Orkney Volume Tourism Management Study: Report for Orkney Islands Council and Highlands and Islands Enterprise

28 August 2017

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1 Introduction

About this report

1.1 The Orkney Volume Tourism Management Study was commissioned by Orkney Islands Council (OIC) and Highlands and Islands Enterprise (HIE). The research study was undertaken by Tourism and Leisure Solutions (TLS) and The Glamis Consultancy.

1.2 **ekosgen** and Reference Economic Consultants were commissioned by OIC and HIE to produce this report using the above research study into volume tourism management in Orkney.

Objectives of the Orkney volume tourism management study

1.3 The Study was commissioned in response to a significant growth in coach-based "volume tourism" in Orkney, largely as a result of an increasing number of cruise liner visits. This has given rise to some concerns that the pressures and impacts of increased volume tourism may need to be mitigated and appropriately managed. This would be to ensure there is no detrimental impact on Orkney's tourism appeal and future visitor numbers.

1.4 The study had three key objectives:

- To establish indicators of the value of volume tourism to Orkney, while understanding that a full value assessment would not be achievable due to timescales.
- To establish how volume tourism is likely to affect the wider tourism sector and the local economy if present numbers are sustained or growth continues.
- To establish a framework for stakeholders that will help inform and support destination management decisions.

Orkney volume tourism management study: research methods

1.5 TLS and The Glamis Consultancy undertook the following research.

Inception

1.6 Inception meetings were held with OIC, HIE and Orkney Tourism Group (OTG). They were used to discuss objectives for the Study and identify key stakeholders with whom to engage.

Secondary data research

1.7 The study included the following secondary research:

- Relevant existing reports and studies were identified and reviewed. Desk research of online information sources was undertaken to update data; and to identify current trends, issues and opportunities in volume tourism at local, national and international levels.
- Online research identified and reviewed comparator destinations against which the performance of volume tourism in Orkney can be benchmarked. In particular, this looked at how other destinations are addressing issues relating to volume tourism.

Primary research

1.8 The following primary research was undertaken:

- Face-to-face and telephone consultations were held with **52** public and private sector stakeholders, representing **35** organisations and businesses. These were largely qualitative in nature and explored how trends identified in the review of secondary data affect tourism operators and businesses in Orkney.
- Attendance at an end of cruise season review meeting which included **24** people with a direct role in the cruise sector. The meeting focused on how the cruise sector is managed in Orkney and related issues
- A short email questionnaire was sent to 26 Orkney tour operators, collecting mostly qualitative information to build a more detailed picture of how volume tourism affects their operations. A total of **14** responses were received, with a number of follow-up consultations used to explore key issues in more detail.
- A short online questionnaire using SurveyMonkey was sent to over 400 contacts via the OTG and Kirkwall Business Improvement District. This was used to gather a wider cross section of industry views and perceptions of the opportunities and challenges relating to volume tourism and to sense check emerging findings. **76** businesses responded, providing a broadly representative sample in terms of location and sub-sectors of Orkney tourism. Follow up telephone consultations were held with 29 of these respondents (at their request) in order to discuss issues in more detail. These are included in the total number of consultees detailed at paragraph one above.

Reporting

1.9 An Interim and draft final report was presented to the client group during the course of the research.

1.10 The latter was presented and discussed at three separate meetings with local stakeholders, OIC elected members and representatives of OTG.

ekosgen Report

1.11 In producing this report **ekosgen** has used the study's primary research findings and extended the secondary data review and analysis to present a report. ekosgen did not undertake any additional primary research as this was out-with the scope of its commission.

2 Volume tourism in Orkney and wider market trends

Introduction

2.1 This Chapter reviews and analyses a range of information on tourism in Orkney. It also looks at the wider trends in the cruise market and coach tours.

2.2 The focus is on volume tourism, although there is also analysis of non-volume tourism to place the findings in context. Available data are used to give an indication of the number and spend of volume tourists in Orkney subject to caveats around the statistics used.

2.3 The Chapter uses data from the 2012-13 Orkney Visitor Survey (OVS). This was produced for a range of bodies including OIC and Highlands and Islands Enterprise. It included interviews with 1,328 visitors, although cruise passengers and those travelling by yacht were not included. While its results are some four years old OVS remains the most robust source of data on absolute numbers of non-cruise visitors and their spend.

2.4 The results of previous surveys of Orkney cruise passengers have been included in the analysis with caveats included on the representativeness of the data. New surveys of overnight and day visitors (including cruise passengers) are being undertaken in 2017. These will provide up to date information in due course.

2.5 The Chapter also makes use of information from the 2015 STEAM (Scottish Tourism Economic Activity Monitor) report[1] for Orkney. It contains a range of measures of tourism activity, primarily derived from information provided by tourism operators.

2.6 In this report the STEAM data have been used to analyse seasonality of visitor activity. One of the other reports which has informed the analysis in this Chapter[2] also makes use of STEAM data to analyse trends.

2.7 However, no STEAM data on absolute visitor numbers and visitor spend have been used in the analysis. This reflects a general recognition that STEAM is a less reliable source for this information compared to periodic visitor surveys such as the OVS.

Volume tourism numbers

2016 estimates

Summary

2.8 Indicative estimates of the number of volume tourists in 2016 are shown at Table 2.1.

[1] STEAM Final Trend Report for 2009-2015, Global Tourism Solutions (UK) for OIC

[2] A Study of the Orkney Tourism Industry (Reference Economic Consultants, for OIC) 2016

Table 2.1: estimate of 2016 volume visitor numbers in Orkney

Market	Visitor Numbers
Cruise Passengers	91,000
Cruise Crew	9,900
Coach/Tour-Day Trip	16,500
Coach/Tour-Overnight	7,000
Total	**124,400**

2.9 The estimated total number is c.124,000. They consist very largely of cruise passengers who account for around three quarters of the total. The rest mostly comprise those on a coach or other type of tour to Orkney.

Cruise Passengers

2.10 OIC Marine Services statistics show that 95,750 cruise passengers visited Orkney in 2016. Further analysis by Marine Services indicates that around 91,000 of them went ashore while berthed at Orkney. This fits with previous surveys of Orkney cruise passengers in 2008[3] and 2013[4]. These indicate that around 95% of passengers went ashore at Orkney.

Cruise Crew

2.11 OIC Marine Services estimate that the average ratio of crew to passengers is 1:3 i.e. one crew member for every three passengers. Based on this and assuming slightly over 30% of crew going ashore (in line with a 2013 survey of Orkney cruise passengers[5]), this suggests around 9,900 crew going ashore in Orkney in 2016.

Coach/Tour-Day Trip

2.12 This estimate was calculated using information from the OVS plus confidential data supplied by operators of ferry services to Orkney. This resulted in the following estimates of day visitors to Orkney in 2016:

- Ferry-volume day visitors: 16,500.
- Ferry-independent day visitors: 12,200.
- Air-day visitors: 2,100.

Coach/Tour-Overnight

2.13 The estimate of 7,000 visitors on an overnight coach/tour to Orkney was calculated based on commercially confidential figures supplied by ferry operators.

Non-Volume Market

2.14 Based on the OVS it is estimated that there were 121,100 *non-volume* visitors to Orkney in 2013 (excluding yachts).

[3] Kirkwall Cruise Passenger Survey (GP Wild and Business Research & Economic Advisors) 2008

[4] Cruise Economic Impact Assessment Report (GP Wild) 2013

[5] Cruise Economic Impact Assessment Report (GP Wild) 2013

2.15 Recent analysis of Orkney's tourism market[6] concluded that visitor numbers have grown since 2013. This is in each of the ferry, air and cruise markets, driven mostly by day rather than stay visitors.

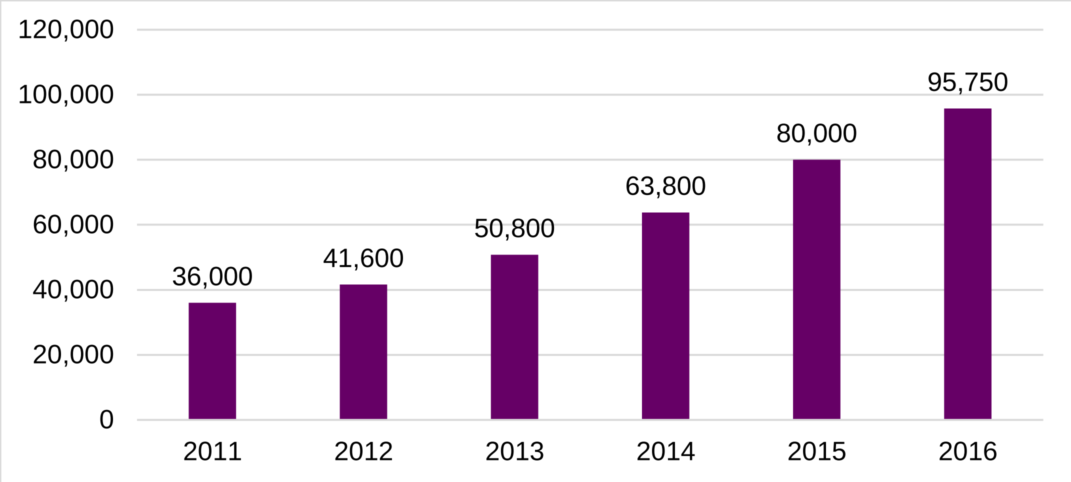
2.16 Based on this source it is estimated that the overnight market has grown by 7% since 2013. That implies a total of 129,500 non-volume visitors in 2016 (excluding yachts).

Trends in volume tourism numbers

Cruise passengers

2.17 **Figure 2.1** shows that the number of cruise passengers visiting Orkney grew strongly between 2011 and 2016.

Figure 2.1: Annual Cruise Passengers in Orkney 2011-2016



Source: OIC

2.18 They increased by more than 160% (c. 60,000 passengers) over the period. There has been growth of more than 20% in each of the last four years.

2.19 Further growth is expected in 2017. According to OIC, scheduled vessel calls suggest up to 125,900 cruise passengers could call at Orkney during the year.

2.20 Details of the expected cruise ship calls in 2017 (provided by OIC) suggest that:

- More than two thirds (72%) of calls would be made by ships with capacity of under 1,000 passengers.
- 7% of calls would be made by ships that can carry more than 3,000 passengers.
- On fourteen days Orkney would be visited by vessels with combined capacity of over 3,000 passengers.

2.21 It is currently OIC policy that numbers are restricted to no more than 4,500 passengers on any one day. This was developed in consultation with operators and bodies such as the police and NHS.

[6] A Study of the Orkney Tourism Industry (Reference Economic Consultants, for OIC) 2016

Other Volume Markets

2.22 There are no sufficiently robust data available to give an indication of recent growth in the coach/tour markets to Orkney.

Bus and Coach Miles Travelled

2.23 Data from traffic counters in Orkney are set out at **Table 2.2**.

Table 2.2: total miles travelled on Orkney roads: 2005 and 2015

Type of Vehicle	Vehicle Miles Travelled-2005 (million)	Vehicle Miles Travelled-2015 (million)	Change
Cars	36.72	35.48	-3%
Light Goods Vehicles	7.44	11.11	+50%
Heavy Goods Vehicles	2.16	2.56	+19%
Buses and Coaches	0.70	1.67	+139%
Motorcycles	0.49	0.39	-20%
Pedal Cycles	0.23	0.16	-31%

Source: UK Department of Transport[7]

2.24 It shows that the miles travelled by buses and coaches on Orkney increased by around 140% between 2005 and 2015.

2.25 A proportion of this increase can be attributed to enhanced timetables on public bus services. The total passenger numbers on these services increased by 37% between 2010 and 2015 (source: OIC). However, the majority is assumed to be a result of growth in volume tourists – and cruise passengers in particular-who travel on Orkney using a tour coach.

2.26 Table 2.2 shows that buses and coaches have seen the greatest percentage increase in miles travelled of any vehicle type. However, they still account for only around 3% of the total for all vehicles.

2.27 Most of the bus and coach vehicle miles are in and around Kirkwall. The second busiest area is the A965 between Ingashowe and Stenness. In 2015: 110,000 bus and coach vehicle miles were recorded at Tormiston – an increase of 340% from 2005; and 107,000 vehicle miles were recorded at Stenness – up by almost 200% on 2005.

2.28 There has also been a significant increase in bus and coach traffic on the southern half of the A961. This is presumably a result of increased traffic on the ferry services to Burwick and St Margaret's Hope.

2.29 Traffic counters at Burray recorded 65,000 bus and coach vehicle miles in 2015 - an increase of almost 100% on 2005. Counters at Sandwick, south of St Margaret's Hope on the road to Burwick, recorded 37,000 bus and coach vehicle miles in 2015 (a more than 400% increase).

