

## Economic Development

# Green Paper

Draft 2012 Tourism Strategy- Green Paper:

5th July 2012

Islanders are being asked for their views on the strategic direction for Tourism in Jersey.

You can find an electronic version of the Green Paper at <http://consult.gov.je/portal>. This includes the facility to make electronic submissions and to complete an online questionnaire. You can also send in written responses to Sean Pritchard, Economic Development, Liberation Place, St Helier Jersey JE1 1BB.

The preamble to this Green Paper 'How to use this document' provides detailed information on how to submit your comments.

The consultation is open to everyone.

The deadline for all submissions to the Green Paper is **30<sup>th</sup> September 2012**.

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### Summary

Economic Development is developing a new strategy for developing Tourism in Jersey. Senator Alan Maclean Minister for Economic Development invites you to contribute to the consultation.

The outcomes of the consultation will be used, along with other information, to help shape the new strategy which will eventually set the direction for the tourism sector in the next five years and beyond. The new strategy will also direct how future support and assistance to tourism in Jersey will be prioritised.

The consultation presents some of the 'factors' and suggests policy 'options' to deal with them. The options were developed following a detailed analysis of the sector undertaken by Oxera Consulting in the report 'Tourism in Jersey' available at <http://www.gov.je/Government/Pages/StatesReports.aspx>.

The consultation also invites you to identify any other factors and options which you feel are important to the development of a new strategy of Tourism in Jersey.

### **Please send your comments to:**

Sean Pritchard  
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**How to contact us**

Telephone 01534 448141

Email [s.pritchard@gov.je](mailto:s.pritchard@gov.je)

**This consultation paper has been sent to the following individuals / organisations:** Jersey Hospitality Association, Chamber of Commerce, Institute of Directors, The Public Consultation Register

**Supporting documents attached**

Draft 2012 Tourism Strategy - Consultation document

**Further information contact**

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**Your submission** Please note that consultation responses may be made public (sent to other interested parties on request, sent to the Scrutiny Office, quoted in a published report, reported in the media, published on [www.gov.je](http://www.gov.je), listed on a consultation summary etc.).

Please delete the following as appropriate:

I agree that my comments may be made public and attributed to me

I agree that my comments may be made public but not attributed (i.e. anonymous)

I don't want my comments made public

Surely "Sports Tourism" is a huge target market?

Shouldn't Tourism be working closer with the Harbour and Airport?

Why aren't more Jersey students considering Tourism as a career path?

Why doesn't Jersey offer more "off peak"?



# Tourism Strategy – Green Paper Consultation Document

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## Foreword



It is clear from all economic indicators that the Jersey economy is not immune from the effects of global downturn or the continued uncertainties within the Eurozone. Despite the economic challenges and continued concerns, tourism has been identified internationally as a growth market. International tourism is predicted to grow 4% per annum for the medium term, which presents a great opportunity for Jersey to benefit from.

The previous strategy for revitalising tourism in Jersey was published in 2004. Much has changed since then, including the environment in which business operates, increased competition, changes in consumer demand and advances in technology. The way government support for tourism is directed and managed, needs to reflect these changes. This will include establishing a new Tourism Shadow Board as a priority in the summer of 2012. The Board will provide valuable advice and bring considerable expertise to maximise both the private and public sector investments into tourism in Jersey.

Building on what has already been achieved the opportunity to grow tourism in Jersey is significant. However, if future growth is to be achieved, Jersey must have a new clearly defined Tourism Strategy. In addition to securing the long-term future of Tourism in Jersey, the new strategy must support the wider challenges the Island is now facing.

Developing a new strategy for tourism in Jersey is therefore critical for both the sector and wider economy. The strategy should; define what needs to be done to maximise the sectors contribution to local economy. It should also provide tourism businesses with a long-term strategy to enable them to plan for the future

Strategic change will not happen immediately. Strategic priorities and policy options need to be carefully considered, aligned to both the States of Jersey strategic and economic priorities, and used to develop a new strategy for developing and growing tourism in Jersey.

