

28 January 2015

**Scoping Report for Review of
Tourism Marketing Delivered by
Visit County Durham**

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

1. The purpose of this report is to provide Members of the Committee with background information together with the terms of reference and project plan for the scrutiny review of tourism marketing delivered by Visit County Durham (VCD).

Introduction

2. There are approximately 70 regionally, nationally and internationally recognisable visitor attractions in County Durham with the most visited including Durham Cathedral and Beamish Museum. Other attractions with significant visitor numbers include Hardwick Park, Locomotion, Hamsterley Forest, the World Heritage Site Visitor Centre, Durham County Cricket Club, Adventure Valley, The Bowes Museum, Raby Castle, Botanic Gardens, Barnard Castle, Killhope Lead Mining Museum, High Force, Durham Light Infantry Museum and Sedgefield Racecourse.
3. In addition, the County boasts a number of historic townscapes and attractive rural areas that offer local and national walking, cycling and riding routes which link beyond County Durham's borders. The County also holds major events which attract large visitor numbers such as Lumiere Durham and Lindisfarne Gospels Durham. County Durham also includes a number of under developed heritage assets including the Lambton Estate, Ushaw College and Auckland Castle which will require carefully managed change if they are to be maintained for the future.
4. The County has a strong railway heritage with the Bishop Auckland to Darlington railway recognised in the County's Regeneration Statement as an asset running through the core economic area of South Durham, connecting the main towns of Bishop Auckland, Shildon and Newton Aycliffe and providing a key gateway to the Durham Dales. Together with the Weardale Railway it will form a strategic railway tourism corridor linking the Darlington Railway Museum, Locomotion at Shildon and Weardale Heritage Railway.
5. The emerging County Durham Plan identifies the visitor economy is an important and resilient part of the County Durham economy, worth over £738m a year and consistently sustains the equivalent of 11,000 full time jobs, however there remains a great deal of untapped potential. A healthy tourism industry can help sustainable economic growth, and contribute to prosperous communities and attractive environments, making it a key element of the Altogether Wealthier theme of our Sustainable Communities Strategy and Regeneration Statement.

6. The enhancement, promotion and expansion of tourism and leisure development including visitor attractions, leisure facilities and visitor accommodation are seen as key economic drivers in stimulating and regenerating the local economy. There is a need to capitalise and expand on assets of Durham City as a destination and increase the contribution of Durham's rural areas to the overall value of the County visitor economy.
7. County Durham aims to offer a visitor experience that matches its outstanding natural landscapes and internationally famous built heritage. The development priorities for the visitor economy are identified and assessed through the Durham Tourism Management Plan (DTMaP). The DTMaP is produced by Visit County Durham, the official Destination Management Organisation for County Durham, which coordinates the development of the visitor economy and manages and markets the County as a destination.

Visit County Durham (VCD)

8. Visit County Durham (VCD) was established on 1 April 2006 as a private, not-for-profit company. In 2011 it became part of the Economic Development and Housing Service of Durham County Council. VCD is the destination management organisation for County Durham working on behalf of businesses and public agencies and is mainly funded by Durham County Council with the private sector contributing financially to the work of VCD in return for benefits and activities which meet their needs. VCD's vision is to offer a visitor experience that matches or exceeds the best offered by England's premier county-based destinations, for Durham to fulfil its potential as one of North East England's lead destinations attracting visitors to the region from across the UK and from target overseas markets and for the visitor economy to comprise 17% of the County's economy by 2020.
9. VCD provides strategic added value to the tourism activity in the County and leadership to both the public and private sectors on the visitor economy, working to put the visitor at the heart of decisions affecting the visitor economy and deliver the county's destination management and marketing function, creating wealth by providing support and opportunity to everyone working in the County's visitor economy. The main activity of VCD is destination management, influencing or delivering directly activities that relate to visitors and the visitor economy, including marketing, information services, product development, visitor experience, business engagement and workforce development.

