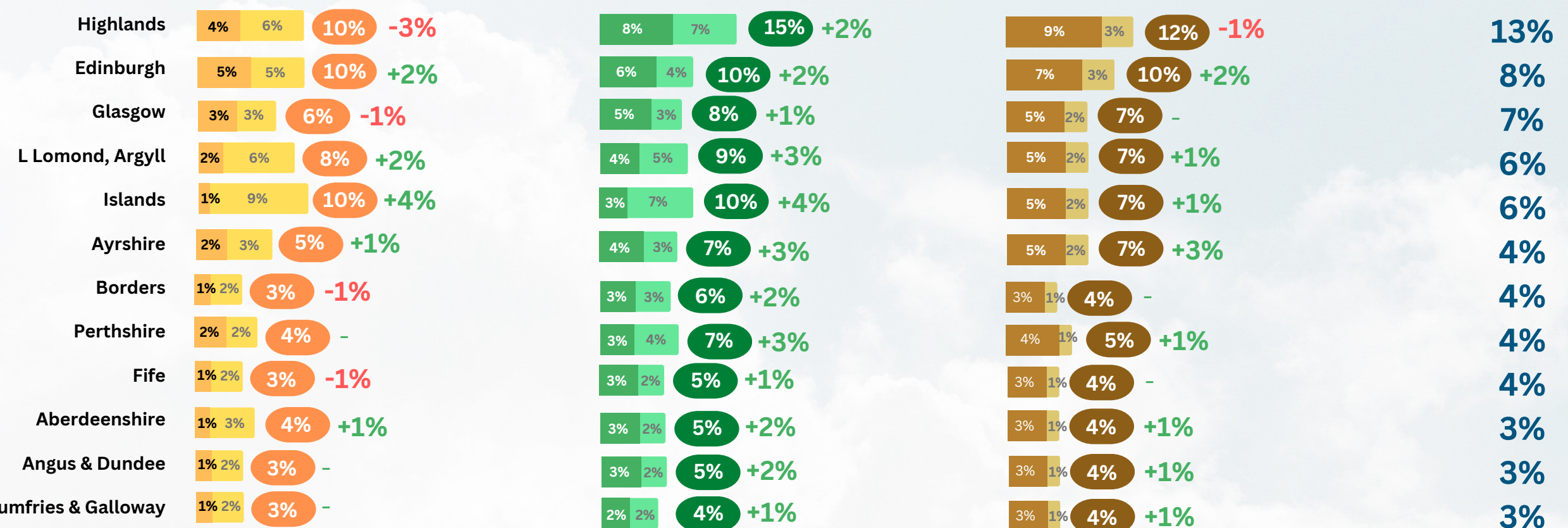
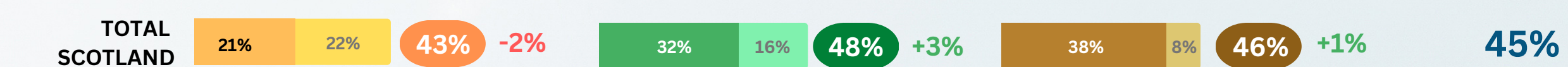
2022 FINAL



Proportions of Scots taking holidays - ANY DESTINATION in 2022



Proportions of Scots taking holidays - WITHIN SCOTLAND in 2022



Proportions of Scots taking holidays - TO OTHER PARTS OF THE UK in 2022



Proportions of Scots taking holidays - TO EUROPEAN DESTINATIONS in 2022



Proportions of Scots taking holidays - TO LONG HAUL DESTINATIONS in 2022



It has always been extremely difficult to provide definitive forecasts of tourism numbers and to be especially definitive about short to medium term trends - holiday and travel decisions can be so volatile, and this has only become more challenging in recent years. As we all know, the Covid pandemic turned everything upside down, not least our holiday-taking behaviours, however as the direct impacts of Covid on our tourism industry have been gradually reducing over the last two years, we are now facing the extreme challenges of a cost of living crisis. Yet more uncertainty about the immediate future for our tourism industry.

Early last year, when we made the decision to relaunch the Scottish Tourism Index as a quarterly survey of the Scottish population's holiday behaviours, we were keen that it should not only provide a robust measure of holidays taken to date each year, but also that it could help to take some of the guesswork from forecasting behaviours over the rest of the year. By asking Scots about their holiday intentions, and levels of certainty around them, the Scottish Tourism Index could be a useful barometer, not only of current behaviours, but also likely behaviours going forward.

