

W A L E S T O U R I S T B O A R D

Annual Report *1999-2000*



BWRDD CROESO CYMRU
WALES TOURIST BOARD

THE BOARD AND MANAGEMENT

BOARD MEMBERS

A R Lewis (retired 31 March 2000)

Lewis Evans

Philip Evans

Emyr Griffith (commenced 11 June 1999)

Siân Lloyd

James McAllister

Ian Rutherford (resigned 21 March 2000)

MANAGEMENT AS AT 31 MARCH 2000

Jonathan Jones

Chief Executive

John P F Cory

Finance Director/Secretary

Jeffrey Pride

Director of Development

Roger Pride

Director of Marketing

Steve Webb

Director of Research & Corporate Planning

Presented to the National Assembly for Wales under Section 6 (6) of the Development Tourism Act 1969. (As amended by section 45 of the Government of Wales Act 1998)

Designed by Hughes, Cardiff

Photographs courtesy of Wales Tourist Board Photo Library

Printed by Zenith Media

Published by the Wales Tourist Board

Copyright ©2000 Wales Tourist Board,

Brunel House, 2 Fitzalan Road, Cardiff CF24 0UY

P104/00

Price £15.00 ISBN 1 88013 103 1



BWRDD CROESO CYMRU
WALES TOURIST BOARD

Front cover picture: Nant Gwynant, Snowdonia

C O N T E N T S

C H A I R M A N ' S F O R E W O R D	2
P R O M O T I O N	4
P R O D U C T D E V E L O P M E N T	10
P R O V I D I N G I N F O R M A T I O N	14
P E O P L E	16
P E R F O R M A N C E	18
P O L I C Y	22
P A R T N E R S H I P	26
S U M M A R Y F I N A N C I A L S T A T E M E N T	30

The mission of the Wales Tourist Board is to improve the economic and social prosperity of Wales through the effective marketing and development of tourism.

CHAIRMAN'S FOREWORD

Foreword to the Annual Report

Wales Tourist Board Chairman, Philip Evans



The end of the financial year 1999-2000 also signified the end of an era for the Wales Tourist Board with the stepping down of Tony Lewis as Chairman after seven and a half years at the helm.

I would like to take this opportunity to pay tribute to him for his astute and steady leadership during a period when

the global tourism industry went through a radical transformation. We have seen the advent of an IT revolution that has dramatically altered the way that the WTB and the tourism industry in Wales has to compete in the marketplace.

The last two years of the Tony Lewis era saw the WTB formulating a new national tourism strategy for Wales, *Achieving our Potential*. It places IT innovation and the need for change in the face of new market trends right at the very heart of what needs to be done to out manoeuvre the competition.

The first step towards real progress is to accept that change is not only essential but also a route with no alternatives. As incoming Chairman, I set myself the challenge of identifying areas of improvement and leading the drive for change from the front.

I believe that the WTB must become a centre of excellence and maintain, not only a national, but an international reputation for doing its job. It must be allowed to lead the implementation of *Achieving Our Potential* without undue hindrance from any quarter. We look to the tourism industry, the Local Authorities and the National Assembly for Wales to give cross-party support for realising this ambitious strategy.

The 'leaner and keener' ideal does not apply just to human resource issues but also to the attitudes of all the tourism partners. I am going to demand

that the acronym WTB stands for 'Winning through Brilliance' – it is the only way forward. The acceptance and endorsement of *Achieving our Potential* by the Assembly in April 2000 was the launch of a ten year vision, requiring over £1 billion to implement, which will form the bedrock for tourism in the future.

With the decline of traditional income generators such as mining and agriculture the relative 'new boy', tourism, must heed the lessons learned and realise that change and progress is the road to prosperity.

It is no bland statement to say that the Welsh economy could not survive as it is without the influence of tourism. It is, indeed, hard to name any trade sector that does not benefit. Think of the major retailers, petrol companies and service industries whose gross turnover would be drastically reduced without the direct cash contribution of what we, by tradition, have called the 'visitor'. Many millions of visitors now contribute over £5m per day to the Welsh economy.

I am delighted that the strategy's vision for the future calls for a mature, confident and prosperous industry. Tourism can help to increase the wealth of the nation - it can encourage our graduates to enter our industry, deliver for our young school leavers and, most importantly, provide further investment, future job security and increased GDP.

All of the great destinations of Europe are enhanced by tourism. Paris, Barcelona, Rome and London are great examples and so must be Cardiff, Llandudno, Aberystwyth, Tenby and all the other destination icons in Wales. It is indeed our lifeblood industry.

The market intelligence that is collated by the WTB now shows definite trends. The strong developing products are those with a clear quality ethic and the products that satisfied the market twenty years ago are now in decline. We have

never before had to satisfy such a demanding clientele, and quite rightly so.

Our competition is not one another but the major overseas operators that, with discounted prices and aggressive marketing, are attacking our core markets by moving the benchmarks of perceived value. We must fight back with innovation and creativity by using all the tools that are available to us.

There are not many countries in Europe that can match our environment, natural beauty and stunning landscape and beaches. There is no destination globally that can compete with the uniqueness of our heritage, history and language and the passion of our people.

We are a different country and proudly so. But we are also generous and welcoming. Wales and the Welsh can - if we want to - deliver a holiday experience so unique that, to experienced travellers, we stand head and shoulders above the competition.

We need to create a uniform marketing approach that is pursued by all sectors. In other words the strategy for selling Wales must be adopted by all the players, including the Local Authorities, Regional Economic fora, destination icon areas and individual businesses.

To stand toe to toe with the competition we, as an industry, need to be selling Wales in the global holiday supermarket every day. We must create more attractively packaged products and of course seek to capitalise on the critically important e-commerce opportunities.

The Assembly has pump primed £1.7m into the most exciting marketing tool we have ever had in Wales - a Destination Management System. This will not be a panacea for all the challenges our tourism businesses face - but it will be a gateway of unprecedented opportunity for all that want to participate.

The DMS will create a centre of information, accessed easily from all over the world with a capacity of millions of enquiries per day. It will not only promote Wales but will have shelf space for every tourism operators' product and become the most comprehensive 'look and book' centre possible.

As Chairman it is my responsibility to ensure that every single pound the WTB invests gains the maximum possible impact and cost efficiency. This is why the programme of change needs to be implemented rapidly to enable us as the lead body for tourism to make radical and profitable steps forward.