Durham Tourism Management Plan

10. In 2007 VCD created the Durham Tourism Management Plan (DTMaP) in collaboration with the County's tourism industry and a range of partners including Durham County Council. It became the blueprint for development of the visitor economy in the County, prioritising investment in the tourism industry. The plan was based on a series of studies that provided market intelligence including visitor surveys, annual economic impact surveys, a major customer segmentation study in 2007, a major study into the image and identity of the County to external audiences, benchmarking at a national level and it was further refreshed as a result of a consultation process in 2011/12 involving 17 groups, a workshop and dialogue with key players in the visitor economy.

11. The DTMaP is:

- The destination's plan which converts county, regional and national market research and strategies into a county based plan to grow the County's visitor economy.
- For all organisations and individuals in County Durham and where relevant, national bodies to help them understand what is being done, what needs to be done and how they can contribute to our success.

12. The DTMaP is developed and monitored by the Board of Visit County Durham with the new DTMaP 2012-2016 identifying the following eight priorities which are a result of extensive visitor, market and product research (NB: the numbers are not an indication of ranking of importance):

1. Manage and maintain the public realm for visitors – taking into account the needs of visitors as well as residents in the County.
2. Increase the contribution of Durham's rural areas to the overall value of the County visitor economy – through an audit of rural tourism assets to ascertain their scope, quality and potential economic value and projects to animate rural areas, so there is more to see and do.
3. Increase spend by implementing a step change in the quality of the visitor experience post arrival – so that the county attracts and satisfies the needs of higher spending visitors and Durham competes nationally as a quality destination.
4. Optimise the potential of Durham City making it a viable 48 hour stay – specifically through trying to attract and prompt investment in new and existing visitor attractions that will have national profile and recognition.
5. Develop local distinctiveness in line with the destination brand – by using the destination brand name 'Durham', its sub brands – Durham City, Vale of Durham, Durham Coast and the Durham Dales and its brand themes – history and innovation, people, location and connectivity. .
6. Tackle seasonality by focusing on events and business tourism – specifically to invest in events that have potential for regional or national significance and which can be scheduled in the shoulder of off season and to invest in the conferencing and meetings sector to increase visits in the shoulder season and mid-week.
7. Grow the profile of County Durham regionally and nationally – by developing and marketing product with national resonance. Specifically to grow events and attractions which have national pulling power such as Lumiere, Durham Cathedral, Beamish Museum and Durham County Cricket Club.
8. Extend length of stay by optimising the potential of the County's market towns and town centres – to draw visitors into rural areas.

13. The priorities identified within the plan are endorsed by the DTMaP committee, the Visit County Durham Board, the tourism industry conference and a range of visitor economy partners. The DTMaP is the responsibility of everyone in the county involved in developing and delivering activity for the visitor economy and is refreshed on an annual basis to take account of new and completed projects.

Priorities 5 and 7 are most pertinent to this review.

Visitor economy vision for County Durham

Vision

14. In relation to the vision for the visitor economy, County Durham will offer a visitor experience that matches its outstanding natural landscapes and internationally famous built heritage. The visitor economy will support long term social, economic and environmental sustainability right across the county and be recognised by the county's residents as important to the quality of their lives. More specifically the vision for County Durham outlines that:

- By 2015 Durham will offer a visitor experience that matches or exceeds the best offered by England's premiere county destinations.
- The county will fulfil its potential as one of the North of England's lead destinations, attracting visitors to the region from across the UK and from target overseas markets.
- By 2020 the county's visitor economy will account for 17% of the County's economy. This will represent an increase of £125.4 million from £738 million in 2011 to £863.4 million in 2020. Using the national Visit England and regional standard of £40k =1 full time equivalent (FTE) job in the county, this would create 3,135 additional jobs by 2020.

Value of the visitor economy 2012 (DTMaP – 2012 - 2016)

County Durham

15. The visitor economy in 2012 was worth over £708 million to County Durham and supports more than 10,600 (FTE) jobs in the County.

16. In 2012, 1.5million overnight tourists visited County Durham spending £300 million in the area or 42% of total expenditure. In addition, more than 16.3 million day visits were made in the area accounting for £408 million or 58% of the total expenditure.

