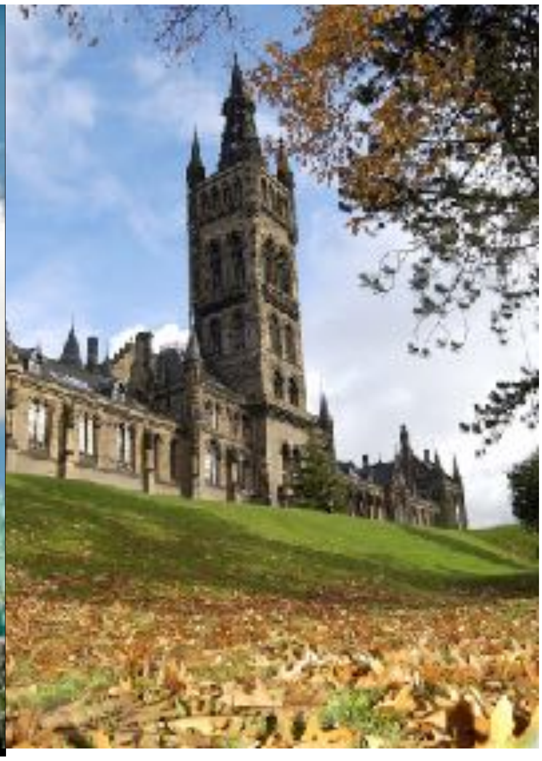

NORTH COAST 500 ECONOMIC BASELINE STUDY: FINAL REPORT

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1. INTRODUCTION

Background

The 516-mile North Coast 500 route was created by the North Highland Initiative (NHI) as a tourism product that would capitalise on the natural and cultural assets in the North Highlands and generate economic opportunities for the area. Established in 2014 and with its official launch in June 2016, the NC500 has received substantial media coverage and anecdotal evidence has indicated that it has been a real success with a very positive impact on visitor numbers.

To help realise the potentially significant economic benefits of the NC500, a multi-agency NC500 Working Group has recently been established. Its role is to inform, guide, challenge and support the strategic delivery of the NC500, with thematic sub-groups to be set up to focus on specific and/or operational issues. The members of the Working Group include Highlands and Islands Enterprise (HIE), Highland Council, High Life Highland, Scottish National Heritage (SNH), Visit Scotland, the Scottish Government, Police Scotland, NHI and NC500 Ltd (the company set up by NHI to promote the route).

Aims of the Research

To help inform the work of the NC500 Working Group, this research has been commissioned by Highlands and Islands Enterprise (HIE) to produce an ***economic baseline*** that can be used to measure the impact of the NC500. Specific requirements of the research are to:

- ***Assess the impact of the NC500 route to date*** – through the collation of key statistics and interviews with employers and wider stakeholders.
- ***Develop a measurement framework*** that can be used to monitor the impact of NC500 over the medium- to long-term.

Reflecting on the research aims outlined above, it is important to underline that the main objective of the research is to establish a baseline (with 2015 being the baseline year) against which the impact of the NC500 can be measured in future years. Indeed, although the NC500 has now reached the end of Year 1, it is difficult to evidence the impact that the NC500 has had in Year 1 because of the time lag in reporting statistical data. Nevertheless, there is some data available for 2016 that enables an interim assessment of the Year 1 impact to be made.

Methodology

The research methodology has involved the following elements:

- A scoping out and collection of available statistical data – using statistics published nationally and statistics held by NC500 Working Group partners – to develop the ***NC500 Impact Measurement Framework*** (see Box 1.1 for further detail).
- ***Interviews with key stakeholders*** for their views of the impacts of the NC500 and how these impacts could be measured. 15 interviews were completed with stakeholders from NC500 Ltd, NHI, Highland Council, Visit Scotland, HIE, Transport Scotland, Police Scotland, SNH, Caithness Chamber of Commerce and High Life Highland. The research's draft findings were also presented to the NC500 Working Group in February 2017 for comment and discussion, so providing stakeholders a second opportunity to input into the research.
- ***Interviews with businesses along the NC500*** to understand the type and scale of impacts the NC500 had had on their business. 15 interviews were completed by the research team.
- ***Analysis of the NC500 Business Survey*** that was developed and distributed by NC500 Ltd, with 221 survey respondents.