Following a detailed economic analysis by Oxera Consulting, (available at <http://www.gov.je/Government/Pages/StatesReports.aspx>), this consultation document presents a range of factors and policy options. Your views on these, and any of your own factors or policy options, will be essential in shaping the new tourism strategy which will be published in October 2012.

This consultation provides everyone, who has an interest in the future for Tourism, with an opportunity to contribute. All the comments received will be considered, alongside the Oxera report and any other appropriate information, and used to help shape a new strategy for Tourism in Jersey.

Senator Alan Maclean

Minister for Economic Development

## How to use this document

It is not expected that everyone who wishes to comment needs to read the entire document: You may respond to as many or as few of the proposals as you wish, but we do want you to take part. The document has four key sections:

- Tourism in Jersey and elsewhere
- A new strategy for Tourism in Jersey- The Key Aim
- Priorities
- Factors & Policy Options

**Definitions:** Throughout this document there is a reference to Staying Leisure Visitors. For the purpose of this consultation this is defined as an individual who travels to the Island for:

- pleasure
- an excursion, day trip, sightseeing, special interest tour, an event or a conference
- a sporting interest travelling individually or as part of a team
- visiting family and friends.

**Excludes:**

- business visitors
- local consumers of tourism related products and services

### **Responding**

There is no need to comment on all the sections or answer all the questions, only those which are of interest to you or upon which you would like to comment. You can reply online at <http://consult.gov.je/portal/>

Section 2 & 3 present a range of priorities, factors, policy options and questions.

If you are unable to reply online you can send in written responses to the Green Paper consultation. In all written responses we would ask you to please consider the following points:

- state the relevant section or policy number
- whether you are 'opposing' or 'supporting' any particular factor or policy option or any other aspect of the review
- include your suggested changes and where appropriate state the relevant section or policy number
- outline why you consider your suggested changes to be necessary.

Please submit your comments in writing to the address below.

### **Timescale**

Consultation on this document will end on September 30th 2012.

### **More information**

## How to use this document

Please remember the more responses we have then the more relevant the final strategy will be to the tourism sector. If you have any queries, or require further information, please contact:

Sean Pritchard

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## Tourism in Jersey and elsewhere

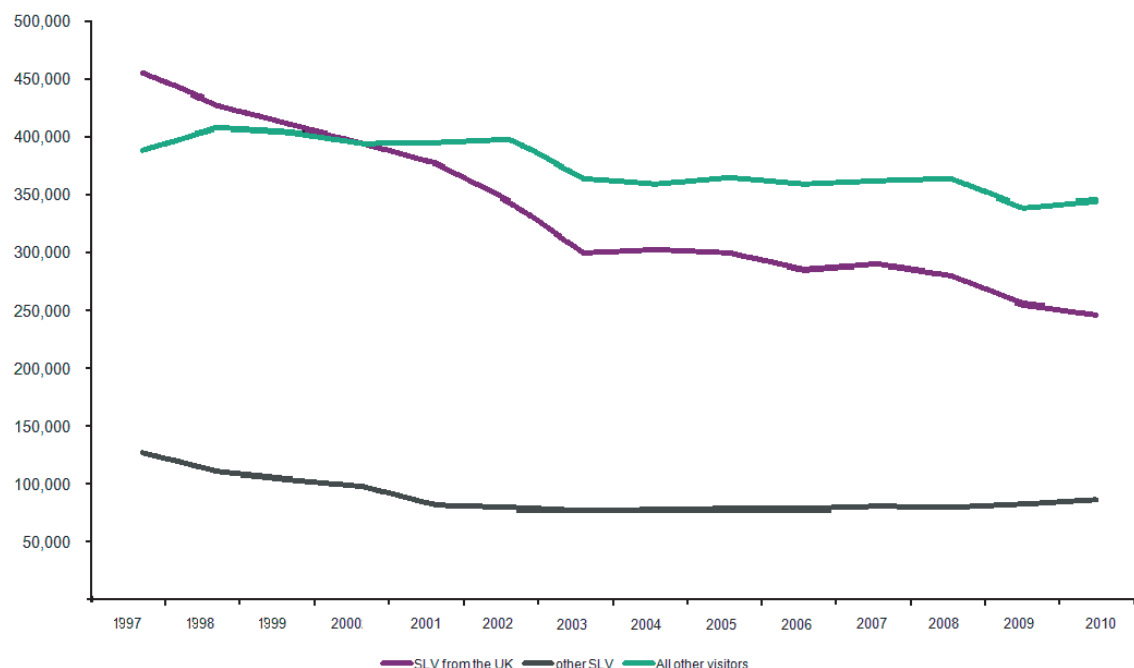
This section of the document looks at both the current tourism trends in Jersey, the UK and internationally. It includes statistics on previous performance and looks forward to the future forecasts.

