

Minutes of Meeting of the VisitScotland Board Held on 30 January 2020

Present: John Thurso (Chairman)
Anne Anderson
Caroline Roxburgh
Stephen Hagan
Rebecca Brooks
Keith Nicholson
Steven Walker
Cathy Craig

In attendance: Malcolm Roughead (Chief Executive)
Vicki Miller (Director of Marketing, Digital and Global Brand)
Riddell Graham (Director of Industry and Destination Development)
Ken Neilson (Director of Corporate Services)

Zeinab Ma (Insight Manager)
Hazel Sellar (Market Manager China & East Asia)
Mike Slack (Head of IT)
Alan Grant (Senior Golf Manager)

Minutes: Gayle Biggart

INTRODUCTIONS

1. The Chairman welcomed Board members to the meeting. Apologies from Paul Bush (Director of Events) were noted.
2. It was noted that there would be presentations from (i) the Insight and Marketing teams, (ii) the Information Technology team and (iii) the Golf team during the course of the meeting.
3. There was a discussion around the coronavirus outbreak. It was noted that VisitScotland was liaising with the Scottish Government and the Foreign & Commonwealth Office and would keep in touch with industry.

MINUTES OF THE BOARD MEETING HELD ON 5 DECEMBER 2019

4. The minutes of the Board meeting held on 5 December 2019 were approved as a true and accurate record of the meeting.

CONFLICTS OF INTEREST

5. Rebecca Brooks advised that she had joined Vistage, a group of managing directors and chief executives, earlier in January. Rebecca advised that the managing director of VisitScotland's procured media agency is also part of this group, so Rebecca will not take part in discussions around this contract going forward.

MATTERS ARISING

6. The Chairman noted that the matters arising were addressed through the agenda for this meeting. It was advised that the Board forward planner was included within the Board paper pack.

CHINA RESEARCH AND MARKETING APPROACH

7. Zeinab Ma (Insight Manager) and Hazel Sellar (Market Manager China & East Asia) joined the meeting to present (i) the results of VisitScotland's first-proprietary China market consumer research which was conducted in 2019; and (ii) VisitScotland's marketing approach in China. It was noted that China has become one of the fastest growing outbound tourism countries in the world.
8. It was advised that the consumer research was undertaken among Chinese holidaymakers from the three largest cities in China (Beijing, Shanghai and Guangzhou). The research explored holidaymakers' aspirations, motivations, planning and booking behaviour, as well as their perceptions of Scotland. As part of the research, Scotland was also benchmarked against a group of countries to see its perceived strengths and weaknesses.
9. The presentation covered the following topics:
 - The importance of the China market;
 - Scotland's share of voice in China;
 - Is Scotland's tourism offering in line with the motivations of Chinese travellers?
 - How can we convert Chinese travellers to come to Scotland?
 - What VisitScotland has done so far.
10. It was noted that Chinese holidaymakers are the top spenders in international tourism and Chinese visitors spend three times more on average than other visitors. It was advised that awareness of Scotland amongst Chinese holidaymakers is low, with only 1% of people mentioning Scotland when thinking about countries outside Asia and 2% mentioning Scotland when thinking about European destinations. This was compared to the USA which was mentioned by 23% of people and France which was mentioned by 13% when thinking of countries outside Asia. While only a low percentage mentioned Scotland, 65% had heard something positive about it. It was highlighted that Chinese holidaymakers are concerned about whether the places they visit are friendly places to go.