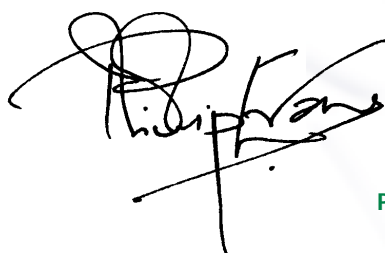
The word 'Partnership' has almost become diluted through misuse. I would rather replace this with 'Responsibility'. Every player in this tourism game has a very real responsibility.

The WTB has a strategic and accountable responsibility for the effective promotion of Wales. There is a vast difference, however, between promotion and provision. It is not the job of the WTB to create the product - that is the job of the industry. We know that the quality product outsells the rank and file many times over and if we are to capture the high disposable income market then the product menu must match the marketing promise.

Five star quality is almost a cliché but we need five star toilets, five star roads, five star chip shops, guest houses, cottages and of course hotels. The higher the quality ethic, the higher the market tolerance to premium pricing. Increased revenue generation equates to increased profitability.

Achieving our Potential's stated priorities of sustainability, quality, competitiveness and partnership responsibility can only be achieved with the total cooperation of all of the players. In the immediate short term, efficient handling of Objective One funding is now imperative. We must use this finance source to enhance and grow our prosperity.

I do not underestimate my responsibility. I have what I consider to be one of the greatest jobs in the world - leading the Wales Tourist Board forward and so selling a product that I feel passionately about - Wales, my country.



Philip Evans

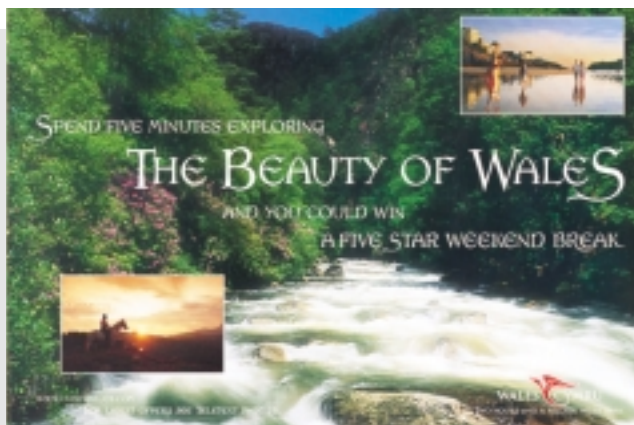
PROMOTION

The strength of the pound throughout 1999 and, to a lesser extent, rises in the cost of petrol worked against WTB's efforts to promote Wales as a tourism destination. We do this by developing clear and motivating messages about Wales, targeted at those audiences which offer the best growth potential and by creating a more favourable environment for our tourism businesses to succeed.

Our co-ordinated campaigns in the UK and overseas seek to generate direct bookings in the short term and also to improve perceptions of Wales in the medium to long term.

UK Marketing

1999 was the third year of the Wales Tourist Board's award winning UK advertising campaign 'Two Hours and a Million Miles Away' which continued to be reflected in all of our integrated



Raising the profile of Wales in domestic and overseas markets and establishing its distinctive identity as a different country and an attractive tourism destination area in the UK must be seen as a priority.

promotional activity including television, press and poster advertising. The campaign won Campaign Magazine's 'Best Use of Outdoor' category in November to add to its previous 10 awards. A new poster execution 'Late Last Night She Realised She was in the Wrong Company' was developed to target the family market.

Our domestic campaigns attracted 248,000 responses or brochure enquiries during 1999, a 71% increase on the previous year. Of these enquiries, 16% were directly influenced by the campaign to visit Wales and every pound spent by WTB and its Local Authority/Regional Tourism Company marketing partners generated an estimated £31 of additional holiday spending in Wales.

An Autumn test campaign piloting the use of teletext and a freephone enquiry/booking service confirmed that there is a significant market seeking last minute availability who expect and are most likely to respond to these types of easy to book mechanisms. Since the test we have included booking lines as an option within our campaigns and promoted the Wales teletext page as a source of up to date offers in all our UK promotional material.

Our TEAM (Training, Evaluation, Advertising and Marketing) Wales Initiative, which seeks to



Flying the flag for Wales in Cologne

improve the coverage of Wales in UK tour operator programmes, stimulated an active partnership with Superbreak, Sunvil UK, Rainbow Holidays, Best Western Getaway Breaks and Haven. Jetset Freedom breaks left the programme owing to internal restructuring and Shearings, Cinnamon Adventures and Activity Wales joined.

Overseas Marketing

Awareness of Wales in many overseas markets remains variable and Wales attracts approximately 3% of all overseas visitors to the UK. The overseas market, however, is relatively high spending and has strong all year round growth potential. Promotional priorities in our five priority overseas markets of USA, Germany, France, Ireland and Holland are twofold. Firstly, we seek to raise awareness of Wales as a distinctive holiday

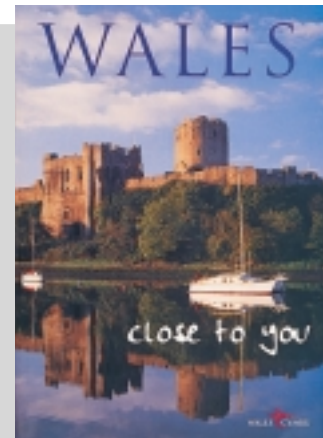


WTB stand in Stuttgart

destination through effective communication of the 'Land of Nature and Legend' brand positioning for Wales. Secondly, we seek to consolidate effective partnerships with key travel trade operators to improve the conversion rate of enquiries into actual bookings.

We continue to have a close involvement in the British Tourist Authority's advertising campaigns in all primary markets to ensure additional coverage for Wales. In Europe, the various campaigns generated over 25,000 requests for additional information on Wales.

In the USA where our advertising campaigns were undertaken in partnership with BTA and British Airways we distributed more than 57,000 brochures about Wales. In addition, a direct response mail shot to targeted names on our database generated a further 6,000 enquiries for information on Wales and a significant 45% of enquirers indicated their intention to visit Wales in 2000.



In Ireland we worked in partnership with Stena Lines and the BTA on a campaign which generated an estimated 14,000 additional bednights in Wales and £710,000 of additional tourism spending.

The partnership arrangements we have been able to develop with the travel trade in all overseas markets remains of key importance in increasing the visibility and bookability of Wales. In Belgium we worked successfully with P&O North Sea Ferries and the Belgian tour operator Seagull in a direct mail campaign involving 55,000 named contacts from the P&O database. In the

Netherlands, we supported a direct mail initiative with Buro Britain involving 10,000 contacts from the BTA database and also worked with the tour operator British Travel Services in a tactical press and direct mail campaign. In France, we continued our close association with Brittany Ferries in an integrated campaign which included direct mail, press supplements and travel agency promotion.