### Jersey

Over the past decade there has been a gradual decline in the volume of Staying Leisure Visitors coming to the Island. However this has been influenced by a range of factors, many outside the Island's control, including but not limited to, increased competition, rising fuel prices, economic conditions, improvements in long haul travel and travel costs to name a few .

Figure 1 below presents the trend which shows the decline has been greatest from the UK and less from other markets. Over the same period other visitors to Jersey such as business travellers and visiting family and friends have reported less of a decline.

Figure 1 Trends in the visitors to Jersey, 1997–2010



In summary the number of Staying Leisure Visitors in 2010 was 60% of that in 1998, and in terms of accommodation, the number of available guest houses and hotels was about half the number in 1998 by both number of establishments and bed spaces.

One of the other key trends worth considering is the seasonality of Tourism in Jersey which has remained almost unchanged since 2004. Reacting to market demands, operators, accommodation providers, marketing activity and other attractions have remained aligned to this model. High season occupancy levels are as critical to the industry now as they were in the early 1990's.



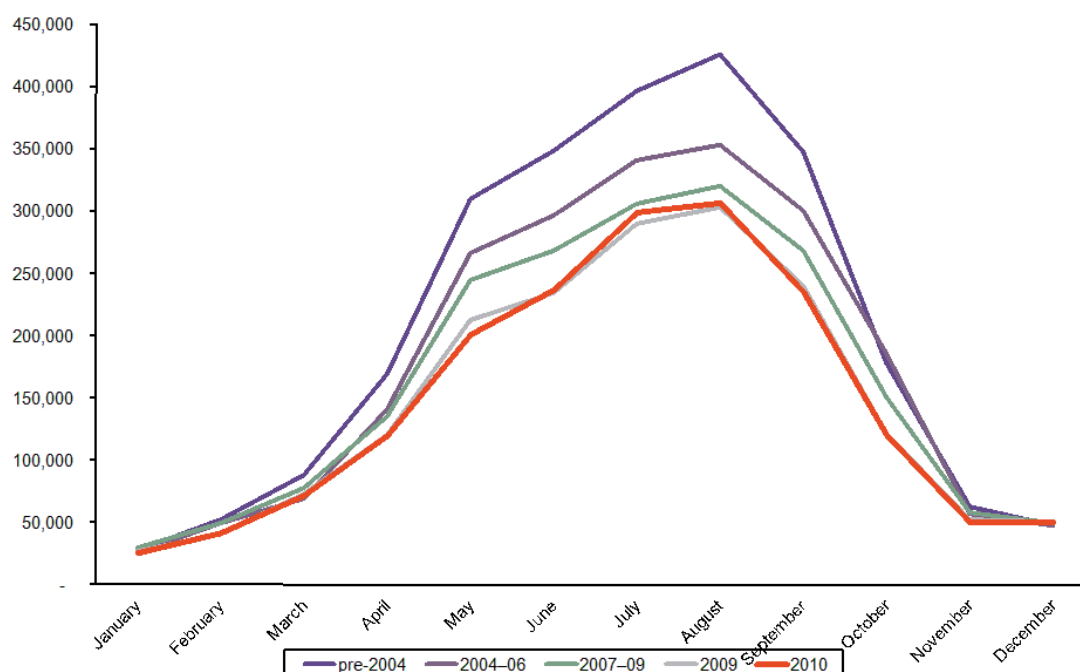
## Tourism in Jersey and elsewhere

This operating model does present considerable risk. Any significant disruption to travel (as experienced by the 2010 ash cloud) in the high season would have a disastrous impact on Tourism in Jersey and the businesses reliant on high volume visitors in the summer months.

The operating model also results in peaks in employment when numbers rise from 2000 in the low season to 6000 in the high season. Meeting these peaks in manpower demand has resulted in many local Tourism operations becoming reliant on inward migration during the summer months.

Fig 2 below presents the operating model as a graph, which clearly demonstrates the trend of high activity levels in the months of July to early September. It also shows how this falls away quickly towards the quieter off-peak months.

Fig 2

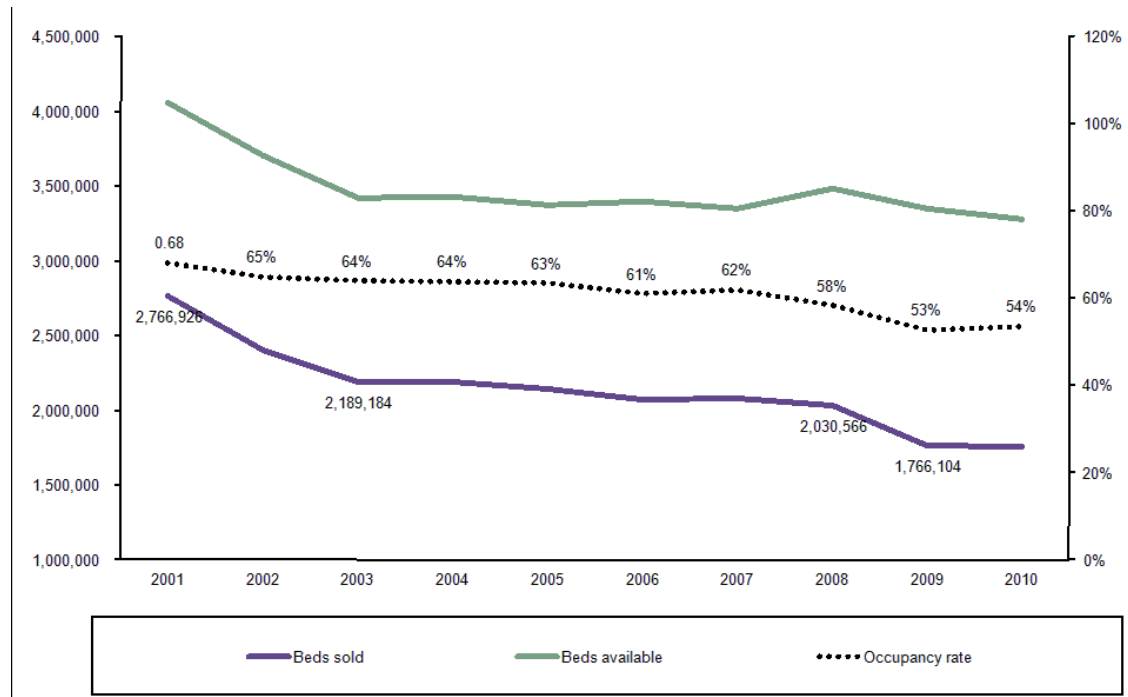


The seasonality of Tourism in Jersey overall added to a decline in Staying Leisure Visitors is reflected in a decline of 14% in bed occupancy levels to 54% over the past ten years.