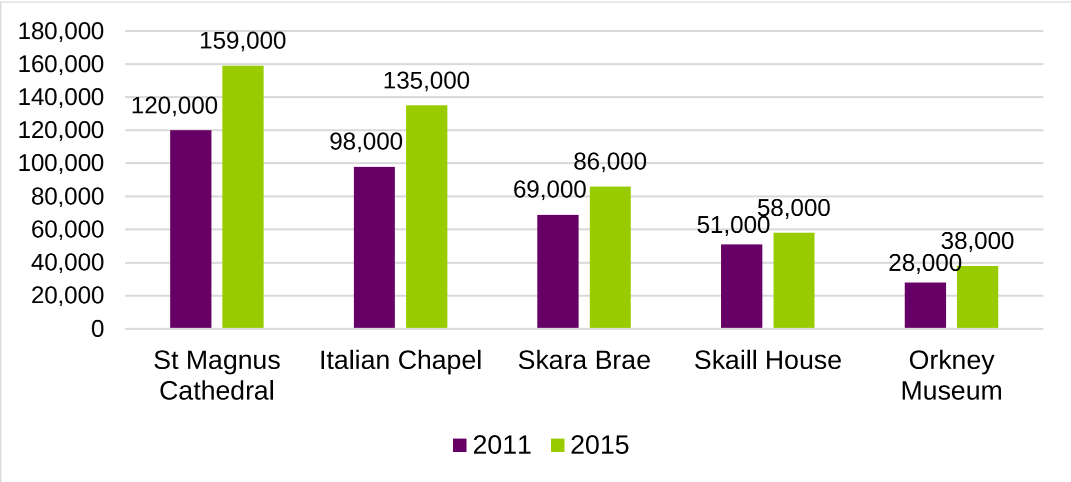
[7] https://www.dft.gov.uk/traffic-counts/area.php?region=Scotland&la=Orkney+Islands

Trends in visitor numbers at key visitor sites

Main visitor sites

2.30 Figure 2.2 describes the growth in visitor numbers (both volume and non-volume) at some of Orkney's main visitor sites between 2011 and 2015.

Figure 2.2: Annual Visitor Numbers at Some Main Sites: 2011 and 2015



Source: Visitor Attraction Monitor

2.31 Growth was seen at all five sites. The largest in absolute terms was at St Magnus Cathedral (up 39,000 visitors, 32%) and the Italian Chapel (increase of 37,000, 38%). There was growth of between 7,000 and 17,000 visitors at the other three sites.

2.32 Thus, by 2015 two sites had more than 100,000 visitors per annum, and another one with over 75,000.

2.33 Across the sites as a whole numbers rose from 366,000 to 476,000 in the four years. That represents an increase of 30%.

HES sites

2.34 Historic Environment Scotland (HES) have also reported growth in visitor numbers at their main sites in Orkney[8]. The total grew from 137,000 visitors in 2014-15 to 141,000 in 2015-16 (3% increase).

2.35 In the nine months between April and December 2016 total visitor numbers were 148,000. That represents an increase of around 7,000 (5%) on the *full 12 month figure* for 2015-16. This growth has been very largely driven by two sites: Skara Brae and the Bishop's & Earl's Palaces.

Volume tourism: direct spend per visitor

Cruise passengers and crew members

Direct spend

2.36 Cruise passengers' expenditure within Orkney creates three types of economic impact:

[8] Bishop's & Earl's Palaces (which HES count as one site), Skara Brae, Hackness, Gurness, Birsay and Tormiston/Maeshow

- Direct. That is from the spend that the visitor makes directly with a business-e.g. buying a meal in a café, paying for an onshore excursion.
- Indirect. These arise from the purchases of goods and services by the business where the visitor spends his/her money-e.g. a restaurant buying in foodstuffs that will form the meals that they sell to customers.
- Induced. These arise from the spend of the wages of those directly or indirectly employed-e.g. weekly shop in the supermarket.

2.37 The total economic impact = direct + indirect + induced.

2.38 Three sources of information are available that seek to estimate the economic impacts of cruise passengers in Orkney. These are as follows:

- Kirkwall Cruise Passenger Survey: GP Wild and Business Research & Economic Advisors, 2008.
- Cruise Economic Impact Assessment Report: GP Wild, 2013.
- Expenditures in Orkney businesses generated by cruise activity: OIC Marine Services, 2016.

2.39 Each refers to and contains information on indirect impacts, while the first one also refers to induced impacts. However:

- The indirect and induced impacts in the 2008 study are for the whole of the UK rather than the Orkney economy.
- It is unclear how the indirect impacts in the 2013 work have been calculated. The size of the impacts appears out of proportion to the size of Orkney's economy.
- In the 2016 work what are classified as "direct" and "indirect" expenditures does not fit with conventional definitions used in economic impact assessment.

2.40 Therefore, the analysis here is based simply on the *direct* spend of cruise passengers (and crew). It is recognised that there will be indirect and induced economic impacts in addition to these. However, the available information is not robust enough to provide a good indication of the scale of these wider effects.

Data Sources

2.41 Two previous exercises directly surveyed passengers and crew about their spend on Orkney:

- Kirkwall Cruise Passenger Survey: GP Wild and Business Research & Economic Advisors, 2008.
- Cruise Economic Impact Assessment Report: GP Wild 2013.

2.42 We have used information from the latter to provide a broad indication of spend levels. That is because it is the most recent of the two surveys and is based on a larger number of passenger/crew interviews than the 2008 work.

2.43 However, the 2013 figures need to be treated with caution. First, given that the surveys were not undertaken by an independent research company but by an organisation that works in the cruise sector.

The data appear to have been collected by self-completion surveys with returns from around 2,500 passengers and 650 crew members.

2.44 Second, the results will reflect the nature of the cruise ships that were surveyed. There were eight in total between May and September. However, it is not clear how representative those vessels are of all cruise liner activity in 2013 (e.g. 63% of passengers completing the questionnaire were from North America).

2.45 The 2017 Day Visitor Survey should provide more robust and up to date information than is available from the 2013 cruise passengers surveys and other existing data.

Indication of Direct Spend

2.46 The 2013 survey shows a total average spend of each **cruise passenger** that came ashore of €54.94. That breaks down as follows:

- Purchase of onshore tour: €28.50.
- Other spend-e.g. crafts and souvenirs, clothing, food and beverage: €26.44.

2.47 These were converted into 2017 sterling values by applying:

- Price inflation between 2013 and 2017, using the UK Consumer Price Index.
- The current exchange rate between the Euro and sterling.

2.48 The result was a total average passenger spend of £52.50. Some £27.20 was for purchase of an onshore tour. Where passengers bought an onshore tour in the vast majority (95%) of cases this was bought from the cruise line or a travel agent rather than directly from an Orkney based provider. Thus, a proportion of the average £27.20 spend on the onshore tour will have "leaked" to companies outside Orkney.

2.49 However, it appears that since 2013 the proportion of passengers buying an onshore excursion direct from the cruise line has decreased. Thus, a greater proportion of the spend on excursions is now likely to be retained within the Orkney economy.

2.50 The 2013 survey also shows an average spend of €10.03 by those **crew members** who went ashore. This was mostly on food and beverage, and clothing. This converts to £9.60 in today's prices.

Other Volume Visitors

2.51 There are no sufficiently robust data available to give an indication of the spend by volume by visitors who visit Orkney on a coach-based or other form of tour.

Non-Volume Visitors

2.52 By way of comparison the average spend per visitor from the OVS (in 2017 prices) is:

- All visitors: £229.
- Holiday and VFR: £233.

2.53 It is recognised that this is based on data collected around four years ago. The 2017 Orkney Visitor Survey will provide more up to date information.

2.54 However, the 2012-13 OVS still gives a broad indication of non-volume visitors' spend per trip, recognising that a (small) proportion of those covered by it were volume visitors (although not cruise passengers).

Seasonality of visitor activity

2.55 There is a significant peak in both overnight and day visitor numbers in Orkney in July and August. According to the 2015 STEAM Report more than one quarter (27%) of all visitor days are in July and August.

2.56 HES report that in 2016-17 45% of annual visitors to their sites came in these two months. Some 75% of all 2017 cruise ship calls were due to be made in June, July and August. July would be the busiest month with potentially more than 38,000 passengers visiting over 21 days.

Wider cruise market trends

Global

Recent and Forecast Growth in Cruise Passengers

2.57 The cruise sector has enjoyed significant worldwide growth in the last 20 years. Figures from the Cruise Lines International Association show that in 2010 19 million passengers across the world booked cruise trips. In 2016, this had increased to slightly above 24 million trips, growth of more than 25%.

2.58 Passenger numbers are forecast to increase further in the years to 2019. That is to around 25 million, an increase of 4% over 2016. This would be a lower rate of annual growth than occurred between 2010 and 2016.

Number and Size of Cruise Ships

2.59 Some 470 cruise ships were in service around the world in 2016. *Cruise Capital* industry website indicates 69 ships either being built or commissioned to come into service by 2022.

2.60 Total capacity of these ships will be 180,000 passengers-an average of 2,600 per ship. More than one third (36%) of the new ships will have capacity to carry over 4,000 passengers, but 30% will carry less than 1,000 passengers.

2.61 *Cruise Capital* estimates that around one quarter of this additional global capacity will be deployed full time in Europe. However, it is not yet clear how much of it will be deployed in *Northern* Europe.

2.62 Cruise Capital identifies a worldwide trend toward larger cruise ships. This has been seen in Norway. There the average number of passengers per ship doubled from 700 to 1,400 between 2000 and 2014.

UK

2.63 Figures from Cruise Britain show:

- In 2016 over 1.2 million passengers on a cruise which included a call into at least one UK port.

- Passenger numbers exceeded one million in both 2015 and 2016. They were double the number seen in 2010.

2.64 Thus, the growth in Orkney (160%) between 2011 and 2016 appears higher than that observed for the UK as a whole and far in excess of global growth.

Scotland

2.65 Data from Cruise Scotland show for 2016:

- 676 cruise ships calls at Scottish ports, a record number. This is 35% higher than in 2015 and a seventh successive year of growth.
- 484,000 cruise passengers, some 5% above the 2015 level.

2.66 Forecasts for 2017 were:

- 808 cruise ship calls booked into Scottish ports - an increase of 20% on 2016 actuals.
- 656,000 cruise passengers, some 35% above 2016 actual levels.

2.67 If the 2017 projections are realised then the number of port calls and passengers will have more than doubled since 2010.

Scottish coach tour market

2.68 VisitScotland have produced a research summary[9] providing statistics on the Scottish coach tour market. It shows that:

- Between 2009 and 2013, an average of 332,000 overnight UK visitors per year used an organised coach tour.
- July-September is the most popular time of year for coach tour travel.

2.69 A recent trend is that a greater proportion of UK residents booking coach tours are aged 16-24. This is attributed to the growing popularity of more informal tours targeted at the backpacker market.

Summary

2.70 It is indicatively estimated that there were around 124,000 volume visitors to Orkney in 2016. The vast majority (91,000) are cruise passengers; almost all are day visitors.

2.71 It is also indicatively estimated that there were 129,500 non-volume visitors in 2016 (excluding yachts). The vast majority of them stay overnight on Orkney.

2.72 Cruise passenger numbers have grown strongly. They rose from 36,000 in 2011 to over 95,000 in 2016. The current year (2017) could see around 126,000 passengers.

2.73 It appears that non-volume visitors have also grown - but at a much lower rate than volume tourists-that is, by an estimated 7% between 2013 and 2016.

[9] VisitScotland research factsheet “Coach Tourism in Scotland” (2015)

2.74 The general growth in visitor activity on Orkney is evident in the increased numbers at main visitor attractions. There has also been strong growth in bus and coach movements. This is especially in and around Kirkwall, but also in west Mainland and south Mainland.

2.75 It is assumed that most of the growth is from tour/day excursion coaches rather than scheduled bus services. Despite their strong growth buses/coaches still account for a small proportion (3%) of total vehicles road miles travelled on Orkney.

2.76 There is no sufficiently robust information to allow calculation of the full economic impacts of visitors to Orkney-volume or otherwise. Thus, the analysis is restricted to direct spend by visitors and does not include wider (i.e. indirect and induced) impacts in the local economy.

2.77 Available data provide only a broad indication of the spend of cruise passengers and crew members. This reflects in particular the nature/size of the sample of vessels covered by the 2013 cruise passenger surveys. The 2017 Day Visitor Survey should provide more robust and up to date information than is currently available.

2.78 The 2013 cruise surveys suggest an average passenger spend of £52.50 in current prices. Some £27.20 was for purchase of an onshore tour. In the vast majority of cases this was bought from the cruise line or a travel agent rather than directly from an Orkney based provider. Thus, a proportion of the £27.20 tour spend will have “leaked” to companies outside Orkney.

2.79 However, the extent of this leakage may well have reduced since 2013. That is because it appears that more cruise passengers are now choosing to buy a shore excursion from sources other than the cruise line.

2.80 Average spend per crew member is £9.60.

2.81 By way of comparison the spend in current prices of non-volume visitors is broadly estimated as:

- All visitors: £229.
- Holiday and VFR: £233.

2.82 It is recognised that this is based on data collected around four years ago. The 2017 Orkney Visitor Survey will provide more up to date information.

2.83 Pressure on key visitor sites can be exacerbated by the seasonality of tourism in Orkney, with peaking in July and August. Available information suggests that:

- 27% of all visitor days are in July and August.
- 45% of annual visitors to HES’s main sites come in these two months.
- Three quarters of all 2017 cruise ship calls would be made in June, July and August.