11. The direct relationship between knowledge and propensity to visit was highlighted. The importance of ensuring Scotland is salient as a holiday destination among Chinese holidaymakers was highlighted, together with the need to understand holidaymakers' travel motivations.
12. Four items were listed as key holiday motivators – (i) seeking quality time in natural beauty; (ii) experiencing something new; (iii) immersing in the culture; and (iv) escaping from daily routine and seeking relaxation. It was noted that this should be factored into VisitScotland's marketing messaging.
13. It was highlighted that Scotland is known for whisky, being a peaceful and tranquil place and that the local people are friendly. It was noted that Scotland did not feature highly on being a place for outdoor experiences. It was noted that the differences between Scotland and England are less well known, as is what is unique about Scotland. It was highlighted that Scotland was considered to be better value for money compared to London and the Nordics.
14. There was a discussion around the large community of Chinese students who study in Scotland and that this can be taken advantage of to encourage their families to come and visit or that the students themselves can be ambassadors or advocates for Scotland. It was noted that the easiness to get to market defines the route to market.
15. It was noted that OTAs and social media play important roles in converting people to travel to China but that there is limited information about Scotland on these channels. However, it was highlighted that those who had visited Scotland talk fondly of their trip and 87% said they would like to return to Scotland in the future.
16. The marketing section of the presentation focussed on the work VisitScotland has been undertaking and the priorities in relation to the China market going forward. It was noted that the team has been addressing low awareness by:
 - Influencing Intermediaries;
 - Driving demand through consumer marketing; and
 - Working with partners.

It was noted that the consumer and trade strategies should be aligned and that VisitScotland had an opportunity to shape perceptions. The success of recent campaigns was highlighted, as was the media coverage. It was noted that influencer activity in China was still very popular and growing and that work could be carried out with VisitBritain and its strategic partners for wider distribution.

17. It was noted that the year of Coast and Waters had resonated with the market. It was highlighted that four case study videos of businesses going into the Chinese market had been developed to help other businesses. It was noted that one of the videos demonstrates the importance of having an online presence on the Chinese platforms. However, it was acknowledged that it is a challenge to get Scottish product onto Chinese

web platforms and that VisitScotland is encouraging businesses to sell their products through third parties who already have an online presence.

18. The Board thanked Zeinab and Hazel for their presentation and the work that had been undertaken so far in relation to the China market. It was noted that the Board would be kept up to date on progress being made in the growing China market.

ACTION: Send a copy of the presentation slide deck to Board members together with a copy of the “Understanding Chinese Holidaymakers” research article, currently published on visitscotland.org.

CORPORATE IT STRATEGY

19. Mike Slack, Head of IT, joined the meeting to present VisitScotland’s IT strategy. It was noted that the purpose of the strategy is to set out a digital approach that will enable VisitScotland to continue its journey from Good to Great to World Class and support the delivery of the VisitScotland Strategic Framework. The new IT strategy covers the period 2020-2023.
20. An overview of the work which has been undertaken since 2017 to transform the corporate system landscape at VisitScotland was provided. It was noted that there had been an increase in collaborative working across the organisation as a result of the systems which have been implemented. It was highlighted that ‘elevenses’ meetings can now be attended by colleagues across the country through video conferencing and as a result, staff engagement in these meetings has gone up with less travel having to be undertaken. It was further highlighted that over 270 meetings had been held via Teams in December 2019.
21. The results of a recent phishing simulation exercise were provided to the Board. It was noted that within the industry, a 12% click rate is considered to be good. It was noted that VisitScotland’s click rate for this exercise was 3.6%. It was highlighted that over 50% of staff had reported the email to the IT Service Desk as suspicious or emailed the dedicated ‘phishing’ email address at VisitScotland.
22. The road map for the next three years was presented to the Board. It was noted that the bigger projects for the coming years included adding more modules to the ERP system, CRM projects and marketing automation. The importance of using data to make management decisions was noted. The strategic principles from the IT Strategy were highlighted, including putting the user experience first, adopting a cloud-first and data-centric decision-making approach, and supporting innovative, integrated public services that provide ‘digital first’ solutions.
23. Potential innovative options for consideration in the future were discussed, such as virtual and augmented reality, geolocation apps, real time translations in iCentres and virtual IT service desk assistance.

24. There followed a wide-ranging discussion by the Board during which resource; connectivity; capacity of the service; digital hack days; contract management; and the wellbeing of the IT Team were discussed. It was noted that the IT Strategy was comprehensive and provided the Board with comfort.
25. The Board thanked the Head of IT for the presentation and the team for their work. The progress which had been made since the last IT Strategy was presented in 2017 was noted as were the future opportunities highlighted in the presentation.