North East England

17. The North East in 2011 attracted 8.79m overnight visitors and 74 million day visits were made to the region. These visitors brought in £4.2 billion to the regional economy.

18. These visitors supported 65,148 (FTE) jobs in the region (4.5% of regional jobs) while the visitor economy contributes 5.9% to regional GVA (Office of National Statistics-ONS).

19. It is estimated that more than 10,000 businesses are supported by the visitor economy including over 3,000 accommodation businesses and 6,000 pubs, restaurants and cafes.

England

20. Taking the direct and indirect impact of tourism together, the tourism sector was worth more than £100bn, equivalent to around 8.2% of UK Gross Domestic product with 2.2 million jobs supported by tourism.

21. In 2012, residents in Great Britain took more than 100m overnight trips in England, spending almost £20bn.
22. 26.8 million International visitors visited England in 2011, spending £15.7 billion with the top five inbound markets France, USA, Germany, Irish Republic and Spain.

County Durham's target visitor markets – Discoverers and Traditionals

23. By focusing on two groups, 'Discoverers' and 'Traditionals', Durham is seeking to attract visitors who like the County Durham product and are already visiting the County in some numbers. In this way we are more likely to grow our visitor economy. Visit County Durham uses a lifestyle visitor segmentation model used by Visit England and wherever possible County Durham seeks to develop its product and gear marketing towards these two groups.
24. 'Discoverers' are independent individuals; they are little influenced by style or brand unless it represents their personal values; they value technology and new products, services and experiences; with function far out rating style as a purchase driver; high spenders on what they want but are intolerant of substitutes; they enjoy intellectual challenges but 'arts and culture' are negatively perceived and they value good service.
25. 'Traditionals' are: relatively self-reliant and independent; more likely to hold traditional values; unlikely to justify spending on expensive alternatives; brand is not a key purchase driver but the preferences they do have will tend to value more traditional established brands; functionality is far more important than style and individuality; they value and will pay for good service which to them means recognition and individual attention and they live life at a relaxed pace enjoying intellectual challenges, arts and culture.
26. County Durham also attracts a high percentage of 'Functionals' who need to be encouraged to stay longer and spend more. 'Functionals' are very price driven and value functionality strongly over style; have very traditional values; not prepared to pay for fashion, style or individuality; not early adopters of new ideas but are interested in new experiences and happy to try things new to them; enjoy intellectual challenges, traditional arts and culture; very resistant to spending and expect good service rather than something they pay extra.

Reviews by other Local Authorities

27. For the information of the Committee the following scrutiny reviews have been undertaken by other Local Authorities focusing on tourism:
 - Scrutiny review report – 'A tourism Inquiry' was undertaken by Swansea Council's Scrutiny review group in April 2013. The review looked at the council's policies in relation to tourism as it contributed £333 million to the local economy in 2012. It was therefore considered vital that the Authority continue to improve the visitor experience.
http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/final_copy_final_review_report_template_2012_13_final_10_june.pdf

- Select Committee report – ‘Marketing of Stockton’s Visitor Offer’ was undertaken by Stockton Council in 2012/13. The report focused on the significant changes in support arrangements for the visitor economy both locally and regionally and examined how growth in the local visitor economy can continue to be effectively supported following these changes.
http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/marketing_of_the_borough_committee_report.pdf
- Scrutiny group report – ‘Scrutiny of the tourism service’ was undertaken by West Dorset District Council. Tourism was selected as an area for scrutiny as the district council is a high spender in this area. The review examined the scope and cost benefit of the Council’s tourism activities.
<http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/tourismscrutinyreportfinalpdfdoc.pdf>

Terms of Reference

Background

28. The Economy and Enterprise Overview and Scrutiny Committee have received from Visit County Durham (VCD), which sits within the Economic Development and Housing Service of Durham County Council, an annual update on the development of the tourism offer within County Durham. The last update was provided to the committee on 23 June 2014 when it was highlighted to members that tourism supports over 11,000 jobs in the County and brings additional spend of £731m (evaluation 2013/14) to the economy of County Durham. In addition, reference was also made to the success of key signature events in 2013/14 such as Lumiere, the Lindisfarne Gospels Durham, the Ashes Test Series and the Bishop Auckland Food Festival. At the meeting members identified marketing as having a key role to play in sustaining the level of interest in County Durham as a tourism destination. Following the meeting a discussion was held with the Chair and Vice-chair of the committee to identify a topic for focused scrutiny review and it was agreed that as tourism plays such a key role in the County Durham economy and as marketing is central to building the tourism offer the next review topic would focus on the role and responsibilities of VCD in marketing County Durham as a tourism destination.