2.84 Since 2010 there has been strong growth in cruise passenger numbers at the global, UK and Scottish levels. However, Orkney has seen higher growth rates than in these other geographies.

2.85 The 2017 forecasts for Orkney and Scotland are very strong. They predict passenger growth of over 30% in both areas.

2.86 New cruise vessels are being built for introduction into the market in the years up to 2022. However, is not presently clear how much of this new capacity will be deployed in Northern Europe. The general industry trend is towards larger vessels but smaller ones (i.e. under 1,000 passengers) are also being built.

3 Primary research findings

Introduction

3.1 This chapter presents the findings and feedback gathered from all strands of the primary research. It mainly draws on the online survey responses from tourism businesses and feedback from the in-depth consultations with tourism businesses and representatives of public sector organisations. The research approach was largely qualitative and sought to provide insight to the quantitative statistical and trend data presented in Chapter 2. The consultations and surveys aimed to better understand stakeholders' and businesses perceptions and views about the opportunities, challenges and barriers presented by volume tourism in Orkney at the present time.

3.2 Some broad themes emerged from the consultation programme and these are:

- **Volume Tourism**: this reflects consultees and survey respondents' views and perceptions about the overall effects on their business of the volume tourism industry;
- **Strategic Collaboration**: covering broader tourism strategy development, communication and partnership working, and the marketing and promotion of Orkney's tourism offer;
- **Visitor management**: feedback covers views on the impact of the volume tourism market in general, on the seasonality of tourism overall, the visitor experience, and presents evidence of both existing and new approaches to managing visitors;
- **Site management**: this section presents feedback where given on visitor attraction sites including the impact on the built and natural environmental, and views on visitor dispersal; and
- **Infrastructure and Facilities**: consultees' views and perceptions with respect to roads, transport provision, visitor facilities and other services provided by businesses are discussed in this final section.

Volume tourism

3.3 Consultees and survey respondents all recognise that over the past few years, there has been a considerable increase in the number of visitors to Orkney. Many businesses and operators report a significant increase in visitor numbers compared to the previous decade. This increase in tourism has been driven by a substantial increase in the number of day visitors arriving on Orkney from cruise ships, with many more coming from overseas. There is a recognised increase in the volume of day visitors arriving from coach tours also. There is a perception amongst some tourism businesses that the balance between these volume visitors to Orkney and its more traditional visitor market (those who may stay from between three days up to two weeks) has shifted towards volume tourism i.e. they now account for more visitors in terms of numbers.

"Very many more tourists coming via cruise ships and via ferries for day tours."

"Tourism has changed a lot…but Orkney continues to be a main destination for those with an interest in history and wildlife…the cruise liner industry has flourished."

"More day visitors…far more cruise liners visiting with thousands of visitors arriving…"

3.4 The increase in tourism and visitor numbers has had a clear economic effect. Businesses report a general increase in turnover, and extending peak season. A number of businesses have also been able to take on new employees so creating new jobs in Orkney. On the whole, businesses welcome the increase in volume tourism for the turnover benefits it brings, with one attributing the success of independent retailers and the wider vibrancy of high streets on Orkney to the increase in visitor numbers. Overall, it is recognised that by supporting local businesses and attractions volume tourism helps to sustain and boost the offer that Orkney makes to the wider tourist market.

3.5 The increased scale of the cruise liner market is not the only factor however. Tourism businesses report consistent interest and growth from tourists in traditional areas, such as history/archaeology, wildlife and genealogy. However, some markets, such as Scuba diving, and other parts of Orkney, for example outlying islands such as Stronsay, have not experienced the same growth in visitor numbers. There is a sense that Orkney has a much more multi-layered tourism offer than is currently reflected and that it could be exploited more effectively for example food and drink, Vikings and natural history.

3.6 Businesses feel that the rise in visitor numbers is extending the visitor season in Orkney and making more of the 'shoulder periods' at the start and end of the season. A number of businesses report taking an increased number of visitor bookings outside the peak tourist season.

"Over the 18 years we have been operating the business we have seen a marked increase in the lengthening of the season with regular winter visits."

"We…have noticed a massive change not only in the volume of visitors but also the different types as well as the increase in number of visitors to the islands out with "peak" season."

3.7 Despite the positive impacts of tourism, some tourism businesses are concerned that the increase in tourism is having some negative impacts. Specifically, there are concerns that Orkney's infrastructure cannot adequately cope with the volume of tourists, and is leading to overcrowding at key visitor attractions such as the Italian Chapel and Skara Brae. There is concern that this will impact on the visitor experience and damage Orkney's reputation as a destination, particularly if visitor numbers continue to grow.

"Many of my guests…are dismayed at the volume of visitors to 'honeypot' places."

"Kirkwall itself is best avoided on a day when one of the larger vessels is in port."

"My view is that day trippers are beyond capacity and are damaging mainstream tourism."

3.8 Some businesses in the study reported that this has caused a decrease in sales and so, in turnover. They perceive that this may be due to more traditional and longer-stay visitors opting not to visit if they think that Orkney may be too busy in peak season. It could also reflect the fact that day visitors are not spending as much money as longer-stay visitors, e.g. due to taking meals on board a cruise liner. However, this is anecdotal rather than based on empirical or hard evidence. Some businesses also reported that local people stay away from shops and town centres when cruise liners are in port, which has a negative effect on trading.

3.9 The main issue identified by the group session with OIC Councillors is not the quantity of tourists but the management of volume tourists; they agreed that a more strategic approach is needed.

Strategic collaboration

3.10 Orkney has an Area Tourism Partnership and an Orkney Marketing Action Group that runs www.orkney.com. However, there is the view that there is a lack of strategic co-ordination across the partners and organisations that have a role to play in developing the tourism sector.

3.11 For some, the lack of co-ordination amongst strategic partners is a barrier to better managing the volume of tourists visiting Orkney, and consequently, the industry would benefit from greater collaboration.

3.12 There is a perception that there is limited communication, or lack of a shared vision that would undoubtedly contribute to better managing tourism in Orkney. A cohort of respondents reported that Orkney has an optimum capacity for tourists, and that this is now being exceeded by the recent increase in volume tourism. However, there is a strong body of opinion that capacity has not been reached, far less exceeded and that it is about management not numbers. A strategic partnership approach would help to establish mechanisms that identify any limits and management issues and provide an appropriate response. It would also contribute to making optimal use of all of Orkney's tourist assets to accommodate the increase in visitors.

3.13 In the consultations it was recognised that there is a need to take a more strategic approach but it is the view that the OTG does not have the resources to take on this co-ordinating role given that the Project Officer is a 0.3 FTE. Co-ordination at an operational level is also restricted presently as a result of a lack of resources.

3.14 Many businesses and the OTG are of the view that OIC is not engaged enough with the issues facing the tourism sector and its management and development – this extends to officers and elected members. In addition, they feel there is not a clear line of communication with OIC.

> *"what is needed is a clear strategy and plan that covers all aspects of tourism on Orkney and better communicates so that tourism businesses understand priorities and activities"*

3.15 Through all strands of the consultation programme there is an identified need for a new tourism strategy and approach for Orkney, in response to the significant shift in visitor numbers and type of visitors to the island. There was a fear that without a collaborative, joined up approach to managing tourism in Orkney, the islands will not be able to cope with visitor numbers that could "*spiral out of control*". A strategy could extend not only to dealing with the volume of visitors and identifying actions to mitigate the impacts of this, but also the optimisation of Orkney's current tourism assets across all of its islands. This could also include the identification and development of a wider tourism offer.

3.16 Orkney has a multi-layered tourism product that is diverse but this is not maximised. In the past 10 years the focus has largely been on Neolithic heritage. Whilst this is understandable as it is of world class quality and in many ways now defines Orkney, there are lots of complementary tourism offers and market segments e.g. food and drink, WWII, culture and Vikings

3.17 The consultation feedback clearly points to a need to change the perception amongst some residents and businesses that cruise liner tourism is a problem. It is important that its benefits and opportunities are clearly articulated. There was a strong opinion that there needs to be more proactive communication and messaging for local businesses and residents, to position and more importantly, evidence it as a benefit and an opportunity. As well as the revenue it generates through tourist spend, it is a chance to showcase Orkney and encourage people to return for longer visits. It also helps to support sites, attractions and businesses that form part of the offer for longer stay visitors.

"the tourism sector as a whole need to come forward together with a strong voice to counteract negative perceptions of [volume tourism]"

3.18 There is a strong feeling amongst consultees that this lack of collaboration and dialogue between agencies working with the cruise sector in particular, and the wider business community is ultimately preventing better management of visitor numbers. It may also negatively impact on the visitor experience in its interactions with the local community.

3.19 The overall perception is that tourism in Orkney needs better and more co-ordination, and collaboration amongst stakeholders, across all aspects of visitor management, attraction management, and the wider tourism infrastructure.

Visitor management

General challenges

3.20 With the considerable increase of visitors to Orkney, and of day visitors in particular, there is a general agreement amongst research participants that there needs to be better management of visitors and the flow of visitors into and around Orkney. Despite recognition of the economic benefits of the increase in the volume of tourists, some respondents would like a reduction in the number of larger capacity liners visiting the islands at any one time. There is a suggestion that more than one large capacity liner in port at any one time is problematic, and leads to overcrowding at visitor attractions, but also more generally, e.g. in Kirkwall town centre.

"Orkney cannot hold any more tourists…too many low value cruise passengers clogging up attractions."

3.21 However, as discussed, there is a strong sense amongst many respondents that Orkney is well able to cope with increased tourism *if* there is more proactive and strategic planning. There is a strong perception that the large number of visitors needs to be better managed.

3.22 Some respondents see the volume of tourists that result from the increase in cruise ships visiting Orkney as detracting from the overall tourism experience in Orkney, whether in general terms, or at specific sites:

"We must remember people come to get away from it all…the feedback I get [from visitors] is they don't want busy…or pushed off the road by coaches…they don't want overcrowded sights."

"I think the increasing number of tour buses from Cruise Ships at the main visitor attractions (i.e. Skara Brae) must be frustrating for the individual traveller. If possible these should be limited to certain times of day and maybe even specific days of the week."

3.23 Some survey respondents expressed the view that the number of cruise ships visiting should be limited, and that there could also be restrictions on the number of day-trip coaches visiting key tourist attractions, though no suggestions on how to implement such an approach were made. Again, this must be carefully examined as management rather than restriction may be much more effective in maintaining the economic benefits of tourism but enhancing the experience for visitors and addressing any negative impacts on infrastructure, sites and local residents.

3.24 The evidence shows that there is a lack of up to date, real time information available to local operators about cruise tours to sites which can make visitor management difficult and can negatively impact on the tourist experience. However, many visitor attractions consulted, e.g. Italian Chapel, Highland Park Visitor Centre and Scapa Distillery reported that information about schedules and timings of tours and coach trip visitors was available to them and led to smooth operations.

3.25 Excursion operators serving cruise visitors and tours reported that there are effective joint working arrangements amongst the main companies. They can plan a year in advance with information supplied by OIC's Marine Services and believe that there is a very good degree of co-operation between them. They strongly believe that it is not cruise liner capacity that is the critical issue but the level of uptake of tours by passengers that can put pressure on infrastructure. To combat this there has been more effort put into developing new itineraries taking in new sites and attractions; however, there is undoubtedly some key sites that visitors are most interested in visiting which can work against this approach.

3.26 They also pointed out that large cruise ships in port do not necessarily equate to high demand for coach tours; it depends very much on the cruise line companies, e.g. small to medium sized ships tend to provide a higher demand for tours. Their view is that the main challenge to tours and thus visitor management is the challenge of predicting the flows of day trips from the Scottish mainland to Orkney.

3.27 These findings again suggest that communication and working relationship between all players in the tourism sector overall and volume tourism in particular could be improved. However, there was broad consensus from a majority of consultees that:

"in general the onshore excursion companies, attractions and transport operators are now working more effectively together than before"

3.28 One solution to better management of visitors may be a more concerted effort to more effectively disperse visitors by encouraging them to explore other parts of Orkney. Currently Kirkwall and the West Mainland are the main areas of visitor concentration. The offer of Orkney's less well known attractions and smaller villages on Orkney's smaller islands was highlighted by stakeholders as an opportunity to better manage tourism numbers. It would help to ease the pressure on the high-profile attractions, and on Kirkwall as a destination for visitors, albeit recognising that existing transport infrastructure and service can constrain this.

"Utilise the isles to reduce the burden on Kirkwall and the mainland based attractions. Particularly when thinking about cruise ships – a visit to one of the isles could be sold as an opportunity to see the real Orkney and escape the crowds."

3.29 Some respondents highlighted the need for one or more high-quality visitor centres on Orkney. This could serve to maximise the potential of Orkney's cultural and natural heritage, and its Neolithic sites in particular. Dependent on location it could also be used as a 'staging post' for visitors arriving by cruise ship, to help better manage the flow of tourists.