- ***Analysis of the NC500 Visitor Survey*** that was developed and distributed by NC500 Ltd, with 819 survey respondents (see Appendix 1 for a full summary of results).

In addition, to inform the methodology outlined above, a review of other economic impact studies of similar tourism initiatives/long-distance routes was undertaken. These methodologies are outlined in Appendix 5 and highlight the need for a mixed methods approach that draws on published statistics and surveys of visitors and businesses.

Box 1.1: NC500 Impact Measurement Framework

A key aim of the research was to develop a measurement framework that can be used to monitor the impact of NC500 over the medium- to long-term. This has been taken forward through the development of the ***NC500 Impact Measurement Framework*** which has collated relevant, available data across different indicator themes, geographies and years to help evidence the full range of impacts that the NC500 is having.

Indicator Themes
Data has been collated across ***different themes*** in recognition that the NC500 can potentially impact on the economy, labour market, transport infrastructure, environment and place attractiveness. Specifically, indicators have been collated for:

- **Tourism sector** – visitor attractions, Visit Scotland i-centres, employment, and (at the Highlands level) visitor number, duration and spend data.
- **Transport** – traffic count/road use and ferry data.
- **Place attractiveness** – social media statistics.
- **Wider impacts** – total employment, population, and Gross Value Added data.

The statistics have been sourced through nationally published datasets and datasets and reports held by NC500 Working Group partners.

Geographies
For nationally published statistics (e.g. BRES employment data and NRS population data), the research has collected data for the geographies outlined below.

- **NC500 route (excluding Inverness)** – using the 107 datazones which the NC500 passes through or adjoins but excluding Inverness datazones.
- **NC500 route (including Inverness) –** using the 205 datazones which the NC500 passes through or adjoins and including the Inverness datazones.
- **Key settlements** – with the four settlements – **Dingwall, Thurso, Wick and Ullapool** – at different stages along the route and of sufficient scale where there is more than one datazone in the settlement (e.g. Ullapool is the smallest settlement with two datazones). Appendix A3 has the full list of datazones used.
- **HIE areas** – namely, **Caithness and Sutherland, Inner Moray Firth, and Lochaber, Skye and Wester Ross.**
- **Highland Council local authority area.**
- **Highlands and Islands.**
- **Scotland.**

For datasets held and provided by partners, data has been collated and presented that is specific to the North Highlands. For example, only the Visit Scotland i-Centre data for its four North Highlands locations are provided.
Years
Where available, annual data has been collated from 2011 onwards to enable longer-term trends to be identified. In this report, however, analysis has focused on the change from 2015 (as the baseline year) to 2016 (as Year 1 of the NC500).

All data has been complied in a ***Microsoft Excel database*** for ease of updating in future years, with selected data then presented in Chapters 2 to 5 of this report. The full composition of the NC500 Impact Measurement Framework is outlined in Appendix 2.

Data Limitations

In constructing the NC500 economic baseline, it is important to acknowledge some of the limitations of the research. These are as follows:

- There is limited statistical data available at the sub-local authority area level, noting that datazone geographies have been used to construct the NC500 route, key settlements and HIE areas.
- The likelihood of statistical inconsistencies and inaccuracies are increased when collating and analysing data for rural, sub-local authority areas such as the North Highlands[1].
- As indicated above, there is a time lag in reporting statistical data which means 2016 data is not yet available for some indicators.
- Notwithstanding the large number of responses to the NC500 Business and Visitor surveys, respondents were self-selecting rather than randomly sampled, meaning the results cannot be fully validated.

Report Structure

The report is organised under the following chapters:

- Chapter 2 – NC500 Impact on North Highland's Tourism Sector.
- Chapter 3 – NC500 Impact on North Highland's Transport and Road Infrastructure.
- Chapter 4 – NC500 Impact on North Highland's Place Awareness and Marketing.
- Chapter 5 – Estimates of NC500 Impact on Tourism Numbers, Spend and Employment.
- Chapter 6 – Conclusions and Recommendations.