However, this still compares favourably with the UK's 2010 average bed occupancy levels of 45% and only 42% in seaside resorts.

Figure 3 Trends in bed occupancy rates

## Tourism in Jersey and elsewhere



### International Tourism

International tourist arrivals grew by 4.4% in 2011 to a total 980 million, up from 939 million in 2010, in a year characterised by a stalled global economic recovery, major political changes in the Middle East and North Africa and natural disasters in Japan.

By region, Europe (+6%) was the best performer, while by sub region South-America (+10%) topped the ranking. Contrary to previous years, growth was higher in advanced economies (+5.0%) than in emerging ones (+3.8%), due largely to the strong results in Europe, and the setbacks in the Middle East and North Africa.

Visits to the UK by overseas residents have grown from 1.9 million to 29.8 million, a 15-fold increase over the past 50 years. Visits abroad by UK residents, meanwhile, have grown from 3.3 million in 1961 to 55.6 million in 2010, a 16-fold increase.

The growth of more accessible air travel, and cheaper fares, has contributed to greater overseas travel and tourism visits of shorter duration. In particular, visits to the UK have seen average length of stay shrink, from 15 days in 1970 to approximately half that length in 2010. Visits abroad by UK residents have also become shorter, but still average 10.9 nights and are showing some signs of getting longer in recent years as people travel to longer-haul destinations.

The economic pressures experienced since 2008 continued to affect overseas travel and tourism throughout 2010. The UK economy entered the year on the back of recession and debt crises were experienced in the Eurozone, in particular Ireland and Greece.

## Tourism in Jersey and elsewhere

Although Sterling strengthened slightly from 2009 onwards against the euro and the US dollar, currency exchange rates were substantially less favourable for UK residents travelling abroad (and vice versa for overseas residents visiting the UK) than they were a few years earlier.

The decline in visits abroad by UK residents in 2010 was driven by a fall of 3.4 million visits (7.4 per cent) to Europe, from 45.9 million in 2009 to 42.6 million in 2010. Visits to the UK by overseas residents in 2010 fell 0.3 per cent to 29.8 million and visits to all overseas destinations by UK residents fell 5.2 per cent to 55.6 million.

Visits by UK residents to more traditional holiday destinations within the Eurozone such as Spain, Italy, Greece and Cyprus continued to fall in 2010 (each down by more than 10 per cent from a year earlier) whereas visits to medium-haul destinations outside the Eurozone such as Turkey (up 11.9 per cent) and Tunisia (up 15.9 per cent) grew from a year earlier.

Spain and France continue to be by far the most visited countries by UK residents, accounting for over a third of visits abroad between them. Spain attracted 10.4 million in 2010 and France 9.1 million. The USA replaced the Irish Republic in third place, the former attracting 3.2 million visits compared with the Irish Republic's 3.0 million. Visits to the Irish Republic fell quite markedly in 2010, down from 3.5 million in 2009.

One of the most important trends in considering the future of tourism in Jersey is both the change in consumer demands and the future forecasts. The World Travel Organisation's 'Tourism 2020 Vision' forecasts show that international tourist arrivals are expected to reach over 1.56 billion by the year 2020. This demonstrates an annual growth rate of 4.1 per cent over the period 1995-2020.

In summary, market intelligence and recent trends reassuringly confirm that Tourism, specifically the number of travelling visitors, is a growth market. Although, like all sectors there is increased competition, the forecasts remain positive for the medium to long term.

## A new strategy for Tourism in Jersey

The new 2012 Tourism Strategy will present what needs to be done to maximise the contribution the industry makes to the Island's economy and to ensure its long term success. The new Strategy will also provide direction and confirm Government's continued commitment and support to develop Tourism in Jersey.

The new Strategy will be aligned and consistent with the aims objectives and priorities contained within the States of Jersey 2012 Strategic Plan and the Economic Growth & Diversification Strategy.