3.30 Underpinning these issues was a view that there needs to be better destination management for Orkney. A number of suggestions for improvement were made, some practical, and some strategic. For example, the promotion of Orkney as a longer-stay destination would potentially help to attract more individual or small tour operator travellers to the island. This would help to ensure that other less-frequented visitor attractions saw an increase in the number of visitors. It would also potentially help to realise a greater level of tourist spend on Orkney, since day visitors spend less in comparison to longer-stay visitors.

3.31 Extending the tourism season, and the promotion of Orkney as a year-round destination could also help to better manage the number of visitors and issues around capacity at attractions, for accommodation, and for wider service providers and retailers. One respondent observed that those visiting from September onwards are "disappointed [that] sights and restaurants are closed." Encouraging visitors in 'shoulder' months or during the winter season would help to spread the visitor load, as well as reducing the seasonality of tourism for Orkney's businesses. Kirkwall Townscape Heritage Initiative (THI) and Kirkwall Business Improvement District (BID) are currently working to identify opportunities to develop shoulder season events.

3.32 Others saw great potential in promoting Orkney as a winter destination – maximising the potential of the Winter Solstice at Maeshowe, the Kirkwall Ba' Game, and *"the vigour, strength and vitality of the sea and winds – the natural environment in a winter setting."* Following a Scandinavian model, in providing winter facilities and focusing on winter outdoor experiences was also suggested.

3.33 Local guides are highly valued and very important as they are considered to have more specialist knowledge. However, language can be an issue for visitors who don't speak English. Local guides are in increasing demand and more are being trained. Stakeholders consider it important that the training encompasses customer services as well as local history and other relevant knowledge. There is a strong sense amongst research participants that the increase in locally based guides has improved the visitor experience and at the same time, it provides employment and skills development opportunities. However, employment is still seasonal.

3.34 Feedback from attractions is that Orkney is not 'full' as some people perceive – it is simply an issue of dispersal and also, of being tolerant and understanding the economic benefits that tourism brings.

Visitor experience

3.35 As mentioned above, on-shore excursion (including cruise and non-cruise) companies are now providing more and better quality excursions, albeit some stakeholders believe that they have been slow to respond to an increase in demand. However, passengers are opting to book these in increasing numbers, in preference to the cruise company excursions. As a result, there will be more benefits to the local economy through employment and increased income to be spent locally.

3.36 There are opportunities to enhance the visitor experience for all types of visitors including volume tourists but feedback emphasises that this takes investment from private operators.

3.37 Some tourism businesses report that they have to plan much more carefully around cruise ship itineraries. This is not just to accommodate the volume of tourists and provide services accordingly, but to estimate the wider impact on their business, and be able to respond appropriately to ensure a positive visitor experience.

3.38 In addition to management issues, skills improvements are highlighted by some as an immediate action. Though there is a recognition that the skills demand in Orkney's tourism industry is seasonal (at least at present), the development of training courses for tourism or related trades could help businesses to meet the demand, and volume of tourists, and better manage visitors at main sites.

3.39 There is a recognition amongst businesses consulted that digital technology can and should be used more effectively - on the demand side by visitors - in the trip planning stage as well as during visits and suggestions for developing apps for Orkney visitors should be considered. Digital technology can also help supply side organisations to better plan and manage tourism business and visitors. For example tourism businesses report seeing a shift in how visitors are booking accommodation and services. There has been an increase in the number of visitors making online and electronic bookings and enquiries, and more booking through Online Travel Operators such as Booking.com and AirBnB. Some tourism businesses also report an increase in independent visitors who make their own travel, accommodation and excursion arrangements.

3.40 As a result, businesses have adopted a greater and more sophisticated online presence. They have developed websites and increased social media activity, primarily working with OTG and Kirkwall BID who have led on the development of social media presence for Kirkwall. This has helped businesses take advantage of the increase in visitors, and be more responsive to bookings and enquiries. It enables them to plan their resources accordingly in advance and throughout the season. This has largely been driven as a response to industry trends and changes in booking patterns more generally, with the shift to online booking. The use of digital technologies is expected to grow and evolve quickly across all economic sectors including tourism.

Site Management

3.41 It was generally recognised that big cruise companies and their passengers want to see the 'icons', i.e. Orkneys five main visitor sites on their tour itineraries. There is also recognition amongst consultees and survey respondents that UNESCO World Heritage status is both a considerable benefit, and a difficulty. Such status arguably attracts a greater level of visitors to Orkney's World Heritage Sites, than would otherwise be the case.

3.42 Visitor numbers to the main attractions have increased significantly in the last decade and this is borne out by the data in Chapter 2. It was reported that OIC's Museum Services are effectively managing three times the visitor numbers they did before. There is a perception that cruise passengers account for a significant proportion of this increase, but HES data shows that for their staffed Orkney sites fewer than 15% of all visitors in groups are from cruise ships.

3.43 For many, the increase in the volume of tourists is unsustainable (if not proactively managed), and poses a threat to the quality of key tourism sites. If unmanaged it would necessarily reduce the numbers visiting key attractions, which is seen as key to improving the experience, and maintaining the integrity of these sites.

"The wear and tear on the most popular sites is now visible. I am very concerned about the long term impact on the World Heritage area of so many visitors many of whom do not treat it with care and respect."

3.44 However, some consultees stated that site and visitor management issues must be tackled positively and not be about restricting visitor numbers. HES is confident that e.g. Skara Brae has capacity to accommodate more visitors; they have no concern about further growth in group visitor numbers. However, it was recognised by a number of organisations that Orkney currently looks at sites in a very short term way e.g. 5-10 years and would benefit from longer term planning to manage and upgrade sites and identify and respond to opportunities and emerging technologies.

3.45 Solutions suggested to address overcrowded sites included better planning of site visits across the day rather than being focused in the middle with little activity at the start and end of the days. Evening guided tours of Skara Brae were piloted earlier this year which proved to be popular. Other examples include Highland Park Visitor Centre focussing on attracting visits by smaller groups of relatively high spending visitors.

3.46 However, there is recognition that this may be difficult to manage but innovation in developing a wider and more diverse tour offer should be encouraged.

3.47 Alongside this, the increase in coach trips and visitors – some from cruise ships, others from the Scottish mainland – is also seen as problematic. For some, limiting access to the number of coaches able to arrive at a site at any given time is a potential solution – with the existing practice at museums in London being highlighted as examples of good practice, as well as guide and visitor management systems in place at attractions such as Edinburgh and Stirling Castles in Scotland.

3.48 Where charging regimes have been introduced, e.g. the Italian Chapel, this has been effective in managing the volume of coach tour groups and improves the visitor experience at the same time. Some consultees have mentioned the possible opportunities for joint ticketing across attractions, e.g. between St Magnus Cathedral, the museum and the HES palaces as they are close together. The principal could be explored for chargeable and free attractions.

Infrastructure and facilities

Visitor facilities

3.49 Many survey respondents identified a need to improve a number of facilities to meet the demand and expectations of the volume of visitors to Orkney, ranging from better public transport to improved roads and public conveniences. There was a suggestion that some parts of Orkney outside of Kirkwall could benefit from a regeneration approach to increase the appeal and visual amenity of all parts of the islands.

3.50 Lack of high quality signposting to sites and facilities, as well as amenities such as toilets, is an issue in some parts of Orkney, for example in Kirkwall.

3.51 Lack of waste and toilet disposal facilities for camper vans and caravans was also mentioned but some have recently been installed in Kirkwall.

Transport

3.52 There is agreement that more needs to be done to improve the road network; it is currently not adequate for volume tourism and there is a lack of parking at some sites. In busier areas e.g. Kirkwall, there may be a need for a traffic management plan for safety reasons as well as traffic flow. Improving access on single track roads and widening laybys were cited as a priority.

3.53 More accessibility to sites by scheduled public transport would also be welcomed.

3.54 With respect to travel to the islands, it is recognised by most that inter-island ferry schedules are not timed to cater for cruise passengers; they very much cater for local demand. The ferries also have limited spare capacity to accommodate significant additional passenger numbers.

3.55 In facilitating the dispersal of visitors timetabling improvements are suggested as one option to allow for ease of movement around the islands, but also to make overnight stays more attractive to those arriving on Orkney by ferry. Active travel improvements, such as greater provision for cyclists, could also help to attract tourists that are more likely to stay and spend on the island.

3.56 There is a clear degradation of footpaths on some well visited sites e.g. Brodgar but along with the scale of tourism climate change is also impacting. There is reportedly some resistance to creating hard surface e.g. stone paths, but it is likely that these will be necessary and so, where they are built, they should be designed to be sympathetic to the environment and the site.

"There needs to be more resilient infrastructure at many sites e.g. stone paths"

Other services

3.57 Another aspect of improving service provision and the visitor experience that was mentioned was ensuring year-round opening of tourist attractions. Longer opening hours, and Sunday opening hours, for both visitor attractions and businesses serving the tourism industry would enhance the visitor experience and help to better manage visitor volumes.

3.58 Businesses report having adapted their offering to suit the change in visitor type. Some businesses change their stock to cater to day visitor preferences, as well as producing goods (gifts, etc.) that can be transported home more easily, and particularly over longer distances, by visitors.

3.59 Others have developed services, such as gaining accreditation for delivering tours in languages other than English to meet overseas demand – one operator has recently become accredited as a German-speaking tour guide. Some have also made improvements to the quality of facilities, to not only meet the higher expectations of visitors, but also in recognition of the need to compete with other tourism destinations – both within Scotland (e.g. Western Isles), and elsewhere in the world.

3.60 Feedback from the in-depth consultations highlighted that the use of the revenue generated from cruise ship berthing is the subject of much debate. Local businesses and operators want OIC to ensure that it is used in part, to help fund volume tourism development directly. Again proactive communication and information sharing would be beneficial.

Key point summary

- Tourism numbers are increasing, being driven by an increase in day visitors, largely as a result of an increase in cruise liner visits. This is driving an overall increase in turnover, and supporting new jobs in the sector;
- The shift to high volume, day visitor tourism is having some negative impacts but these should be balanced with the benefits and potential benefits;
- Overcrowding at key tourist (honeypot) sites is an increasing problem, and there is a fear that Orkney’s infrastructure is not able to cope with the volume of visitors;
- Anecdotal evidence suggests more traditional, longer-staying visitors and tourists to the islands may be being displaced from the main tourist areas and key sites;
- There are potential negative impacts to high street shops and retailers, as day trippers do not tend to spend as much as longer term visitors;
- There is a need to review the management of tourism in Orkney, given the substantial changes to visitor types and numbers and sites and islands visited;
- This could extend to limiting the number of day visitor coach trips to attractions, or even rationalising the number of cruise ships in port at any one time;
- Capitalising on the offer of the rest of the Orkney mainland and islands could help to spread visitors, and better manage the volume as a result;
- A tourist visitor centre could also help to better manage visitors to Orkney;
- There is an identified need for improved destination management for Orkney, which could include actions to extend the tourist season; and
- This could reasonably include a new strategy aimed at addressing the shift in visitor numbers and type to Orkney.

4 Visitor management review

Introduction

4.1 The brief for this study includes objectives to:

- Benchmark Orkney against a comparable area(s) of Europe which have experienced similar increases in tourism; and
- Provide advice on how to define tourism carrying capacity and determine appropriate indicators for Orkney to support a balanced range of opportunities.

4.2 This chapter addresses both of these study objectives by presenting a summary of benchmarking research undertaken and presenting some thoughts for the consideration of a visitor management framework for Orkney.

Benchmarking summary

4.3 Benchmarking research has covered investigation into trends and visitor management issues in two national and four individual cruise destinations. These are: Norway, Iceland, Geiranger and Flam in Norway, Santorini in Greece and Cinque Terre in Italy. A summary of findings is presented below with full details provided in Appendix A.

	Norway	Iceland	Geiranger	Flam	Santorini	Cinque Terre
Population	5.2 million	334,000	250	450	15,500	5,000
Total annual visitors	33 million (guest nights)	1.8 million (international)	0.7 million	1 million	2 million	2.5 million
Annual cruise passengers	2.7 million	100,000	300,000	200,000	790,000	500,000
Cruise visitors as proportion of total visitors	8%	6%	43%	20%	40%	20%
Trend	+55% (2010 – 2016)	40% (2010 – 2016)	+42% (2009–2015)	+26% (2009-2015)	+13% (2010 – 2015)	+900% (2012 – 2016)
Visitor management schemes/ proposals	'Green Fjord Initiative' to partner with cruise lines and other businesses to preserve environmental as well as economic sustainability of ship visitation.	Introduction of an 'Environment Card' has been proposed. Visitors would have to purchase the card before being allowed access to major natural sites. Scheme not yet implemented.	Regional tourism authority campaign to grow business outwith the main peak season. Hotels and harbours encouraged to increase prices steeply in July and August. Partnership working with local attractions.		'Berth allocation' study undertaken and cap on cruise ship passenger numbers introduced (maximum 8,000 per day) using a ticketing scheme. Aim is for more even distribution of numbers through the year.	Ticketing scheme proposed ('Cinque Terre Card') that would limit visitor numbers to the National Park to 1.5 million per annum. Road access would be closed once capacity was reached in any one day. Scheme not implemented

4.4 All destinations have experienced considerable growth in cruise passenger numbers over the last 5 – 6 years. In the individual destinations, cruise tourism accounts for a high proportion of overall tourism – around 40% in Geiranger and Santorini - a similar proportion to that in Orkney.