The report is then supported by the three appendices:

- Appendix 1 – NC500 Visitor Survey results.
- Appendix 2 – NC500 Impact Measurement Framework.
- Appendix 3 – Datazones used for NC500 geographies (NC500 route, settlements and HIE areas).
- Appendix 4 – Profile of the NC500 Business Survey completers.
- Appendix 5 – Review of similar economic impact study methodologies.

[1] The Business Register and Employment Survey (BRES) data that provides employment data should in particular be interpreted with caution at the sub-local authority area level.

2. NC500 IMPACT ON NORTH HIGHLAND'S TOURISM SECTOR

Introduction
This chapter sets out the available statistics and wider evidence gathered on the impact that the NC500 has had on the tourism sector in the North Highlands. It is organised around the following sub-headings:
- NC500 Impact Measurement Framework data.
- Impact on Businesses – NC500 Business Survey and Business Interviews.
- Stakeholder interview feedback.

NC500 Impact Measurement Framework Data
Only one of the statistical datasets captured in the NC500 Impact Measurement Framework – *Visit Scotland i-Centre visitor numbers* – provides 2016 data that can help evidence the impact the NC500 has had in Year 1. However, the Moffat Centre's *Scottish Visitor Attraction Monitor report* data has also been presented in this section as it provides supporting statistical information for how the North Highlands tourism sector was performing before the NC500 was launched. The section ends with the sustainable tourism employment data along the NC500 route.

Visit Scotland i-Centres along the NC500
There are four Visit Scotland i-Centres along the NC500 route – Durness, Lochinver, Thurso and Ullapool – and Figure 2.1 shows the annual number of visitors for 2014 to 2016. The key findings are:
- ***In the year prior to the NC500's launch*** (i.e. between 2014 and 2015):
  - ***The four i-Centres along the NC500 on average experienced a 5% decrease in use***.
  - The 5% decrease was in line with the Scotland decrease (-6%) but the Highlands as a whole experienced a small increase (+2%).
- ***In Year 1 of the NC500*** (i.e. between 2015 and 2016), a very different picture can be seen.
  - ***The four i-Centres along the NC500 on average experienced a 26% increase in use*** (and this includes a 1% decrease in Lochinver, something that Visit Scotland cannot explain).
  - The Highlands i-Centres also experienced an increase (6%) but not to the extent of the four i-Centres along the NC500.
  - Scotland's i-Centres experienced a small decrease (-1%) but this can partly be attributable to some i-Centres closing.

Figure 2.1: Visit Scotland i-Centre Visitor Data

	2014	2015	2016	% Change	
				2014-15	2015-16
Durness i-centre	26,892	26,366	33,765	-2	28
Lochinver i-centre	19,367	15,997	15,865	-17	-1
Thurso i-centre	18,421	19,317	25,807	5	34
Ullapool i-centre	34,161	31,759	41,832	-7	32
NC500 Total	98,841	93,439	117,269	-5	26
Highlands i-centres	732,915	743,915	789,828	2	6
Scotland i-centres	3,330,420	3,137,516	3,099,245	-6	-1

Source: Visit Scotland

Visitor Attractions on the NC500
The Moffat Centre at Glasgow Caledonian University produce the annual *Scottish Visitor Attraction Monitor report* using visitor number data provided/self-reported by attractions – with 24 visitor attractions on or near the NC500 providing data[2].

The annual reports have been shared by Highland Council for this research, with the latest providing data up to 2015. Aggregating the 24 NC500 visitor attractions, the data shows a very similar pattern to the i-Centre data in Figure 2.1.

- ***In the year prior to the NC500's launch*** (i.e. between 2014 and 2015):
  - The 24 NC500 attractions included in the report on average experienced a 4% decrease in visitors.
  - In contrast, attractions across the Highlands had a good year with a 5% increase, while Scotland experienced a 2% increase.