Aim

29. The aim of the review is to investigate the performance of Visit County Durham in marketing County Durham nationally as a visitor destination and to determine how future marketing will continue to build upon recent success.

Objectives

30. The review will cover the following objectives:

- a. Examine the role and responsibilities of VCD in marketing the County as a visitor destination.

- b. Examine the work of other key partners in marketing Durham as a visitor destination, and their views of the role and work of VCD, to include members of the Strategic Marketing Partners Group (Durham University, Durham Cathedral, Durham County Cricket Club, Beamish and Bowes Museum) and the Durham Business Improvement District.
- c. Investigate the performance of VCD in marketing the County as a visitor destination, with a focus on the 'This is Durham' brand.
- d. Consider the future marketing plans of Visit County Durham and identify any future challenges in marketing County Durham as a tourism destination.
- e. Examine a case study of a recent marketing campaign undertaken by VCD (VCD's Creative for Durham national campaign).
- f. Examine with representatives from key visitor economy businesses (the Strategic Marketing Partnership) their views on the work undertaken by VCD in marketing County Durham.

Scope

31. The focus of the review will be destination marketing delivered by VCD, looking at how VCD via various national campaigns markets County Durham as a visitor destination, increasing the number of visitors to the County, and how this fits with the work of key local partners who also promote the County to visitors. The review will look at the importance of tourism to the County Durham economy making comparisons on a regional and national basis, consider and understand the work undertaken by VCD to market County Durham at a national level including partnership working, identify funding currently available and future funding sources, the performance of VCD in marketing the County nationally and any future marketing challenges. The review will not consider the marketing activities undertaken by other tourism bodies such as VisitEngland, Visit Britain, Northern Tourism Alliance and the LEP as DCC would not be able to directly influence their tourism marketing campaigns. In addition, the review will not cover support to individual tourism attractions, hotels and ancillary facilities as VCD has no direct funding to undertake such activity.

Approach

32. The review will consist of 5 meetings with members receiving verbal and written evidence via reports and presentations from officers of VCD together with a discussion with representatives from key visitor economy businesses to hear their views on the marketing activity undertaken by VCD.

Membership

33. The membership of the Scrutiny Review Group will consist of members of the Economy and Enterprise Overview and Scrutiny Committee and will be no more than 10 including the Chair and Vice Chair of Overview and Scrutiny Management Board and the Chair and Vice-chair of the Economy and Enterprise Overview and Scrutiny Committee.

Reporting

34. On completion of evidence gathering and formulation of the recommendations a report will be drafted and sent to Corporate Management Team, Cabinet and the County Durham Economic Partnership.

Timescales

35. The review will commence in late January, 2015 with the aim of reporting to Cabinet in July 2015.

Recommendation

36. Members of the Economy and Enterprise Overview and Scrutiny Committee are recommended to:

Agree the terms of reference as set out in paragraphs 28 to 35.

Contact:	Stephen Gwilym, Principal Overview and Scrutiny Officer	
Tel:	03000 268 140	E-mail: stephen.gwilym@durham.gov.uk
Author:	Diane Close, Overview and Scrutiny Officer	
Tel:	03000 268 141	E-mail: diane.close@durham.gov.uk

Appendix 1: Implications

Finance –None

Staffing – None

Risk - None

Equality and Diversity –An Equality Impact Assessment was undertaken in respect of the Scrutiny Review recommendations.

Accommodation - None

Crime and Disorder - None

Human Rights - None

Consultation – None

Procurement - None

Disability Discrimination Act – None

Legal Implications – None