Regular and varied media relations activity is also vital in overseas markets to supplement our advertising and direct marketing campaigns. In the USA we generated 248 press articles about Wales which was worth £2.6 million in equivalent advertising spend and had an estimated public relations value of £13 million. In addition, we stimulated visits from over 100 specialist journalists from our priority markets in Europe.



Homecoming

To coincide with the Millennium year, we created a marketing campaign and a programme of events under the umbrella title 'Homecoming 2000 - Hiraeth 2000'. This initiative is targeting a local, national and an international audience who have an affinity with Wales, through focusing on the importance of 'roots' and shared occasions between family and friends. The campaign which ran throughout most of 1999 will continue in 2000 and the aim is to show potential visitors that an incredibly warm welcome awaits them in Wales throughout the Millennium year. The campaign has attracted sponsorship from the Welsh Development Agency,

HSBC Bank, St. David's Hotel and Spa and the Millennium Festival Fund. We will work with organisations and local committees throughout 2000 to encourage the development of festivals or events which project Wales as a country which has a view of the past and an eye on the future.

Rugby World Cup

The Rugby World Cup is the fourth largest sporting event in the world and was the largest to take place anywhere in 1999. We had a central role in the promotion of the tournament which was hosted by Wales and we worked closely with partner organisations to secure additional funding to support the implementation of a co-ordinated marketing strategy. The advertising campaign focused on the 'You Have to Be There' theme and incorporated a variety of treatments which were included in in-flight magazines, all tournament match programmes, in specialist magazines and on strategically located poster sites. We were also active members of the steering group responsible for organising the opening and closing ceremonies which were key events to raise the profile of Wales throughout the world.

We commissioned an independent study to evaluate the economic impact of the tournament and its role in changing perceptions of Wales and

RUGBY WORLD CUP
WALES 1999



Wales

YOU
HAVE TO BE
THERE



A SPECTATOR'S GUIDE



*A young fan revels in
the atmosphere of
Rugby World Cup*





The spectacular Opening Ceremony of Rugby World Cup

in enhancing the competitiveness of Welsh tourism which confirmed the following:-

- Rugby World Cup generated £83.2 million net additional benefit for Wales during the course of the tournament and potential return visits will generate an additional impact of £4.4 million over the longer term;
- public sector expenditure of £4.8 million resulted in a return on investment of 1:17;
- the tournament attracted over 330,000 visitors to Wales who stayed an estimated 480,000 additional bed nights;
- 98% of overseas visitors to Wales were either satisfied (23%) or very satisfied (75%) with their visit. 67% of overseas visitors were now more likely to return to Wales on holiday and 81% were more likely to recommend Wales to friends/relatives;
- there is evidence to indicate that the Rugby World Cup supported 2,000 part time jobs and increased working hours for a further 4,000 positions.

Business Travel

Business related tourism is of increasing importance to Wales. In 1999 we launched a new Meetings and Conventions brochure and worked on a wide spread of activities under the 'Inspiring Ideas' theme, core elements of which included direct mailing of the *Incentive Planner* and a response generating campaign. On St. David's Day we ran a successful business tourism workshop in London based on a themed 'Prisoner' event.

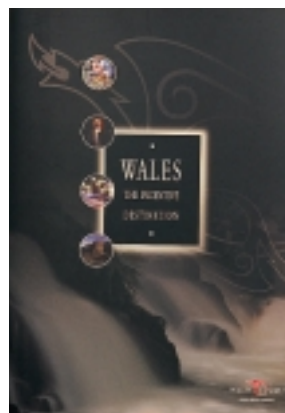
An evaluation study estimated that our business travel activity over the previous two years had generated £18.4 million of additional business spending in Wales.

Editorial Coverage

During 1999/2000 we estimate that the equivalent advertising value of positive corporate coverage for the tourism industry in Wales stimulated by our involvement with the media totalled £1.6 million in print media alone. During the year, over 80 media visits were arranged for journalists from the UK and overseas to stimulate press coverage for Wales.



The 'Prisoner' event



Mumbles on the Gower Peninsula



PRODUCT DEVELOPMENT

Many tourism businesses in Wales are unable to invest regularly with confidence because of their small scale, remoteness from key markets and seasonality of income. The key mechanism available to the Wales Tourist Board for stimulating capital investment in new and improved facilities is a discretionary grant/loan scheme which can provide financial assistance to eligible schemes. During the financial year 1999/2000 our key priority has been to encourage investment by existing and indigenous tourism businesses. Assistance to new 'start-up' ventures has been subject to strict demonstration of market need.

During the year we supported 185 capital projects throughout Wales. Our investment of £5.5 million generated a total investment of £25.7 million of which £12.5 million was stimulated from the private sector. Our investment support created or safeguarded 432 jobs at an average cost per job of £7,396. A list of approved applications which involved offers of assistance of £10,000 and over is shown in Table 1 on page 28. The regional split of grant allocation is shown in Table 2, and Table 3 indicates that our grant support benefitted all tourism sectors.

It is essential for tourism businesses to understand the evolving needs of their customers and, wherever necessary, to invest and adapt their product accordingly.

Larger awards included three significant hotel developments in mid Wales, namely, the Trefeddian Hotel in Aberdyfi, Castell Deudraeth in Portmeirion and Parc y Llyn, a new hotel on the outskirts of Aberystwyth. We also supported two projects of national significance - the Millennium Centre in Cardiff and the National Botanic Garden of Wales in Llanarthne.

Partnerships with other agencies were strengthened during the year. In collaboration with the Prince's Trust Cymru, 14 smaller community based tourism projects were awarded £25,000 and we entered into a similar arrangement with CYMAD to encourage the introduction of bilingual signage for tourism businesses throughout Wales.

TABLE 2: Financial Assistance approved to projects in 1999/2000 by Economic Region

REGION	TOTAL ALLOCATION	TOTAL PROJECTS
North Wales	£1,064,937	48
South East Wales	£1,080,934	37
South West Wales	£1,916,590	52
Mid Wales	£1,463,138	48
Total:	£5,525,599	185



The Great Glasshouse - National Botanic Garden of Wales

TABLE 3: Financial Assistance approved to projects in 1999/2000 by Sector

SECTOR	TOTAL ALLOCATION	TOTAL PROJECTS
Serviced Accommodation	£2,013,307	59
Self Catering Accommodation	£913,702	44
Activity Centres	£343,508	9
Infrastructure	£651,324	42
Attractions	£1,394,982	16
Caravan Parks	£208,776	15
Total:	£5,525,599	185

In September 1999 we were awarded an additional £1.3 million of European Union funds which was to be targeted at the farm tourism sector. In total, 49 projects were supported with an average level of assistance per project of £25,000.