Figure 2.2: North Highlands Visitor Attraction Data

	2014	2015	2016	% Change	
				2014-15	2015-16
NC500 Visitor Attractions (24 in total)	503,560	485,630	NA	-4	NA
Highlands	3,516,290	3,704,773	NA	5	NA
Scotland	56,366,800	57,593,387	NA	2	NA

Source: Moffat Centre – Scottish Visitor Attraction Monitor report (provided for this research by Highland Council)

Sustainable Tourism Employment
The main source of employment data is the Business Register and Employment Survey (BRES). Published annually it allows analysis of different geographies and sectors – and the NC500 Impact Measurement Framework provides 'sustainable tourism', 'accommodation and food services', 'retail' and 'arts, entertainment and recreation' employment data for all the geographies listed in Box 1.1. Most relevant here is the 'sustainable tourism' employment measure that uses the Scottish Government definition of the tourism sector using an aggregation of different sub-sectors. Using this measure, there were an ***estimated 4,200 sustainable tourism jobs along the NC500 in 2015***[3]. We do not know, however, whether these are full-time or part-time jobs, nor whether they are permanent or temporary contracts

In summary, Figures 2.1 and 2.2 show that the North Highlands does not automatically benefit from the Highlands having a good tourism season. For example, between 2014 and 2015, i-Centre and visitor attraction numbers in the Highlands increased but the equivalent numbers in the North Highlands decreased. As discussed later, stakeholders interviewed as part of this research were keen to point out that attracting visitors beyond Inverness to the North Highlands has historically been a key challenge. The i-Centre data presented in Figure 2.1 provides preliminary evidence that the NC500 is helping to address this with the 'swing' from an average 5% decrease in the four i-Centres along the NC500 route between 2014-15 to a 26% increase between 2015-16, while the Highlands i-Centre visitor numbers increased by only 6%.

Impact on Businesses – Business Interviews and NC500 Business Survey
The impact on businesses has been captured through two mechanisms:

[2] Appendix 2 lists the 24 visitor attractions.

[3] Estimated figure because there can be inaccuracies within BRES at the local level given that the data is survey based and businesses self-identify.

- ***15 telephone interviews*** completed by the research team with tourism businesses located on the NC500.
- The ***North Coast 500 Business Survey***, which was distributed via direct email by North Coast 500 Ltd to North Highlands tourism-based businesses in mid-September 2016. The survey was completed by 221 businesses (with a breakdown of the respondent characteristics provided in Appendix 4). This is a large sample size and the results can therefore be interpreted with some confidence. Visit Scotland work with 668 tourism businesses in the North Highlands[4], and so the survey has seemingly engaged with around a third of tourism businesses.

The feedback from businesses across the two sources has been organised under the following headings:

- Impact on trade.
- Impact on employment.
- Other business impacts – opportunities and challenges.

Impact on Trade – Business Interviews

Beginning with the business interview feedback, businesses were asked about the changes in their number of customers, business turnover and profits.

Presenting the feedback from the 15 business interviews, by ***number of customers***:

- Of the six visitor attractions interviewed, four reported a 2015-16 increase in visitors of between 15% and 18%, one reported a five-fold increase in visitors, while one did not report an increase in visitor numbers.
- Of the five hotels interviewed, three reported increases – but only one of these could provide any data (stating that occupancy had increased from 60-70% in summer months to almost 100%). Two hotels reported no impact.
- Of the two campsites interviewed, one reported an increase but was not comfortable attributing the increase to the NC500 alone. The other reported no impact.
- The one guest house interviewed reported a 20% increase in customers.

Reading across the business responses, the feedback suggests that ***businesses have on average experienced a 15-20% increase in Year 1 of the NC500***. While trade has increased, some businesses felt they could not attribute all of the increase to the NC500. These other potential contributory factors are elaborated on further in this chapter's Stakeholder Views section.

Asked about the change in ***business turnover***:

- Of the six visitor attractions interviewed, five reported an increase. Of these, one reported a six-fold increase in turnover, one reported a 63% increase (n.b. the increase is reported from 2014 to 2016, rather than from 2015 to 2016), one reported a 17% increase, and two could not provide data.
- Of the five hotels interviewed, four reported increases in turnover. Of these, one reported a 20-30% increase, one reported a 10% increase, and two could not provide data. One hotel reported no impact.
- The two campsites and the guest house did not report an increase in turnover.

Businesses were less forthcoming with the change in ***profits***:

- Two of the six visitor attractions reported an increase in profits but could not specify by how much.
- Three of the five hotels interviewed reported an increase in profits, with one stating a 5% increase. Of these, one hotel explained that to raise the quality

[4] Visit Scotland have used the following postcodes to calculate the 668 tourism businesses: IV1, 4-11, 14-28, 54 and KW1-3, 5-11, 13-14

of their business, they had reinvested the profits into refurbishments, while overheads and staffing costs had also increased.