We now have 4 full quarters of data, which provides the opportunity to look back at the predictions for holidays made by Scots last year - in April, early August and October, and make comparisons with actual trips taken across the whole year as measured in the recent January 2023 survey.

At the highest level, in each survey, we asked Scots about holidays taken 'at all' - to any destinations. How many had taken holidays up to that point in 2022 and what was the likelihood of holidays being taken later in the year? As with all of the metrics in this commentary and in the charts opposite, percentages relate to the proportions of the Scottish adult population taking holidays. What we see is that when those yet to take planned trips are added to those who had already done so, we get a very consistent proportion of Scots claiming they would be taking holidays in 2022 - 72% in April and then 73% in both early August and October. In January, when asked to look at the whole year, 70% of Scots claimed to have taken holidays - therefore, a consistent over-estimate throughout the year of 2-3%. Even as late as October, whilst 67% had taken holidays, a further 6% claimed they would still do so. So at the top level, we would argue that predictions last year were slightly above the actual reality, by around 2-3%. With 72% predicting they will take holidays in 2023, if we assume a similar over-estimate, then we would expect there to be a slight decrease this year to 68-69% of Scots taking holidays.

When we examine at the macro destination level - whether these holidays might be taken in Scotland, elsewhere in the UK, Europe or further afield, the variations become quite interesting. In April, 43% expected to take holidays in Scotland - this ended up being a slight underestimate with 45% doing so. By August, the estimate had increased to 48% (+3% vs the actual figures) but by October it was much closer to the final picture (46% - one percentage point above the final outcome). The underestimates earlier in the year are perhaps not surprising - domestic holidays are often last minute, impulse decisions driven by, say, spells of good weather, and indeed the early August wave coincided with a summer heatwave which perhaps over-inflated expectations. Either way, it feels quite encouraging that the estimates of Scottish home holidays are all quite close to the final outcome.

Estimates of long haul travel in 2022 were very consistent across the year at 10-11% and in line with the final annual outcome. Given the longer booking lead times for long haul travel - on average, 8 months in advance (see the January 2023 report), this would suggest that predictions of long haul travel are likely to be fairly accurate. With the January 2023 survey indicating that 12% of Scots will travel long haul in 2023, this suggests that there will indeed be some real increases and some recovery for long haul outbound travel this year.

In 2022, estimates of travel to European destinations changed significantly throughout the year increasing from 27% in April to 33% by October - and in the end, 33% did take such holidays across the year. Although by no means certain, we believe that this may reflect the changing Covid situation in Europe across 2022. As late as April, there was still a lot of uncertainty about potential travel restrictions to some countries. Also, the war in Ukraine left many uncertain about travelling to some European destinations. As the year wore on, confidence appeared to grow that travelling to holiday spots in Europe was less risky in terms

of Covid and the Ukraine war, meaning that greater numbers travelled than had previously expected to do so in the first 4-5 months of the year.

Conversely, we see that trips to other parts of the UK were overestimated throughout the year - especially in April and August, when overestimates were in the region of 5-6%. The reasons for this are less obvious but one possibility is that there was a substitution of a UK holiday for one to Europe as the uncertainties around travel to Europe because of the war in Ukraine and Covid tended to reduce as the year went on.

We also made some predictions of holidays at the individual destination level - the tourist regions of Scotland, other parts of the UK and overseas countries. Obviously, there is much more volatility around this data as the sample sizes for individual destinations are much smaller, however we have presented the Scottish destination data predictions on the left. Generally, as would be expected, predictions become more accurate later in the year - with October data for most destinations being fairly reflective of final numbers. However, it is interesting to note the extent to which visits to the Scottish islands were consistently over-estimated throughout the year. There is clearly a high aspirational appeal of the islands which undoubtedly led to 'over-claiming' the likelihood of taking a holiday or break to one of the islands during the rest of this year.

In summary, the 2022 data analysis has provide a number of lessons about the extent to which the Scottish Tourism Index can predict tourism behaviours throughout the year. We believe it is especially strong at the overall level, but also, with the learnings from last year in mind, for 2023 we will be more able to predict trip taking in Scotland, other UK, Europe and further afield, as well as key destinations, based on the knowledge gained from last year's analysis. And given that we will run each wave at the identical time to last year, we will also have the benefit of being able to directly compare percentages with the same time in 2022 to provide a level of comparability that will further aid forecasting. Undoubtedly, the Scottish Tourism Index provides lots of potential to the tourism forecasting arena.