4.5 The rate of growth, the scale relative to other tourism and to population size, and the high proportions of demand occurring in peak season, have all prompted concerns over visitor management and impact. Management schemes that have been implemented or considered to address these concerns fall into three broad categories:

- **Ticketing schemes to limit visitor numbers**: Santorini has introduced a ticketing scheme that will limit the number of cruise ship passengers to 8,000 per day. Cinque Terre has considered introducing a ticketing scheme that would close road access to the National Park once the daily limit of visitors is reached.
- **Seasonality measures**: The tourist board in Western Norway is encouraging hotels and harbours to increase their prices steeply in July and August in order to push more visitors into the less busy months. Marketing activity in the region will focus on the spring, autumn and winter months. The intention of the Santorini ticketing scheme is also to push some excess demand into the quieter months.
- **Environmental schemes**: Western Norway has been working on a 'Green Fjord Initiative', looking at forms of green transport and technology that will preserve environmental as well as economic sustainability of cruise ship visits. In Glacier Bay in Alaska, a permit system is in place that requires cruise ships to meet a suite of environmental as well as financial criteria before being allowed to enter the Bay. Iceland has considered the introduction of an 'Environment Card' that visitors would have to purchase before being allowed access to major natural sites.

4.6 Whilst visitor pressures and the need for tourism management is generally recognised, the experience of Iceland and Cinque Terre demonstrate the challenges of developing and implementing detailed systems to restrict visitor numbers, with concepts not always welcomed by authorities. The examples of Geiranger and Flam in Norway demonstrate the need for substantial investment in enhanced facilities to maintain the quality of the visitor experience as numbers increase. Both small villages have been able to successfully manage large volumes of cruise ship visitors through the provision of high quality terminal facilities, joint ventures and partnership working.

Towards a Visitor Management Framework

Introduction

4.7 The World Tourism Organisation defines Tourism Carrying Capacity as:

> *"the maximum number of people that may visit a tourist destination at the same time, without causing unacceptable and irreversible destruction of the physical, economic, socio-cultural environment or a decrease in the quality of visitors' satisfaction".*

4.8 A number of models for measuring carrying capacity have been developed in the last 15 years. Two models that could provide useful guidance for Orkney are: (i) the 'Visitor Experience and Resource Protection' (VERP) model which was originally designed by the US National Park Service; (ii) a study undertaken by a team of European[10] tourism experts, 'Defining Measuring and Evaluating Carrying

[10] http://ec.europa.eu/environment/iczm/pdf/tcca_en.pdf

Capacity in European Tourism Destinations'. Both models follow similar principles and in this section we have summarised the key elements of the European Destination model.

European Destination Model

4.9 Carrying capacity considerations revolve around three basic components: physical-ecological, socio-demographic, and political-economic. The three components are assigned different weights (or importance) in different destinations, depending on the type or characteristics of the place. For islands, carrying capacity considerations focus on the relationship of tourism with the local society/culture, the effects on local production systems and the economy of the island, quality of life but also the demands and impacts on resources such as water and energy, the management of waste etc.

Physical-ecological component

4.10 This comprises all fixed and flexible components of the natural and built-cultural environment, as well as infrastructure. The 'fixed' components refer to the capacity of natural systems (ecological capacity), whilst the 'flexible' components refer primarily to infrastructure systems like water supply, sewerage, electricity, transport, social & public service facilities. Levels of capacity may be expressed in terms of:

- Acceptable levels of congestion or density in key areas/spatial units such as parks, museums, streets, etc.;
- Maximum acceptable loss of natural resources (i.e. water or land) without significant degradation of ecosystem functions or biodiversity or loss of species;
- Acceptable levels of air, water and noise pollution;
- Intensity of use of transport infrastructure, facilities and services;
- Use and congestion of utility facilities and services of water supply, electric power, waste management; and
- Adequate availability of other community facilities and services such as those related to public health and safety, housing and community services.

Socio-demographic component

4.11 This refers to those social aspects which are important to local communities such as available manpower or trained personnel, socio-cultural issues such as the sense of identity of the local community. Social capacity thresholds are perhaps the most difficult to evaluate as they depend to a great extent on value judgements. Social carrying capacity is used as a generic term to include both the levels of tolerance of the host population, as well as the quality of the experience of visitors to the area. Levels of capacity may be expressed in terms of:

- Number of tourists and tourist/recreation activity types which can be absorbed without affecting the sense of identity, life style, social patterns and activities of host communities;
- Level and type of tourism which does not alter significantly local culture in direct or indirect ways in terms of arts, crafts, belief systems, ceremonies, customs and traditions;
- Level of tourism that will not be resented by local population;
- Level of tourism in an area without an unacceptable decline in experience of visitors.

Political-economic component

4.12 This refers to the impacts of tourism on local economic structure, activities etc. including competition with other sectors. Institutional issues are also included to the extent that they involve local capacities to manage the presence of tourism. Levels of capacity for the components may be expressed in terms of:

- Level of specialisation in tourism;
- Loss of human labour in other sectors due to tourism attraction;
- Revenue from tourism distribution issues at local level; and
- Level of tourism employment in relation to local human resources

Management Tools

4.13 The model puts forward a number of suggested management tools for implementing Tourism Carrying Capacity. These include:

- **Regulatory** – such as zoning (in relation to environmental sensitivities), limits to free access, limits to specific activities, concentration or dispersion of tourists, land use/spatial planning.
- **Economic** – including pricing (to discourage tourists) and incentives – to spread demand over time and space.
- **Organisational** – reservation and booking systems to facilitate management of tourist flows, information management e.g. to manage congestion, education of local community, training of local managers.

4.14 A set of indicators should also be identified to facilitate defining and implementing Tourism Carrying Capacity. These can be set under the following headings:

Heading	Theme
Physical-ecological Indicators	• Natural environment and biodiversity • Energy • Water • Waste • Cultural heritage • Tourist infrastructure • Land • Landscape • Transport & mobility • Air quality • Noise pollution
Socio-demographic Indicators	• Demography • Tourist flows • Employment • Social behaviour • Health & safety • Psychological issues (e.g. satisfaction/complaints)
Political-economic Indicators	• Tourism earnings and investments • Employment • Public expenditure and revenue • Policy for tourism development

Next Steps for Orkney

4.15 The above provides a starting point for OIC and its partners to consider what they want from a capacity management framework. They will also be best placed to identify how to take forward the preparatory work associated with developing and agreeing, piloting and implementing a comprehensive visitor management system. A collaborative approach will be needed as well as drawing on visitor management plans which may already be in existence at some of Orkney's attractions, e.g. Heart of Neolithic Orkney World Heritage Site Management Plan 2014-19.

4.16 Identifying a relevant set of indicators for defining and monitoring tourism capacity is a first stage followed by undertaking assessments for individual sites and for Orkney as a whole to provide a benchmark of current capacity.

5 Scenarios for future growth in Orkney tourism

Introduction

5.1 This Chapter illustrates the potential impacts of a number of scenarios for future visitor growth in Orkney. It is intended to provide an indication of what future growth could mean in terms of additional visitor numbers.

Cruise passengers

Growth based on recent trends in Orkney

5.2 If OIC's projections for 2017 are realised, then cruise passenger numbers will have risen by an average of c23% per annum over the past six years.

5.3 If that rate of annual increase was sustained it would grow passengers from c126,000 in 2017 to 354,000 passengers in 2022. That is, growth of 182% (228,000 passengers) in the next five years. The 2022 figure would equate to a simple average of just over 2,300 passengers per day across the current May-September season (153 days).

5.4 Such a high level of sustained growth seems extremely unlikely. Orkney's average annual growth rate of 23% was from a low base (36,000 passengers) in 2011. Continuing that growth rate from 2017 onwards would require large absolute annual increases in passenger numbers-e.g. 54,000 between 2020 and 2021.

Growth based on trends in other countries

5.5 Both Norway and Iceland have seen short periods of high growth in cruise passenger numbers, followed by periods of low level growth or even decline, before high level growth resumes for a short period. Thus, mature cruise destinations exhibit volatile trends rather than continual high growth. It seems reasonable to assume that Orkney will also eventually settle down into that sort of growth pattern, although quite when is not clear.

5.6 Norway is currently forecasting cruise passengers to increase by an average of 3.5% per annum up to 2028. Iceland is aiming to slightly more than double its cruise passenger numbers between 2015 and 2030.

5.7 If Orkney were to achieve the annual growth rate forecast for Norway, this would produce the passenger numbers shown at Table 6.1.

Table 6.1: Projected Orkney cruise passenger numbers: 3.5% annual growth rate

Year	Passengers
2017	125,900
2018	130,306
2019	134,867
2020	139,587
2021	144,473
2022	149,529

5.8 They would grow from 126,000 in 2017 to approaching 150,000 in 2022. That is, growth of around 20% (c24,000 passengers) in the next five years.

5.9 The 2022 figure would equate to a simple average of around 980 passengers each day across the current May-September season (153 days). However, this may be well below the potential to grow the cruise sector in Orkney, at least in the short term.

5.10 For reference, average annual growth of 10% per annum would result in Orkney attracting around 203,000 cruise passengers in 2022. That would be a 60% (77,000) increase on projected 2017 volumes.

Overnight visitors

5.11 As shown at Chapter 2, the estimated number of overnight visitors in 2016 (excluding yachts) is 129,500.

5.12 If an average 3% increase per annum was assumed in the years to 2022 then by that year the number of overnight visitors would have grown to around 155,000. That is 25,000 more than the estimated total for 2016.

5.13 Using STEAM data from Chapter 2, it is estimated that around 5,600 of these additional overnight visitors in 2022 would come in July or August.

5.14 If a 5% annual growth rate was achieved for July and August then there would an additional c11,900 overnight visitors in Orkney in those two months in 2022.

Introduction of RET ferry fares

5.15 Road Equivalent Tariff (RET) fares are distance based. They underpin Scottish Government's commitment to providing a single overarching fares policy across Scotland's entire ferry network.

5.16 Scottish Government recently announced that RET fares will be introduced on Orkney's external ferry services in the first half of 2018. This will see foot passenger fares cut by an average of more than 40%, whilst car fares will be reduced by an average of more than 30%. Scottish Government are working with the commercial ferry operators on the Pentland Firth routes with a view to including them in the fares reduction scheme, along with the subsidised service operated by Northlink.

5.17 The previous introduction of RET fares had a significant impact on traffic levels and tourism on a number of CalMac routes. Scottish Government are currently carrying out detailed analysis on the potential impact on demand of RET fares on the Orkney services. OIC and HIE should look to obtain information from this process to allow advance notice of the potential impact on visitor numbers from 2018 onwards. That should include any impact on inbound coach numbers and passengers.

In summary

5.18 The figures in this Chapter give an indication of possible future growth rates for cruise passengers and overnight visitors. However, the baseline figures for future projections will shortly change for these two markets.

5.19 First, the final number of cruise passengers for 2017 will be known very shortly, while there will be growing visibility of likely 2018 volumes. Second, the 2017 Orkney Visitor Survey results will be available in 2018. They can be used to estimate a new baseline figure for overnight visitors, updating the estimate shown in this report.

5.20 These new baseline figures will inform estimates of potential future growth rates. Thus, the growth rates set out in this Chapter will need to be reviewed in the light of the new baseline data that will become available. The potential impact of RET fares on visitor numbers should also be included in that process.

6 Conclusions and recommendations

Introduction

6.1 This chapter presents the conclusions arising from the study. It goes on to make a set of strategic recommendations based on the study findings which will inform the next steps to be taken by OIC, HIE and the OTG in partnership with wider industry, stakeholders and other partners in planning and managing the volume tourist market in Orkney.

Conclusions

Volume Tourism in Orkney and wider market trends

6.2 It is estimated that in 2016 there were around 124,000 volume visitors to Orkney. The vast majority were cruise passengers around 91,000 of whom are estimated to have gone ashore; almost all are day visitors.

6.3 It is also indicatively estimated that there were 129,500 non-volume visitors in 2016 (excluding yachts). The vast majority of these tourists stay overnight on Orkney for one or more nights.

6.4 Globally, cruise passenger numbers have grown steeply since 2011 and the rate of growth in Orkney is higher than in Scotland and the UK as a whole. In particular, at the global level it appears that non-volume visitors have also grown-but at a much lower rate than volume tourists.

6.5 There is no sufficiently robust information to allow calculation of the full economic impacts of visitors to Orkney, volume or otherwise. For the cruise market, available data provide only a broad indication of the direct spend of passengers and crew members. The 2017 Day Visitor Survey will provide more robust and up to date information than is currently available and this more detailed intelligence will be an important management tool.

6.6 There is some pressure on key visitor sites which is exacerbated by the seasonality of tourism in Orkney. As might be expected, there is a general peak in July and August, including in the cruise market. Whilst this seasonality is not particular to Orkney, it is undoubtedly a very focused season, more so than for many other Scottish tourist destinations. There would be significant benefits in extending the tourist season, for tourists themselves, for Orkney and for direct and indirect tourist businesses.