FINANCIAL & GOVERNANCE MATTERS

BOARD ADMINISTRATION PAPER

26. The Director of Corporate Services advised that there was now dedicated resource for the Chairman, Chair of the Audit and Risk Committee and Board. Board members were advised of their point of contact. It was noted that where the Audit and Risk Committee meetings fall a couple of weeks before a Board meeting, there may be a delay in sending certain papers to the Board but that this would be communicated to the Board with a follow up pack of papers being made available as soon as possible in advance of the Board meeting. It was noted that dates for Audit and Risk Committee meetings will be reviewed for 2021. The Board noted the paper.

FINANCE REFORECAST

27. The Board was advised that proposed funding from SE in respect of Brand Scotland would not be made available to VisitScotland. It was noted that this funding cut would not be replaced.
28. It was noted that the Solheim Cup had been delivered under budget and that this saving would be reallocated to VisitScotland by the Scottish Government in relation to the delivery of the 2023 Cycling World Championships.
29. The Board discussed other budget pressures and opportunities to release money from other budgets because certain campaigns had not materialised, for example, money from the aviation budget as the opportunities have not arisen over the last financial year.
30. It was noted that budget reductions had been made and VisitScotland was on track to balance the budget. The Board approved the paper and the direction of travel.

PROPERTY MATTERS

31. A summary of the Property Matters paper was provided to the Board. **The Board approved the renewal of the St. Andrews and Perth iCentre leases at the existing locations.**

POLICY UPDATE

32. The operational process for policy management was noted by the Board.

33. The Board agreed that the Policy Roadmap should be stored on Huddle and referred to in the Board papers rather than a copy of the Roadmap being reproduced for relevant Board meetings.

ACTION: Upload a copy of the Policy Roadmap to Huddle.

PLANNING AND RISK

34. It was noted that the paper provided gave an update on activity which had been carried out following the Risk session at the December Board meeting. It was advised that an update on the work which has been undertaken in relation to risk proximity will be brought to the Audit and Risk Committee meeting in March.

ACTION: Add discussion of risk proximity to the agenda of the March ARC meeting.

PENSIONS UPDATE

35. An update on the three strands of the VisitScotland pension provision was provided to the Board. It was noted that approval from Scottish Ministers was currently awaited to consolidate the ten legacy LGPS funds in the Lothian Pension fund.
36. It was noted that a draft report had now been received from Mercer outlining options for the future direction of VisitScotland's non LPF pension arrangements. It was noted that the report would be shared with the Board for consideration once it had been finalised. The Board noted the paper.

KEY PERFORMANCE MEASURES

37. The key performance measurement report for the period to 30 November 2019 was provided to the Board. There was a discussion around the PIDs which have been scored amber, including the PID for Information Provision and the PIDs which highlight concerns over the invoicing process. It was noted that a process had now been developed to allow invoices to be generated but that this process is sub-optimal. The activity is being given priority in the relevant projects and Management is confident that invoices will be processed in a timely manner in the run up to the year end. The Board noted the paper.

CEO REPORT

38. The Chief Executive presented his report to the Board. Key highlights were noted as follows:
- Tourism Beyond 2020 Data Workshops – carried out prior to local workshops with industry
 - Tea & Tourism – the final event took place in Oban
 - Industry Performance Year to Date:
 - UK Market Jan-Sep 19:
 - Trips 10.7m +11.5% YOY, Share 11% +10% YOY
 - Spend £2.5bn +12.1% YOY, Share 13% +8.3% YOY
 - Nights 36.3m +11.7%, Share 13% +18.2% YOU

- Aggregated value of UK Market Jan-Sep 2019, Day Trips Jan-Nov 2019 and International Jan-June estimated at £8.5bn, an increase of 9% over 2018.

39. A short update was provided on the work which is underway in relation to the 2023 Cycling World Championships. It was noted that a number of applications had been received for the Chief Executive position and that interviews would be undertaken in February. The Board requested that a document setting out the proposed delegated authority levels from the VisitScotland Board to the subsidiary board be prepared by Management and brought to the March Board meeting for consideration. The Chairman noted that nothing should go to the Scottish Government from the subsidiary company without the VisitScotland Board being aware of it.