The 2012 Tourism Strategy will determine new policies which will provide direction on how and where public resources will, in the future, be prioritised. The outcomes of this important consultation may result in a change to the current resource allocation so your contribution towards shaping the new policies and priorities is critical.

The Strategy will confirm States of Jersey support and provide the reassurance that the Tourism sector will continue to have an important role in delivering a strong, diverse and sustainable economy. It will also recognise the significant opportunity for creating new job opportunities within the sector, especially for new, locally qualified, entrants to the workforce.

### **Why review the current Tourism Economy Strategy?**

Since the publication of the last Tourism Strategy, "Making a Difference", in May 2004 the recent global financial crisis has led to economic turmoil in Europe and the US on an unprecedented scale. This has resulted in significant challenges within the Island, including record unemployment numbers and a need to review migration policies. These and the other challenges are recognised in the new States of Jersey Strategic Plan giving a high priority to local employment.

In addition to the new States Strategic Plan, a 2012 report "Tourism in Jersey", prepared by Oxera Consulting, presented an analytical and economic view of tourism in Jersey. The study qualified the economic contribution from the sector, the links to the wider economy and examined the impact on destination marketing to Tourism in Jersey.

One of the key findings of the Oxera report was that future tourism policy on the Island should predominantly be driven by objectives for the sector, or from the overall objectives for the economy as a whole and not any specific interaction with other parts of the economy. It is on this recommendation that the development of a new strategy for Tourism in Jersey will focus on growing the Staying Leisure Visitor economy. This is an important change resulting in a more focused and targeted strategic approach to developing tourism in Jersey.

### **Relationship to other States of Jersey strategies**

The new Tourism Strategy must be aligned to three main States of Jersey policy documents:

1. The States Strategic Plan which details the strategic direction for the Island up to 2015. This has an overarching objective to develop a strong and sustainable economy, with priorities that include:

## A new strategy for Tourism in Jersey

- Getting people into work
- Managing population growth and immigration
- Housing our community
- Reforming Health and Social Services
- Sustainable long-term planning
- Reforming government and the public services.

2. The Economic Growth and Diversification Strategy which presents the strategic priorities for growing the economy, increasing productivity, creating job opportunities for local job seekers and creates a blue print for future private and public sector partnership working.

3. The Medium Term Financial Plan which (if agreed by the States in the autumn of 2012), will add £500,000 to the Jersey Tourism Development Fund per annum for the next three years.

The above three plans, and their priorities, provide the framework within which the new Tourism Strategy, and all new sector specific strategies have to fit. For Tourism in Jersey this will mean new priorities and policies which will direct how government's future support will be directed and managed.

### **The Key Aim**

Consistent with both the States Strategic Plan and the Economic Growth and Diversification Strategy the key aim of the new Tourism Strategy is to:

**Raise the productivity of the Staying Leisure Visitor economy and reduce the reliance on inward migration.**



## Priorities

The Island is facing a range of new pressures that will continue to affect all aspects of Island life. Tourism in Jersey has an important role in meeting these new challenges.

Tourism, as an important sector of the local economy, will continue to contribute towards the vision of a strong, diverse and sustainable economy. It will also play an important role in the priority of getting people back into work by creating valuable new job opportunities for locally qualified job seekers.

Aligned to the objectives of both the States of Jersey Strategic Plan and the Economic Growth and Diversification Strategy the following four new priorities for Tourism in Jersey have been identified:

- 1. Develop tourism in Jersey into a year-round Staying Leisure Visitor economy**
- 2. Increase the value generated from the Staying Leisure Visitor economy**
- 3. Increase the number of locals employed in the tourism sector**
- 4. Maximise investments made into the Staying Leisure Visitor economy**

## Factors & Policy options

Adopting and delivering the above four priorities will result in changes for both the public and private sector. With any change agenda there are factors that will influence the rate and pace of change. The following section raises the factors and presents a list of policy options to deal with them.