6.7 Recent high rates of visitor growth make forecasting future trends challenging as it is not clear if, and arguably unlikely that, the rate of growth will be sustained. However, there are clear prospects of future growth in cruise passenger numbers to Orkney, albeit this might be at a lower rate than has been seen recently. This reflects the fact that new, larger vessels are being constructed and the likely level of increase in numbers between 2016 and 2017.

6.8 In the next 12 months new visitor data will be available that can be used to produce revised visitor forecasts for Orkney.

Primary research findings

6.9 The increase in tourism and visitor numbers has had a clear economic effect and businesses report a general increase in turnover, and an extending peak season. On the whole, businesses welcome the increase in volume tourism for the turnover benefits it brings.

6.10 The increased scale of the cruise liner market and a consistent and growing interest amongst tourists in traditional areas such as history/archaeology, wildlife and genealogy have contributed to the growth in tourism.

6.11 There are some concerns that Orkney's infrastructure cannot adequately cope with the volume of tourists, and that the growth in numbers is leading to overcrowding at key visitor attractions which might damage Orkney's reputation and impact the visitor experience. However, the picture is more complex than sheer numbers, it is about management and planning.

6.12 There is a lack of strategic co-ordination across the partners and organisations that have a role in developing the tourism sector and there would be significant benefits from greater collaboration. Limited communication and a lack of a shared vision is also an issue. A strategic partnership approach would help to establish an overall approach to managing tourism-carrying capacity and visitor management and could also include identifying and developing a wider Orkney tourism offer.

6.13 There is a need to clearly communicate and articulate the benefits and opportunities that the volume tourism industry brings to tackle persistent negative perceptions. This will require clear and evidenced messaging.

6.14 There is a general agreement amongst research participants that there needs to be better management of visitors and the flow of visitors into and around Orkney. However, there is no empirical evidence of capacity pressures adversely impacting on either the physical fabric of visitor sites or the quality of visitor experience at them. In terms of physical fabric, none of the operators participating in the study identified any capacity issues that are not already being addressed through ongoing site management.

6.15 There is however some statistical and anecdotal evidence of growing capacity pressures during the peak season in specific areas of Orkney (i.e. Kirkwall & West Mainland). These pressures may impact upon the quality of visitor experience, particularly if visitor numbers continue to grow at recent rates.

6.16 A number of solutions were proposed by consultees and survey respondents that could contribute to the improved management of volume tourists: These include:

- Limiting the number of cruise ships visiting daily;
- Restricting the number of day-trip coaches visiting key tourist attractions;
- Providing one or more high-quality purpose built visitor centres on Orkney to help better manage the flow of cruise liner tourists
- A concerted effort to more effectively disperse visitors by encouraging them to explore other parts of Orkney;
- Extending the tourism season, and the promotion of Orkney as a year-round destination;
- Developing new itineraries taking in new sites and attractions; and
- Improving communication and working relationships between all players in the tourism sector overall and volume tourism in particular.

6.17 A number of activities are already underway to preserve and improve the visitor experience but there are still opportunities that can be exploited including the use of digital technology on both the demand and supply sides. There is widespread recognition that this takes investment from private operators but Orkney's tourism infrastructure will lag behind other areas if it doesn't take advantage of new and emerging technologies.

6.18 Visitor numbers to the main attractions have increased significantly in the last decade and it is recognised that the long term management of these historic sites requires robust site and visitor management plans.

6.19 There is an increasingly urgent need to invest in and improve a number of facilities to meet the demand and expectations of the volume of visitors to Orkney, ranging from better public transport to improved and more public conveniences. Improving the road network including more accessibility to sites by scheduled public transport is a priority as it is currently not adequate for the volume of coach and day visitor tourists.

6.20 There is also potential to improve other aspects of service provision which will enhance the visitor experience including: longer opening hours, (including Sundays) of attractions, shops and restaurants and adapting the offering to suit the change in visitor type.

Benchmarked destinations

6.21 There are a number of comparable areas of Europe, two national and four individual cruise destinations, which have experienced similar increases in tourism to Orkney and have faced similar challenges from volume tourism. Of those reviewed as part of this study, it has been identified that:

- All six destinations have experienced considerable growth in cruise passenger numbers over the last 5 – 6 years and cruise tourism accounts for a high proportion of overall tourism – around 40% in Geiranger and Santorini – a similar proportion to that in Orkney.
- In all benchmarked destinations, the rate of growth of volume tourism, the scale relative to other tourism and to population size, and the high proportions of demand occurring in peak season, have all prompted concerns over visitor management and impact.
- Management schemes that have been implemented or considered to address these concerns fall into three broad categories: Ticketing schemes to limit visitor numbers; Seasonality measures; and Environmental schemes.

6.22 Whilst visitor pressures and the need for tourism management is generally recognised, challenges include developing and implementing detailed systems to restrict visitor numbers, which are welcomed by authorities; the need for substantial investment in enhanced facilities to maintain the quality of the visitor experience as numbers increase; and the provision of high quality terminal facilities, joint ventures and partnership working.

Recommendations

6.23 The following recommendations aim to highlight the key areas for consideration by OIC, HIE and partners and stakeholders and the Orkney tourism industry going forward. They are based on the findings of the study.

Recommendation 1: Establish a Vehicle to Develop and Implement an Orkney Destination Management Plan including a proposal to establish a Visitor Management Framework: It is widely agreed that the main issue for Orkney is not the quantity of tourists it gets but the effective management of the volume of tourists, and that a more strategic approach needs to be adopted in attempting to address the issue. Tourism in Orkney needs better and more co-ordination, and collaboration amongst stakeholders, across all aspects of visitor management, attraction management, and the wider tourism infrastructure.

This study principally addresses volume tourism. However, it is only one aspect of tourism in Orkney and the development of a comprehensive, long term strategy or Destination Management Plan covering all aspects of tourism is fundamental to delivering successful and sustainable visitor management in Orkney. A body is needed to lead the development of such a Management Plan. Orkney Tourism Partnership may be the existing body best equipped to do this. However, it is likely to require additional membership to fully reflect all interests on Orkney, including local community interests. It will also require additional resources to develop and implement an effective plan that enables Orkney to maximise the benefits of tourism.

Recommendation 2: **Improve communications between tourism businesses, public sector partners and local communities**. There is a need to enhance local communications about the tourism sector in Orkney in order to provide information that encourages informed debate and discussion and aids effective and robust business planning.

Given its relatively high level of membership, it is recommended that the Orkney Tourism Group (OTG) acts as the main communication channel with, and between local businesses, public sector partners and communities. It will be most effective if one organisation is tasked with being the provider and point of contact for communication so that operators and local residents are clear about where to go to source and also provide information.

Recommendation 3: Review and refresh of all online and social media sites relating to the promotion of Orkney and building the digital capacity of tourism. A review of the main www.visitorkney.com website shows that content is targeted towards overnight visitors with most prominence being given to accommodation providers. There is a need to directly promote the islands to cruise passengers or other day visitors and outline what can be seen/done in a day or short visit and the benefits of repeat visiting for a longer period.

Digital technology at all stages of the tourist journey is increasingly important and will continue to grow. It encompasses marketing and promoting Orkney and the multiple tourist offerings, technology and content for tourists to research and plan their visit (even if it is a short one) and to manage their visit in real time. It also is increasingly recognised that tourists often use technology to reflect on their visit and consider return visits.

Digital technology is also important on the supply side and should be a key aspect of future planning. The social marketing tools and content for Orkney should be refreshed and a plan put in place for its regular review and update both in terms of content but also capturing the benefits of new development and approaches in technology.

Recommendation 4: Targeting Growth from Market Segments of the Greatest Value and at All Times of the Year. Achieving growth in tourism is not all about visitor numbers. Growth in the value of tourism is a greater priority. This will include looking at the profiles of visitors in each market segment to identify those with potential to generate the greatest spend and the experiences and offers that will encourage them to spend. The opportunities around this need to be effectively communicated to the tourism industry. They also need to be evidence based-including use of the visitor research being carried out in Orkney in 2017.

Recommendation 5: Targeting Volume Growth out-with the Third Quarter. Benchmarking and local anecdotal and statistical evidence, indicates that Orkney has significant spare capacity to accommodate additional visitors. However, this spare capacity is primarily available out-with the July and August peak season and outside Kirkwall and the West Mainland.

The priority should be to maintain peak season Third Quarter visitor numbers at their current levels and to target growth in overnight, cruise passenger and day visitor numbers at other times of the year. The opportunities around this need to be effectively communicated to the tourism industry. They also need to be evidence based and realistic in terms of the likely extent of facilities that can and will remain open during the first and fourth quarters of the year.

Recommendation 6: Setting Limits on Peak Season Growth in Visitor Volume. While Orkney is debating if it can handle 95,000 cruise passengers per annum, other cruise destinations with smaller resident populations and geographic areas are discussing measures to better manage over half a million cruise passengers per annum. Such a level of growth is only sustainable if there is very significant investment in additional facilities and services that maintain or enhance the quality of the visitor experience and reduce pressures on existing facilities. If however, there are not the required levels of investment available to Orkney, the current daily cap of 4,500 cruise liner visitors should be retained and reviewed in consultation with local partners whilst considering any future growth in cruise passenger numbers during the peak months of July and August.

Setting limits on visitor numbers needs to be part of a Visitor Management Framework working closely with OIC Marine Services, ferry operators and other partners. The setting of limits needs a firm basis to guide what a limit per month to the number of cruise passengers could be.

Recommendation 7: Enhancing the Visitor Experience of Orkney by offering a Wider Range of Themes and Itineraries. At present, the main market positioning of Orkney as a visitor destination is understandably very much focused on its Neolithic heritage. While this is undoubtedly the unique selling point of the islands, there are numerous other themes that offer potential to attract additional visitor spend, encourage greater visitor dispersal, and enhance the overall visitor experience by offering more diversity and options.

Enhancing the visitor experience could include developing the evening economy, wartime itineraries, Viking and medieval heritage, Neolithic itineraries on the outer islands, guided social history itineraries, and visual impact events.

Recommendation 8: Reviewing Revenue Generation and Admission and Charging Policies at Key Sites. Potential revenue generation from both cruise passengers and visitor attractions should be considered with a view to contributing to the funding of a comprehensive visitor management strategy.

Many of Orkney's iconic visitor facilities are free entry. Prime examples are St Magnus Cathedral, Ring of Brodgar and the Standing Stones of Stenness, which between them generate over a quarter of a million visits per annum. Each of these facilities has ongoing maintenance and conservation costs to which visitors to Orkney are currently not directly contributing to any great extent and each of them have areas in which their visitor experience could be enhanced through additional investment.

Admission and charging could generate new income streams that could be used for the conservation of individual sites and the enhancement of its visitor experience. They could also be implemented without any significant investment in creating new visitor infrastructure and may also create new employment opportunities for locally trained guides.

Recommendation 9: Enhancing Visitor Dispersal throughout Orkney. Visitor dispersal was one of the most discussed topics by consultees and survey respondents who view attracting visitors to more parts of the islands as being a way to reduce pressure of tourist numbers at key sites.

Initiatives for consideration include the following: Enhancing the frequency and integration of key public bus services and inter-island ferries to facilitate easier independent travel by public transport; through ticketing on buses and ferries that could help to make use of public transport more attractive to visitors; promoting Stromness as a port for smaller specialist cruises and developing anchorage and onshore facilities on other islands to cater for cruise ships and their passengers; encouraging and supporting local tour operators and guides to develop a wider range of excursions and tours for all types of visitors; identifying and developing a network of Visitor Orientation sites in business and community premises across Orkney to promote and facilitate greater visitor dispersal, particularly to facilities offering opportunities for visitor spend.

Recommendation 10: Developing the Visitor Transport Infrastructure of Orkney Transport infrastructure is one of the main constraints on tourism growth and, in particular, the dispersal of visitors throughout the islands. There are numerous specific initiatives that could be undertaken to enhance the capacity and quality of Orkney's visitor transport infrastructure. For example: enhanced public transport facilities on the mainland; introducing traffic management systems for coaches on narrow yet busy roads; Installing enhanced parking facilities at certain less visited attractions and sites; and improving ferry timetabling to the isles although this may not meet the travel needs of volume visitors as they have to cater for residents' travel including commuting and freight.

Appendix A: Review of benchmarked destinations

This appendix outlines more detailed information about the six destinations against which we have benchmarked Orkney's volume tourism performance. As outlined in Chapter 4, two of these destinations are countries – Norway and Iceland – and four are small, rural individual cruise destinations. All of the individual destinations are communities with fewer local residents and smaller geographical areas than Orkney. However, all of them currently attract significantly more day and overnight visitors than Orkney. Details of each benchmarked destination are outlined below.

1. Norway

Population

Norway has a population of 5.2 million (2016). Western Norway, the region with most cruise tourism, has a population of 1.3 million.