Overall, ***all of the businesses interviewed reported that they were busier***. In addition, some businesses noted that ***NC500 visitors often have more disposable income*** than other visitors, with reference made to many NC500 visitors being in the 45 to 65 year old age group, looking for higher quality dining experiences (e.g. restaurants rather than cafés, and seeking local produce), willing and able to buy local crafts and food and drink produce, and demanding of Wi-Fi services. Referring to Visit Scotland's market segmentation research5, these visitor characteristics most closely align with the '*Engaged Sightseers*' market segment, followed by '*Natural Advocates'* and (to a lesser extent) '*Food-Loving Culturalists'*. In response, and discussed later in this chapter, this has prompted some businesses to improve the quality of their offer to meet NC500 visitor demand for higher quality products and services.

Impact on Trade – NC500 Business Survey

Turning to the NC500 Business Survey data, the survey asked businesses to estimate the difference in trade that the NC500 has made to their business. The meaning of 'trade' as a term was not specified in the survey to enable businesses to interpret 'trade' as best befits their business – e.g. in relation to customer numbers, turnover, profits or other measures of business activity. With this caveat, the survey used a scale of 10%, 20%, 30%, 40%, 50% and 100% increase or decrease and the overall response from businesses set out in Figure 2.3 shows:

- 60% of businesses reported a positive impact on trade.
- 19% businesses reported no change in trade.
- 1% of businesses reported a negative impact on trade.
- 17% of businesses could not provide an estimate – and reasons given included that the businesses had only started in 2016, that data was not recorded, and that it was 'hard to tell' as the business has always been busy.

While the impact scale used in the survey (and the number of 'don't knows') inhibits a mean and/or median increase in estimated trade to be accurately calculated, an ***increase in trade of between 10% and 20% across the survey respondents can be derived*** from the data. This is in line with the business interview feedback reported above.

Figure 2.3: Estimated Difference in Trade from NC500

	Increase in Trade						0	Decrease in Trade			DK
	100	50	40	30	20	10		10	20	30	
Number	4	12	1	26	33	56	48	1	1	1	38
%	2	5	0	12	15	25	22	0	0	0	17

Source: NC500 Business Survey

By type of business, Figure 2.4 shows:

- The business types most commonly reporting an increase in trade were:
  - Hotels – 86% of businesses reported an increase.
  - Food and drink – 78% of businesses.
  - Activities – 70% of businesses.
  - B&Bs and Guest Houses – 68% of businesses.
- The business types least likely to report an increase:
  - Self-catering – 39% of businesses reported an increase.
  - Retail – 57% of businesses.

5 Visit Scotland (2014) *An Overview of Our Target Segments*.

It is important to note that the NC500 Visitor Survey (see Appendix 1 for full summary of survey results) found that the most common type of accommodation used by survey respondents was motorhome/campervan (51% of visitors), followed by B&Bs and Guest Houses (37%), hotels (32%) and self-catering (8%). In interpreting the NC500 Visitor Survey data, respondents could have stayed in more than one type of accommodation during their trip.

Figure 2.4: Estimated Difference in Trade from NC500 by Business Type (%)

	Increase in Trade						0	Decrease in Trade			DK
	100	50	40	30	20	10		10	20	30	
B&B/Guest House	1	7	1	14	13	30	17	1	0	0	14
Self-catering	0	3	0	13	7	16	46	0	0	0	15
Hotels	0	13	0	9	16	47	3	0	0	0	13
Food & Drink	5	8	0	18	13	32	8	0	0	3	11
Retail	0	4	0	11	14	29	18	0	4	0	21
Activity	0	15	0	0	20	35	10	0	0	0	20
Visitor Attraction	6	6	0	6	19	25	6	0	0	0	31
TOTAL	**2**	**5**	**0**	**12**	**15**	**25**	**22**	**0**	**0**	**0**	**17**

Source: NC500 Business Survey

By location of business, Figure 2.5 begins with whether the business is located ***'on' or 'off' the NC500*** and shows:

- 62% of businesses located on or 'just off' the NC500 route reported an increase in trade.
- 56% of businesses located off the NC500 route reported an increase in trade.