We also launched two new pilot schemes to encourage investment in key areas of need:-

- i) the Pembrokeshire Caravan Parks Environmental Enhancement Scheme provides caravan park owners with landscaping advice and financial assistance to achieve higher environmental standards;
- ii) an all Wales 'Going for Growth' initiative is designed to encourage business to provide facilities for the growing short break, activity led market to stimulate demand over a longer season.

Encouraging Quality

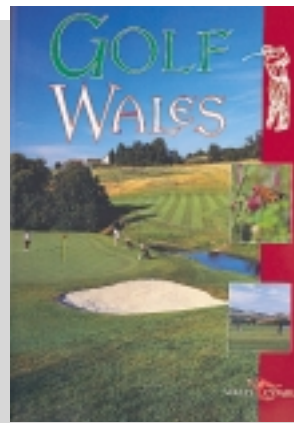
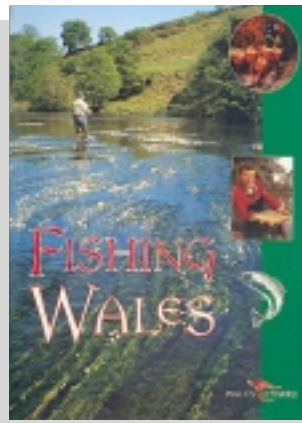
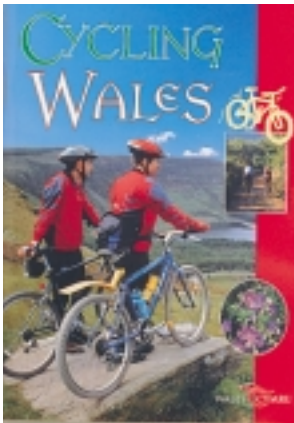
Following the introduction of the new Star Scheme for serviced accommodation in 1998, it was a priority to raise awareness of the scheme among consumers during 1999. The decision to base the scheme on quality standards rather than the range of facilities available gained favourable reporting by the media and, most notably, Holiday Which? endorsed WTB's approach. Consumer research carried out during the summer of 1999

confirmed a high level of satisfaction with the scheme.

During the year, we also introduced new Star Schemes for caravan parks, self-catering and visitor attractions. The new Star quality grading schemes for caravan parks caused particular concern for those park owners who experienced a lower Star grade compared with the preceding Tick scheme. In view of these concerns the scheme was reviewed in the Autumn of 1999 and minor amendments will be introduced during 2000. We have also provided an advisory booklet which explains the approach adopted by quality advisers during their assessment visit.

The Welsh Association of Self-Catering Operators participated fully in the training conference





organised for quality advisers involved in the new Star scheme for self-catering accommodation and this close involvement by the industry helped to build confidence and awareness levels in the scheme.

The Star attraction scheme was well received by individual participants and by the Welsh Association of Visitor Attractions. In the first instance the scheme has been set up as a two year pilot initiative but it has quickly evolved as a valuable benchmarking tool for participating attractions.

For some time, WTB has been examining opportunities to re-establish a 'Taste of Wales' scheme. Following extensive discussions with Welsh Food Promotions, a successful launch of the new scheme took place in April 1999. The scheme is operated under the guidance of the Welsh Food Directorate of the WDA to whom we provide an integrated accreditation service under contract.

We are continually aware of the need to improve and develop business skills within the industry to help sustain long term viability. Recipients of capital grant assistance from WTB are required to attend business workshops specialising in marketing, staff development and financial management. During the year, 13 three-day workshops were successfully attended by 74 individuals.

Marketing the Product

Product and activity led marketing play an important role in our overall marketing mix. Research conducted during the year into consumer attitudes, provided important insight to guide the production of new brochures promoting golf, cycling, fishing, riding and walking.

A new product initiative was formed during the year under the theme of 'Premier Gardens of Wales'. This consortium approach gave rise to a new publication targeting overseas and the UK travel trade.



PROVIDING INFORMATION

During 1999 the Internet has continued to increase in importance as a mechanism to supply information about Wales to enquirers from around the world. This is reflected in the growing utilisation of WTB's website (www.visitwales.com). During the single month of March 2000, over 3 million visits were recorded which represents a significant 76% increase over the same month in 1999.

During the year, new gateway or campaign sites were developed and linked to the main Wales website. In addition to the Homecoming Wales site (www.homecomingwales.com), we also developed gateway sites for walking (www.walking.visitwales.com) and fishing (www.fishing.visitwales.com).



Providing quality information for visitors before and during their stay in Wales is an essential requirement to generate bookings and additional spend, extend the length of stay and encourage repeat visits.

In November 1999 we presented a briefing paper to the National Assembly for Wales outlining the potential benefits to be gained through the more widespread application of information and communication technology within the tourism industry in Wales. We proposed the early development of an integrated Destination Management System for Wales which would provide opportunities for the tourism industry to reach more visitors via traditional and modern means. Such a system is essential to enable Wales to remain competitive and to allow active bookability of the tourism product. The NAW have supported the introduction of a Destination Management System and during 2000 we will prepare a detailed business case and identify the most appropriate way forward for Wales.

Tourist Information Centres continue to play a key role in meeting the information needs of visitors during their stay. The TIC network in Wales has made good progress in implementing the recommendations of the 1998 strategic review which identified opportunities to integrate alternative forms of information provision to meet the evolving needs of the visitor and the trade. European funding was used to develop a TIC extranet in South Wales to encourage electronic communication between individual centres and their visitors. In time for the Rugby World Cup, the Cardiff TIC was relocated to more spacious and well located offices.



Caerphilly TIC

WTB continued to provide executive support for the Tourism Training Forum for Wales during the year. In November 1999, Mr. Rhodri Morgan AM MP launched the Forum's Strategy and action plan and key achievements during the year include:

- the publication of *'The Essential Guide to Developing your Tourism Business in Wales'* designed to guide employers towards relevant training and business support;
- research into the use of Information and Communications Technology by tourism SMEs and running master classes in the use and application of the Internet;
- running a 'Are you a Star in Tourism Training' competition to reward businesses that have successfully used management and staff development to grow their profitability. The best entries will be featured in a best practice publication;
- development of a public relations strategy to inform key stakeholders about the importance of human resource development in sustaining a more competitive tourism industry in Wales and to generate support for TTTW's national strategic approach to training for the industry.