Volume of Tourism

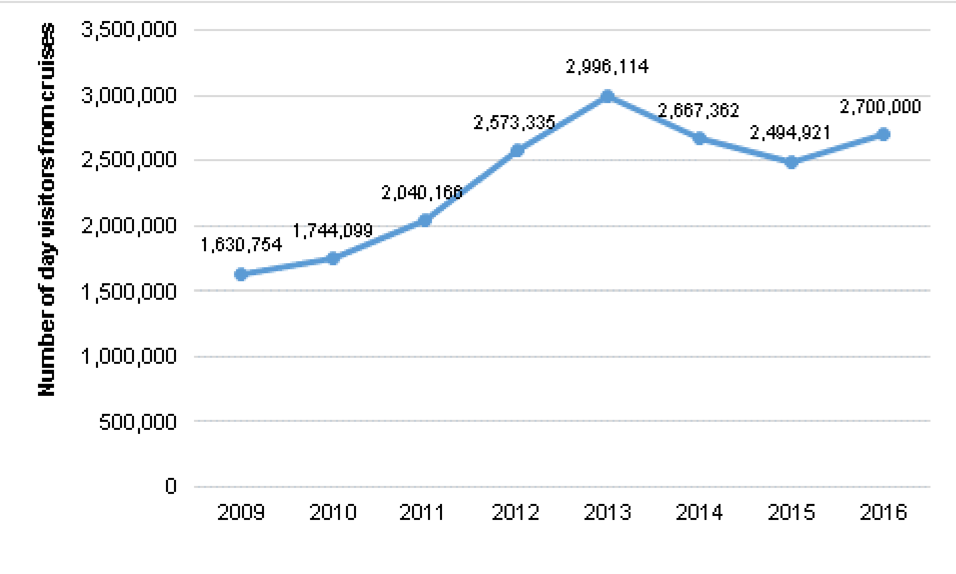
Just over 33 million commercial overnight stays were taken in Norway in 2016, an increase of 16% since 2010.

Volume of Cruise Passengers & Trend

Around 40 Norwegian ports receive visits from cruise ships. Bergen is the cruise capital with over 400,000 visits, although around 10 ports each receive more than 100,000.

In total, the number of day visitors from cruises to Norwegian ports amounts to more than 2.5 million per year. Between 2009 and 2013, numbers increased by 84% from 1.6 million to 3 million. Thereafter, numbers fell to 2.5 million in 2015, but have risen again to 2.7 million in 2016. Much of the growth in cruise passenger arrivals has been due to an increase in the average number of passengers per ship. From 2000 to 2014, the average number of passengers per ship increased from 700 to 1,400.

Cruise Passengers: Norway



Source: Statistics Norway, Innovation Norway

Germany and the United Kingdom are by far the largest cruise markets for Norway. The Innovation Norway Tourism Survey found that cruise tourists tend to be older and spend less than land-based tourists. The average age among cruise tourists in Norway was 58 years, compared to 50 years for land-based tourists. On average, cruise tourists spent 3,945 (approximately £380) Norwegian kroner during their full stay. Of this, an average of 860 kroner per day was spent on land (£84). Corresponding figures for land-based tourists were 13,470 (£1,300) Norwegian kroner for the travel in full and 1,285 per day in Norway (£125).

The Norwegian Centre for Transport Research forecasts that cruise visitor numbers will continue to grow by an estimated 3.5% per annum to 2028, followed by a base level growth rate of around 2%. The Centre also projects that the average number of passengers per ship will increase to 2,000.

Visitor Management Concerns & Schemes

West Norwegian Fjords (Geirangerfjord and Naeroyfjord) have been working with Glacier Bay in Alaska to exchange knowledge on reducing the environmental impact of cruise tourism. Both are World Heritage Sites, are popular cruise ship destinations and are threatened by pollution from tourism traffic. 7 of the ships that visited West Norwegian Fjords in 2015 also visited Glacier Bay in previous years.

In Western Norway, a 'Green Fjord Initiative' seeks to partner with cruise lines and other businesses on programs that preserve the economic sustainability of ship visitation while raising environmental sustainability. It includes electric scooters, zero emission cars and public transportation and green technology innovation that could provide a boost to the region's private companies whilst mitigating the ecological footprint of the cruise ships.

In Glacier Bay, all vessels that enter the Bay are required to have a permit. Permits are granted through a competitive bidding system among cruise operators. The National Park Service issues a concessions prospectus that contains a suite of criteria including air pollution reduction measures, water quality measures, measures to conserve marine mammals. There is also an optional interpretive program that places park staff on ships to provide lectures and outreach material about the site's natural and cultural history and the World Heritage Value.

A final component of the bidding relates to the amount of the proposed fee-per-passenger and/or other forms of financial consideration. The cruise lines with the highest scores on both the environmental and user fee/financial support commitment receive a concession to enter Glacier Bay for a period of 10 years. The fees collected from cruise ships are a critical revenue source for Glacier Bay, generating nearly 50% of the park's management budget.

2. Iceland

Population

Iceland has a population of 334,000 (2016). Its capital, Reykjavik has a population of 122,000 (2015).

Volume of Tourism

The number of foreign visitors to Iceland has nearly quadrupled over the last six years, from 489,000 in 2010 to 1.8 million in 2016 (source: Icelandic Tourist Board).

Volume of Cruise Passengers & Trend

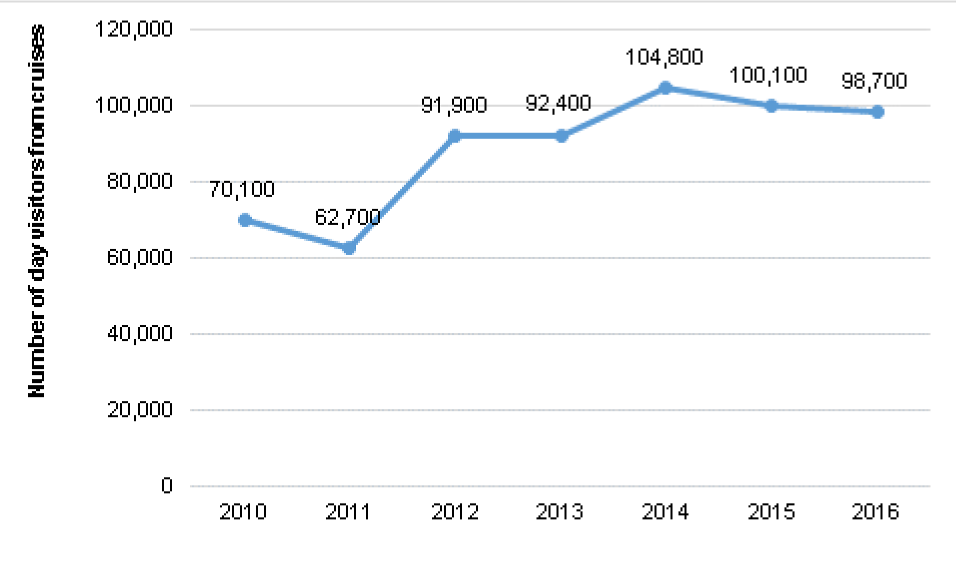
Over the same period, cruise ship passengers to Iceland increased from 72,000 in 2010 to 101,000 in 2016. Approximately 97% of cruise ships stopover in Reykjavik, but many ships stay in more than one port. Passenger and vessel numbers to the top five ports are as follows:

	2014		2015		2016	
	Passengers	Vessels	Passengers	Vessels	Passengers	Vessels
Reykjavik	104,800	91	100,100	108	98,700	113
Akureyri	72,700	78	72,150	86	85,400	93
Isafjorour	40,300	45	54,000	64	73,803	82
Seyoisfjorour	6,700	10	19,100	28	16,100	32
Vestmannaeyjar	8,200	22	8,000	31	11,400	41
Grundarfjorour	5,400	19	12,600	28	11,100	28

Source: Icelandic Tourist Board

The number of cruise passengers to Reykjavik increased by 50% between 2010 and 2014 but has fallen back slightly (by 6%) since then.

Cruise Passengers: Reykjavik



Source: Faxaports and Cruise Iceland

The Promote Iceland 'Long Term Strategy for the Icelandic Tourism Industry' highlights cruises as a key market segment, noting recent growth and the increasing size of modern ships. It identifies North America, the UK and Germany as the geographical areas with the greatest potential to generate additional cruise visitors. It identifies small scale and expedition type cruises as the main growth opportunity for Iceland.

Within its strategic growth targets, it aims to increase cruise passenger numbers to 150,000 by 2020, increasing to a maximum of 200,000 by 2030.

Visitor Management Concerns

The ‘Long Term Strategy for the Icelandic Tourism Industry’ states that:

Overcrowding has started to occur at key sites in Iceland, especially when multiple ship calls occur at the same time. There is an urgent need to adopt a strategic approach to segmentation and management of cruise passenger flows so that pinch points and congestion can be avoided through staggering ships and ports in order to minimise any negative impact and maximise the potential economic contribution e.g. through looking at how excursions and the supply chain can be improved to bring more local benefits.

Visitor Management Schemes

The Strategy discusses the introduction of a per head cruise passenger tax or per capita environmental fee as happens in other destinations such as Alaska and Greenland (since discontinued) and Svalbard. It suggests undertaking a detailed feasibility study into introducing a Conservation Fund in Iceland on the broad basis of charging 50 euros per international visitor and cruise passenger arrival.

A subsequent report by the Boston Consulting Group, ‘Northern Sights: The Future of Tourism in Iceland’, considered the introduction of a Conservation Fund and proposed a scheme where access to Iceland’s major natural sites is restricted to visitors in possession of an ‘Environment Card’. The card would be available to purchase on board planes and cruise ships, at arrival points, in hotels and at petrol stations close to sites. Each card would have a maximum period of validity (say 30 days). Pricing was yet to be determined and it is unclear whether the scheme has been introduced.

3. Geirangerfjord, Norway

Population

Geirangerfjord is a UNESCO World Heritage Site located in Western Norway. It is the second busiest cruise port in Norway in terms of both the number of cruise ship calls and the number of cruise passengers it attracts. The main settlement is the village of Geiranger which has a permanent population of 250 residents. In 2014, Lonely Planet named it as the best travel destination in Scandinavia.

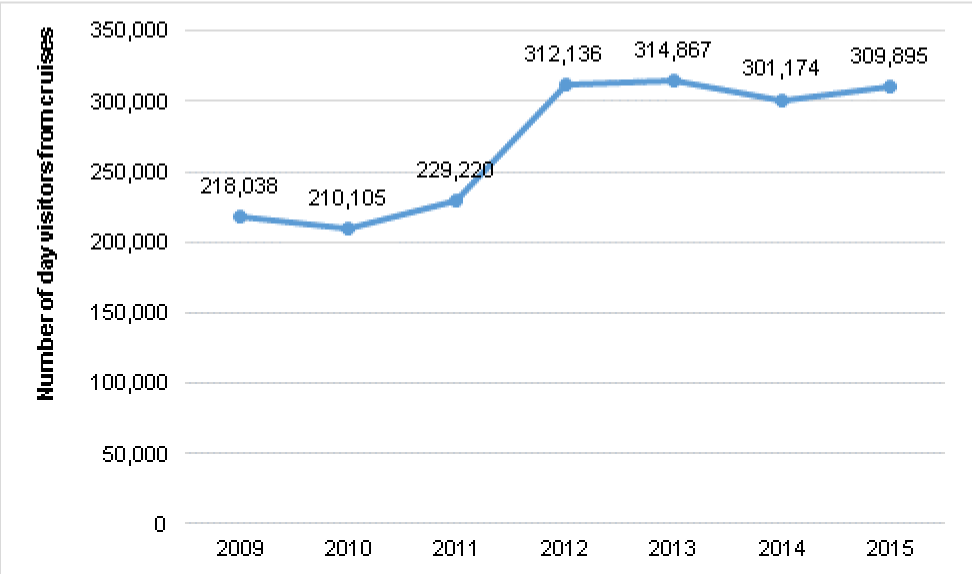
Volume of Tourism

Geiranger receives over 700,000 visitors per annum, predominantly during the May – September period. The village has five hotels and 10 campsites, although 70% of visits are day visitors.

Volume of Cruise Passengers & Trend

In 2015, Geirangerfjord attracted around 200 calls by cruise ships carrying almost 310,000 passengers. This represents an increase in volume of 42% since 2009. The two main ports of Geiranger and Hellesylt are both operated by the Stranda Port Authority and promoted as one destination, with cruise ships encouraged to develop full day itineraries that combine calls to both ports.

Cruise Passengers: Geiranger



Source: Innovation Norway

Terminal Facilities

Geiranger has a fully equipped cruise passenger terminal. Most ships anchor at pontoons and disembark their passengers using the 'Seawalk' – a 236 metre long moveable steel walkway with the capacity to handle more than 4,000 passengers per hour. Cruise ships are charged just under £4,000 for use of the Seawalk, in addition to anchoring and piloting charges. There is also a tender boat (190 passengers), bringing total handling capacity to 8,000 per day. Hellesylt is a smaller port with a 143 metre pier for berthing. It has no dedicated cruise terminal.