Turning to their ***location in the North Highlands***, Figure 2.5 shows:

- 67% of businesses located in the North (Durness to John O'Groats) reported an increase in trade.
- 61% of businesses located in the East (Dingwall to Wick) reported an increase in trade.
- 57% of businesses located in the West (Lochcarron to Kinlochbervie) reported an increase in trade.
- 43% of businesses located in Inverness reported an increase in trade.

Figure 2.5: Estimated Difference in Trade from NC500 by Location (%)

	Increase in Trade						0	Decrease in Trade			DK
	100	50	40	30	20	10		10	20	30	
On NC500	3	6	1	10	17	25	21	1	1	0	15
Off NC500	0	4	0	14	11	26	22	0	0	1	21
East	2	7	0	7	14	31	22	0	0	2	15
North	5	9	0	21	7	26	21	0	0	0	12
West	1	4	1	12	18	22	28	1	1	0	13
Inverness*	0	0	0	0	21	21	36	0	0	0	21
TOTAL	**2**	**5**	**0**	**12**	**15**	**25**	**22**	**0**	**0**	**0**	**17**

Source: NC500 Business Survey
Note: * based on sample size of 14 Inverness businesses

In summary, tourism businesses are reporting an average Year 1 increase in customers/visitors of between 10% and 20%. Set against early indications that tourism levels across the Highlands (and Scotland) increased by 5%[6], means the NC500's additional impact in terms of visitor numbers to the North Highlands between 2015 and 2016 is in the region of 5% to 15%. Importantly, this level of impact is being reported by businesses on and off the NC500, by businesses located on the East, North and West of the NC500 route, and by different business sectors.

Impact on Employment – Business Interviews
Turning to employment, the research's business interviews asked whether there had been a change in the number of employees between 2015 and 2016. The feedback from the 15 business interviews was:

- Three businesses (two visitor attractions and one hotel) stated they had recruited additional staff in 2016 (in total, creating 11 jobs).
- One campsite had not recruited additional staff in 2016, but plans to recruit four additional staff in 2017.
- The other 11 businesses did not report an employment increase.

In summary, the employment impact in Year 1 appears to have been small but positive – indicating that businesses have tried to meet the additional tourism demand in Year 1 through their existing staffing capacity.

Impact on Employment – NC500 Business Survey
The NC500 Business Survey took a different approach to the business interviews and asked businesses whether they intended to hire additional staff in the future due to the increasing popularity of the NC500 – i.e. it provided a forward look to 2017.Of the 221 businesses completing the survey, 57 (or 26%) reported that they would. From their responses, these 57 businesses would ***create an estimated 201 additional jobs, which is a 16% uplift on the workforce across the 221 businesses***. We cannot know if this 200 job increase will be realised, nor do we know whether these are full-time, part-time, permanent or temporary jobs. It also not clear when these jobs will be created but tourism businesses tend to focus on a year-by-year basis and so it is expected that the jobs will be created for the 2017 tourism

[6] Tourism Scotland (2017) Scotland's Tourism Performance Quarter 3 / 2016 http://www.visitscotland.org/pdf/2016%20Q3%20Stats%20Summary.pdf; and Visit Scotland i-Centre data for Highlands

season. While there are caveats associated with the anticipated employment increase, the results provide a strong indication of the increased business confidence brought about by the NC500.

By location of business, Figure 2.6 shows that by location on the NC500 route:

- 39 businesses on the NC500 stated that they intended to hire additional staff, in total generating an estimated 123 additional jobs (an uplift of 13%).
- 18 businesses off the NC500 stated that they intended to hire additional staff, in total generating an estimated 78 additional jobs (an uplift of 31%).

By location in the North Highlands, Figure 2.6 shows:

- 14 businesses in the East stated that they intended to hire additional staff, in total generating an estimated 92 additional jobs (an uplift of 19%).
- 18 businesses in the North stated that they intended to hire additional staff, in total generating an estimated 56 additional jobs (an uplift of 28%).
- 22 businesses in the West stated that they intended to hire additional staff, in total generating an estimated 49 additional jobs (an uplift of 10%).