Tourism's dependence on a skilled and motivated workforce is scarcely matched by any other area of economic activity as it is the quality of service which is central to the visitor experience.

5,000 new Welcome Hosts were trained in Wales during the year and the running total of all recipients of the award now exceeds 50,000. In addition to 'Cardiff Welcome Host', where activity was particularly busy in the months leading up to the Rugby World Cup, new regional schemes for the Brecon Beacons, Glamorgan and Swansea were developed and implemented.

'Welcome to the Arts', a companion programme to 'Welcome Host', was revitalised and the initial response from arts organisations throughout Wales has been encouraging. In partnership with its UK partners, WTB is developing an updated 'Welcome Host Classic' programme which we plan to launch in Autumn 2000.

The first Blue Badge course for tourist guides to be organised for 10 years took place during the year and involved 30 potential new guides for Wales.



PERFORMANCE

Wales' dependence on tourism is scarcely matched by any other country in Europe. Spending from overnight and day visits to Wales accounts for 7% of GDP and in many rural and coastal areas, tourism's contribution to the economy is even greater. The signs are that 1999 was, in overall terms, a good year of recovery for Welsh tourism. The United Kingdom Tourism Survey, which measures the scale and value of domestic (UK) tourism, indicates that spending from this core market for Wales increased in line with inflation by 3% and exceeded £1.1 billion. This is a creditable performance given that the buoyant strength of the pound increased the tendency for UK residents to holiday abroad, consolidating a long term trend in holiday taking behaviour.



Tourism is a major contributor to the economy of Wales, generating over £2 billion in direct visitor spending and supporting 100,000 jobs.

The long (4 + nights) domestic holiday is still the biggest source of overnight tourism business for Wales, and in 1999 generated 54% of all tourism spend. The relative importance of this source of business however, is declining overall although it remains of key significance, particularly to the static caravan and self-catering sectors. Demographic and lifestyle factors suggest that this decline will continue with trends projecting that more people will take their main holiday overseas. In contrast, the biggest growth trends in the home market in recent years have been apparent in the short (1 - 3 nights) holiday market. Spending from short breaks in Wales grew by 11% in 1999, the fourth consecutive year of growth. Short breaks now account for 32% of all domestic holiday spending in Wales compared with 18% only ten years ago. Wales can offer a tourism experience which closely matches the needs of the short breaks market and is within easy reach of large centres of population. There are good opportunities, therefore, for Wales to attract even more of this type of business which tends to be less seasonal in nature and involves a higher daily expenditure per person.

Wales' share of international tourism business to the UK remains low - its peripherality, distance from the main ports of entry and relatively low awareness levels have all contributed to the fact that Wales attracts approximately 3% of all



overseas visits and only 1.5% of overseas spending. According to provisional International Passenger Survey figures, 1999 saw a 1% decrease in the total number of overseas visits to the UK. Expenditure by these visitors is provisionally estimated at £12.605 million - a 1% decline over the previous year. Although the final IPS data for Wales is not yet available, the early indications are that 1999 was a reasonable year for overseas tourism with the Rugby World Cup in October/November generating an estimated 70,000 additional overseas visitors during the course of the tournament. Total spending from overseas visitors to Wales is provisionally estimated, in advance of final confirmation from IPS, to exceed £200 million.

Total earnings from tourism in Wales, including expenditure by day visitors which most recent estimates indicate to be in the order of £775 million, was more than £2 billion in 1999.

According to our continuous survey of serviced accommodation occupancy, which measures demand trends in a representative sample of hotels and guest houses in Wales, bedroom occupancy rates averaged 53% for hotels and 38% for guest houses, a slight improvement on the performance of the previous year. Generally, however, average room occupancies and achieved room rates in Wales, despite improvements in

recent years, are below those achieved in other parts of the UK. Occupancy, for example, during the off-peak October to March period averages about 16% for guest houses and approximately 30% for hotels in Wales. This gives rise to a low return on investment which constrains regular investment in new facilities and staff training. These overall trends, however, conceal significant geographical variations within Wales. Hotels in the Cardiff area, for example, have reported long periods of buoyant occupancy levels in excess of 75% with many booked to capacity for the period of the Rugby World Cup.

Accommodation provision in Wales is dominated by the self-catering sector which accounts for over two-thirds of total commercial bedstock. Our monitoring surveys indicate that the self-catering cottage sector performed marginally less well in 1999 whereas, in contrast, the touring and static caravan sector held their own and it was particularly pleasing to note that performance was particularly strong in the months outside the third quarter peak. In the face of rising competition from alternative leisure activities and changing consumer taste, the visitor attractions sector in Wales faced severe pressure during 1999. Performance varied greatly with some operators reporting a difficult year and others experiencing a record number of visitors. Overall, attendances at visitor attractions showed a marginal decrease in 1999. TICs continue to play a vital role in serving the information needs of the visitor but information today is available from a wide variety of sources, including accommodation establishments, local pubs/restaurants and increasingly via the internet. It is hardly surprising, therefore, that the 85 Tourist Information Centres in Wales welcomed 3.7 million visitors during the year, a decline of almost 5% compared with the previous year.

Key Performance Targets 1999/2000

The annual strategic guidance letter issued by the National Assembly for Wales, sets out a range of strategic priorities and targets for the year ahead. Table 4 summarises our performance against the 1999/2000 targets and provides details of those

which have been set for 2000/2001. The continued success of our investment assistance schemes is again demonstrated. The targets for investment generation, leverage and job creation were all well exceeded. Although tourism spending from the home market in Wales during 1999 increased by 3%, spending in the UK overall grew by a significant 16%. As a consequence, Wales' market share of domestic (UK) spend slipped below the target expectation.

TABLE 4: Key Performance Targets

PERFORMANCE MEASURE	1999/2000 TARGET	1999/2000 ACHIEVEMENT	2000/2001 TARGET
1.Private Sector investment generated	£12.0 million	£12.5 million	£12.0 million
2.Leverage ratio – WTB grant: total project cost	1:4.5	1:6.0	1:5.0
3.No of jobs created/safeguard	380	432	400
4.Wales' share of overseas visitor spend in UK (1)	1.9%	N/A(2)	-
5.Wales Share all UK spend (1)	8.0%	7.4%	-
6.Annual share of UK spend in Wales (Oct-June)	51%	49%	51%
7.Running cost limit	£4.211 million	£4.047 million	£4.457 million
8.WTB domestic (UK) marketing campaign Return on Investment	-	-	30:1
9.Increase spend from primary overseas markets	-	-	+5%(1)

(1) Based on a three year rolling average.

(2) International Passenger Survey figures not available for Wales until August 2000.