Key Attractions for Cruise Passengers

- Sightseeing boat tours of the Geirangerfjord
- Rib boat safaris

- Guided kayak tours
- Helicopter tours
- Bus tours incorporating panoramic viewpoints on Mount Dalsnibba
- Guided tours by limousine
- Self-drive electric car tours using a GPS-based audio guide
- Guided hikes & walks
- Nordic walking
- White water rafting
- Visits to the Norwegian Fjord Centre, Geiranger
- Car & bike hire
- Sightseeing bus – 45 minute circuit

Visitor Management Concerns

Visitor numbers have increased dramatically as a result of the Disney film 'Frozen', whose fictional cartoon setting is closely modelled on the Norwegian fjords. The tourist board has commented that there are days when there are too many people at some of the smaller destinations like Geiranger and Flam.

UNESCO has stated that 'tourism pressures are intense in both (Geirangerjord and Naeroyfjord) fjords, but impacts are limited as most visitors access the property on cruise ships during a short visitor season', noting that tourism management plans are necessary for the site.

Visitor Management Schemes

The tourist board has reduced its promotional budget for 2017 and is focusing on year-round rather than summer growth.

The tourist board is encouraging hotels and harbours where cruise ships berth to increase their prices steeply in July and August to push more visitors into the less busy months.

4. Flam, Norway

Population

Flam is a small village in Western Norway with a population of 450. It sits on an arm of the Sognefjord, Norway's second longest fjord and is close to Naeroyfjord, a UNESCO World Heritage Site.

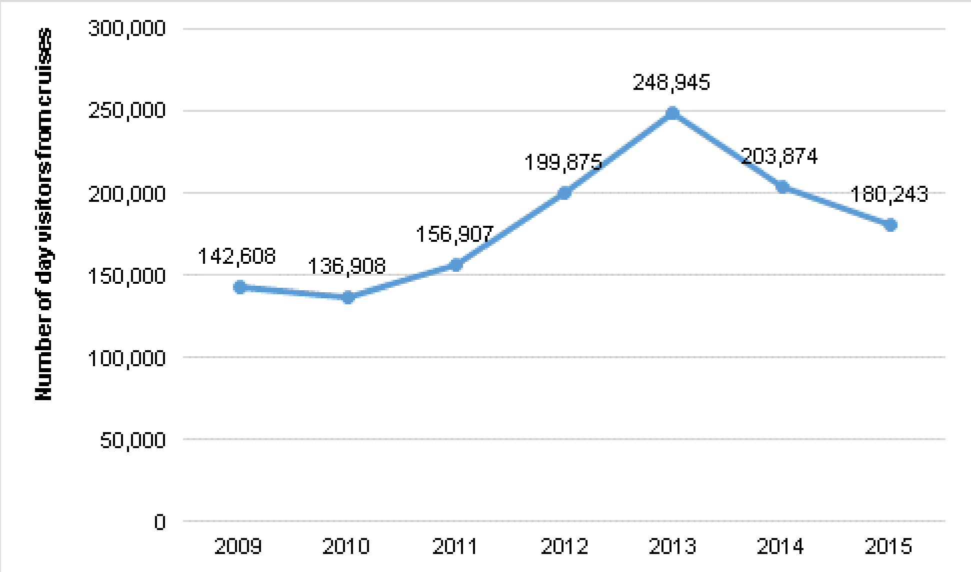
Volume of Tourism

Tourism volume figures are unavailable for Flam but its key attraction - Flam Railway – attracts approximately I million visitors per year. Flam Railway is a 20 km scenic route, voted by Lonely Planet as 'the best railway journey in the world'.

Volume of Cruise Passengers & Trend

Flam is Norway's fourth busiest cruise port, attracting around 175 ships and 200,000 cruise passengers per annum. Between 2009 and 2013, numbers increased by 75%, reaching just under 250,000. Numbers have since fallen by 28% to 180,000 in 2015.

Cruise Passengers: Flam



Source: Innovation Norway

Terminal Facilities

Pier and cruise terminal.

Key Attractions for Cruise Passengers

- Flam Railway
- 'Vision of the Fjords' (see below)
- 3 other sightseeing cruise trips of different fjords
- Coach tours to the Stegastein Viewpoint
- Fjord safaris on rib boats
- Sea kayaking tours
- Electric car hire
- Bike hire
- Myrkdalen chair lift
- Rallorveien cycle route

- Tours of two historic local churches
- Tours of Flam Brewery
- Flam Railway Museum

Visitor Management Concerns

Like Geiranger, Flam experienced a large increase in visitor numbers in 2016. A small number of banners have been displayed in and around the village to protest about the negative environmental impact of cruise ships.

Visitor Management Schemes

Flam will be included in the regional tourism authority's campaign to grow business outwith the main peak season.

The local tourism promotional body, Flam AS, works in partnership with the Flam Railway (780,000 passengers) and the new 'Vision of the Fjords', – a 400 passenger capacity, carbon fibre vessel with a hybrid diesel/electric engine that operates sightseeing trips into the Naeroyfjord World Heritage Site. Electric motors allow silent, emission free running in Nærøyfjord, with a specially designed hull minimising wake to reduce impact erosion on the vulnerable shoreline. Vision of The Fjords will make around 700 voyages a year, operating all year round, thereby opening up the area to visitors in off-peak periods.

Such joint partnerships facilitate overall visitor management and experience.

5. Santorini, Greece

Population

Santorini is a small island of 35 square miles with a resident population of 15,500.

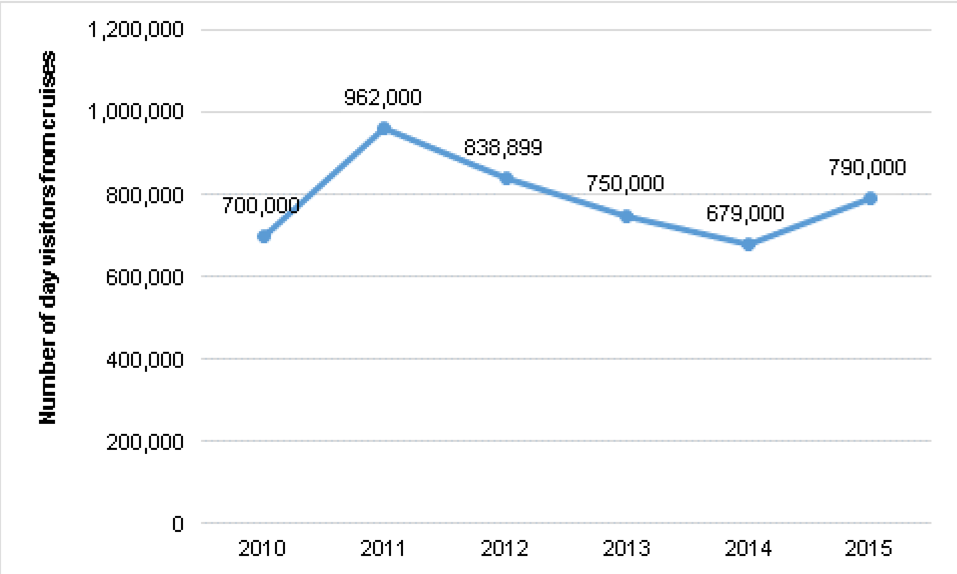
Volume of Tourism

The Greek Tourism Confederation estimates that Greece attracted close to 30 million tourist arrivals in 2016. The island of Santorini is one of the most popular destinations, with around 2 million visitors per year.

Volume of Cruise Passengers & Trend

In 2015, Santorini attracted almost 640 cruise ship visits and 790,000 passengers (source: Hellenic Port Association). It is the busiest Greek port for cruise ships, with passenger numbers on some days reaching over 12,000. 90% of arrivals take place in the peak May – October season. Numbers reached 962,000 in 2011, but have since fallen to 679,000 in 2014, increasing again to 790,000 in 2015.

Cruise Passengers: Santorini



Source: Cruise Lines International Association

Terminal Facilities

Santorini has no berthing facilities for cruise ships. All ships anchor off the west coast in the caldera and passengers are tendered ashore on small boats.

Key Attractions/Activities for Cruise Passengers

Research by the Hellenic Port Association indicates that 50% of cruise ship passengers to Santorini disembark and explore the island independently, 40% disembark and undertake organised coach tours, 10% stay on the ship. Activities include:

- Walk (580 stairs) or donkey ride up the cliff face path to the village of Fira
- Cable car to Fira (limited capacity)
- Coach excursions, in particular to Akrotiri (Minoan remains) and village of La
- Private car/minibus tours (medieval castle, photography tours)
- Guided walks
- Day excursion (25 minute ferry) to neighbouring island of Thirassia

Visitor Management Concerns

Local concerns about the impacts of growing cruise passenger numbers led to the Municipality of Santorini collaborating with the island of Mykonos (600,000 cruise passengers per annum) to commission the University of the Aegean to undertake a study into 'berth allocation' in order to establish the number of cruise passengers each island can accommodate at any one time.

Visitor Management Schemes

As an outcome of the 'berth allocation' study, Santorini is introducing a cap on cruise ship passenger numbers to limit them to a maximum of 8,000 per day. This will be enforced through a ticketing scheme, with full implementation by 2017. The primary aim is not to reduce overall cruise passenger numbers but to distribute them more evenly throughout the year. Early indications (through online discussion forums) suggest that some cruise lines – mostly smaller, more specialist ones – are considering adapting itineraries to move some ships to other Greek island ports.

6. Cinque Terre (La Spezia), Italy

Population

Cinque Terre is a National Park and UNESCO World Heritage Site on the Ligurian coast of North West Italy. It is Italy's smallest National Park with a resident population of around 5,000 and primarily comprises five picturesque, pastel coloured fishing villages that are connected by narrow cliff-side trails. It is close to the cruise port of La Spezia.

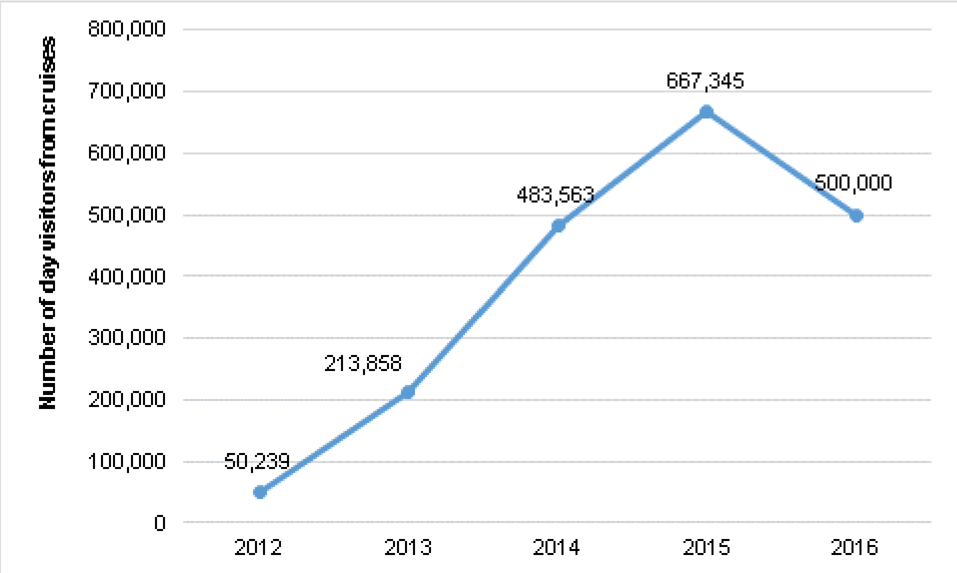
Volume of Tourism

In 2015, over 2.5 million people visited the National Park.

Volume of Cruise Passengers & Trend

Cinque Terre attracted approximately 500,000 cruise passengers in 2016, up from just 50,000 in 2012. Between 2015 and 2015, numbers fell back by 25% from a high of 667,000 in 2015 to 500,000 in 2016.

Cruise Passengers: Cinque Terre



Source: Cruise Lines International & Riposte Turismo

Terminal Facilities

To cope with the huge increase in demand, the Port Authority of La Spezia invested in a new wharf and cruise passenger terminal. These came into service in 2014 and attracted eight new cruise lines into the port, including three who use it as a start and end point for some of their cruises. The port has also re-branded itself as Cinque Terre Port. It now has year-round cruise businesses and is planning a further pier to cope with demand.

Key Attractions/Activities for Cruise Passengers

- Train journeys to the five villages (Riomaggiore, Manarola, Corniglia, Vernazza , Monterosso)
- Coastal path walk
- Coach journey to Florence
- Naval Museum, La Spezia

Visitor Management Concerns

Of the 2.5 million annual visits to the Cinque Terre National Park, it is estimated that around a quarter (650,000) were from cruise ships berthing at La Spezia and other nearby cruise ports. National Park officials and local residents raised concerns that the Park could not sustainably handle this level of visitor numbers.

Visitor Management Schemes/Proposals

The National Park Authority announced proposals to introduce a ticketing scheme in 2016 to limit visitor numbers to 1.5 million per annum. This scheme proposed a system in which all visitors would have to purchase a Cinque Terre Card online to access the National Park. Counters would be fitted to access roads into the Park to monitor the number of visitors at any one time and access would be closed once numbers reach a certain level on any one day. The Government of Liguria Region rejected the scheme and it was never implemented.