Figure 2.6: Estimated Future Employment Impact of NC500 by Location

	Total Workforce Across all Businesses, 2016	Number of Businesses Recruiting Additional Staff for 2017	Estimated Number of Additional Staff for 2017
On NC500	978	39	123
Off NC500	254	18	78
East	480	14	92
North	203	18	56
West	512	22	49
Inverness*	36	3	4
Total	1,232	57	201

Source: NC500 Business Survey
Note: Workforce data excludes Highlife Highland data, which employed 1,086 in 2016
* based on sample size of 14 Inverness businesses

In summary, the business interviews indicate that there had been a small increase in tourism jobs in 2016 but generally the increased customer/visitor numbers had been met by existing staff capacity. However, looking forward to 2017 and beyond, the NC500 Business Survey results indicate a 16% uplift in tourism employment across the businesses surveyed.

Other Business Impacts – Business Interviews

Beyond trade, turnover, profits and employment, it is important to understand other impacts that the NC500 is having on local businesses. In the main, the opportunities that the NC500 has opened up for businesses were highlighted but it is also important to understand the emerging challenges that the success of the NC500 has brought for some businesses.

Opportunities

Beginning with the opportunities, a common theme identified across the 15 North Highlands tourist businesses was the ***extending of the tourist season***. Specific examples include:

- One visitor attraction extending its opening into December, when in the past visitor numbers had largely been between May and August.
- One visitor attraction opening some parts of its business all-year round.
- One hotel and one visitor attraction both reporting increased enquiries about November and January – so leading the visitor attraction to consider lengthening its opening months.

Linked to the extending of the tourist season, a number of businesses reported that they are ***increasing their opening hours / hours of service***.

- One visitor attraction will now be open longer each day within season, but will not extend their season for maintenance reasons.
- Two hotels and one campsite reported that they are increasing the hours when they serve meals.
- One visitor attraction is increasing the frequency (and the range) of their tours.

Another common theme identified by businesses was their ***increased profile***. Specific examples include:

- Two visitor attractions believes the NC500 has contributed to extending its profile across the UK and internationally – particularly due to the visitor attractions being on the NC500 website.
- One visitor attraction perceived that its high (global) profile had begun to wane over the last 10 years, but the NC500 has acted as a catalyst to increase its profile again.

Five businesses reported that they are undertaking ***capital investments to expand capacity and/or improve quality of offer in their business***.

- One visitor attraction is extending their shop and visitor centre.
- One visitor attraction has extended its visitor centre and café, with the aim of not only meeting increased visitor demand but also improving the quality of its offer to reflect the expectations of NC500 visitors.
- One visitor attraction is improving its parking areas and extending its catering areas to accommodate more visitors.
- One hotel is refurbishing its premises to give the hotel a unique selling point to visitors.
- One campsite has invested in a new shower block to meet increasing visitor numbers.

Two businesses are actively looking to ***diversify their business into new areas***.

- One hotel, which has seen occupancy rates increase, is looking to develop 'pods' for camping in the hotel grounds as a means of expand their accommodation offer.
- One (historic) guest house is looking to develop guided tours of the building and start a café to make it more of a visitor attraction. The owners would probably not have considered this without the NC500.

Three other businesses were also considering some form of diversification and/or expansion but had no firm plans to do so yet.

Another impact, reported by one hotel, was that the NC500 had encouraged them to work harder at ***building their online profile*** (particularly on social media) to capture as much of the NC500 market as they can.

Challenges

The challenges put forward by some of the businesses interviewed are relatively few in number because they were very supportive of the NC500 and generally took a 'can do' attitude towards taking advantage of the opportunities created and/or action to address any business challenges arising. As a consequence, challenges were rarely raised but those that were are outlined below.

The most immediate challenge reported by accommodation providers was how to respond to the ***increased demand for single night stays***. More one-night stays – increases the volume of work required to service the rooms compared to multi-night stays. However, as one business reported, 'One night is more labour intensive for housekeeping but this is not really a negative. New business is always good'. There is evidence from the NC500 Business Survey that a small number of businesses are planning to introduce a small one-night premium on accommodation costs to reflect the increased workload of one-night stays.