We have long accepted the value of preparing, on behalf of the industry, medium term strategies which can act as a framework for the integrated development, marketing and management of tourism in Wales. As early as 1998, we started the process of preparing a successor strategy to Tourism 2000. The approach adopted was totally inclusive and a wide consultation programme ensured that all those organisations, businesses and individuals with an interest in tourism could make their views known on the future direction of tourism in Wales.

A first draft of the new strategy *Achieving Our Potential* was considered by the Tourism Forum, chaired by Rhodri Morgan AM MP in July 1999. Following a further round of consultation the final document was considered and accepted by the Economic Development Committee of the National Assembly for Wales in March 2000.

The aim is to achieve long term prosperity for the tourism industry in Wales so that it can contribute even more to a more dynamic Welsh economy in the years ahead. At the heart of *Achieving Our Potential* is the following vision of success:-

A mature, confident and prosperous industry which is making a vital and increasing contribution to the economic, social, cultural and environmental well-being of Wales by achieving sustainable growth through effective co-ordination and collaboration at all levels in the industry.

Achieving Our Potential is the third in a sequence of national tourism strategies produced for Wales. It sets out to identify the most effective response to the main strategic challenges which are likely to confront the tourism industry and seeks to inspire the industry to work together to manage change effectively during a period of economic and social transition in Wales.

Regional Tourism Strategies

The four regional tourism strategies which were prepared during the 1998-1999 period complement the strategic objectives and priorities identified in the national tourism strategy, *Achieving Our Potential*. Implementation of these regional strategies will be progressed through the tourism working groups of the regional economic fora, with support from the Wales Tourist Board.

European Funding for Tourism

Objective 1 status for West Wales and the Valleys will make available an estimated £1.2 billion for economic restructuring. Additional funding of approximately £0.3 billion will also be available for Objective 2 and 3 designated areas and for other community initiatives. Potentially, tourism will have a significant role to play in shaping the economy in these relatively under performing



Llangrannog

areas. Consequently, during the year, we have been very active through our representation on the European Task Force and as an adviser on the Shadow Monitoring Committee in seeking to ensure that tourism is given appropriate consideration and attention within the overall investment strategy.

In early 2000, we established a partnership structure with responsibility for preparing and implementing an Action Plan for tourism for West Wales and the Valleys.

Open Meetings

In keeping with the spirit of open accountability which has been encouraged by the National Assembly for Wales, we initiated during 1999 a programme of open Board meetings where the public are invited to observe the work of the Wales Tourist Board. These regional meetings have proved an invaluable means of communicating with the industry and general public.

*Top row, left to right:
Quality fare; Aberystwyth
seafront; A young Rugby fan;
Caernarfon*

*2nd row, left to right:
Ruthin; Folly Farm; Centre
for Alternative Technology,
Machynlleth; Beaumaris*

*3rd row, left to right:
Llandudno; Mountain
Biking, Sirhowy Valley;
Heatherton Country Sports
Park*

*4th row, left to right:
Barmouth; The National flag;
Rhyl; Cardiff Bay*

*Bottom row, left to right:
Porth-oer, Llŷn Peninsula;
National Botanic Garden of
Wales; Brecon Town;
Fresh produce*



PARTNERSHIP

Tourism is a fragmented industry and it is essential for people, organisations and businesses to work together in an effective way to get things done and to make things happen.

Partnership working is evident in all sectors and at all levels in the industry in Wales. Since 1996, we have worked closely with local authority and Regional Tourism Company partners in a joint promotional strategy based on 12 meaningful marketing areas. This integrated approach to marketing was central to our UK marketing strategy during 1999 and was again supported through a joint media buying scheme. The Tramor



overseas marketing initiative which ensures a strongly branded Wales presence in Europe's major holiday shows was further consolidated in 1999.

Since 1999 we have targeted our financial assistance towards six coastal resorts, and seven historic towns, in an attempt to co-ordinate the activities and funding of willing partners, to achieve a comprehensive scheme of tourism regeneration. Table 5 indicates that during the 1999/2000 financial year, assistance from the Wales Tourist Board of almost £1.7 million stimulated total capital investment of £7.1 million. Since the launch of the programme, total investment of £24 million has been generated in the coastal resorts, supporting the creation of 487 full time equivalent jobs. In the seven historic towns, total investment of £13.2 million has supported 238 full time equivalent jobs.

We continued to chair the Green Seas Partnership during 1999, an all Wales working partnership

Securing future success and prosperity for the industry depends upon effective working relationships being established between willing partners.

involving over 40 organisations which is seeking to improve the coastal environment. A major achievement during the year was the development of a new beach award, the Green Coast Award, with the Tidy Britain Group. This new award is intended to recognise those beaches of the highest environmental quality which lack the land-based infrastructure and facilities required for Blue Flag status. Eight beaches received the Green Coast Award in 1999, 12 beaches in Wales received the prestigious Blue Flag Award and seven marinas received the European Blue Flag for marinas.



Whitesands Bay, Pembrokeshire Coast



Trearddur Bay, Anglesey



Mountain Biking, Brecon Beacons

We also continued to provide support towards the development of the National Cycle Network in Wales and during the year provided grants totalling £75,000 to support Lon Las Cymru and linking routes.

TABLE 5: Allocation of Capital Investment Resources to Integrated Development Programmes 1999/2000

RESORTS	TOTAL INVESTMENT	WTB SUPPORT
Coastal Resort – Aberystwyth	£32,048,288	£290,307
Coastal Resort – Barmouth	£248,690	£447,500
Coastal Resort – Gower/Mumbles	£1,510,531	£394,884
Coastal Resort – Llandudno	£815,906	£231,691
Coastal Resort – Llŷn Peninsula	£950,859	£334,209
Coastal Resort – Porthcawl	£284,020	£43,600
Historic Town – Brecon	£174,005	£48,938
Historic Town – Caerleon	£306,186	£71,422
Historic Town – Denbigh/Ruthin	£166,051	£56,530
Historic Town – Knighton/Presteigne	£20,162	£7,355
Historic Town – Machynlleth	£267,329	£80,226
Historic Town – Beaumaris	£249,400	£68,000
Historic Town – Caernarfon	£41,655	£14,794
Total:	£7,083,082	£1,689,456

TABLE 1: Projects approved 1999/2000 involving offers of Financial Assistance of £10,000 and over