They are not listed in any order of priority and you are able, by clicking on the 'Add Comments' tab, to express your level of agreement or disagreement on both the factors and all the policy options. There is no need to comment on all the policy options, only those which are of interest to you or upon which you would like to input your thoughts.

### **1. Develop tourism in Jersey into a year round Staying Leisure Visitor economy**

#### **Factors:**

The Tourism model in Jersey has remained largely unchanged over the past decades and continues to be seasonal. The annual success of many establishments is heavily dependent on the high volume arrivals from mid July to early September.

Operators, during the high season, are at, or near to, full capacity leaving very limited opportunity to accommodate any increase in Staying Leisure Visitors.

Any long-term travel disruption, as experienced by the ash clouds, in the high season, would have serious impacts on the profitability or even survival of many operators.

The seasonality of the industry and the closure of many operators in the winter months make the industry less attractive to job seekers looking for permanent career opportunities and creates a heavy reliance on imported labour to meet the peak demands for staff in the summer months.

There is a strong local voice to maintain traditional events and initiatives resulting in Government investment into Tourism in Jersey being heavily weighted towards high season activity.

### **The Policy Options to develop Tourism in Jersey into a year-round Staying Leisure Visitor economy are:**

#### **Option 1(a)**

Future destination marketing & communication and trade activity strategies should be prioritised to grow the off-peak season, whilst maintaining the high season visitor numbers.

## Factors & Policy options

### **Option 1(b)**

The future event programme should be prioritised towards activity that can clearly demonstrate its ability to attract additional Staying Leisure Visitors to Jersey.

### **Option 1(c)**

Review all investment in on-island events, products, and initiatives and redirect any identified as non essential into increasing Staying Leisure Visitors numbers to the development of off peak season events.

### **Option 1(d)**

Align Government Department, regulatory body and Tourism Development Fund policies to developing a stronger year-round Staying Leisure Visitor economy.

### **Option 1(e)**

Invest in and support partnerships/joint ventures with airlines, ferry companies, tour operators, clubs, societies etc aimed at increasing Staying Leisure Visitor volumes in the off-peak season.

### **Option 1(f)**

Invest further in tourism market segments which are not related to the high season such as conference and sport tourism.

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## Factors & Policy options

### **2. Increase the value generated from the Staying Visitor Economy**

#### Factors:

There remains a dependency on the traditional lower value source markets. Air and sea carriers support these established lower risk, high volume routes in preference to investing in new routes.

The lower value source markets, resulting in small margins and profits, have not encouraged and supported private sector investment in service delivery or higher value products. There has also been pressure on public finances limiting investment in service delivery and products.

Tradition combined with political and public pressure continues to advocate ongoing support existing for historical markets, products and initiatives. These pressures are slowing the pace of change of tourism in Jersey.

Some operations could operate more effectively and efficiently resulting in productivity gains.

#### **The Policy Options to increase the value generated from the Staying Leisure Visitor economy are:**

##### **Option 2(a)**

Identify and target with an appropriate marketing proposition, higher value source markets. Initial research recommends the new high value source markets are Northern Europe and certain markets in the UK.

##### **Option 2(b)**

Create more value by aligning public sector investment towards enhancing the quality of service resulting in higher productivity and greater revenues.

## Factors & Policy options

### **Option 2(c)**

All future product investments are aligned to 'improving' existing or new improved products, not towards 'maintaining' lower value products.

*To comment on this policy option please click on the 'add comments' tab at the top of this box*

### **Option 2(d)**

Develop policies to allow for lower value operations and or products to exit the market, by encouraging future investment in new higher value activity.

### **Option 2(e)**

Through a business engagement programme develop a tourism specific initiative to improve and report on business performance and operations within the sector.

### **Option 2(f)**

Future route development support is targeted at new higher value source markets.