ACTION: Management to bring a draft delegated authority document between the VisitScotland Board and the subsidiary company board for discussion at the March Board meeting.

40. The Board noted the report.

CHAIRMAN'S REPORT

41. The Chairman provided an update on the events attended since the last Board meeting. The Chairman drew particular attention to a Sustainability Report which he is working on alongside the Industry and Destination Development Directorate. It was noted that the report would be broken down into four main chapters:
- Getting our own house in order
 - Responsible tourism
 - How to take the industry forward
 - Other factors which VisitScotland cannot do anything about.

42. It was noted that the report would be presented to the Board in the coming months and that sustainable tourism would be on the agenda for discussion and consideration at the Board Strategy day in April.

INSIGHTS

43. It was noted that there had been a reduction in market share and spend in international inbound flights. It was advised that if this pattern continues in future years, this will need to be considered in more detail. The Board noted the paper.

COMMUNICATIONS & PR REPORT

44. It was highlighted that the PR Team had been recognised for an award in America and the China team had also won two awards. The Board congratulated the teams for their hard work.

45. The Board asked whether the Solheim Cup team had been nominated for any awards.

ACTION: Management to consider nominating the Solheim Cup team for an award.

CORPORATE SERVICES – OPERATIONS UPDATE

46. The Board was made aware of a phishing telephone incident which affected the organisation the day before the Board meeting. The Board noted the paper.

EVENTSCOTLAND

ACTION: Director of Events to highlight any points arising from the (i) Events Report or (ii) Board Performance Report at the March Board meeting.

SOLHEIM CUP FINAL UPDATE

47. Alan Grant, Senior Golf Manager, joined the meeting to provide a final update on the Solheim Cup. A video showing highlights from the event was shown. It was noted that:
- there were over 90,000 attendees at the event - a 38% increase on the 2015 Solheim Cup;
 - the event had been delivered on time and under budget;
 - it gained the highest audience figures for a women's sporting event on Sky Sports and statistics from social media engagement were shared;
 - positive feedback had been received from families who attended;
 - it was the most accessible Solheim Cup ever; and
 - 15 teams (over 100 members of staff) from VisitScotland had been involved in the event delivery.
48. It was noted that the team were in the process of pulling together a transfer of knowledge document for use by the Ladies European Tour and future European host nations of the Solheim Cup.
49. The Board was advised that an economic impact report in relation to the event was being prepared. The Board highlighted the importance of the family friendly zone and there was a discussion around the signposting at the event and how to strategically manage the delivery of events going forward.
50. The Board congratulated Alan and the team for their work.

INDUSTRY AND DESTINATION DEVELOPMENT

51. The Director of Industry and Destination Development advised that the Total Quality Project report, covering Scotland wide results and comparisons for the three pilot areas, is expected to be delivered in mid-February.
52. It was noted that there had been 39 expressions of interest for round three of the Rural Tourism Infrastructure Fund.

53. It was advised that the cruise tourism research report, measuring the impact cruise tourism is having on the land, is expected in March. The report will be shared with the Board when it is available.

ACTION: Share the cruise tourism research results with the Board at a future meeting.

MARKETING, DIGITAL AND GLOBAL BRAND

54. It was noted that responsible travel will be at the forefront of VisitScotland's thinking for its marketing campaigns. It was advised that work was underway to produce longer stay itineraries for publication on visitscotland.com. It was highlighted that a "Scotland is Open" campaign was going to be launched on the 31st January.
55. It was noted that performance on VisitScotland's social media channels was still strong and the Board noted the report.

SCHEDULE OF FORTHCOMING ACTIVITY

56. There was a discussion around the Board Strategy Away Day in April and consideration was given to inviting a third party to facilitate discussions. It was noted that "change" would be a core theme of the day and the Chairman requested that the Directors join the Board for a blue-sky thinking session.

ANY OTHER BUSINESS

57. Consideration was given to VisitScotland's role and potential opportunities arising from the Climate Change Conference taking place in Glasgow later this year.

CLOSE