Wales Millennium Centre, Cardiff	£400,000	Sarnfaen Caravan Park, Talybont, Barmouth	£37,500
National Botanic Garden of Wales, Llanarthne	£400,000	Pont Kemys Farm, Abergavenny	£37,125
Mumbles Pier Forecourt Phase II, Swansea	*£250,000	Wynnstay Hotel, Machynlleth	£36,652
Trefeddiann Hotel, Aberdyfi.	£248,704	Bron Eifion Fishery, Criccieth	£36,000
Castell Deudraeth, Portmeirion	£245,893	Wernol Caravan Park, Pwllheli	*£35,524
Parc y Llyn, Aberystwyth	*£200,000	The Talbot Hotel, Tregaron	*£34,861
Heatherton Country Sports Park, Tenby	*£197,618	Pencelli Castle Caravan & Camping, Brecon	*£32,618
Imperial Hotel, Llandudno	£90,000	Ocean Commotion, Tenby	£32,429
Carnguwch, Pwllheli	*£85,000	Chatsworth Hotel, Llandudno	£32,000
Court Hotel, Lamphey	£76,000	Plas Hyfryd Country Hotel, Narberth	*£31,500
Court Coleman Manor, Bridgend	*£73,969	Centre for Alternative Technology, Machynlleth	£30,840
The Gower Hotel, Saundersfoot	£70,000	Edderton Hall, Welshpool	£30,457
National Trust Composite Application - (S)	*£62,393	Porthcawl Town Improvement Scheme Phase II	£30,000
Newport Golf Club, Newport, Pembrokeshire.	£60,456	Environmental Improvements - Promenade Mumbles	£30,000
Gower Golf Club	*£60,000	Castle Ely Mill, Whitland	£30,000
Great Orme Country Park, Llandudno	£59,500	Cae Iago Riding Holidays, Llanwrda	*£29,526
Maesllwch Arms, Painscastle	£56,175	Lillimoor Farm Holidays, Tenby	£29,000
Heart of Wales Riding Centre, Llandrindod Wells	*£51,000	Lower Trelydan, Welshpool	*£29,000
Bear Hotel, Crickhowell	£95,480	Lane Farm, Criggion Nr Welshpool	*£28,922
Crugeran, Pwllheli	*£50,000	Wild Pheasant Hotel, Llangollen	£28,894
Blue Flag, South Beach Tenby	£50,000	Brewery Inn, Pembroke Dock	£27,544
Gellifawr Hotel & Cottages, Pontfaen	£50,000	Llwyndyrus Farm, Pwllheli	*£25,947
The Ship Inn, Caerleon	*£45,922	Llyn Marine Charters, Llanbedrog	£25,000
Beaumaris Courthouse, Beaumaris	£43,000	Prince's Trust Bro, Cardiff	£25,000
Bryn Dowski, Gyffin, Conwy	*£40,000	New public conveniences, Langland Bay, Gower	£25,000
Y Graig Farmyard Cottages, Llanfair Caereinion	£40,000	Mona Place Enhancement Scheme, Beaumaris	£25,000
Cyfie Farm, Llanfyllin	*£40,000	Bilingual Signage Scheme, Pan Wales	£25,000
Ty Uchaf Farm, St Davids	*£40,000	Aberystwyth Town Scheme, Aberystwyth	£25,000
Brongwyn Mawr Farm, Cardigan	*£40,000	Bryn Meadows Golf + Country Hotel, Maescywmmer	*£25,000
New House Country Hotel, Thornhill, Cardiff	*£39,454	Orsedd Wen, Llanrwst	*£24,958
Aberkin Farm, Criccieth	*£39,002	Oriel House Hotel, St Asaph	£24,900

* EU Assisted

Upper Great Darkgate Enhancement, Aberystwyth	£24,900	Computerisation of TICs, South Wales	£16,450
Windmill Farm, Cowbridge	£24,500	Tytanglwyst Farm, Bridgend	*£16,350
East Llanteg Farm, Amroth	*£24,387	Forest Farm, Llansannan	*£16,000
Nannerth Country Holidays, Rhayader	*£24,266	Celtic Trail-Lon Geltaidd & Lon Las Cymru Cycleway	£16,000
Chaplins, Merthyr Tydfil	*£23,000	Trefnant Hall, Berriew	*£15,939
Ambassador Hotel, Llandudno	*£21,928	Tal y Foel Guest House, Dwyran, Anglesey	£15,000
Sunnyvale Holiday Park, Saundersfoot	£21,412	Dare Valley Country Park, Aberdare	£15,000
Glen-Yr-Afon House Hotel, Usk	£21,000	Bodalwyn Guest House, Aberystwyth	£15,000
Dragon Hotel, Montgomery	£20,544	St. Deiniol's Library, Hawarden	£14,250
Glyn Arthur Farm, Llandyrnog, Denbigh	£20,530	Nant Farm, Cilan, Abersoch	*£14,250
Pen y Bryn Farm, Aber, Bangor	£20,245	Saint James' Square, Aberystwyth	£14,000
Cresswell Quay, Cressely	£20,000	Caernarfon Bay Holidays, Dinas Dinlle	£13,000
Cerrig y Barcud, Brynsiencyn	£20,000	Carrog Mill Cottages, Corwen	£12,750
Tyddyn Gwyn, Pwllheli	*£20,000	Fishguard Holiday Park, Fishguard	£12,604
Bracelet Bay Beach Enhancement, Gower	£20,000	Maes Carafannau Castell March, Abersoch	*£12,015
Blue Flag Port Eynon Bay, Gower	£20,000	Atlantic Hotel, Porthcawl	*£12,000
National Cycle Route 46, Malpas-Torfaen	£20,000	Alltyfyrdin, Carmarthen	*£11,631
Signage & Interpretation Pontypool Park, Pontypool	£20,000	St Anne's Hotel, Mumbles	*£11,500
Cordell Country, South Wales Valleys	£20,000	Cefn Cestyll, Rhydianfair, Betws y Coed	*£11,100
Taff Trail Upgrade Cycle route, Merthyr & Rhondda	£20,000	De Valance Pavilion, Tenby	£11,000
Tyddyn Chambers, Ruthin	*£20,000	De Valance Pavilion, Tenby	£10,800
Village Interpretation Boards, Anglesey	£20,000	Whitesands/Newgale/Amroth/S'foot Blue Flag	£10,672
Tourist Information Centre, Betws y Coed	£20,000	Penffynnon, Aberporth	£10,500
The Normandie Inn, Tenby	*£20,000	Cynon Trail Cycle Route, Rhondda Cynon Taff	£10,500
The Baltic Inn & Restaurant, Llanelli	*£20,000	Atlantic View, Broad Haven	*£10,200
Craft in the Bay, Cardiff Bay	£20,000	Gwynedd/Conwy Coastal Nature Reserves	£10,000
Caerleon Environmental Improvements Phase III	£19,000	Brecon Town Scheme Phase IV	£10,000
Augusta Holiday Flats, Llandudno	£18,617	Dol llys Farm, Llanidloes	*£10,000
Trevaccoon, Llanrhian	*£18,000	Barmouth Shopfront Scheme, Barmouth	£10,000
Henblas Farm & Plas y Nant, Llwyngwril	*£17,750	Hobo Backpackers, Tredegar	*£10,000
The Bridge, Conwy	£16,864		