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## Factors & Policy options

### 3. Increase the number of locals employed in the Staying Leisure Visitor economy

#### Factors:

Tourism in Jersey, like all other destinations, is demand led. Employment opportunities, part or full time, reflect the operating model which in Jersey is very seasonal. This results in operators being heavily reliant on bringing in high numbers of seasonal/temporary workers in the peak season. The seasonality makes the sector less attractive for local job seekers looking for permanent year round roles.

The sector employs a high percentage of seasonal staff. This can make it difficult for local job seekers to secure and maintain employment in the sector and impact upon the quality of service provided to visitors.

The sector, by comparison to many others, operates on low profit margins making it difficult to compete with the higher salaries on offer elsewhere. These economic pressures do also do impact on the levels of pay rates.

There are few hospitality courses available to support job seekers into the sector, or to provide clear career progression paths to encourage employees to stay in the sector thus reducing high staff turnover levels. Despite previous efforts, the sector has not established strong links with local schools and colleges.

#### The Policy Options to increase the number of locals employed in the Staying Leisure Economy are:

##### Option 3(a)

Increase industry awareness and image in schools and colleges by developing a schools and colleges engagement programme designed to raise the awareness of the sector and career pathways.

##### Option 3(b)

Improve employment gateways to the sector with the introduction of a new, year- round traineeship/ apprenticeship for school and/or college leavers so they can gain valuable experience across the sector.

## Factors & Policy options

### **Option 3(c)**

Improve career progression opportunities within the sector with a new Hospitality Management programme so employees can develop their careers.

### **Option 3(d)**

Create career progression opportunities beyond Jersey by, in partnership with an international hotel group, developing exchange programmes that allow local hospitality employees to develop and expand their hospitality experiences and skills.

### **Option 3(e)**

Work with the Population Office to significantly increase the percentage of locally qualified licences issued under the Regulation of Undertakings Law.

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## Factors & Policy options

### **4. Maximise the investment made into the Staying Leisure Visitor economy**

#### Factors:

Despite maintaining public sector investment into tourism, the trend over the past 20 years has been a gradual decline in the number of Staying Leisure Visitors. This trend needs to change if Tourism in Jersey is to increase its contribution to the local economy. This will mean future public investment will need to be prioritised towards growing the Staying Leisure Visitor economy.

The establishment of a Tourism Shadow Board is a first step towards strengthening public and private sector partnerships. However much more could be done.

Established in 2001 the Tourism Development Fund policies are aligned to the 2004 Tourism Strategy. The Panel continues to consider the changes and challenges in the sector but would benefit from re-aligning their policies to priorities in the new Strategy.

Tradition, public opinion, political involvement and an operating model based on previous high volumes arriving in the high season, have created a culture which discourages investment into new areas.

Consumer searches, booking and holiday patterns have become totally reliant on electronic communications and the island must continue to embrace these changes to deliver an effective and efficient consumer experience.

Publishing and distribution costs of printed material are very expensive in comparison to electronic alternatives.

The States of Jersey Strategic priorities have changed with an enhanced focus on getting people into work and reducing the reliance on inward migration.

#### **The Policy Options to maximise the investment made into the Staying Leisure Visitor economy are:**

##### **Option 4(a)**

All future public sector investment strategies are targeted towards developing the Staying Leisure Visitor economy.

## Factors & Policy options

### **Option 4(b)**

Embrace technology and digital advances and move away from paper and printed material.

### **Option 4(c)**

The eligibility criteria of the Tourism Development fund criteria is fully aligned to the priorities and policies of the new 2012 Tourism Strategy.

### **Option 4(d)**

There are options for the future structure of the Tourism organisation each one with implications. The current policy decision is to establish, in 2012, a Tourism Shadow Board. A further option is to consider closer integration with an incorporated Ports of Jersey organisation (Harbours and Airport).

### **Option 4(e)**

More timely monitoring and reporting on sector and business performance.

Thank you for taking the time to read this consultation document and we look forward to receiving any comments you may have.