SUMMARY FINANCIAL STATEMENT

WALES TOURIST BOARD

This summary financial statement does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Wales Tourist Board. For further information, the full annual accounts, the auditors' report on those accounts and the foreword should be consulted. A full set of the audited accounts for the year ended 31 March 2000, which have been laid before the National Assembly for Wales, can be obtained free of charge by writing to the Finance Director/Secretary, Wales Tourist Board, 2 Fitzalan Road, Cardiff CF24 OUY.

STATUTORY BACKGROUND

The Board was set up under the Development of Tourism Act 1969 with the following functions :-

- a) to encourage people to visit Wales and people living in Wales to take their holidays there; and
- b) to encourage the provision and improvement of tourist amenities and facilities in Wales.

REVIEW OF THE YEAR

1999 was again a challenging year for the tourism industry in Wales. Despite this the WTB's UK campaign attracted an increase in responses of 71% on 1998 and a formal evaluation study estimated that additional £31 was spent by visitors to Wales for every £1 spent by the Wales Tourist Board and our marketing partners.

The WTB was involved in promoting the Rugby World Cup and the direct return on public sector investment is estimated at around 1:17.

The Board's Millennium Year campaign was 'Homecoming/Hiraeth 2000' using the latest IT developments to target an audience with an affinity or emotional ties with Wales.

In continuing to play a key role in the strategic development of the tourism product in Wales, WTB investment activities allocated £5.5 million

in support funding for 185 capital projects, raising over £12.5 million private sector money and generating a total investment of £25.7 million creating or safeguarding 432 jobs at an average cost of £10,000 per full time equivalent job. WTB grant in aid of £1.7 million stimulated a total investment of £7.08 million and created 119 full time equivalent jobs of the 432 jobs referred to above, in six coastal resorts and seven historic towns.

FUTURE DEVELOPMENTS

The Board, in public/private sector partnerships, will in 2000/01 focus upon implementing the new Wales tourist industry strategy, *Achieving Our Potential*, development of an IT Destination Management System, which integrates information and booking systems, and the results of a study on Roles and Responsibilities, together with optimising European Funding.

BOARD MEMBERS

Board Members who served during the year were:-

NAME	PERIOD OF CONTRACT
A.R. Lewis, Chairman	1 October 1998 to 31 March 2000
Lewis Evans	2 August 1996 to 1 August 2000
Philip Evans	11 December 1998 to 10 December 2001
Emyr Griffith	11 June 1999 to 10 December 2000
Siân Lloyd	11 December 1998 to 10 December 2001
James McAllister	5 May 1995 to 4 May 2001
Ian Rutherford	22 March 1996 to 21 March 2000

SUMMARY INCOME & EXPENDITURE ACCOUNT

For the year ended 31 March 2000

	£000	PREVIOUS YEAR £000
INCOME	<u>18,200</u>	<u>17,976</u>
OPERATING SURPLUS	242	315
Loss on disposal of fixed assets	(18)	(6)
Interest Receivable	121	70
Interest Payable	(84)	(70)
SURPLUS FOR THE YEAR	<u>261</u>	<u>309</u>
Adjustment for cost of capital	109	91
SURPLUS FOR THE YEAR TRANSFERRED TO RESERVES	<u>370</u>	<u>400</u>
BOARD MEMBERS' REMUNERATION	<u>93</u>	<u>84</u>
CHIEF EXECUTIVE'S REMUNERATION	<u>64</u>	<u>88</u>

Included in the 1998/99 figure is a payment in lieu of notice of £30,695 to the previous Chief Executive.

SUMMARY BALANCE SHEET

As at 31 March 2000

FIXED ASSETS	<u>743</u>	<u>837</u>
Current Assets	2,249	1,776
Creditors: Amounts falling due within one year	(1,031)	(930)
NET CURRENT ASSETS	<u>1,218</u>	<u>846</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,961</u>	<u>1,683</u>
CAPITAL & RESERVES	<u>1,961</u>	<u>1,683</u>

SUMMARY CASH FLOW STATEMENT

For the year ended 31 March 2000

CASH INFLOW FROM OPERATING ACTIVITIES	195	359
RETURN ON INVESTMENTS & SERVICING OF FINANCE	37	-
INVESTING ACTIVITIES	<u>(201)</u>	<u>(247)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	31	112
FINANCING	<u>202</u>	<u>249</u>
INCREASE IN CASH & CASH EQUIVALENTS	<u>233</u>	<u>361</u>

NOTE 1 Basis of Preparation

These summary financial statements have been prepared in accordance with the Companies Act 1985 having regard to the Companies (Summary Financial Statement) Regulations 1995 (SI 1995/2092) as far as is relevant.

NOTE 2 Notional Charge - Cost of Capital

A notional capital charge reflecting the cost of capital employed, except to the extent that loans and Public Dividend Capital are remunerated separately, is included in operating costs and calculated at 6% of capital employed.

NOTE 3

The summary Financial Statement on pages 30 to 32 was signed on behalf of the Board by D.J.L. Jones, Chief Executive on 7th July 2000.

AUDITORS

The report by the Auditor General for Wales on the annual financial statements for the year ended 31 March 2000 was unqualified.

STATEMENT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES

I have examined the summary financial statement on pages 31 & 32 which has been prepared in the form and on the basis set out at Note 1 on page 32.

RESPECTIVE RESPONSIBILITIES OF THE BOARD, THE CHIEF EXECUTIVE AND AUDITOR

The summary financial statement is the responsibility of the Board and the Chief Executive. My responsibility is to report to you my opinion on its preparation and consistency with the full financial statements and foreword.

BASIS OF OPINION

I conducted my work in accordance with the Auditing Guideline "The auditors' statement on the summary financial statement" adopted by the Auditing Practices Board.

OPINION

In my opinion the summary financial statement is consistent with the full financial statements and the foreword of the Wales Tourist Board for the year ended 31 March 2000 and has been properly prepared on the basis set out in Note 1 to the summary financial statement.

John Bourn
Auditor General for Wales
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

July 2000