Of relevance to the anticipated increase in employment, some businesses reported ***difficulties recruiting staff*** – with examples being:

- One campsite found it difficult to recruit local staff because of the limited number of young people living in the area. In response, they tend to recruit people from elsewhere in the EU.
- One visitor attraction relies on overseas recruits because they struggle to recruit local people with the high quality hospitality skills they need. That said, the business is investing in training and aims to offer higher pay and better working terms and conditions to attract high quality staff.
- One hotel reported that it has always been difficult to recruit and retain good quality skilled staff. The NC500 had exacerbated these difficulties due to increased demand and competition for labour.

Other challenges reported during the business interviews were:

- ***Ensuring businesses had a strong digital profile*** (to help attract customers) and ***digital systems*** in place (to help convert customer enquiries and interest into bookings).
- ***Some difficulties attracting visitors if not on the NC500*** – some businesses reported difficulties attracting visitors when they are located off the NC500. To address this, they suggested improved signage of other attractions. Two businesses had put up their own signs highlighting that they offered free Wi-Fi, toilets, tea and coffee, etc.
- ***Change in target market*** – one visitor attraction has had to cut back on some of its business activities (e.g. hosting weddings and functions) in order to focus on meeting the demands of increasing visitor numbers.

In summary, businesses report that the NC500 has attracted additional visitors to the North Highlands and this is creating opportunities and confidence for local businesses to invest in their products and services – including business expansions, upgrades and diversification. Looking forward, a key challenge for businesses may lie in attracting and retaining staff as recruitment difficulties have already been reported and demand for labour is expected to increase in 2017.

Stakeholder Views

This section reports the views of the stakeholders interviewed as part of this research. In reporting on these, an important caveat that many of the stakeholders raised is that their views are largely based on anecdotal evidence. All therefore recognised the importance of this baseline research because it provides a robust, objective evidence base upon which partners can make more informed decisions can be made.

Impact of the NC500

Notwithstanding the caveat above, stakeholders were in agreement that the ***NC500 has attracted more visitors to the North Highlands***. Two different perspectives were then offered by stakeholders.

- First, stakeholders felt it important to contextualise the impact of the NC500 with the strong tourism year for Scotland and the Highland in 2016. Contributory factors behind 2016 being a good year include:
  - £ Sterling's low exchange rate against other major currencies, which can encourage more UK residents to holiday in the UK (due to the higher cost of holidays abroad) and encourage more overseas visitors to the UK (because UK prices are comparatively lower for them).
  - Improved marketing of Scotland as a tourist destination by Visit Scotland, with the North Highlands likely to benefit from this.
  - Introduction of reduced fare rates on ferries to Scotland's islands through Road Equivalent Tariffs. 2016 was the first full year that RETs were in place across the network and the awareness of RETs could have encouraged more visitors to the Highlands and Islands. An indication of the RETs' impact is that there was an average 16% increase in cars across Calmac's routes between 2015 and 2016[7].
  - Increased security and terrorism threats abroad.
  - Increased popularity of the 'staycation'.
- Second, stakeholders highlighted it has historically been difficult to encourage visitors to travel further north from Inverness to the North Highlands.

While 2016 was reportedly a good tourism year for Scotland, stakeholders believed that the ***North Highlands had a larger proportionate increase in visitor numbers***. Importantly, this ***increase is also widely attributed to the NC500*** because the contributory factors outlined above are not locally specific and would impact across Scotland. Some local factors were put forward by stakeholders but they also recognised that the impact of these would be relatively small. These local factors were:

- Increase in the number of cruise ships – with Invergordon a key port.
- The £6.5m redevelopment of John O'Groats[8], helping to make it a more attractive tourist destination.
- Improved connectivity of Inverness Airport with new routes established, so enabling quicker access to the North Highlands.
- Strong tourism seasons in Skye and Orkney with many of the visitors to these islands likely to use parts of the NC500 during their trips.

The NC500 is therefore widely seen to have led to an increase in visitor numbers to the North Highlands, with this impacting on different parts of the tourism sector.

- Increased occupancy levels across all accommodation types, which in turn has led to a reduced need for businesses to discount (so increasing turnover and profits).
- Increased custom in cafés and restaurants along the NC500.
- Increased visitors to tourist attractions along the NC500.
- An extension of the tourism season in the North Highlands into the 'shoulder months' of February-April and October-November. This, in turn, may help overcome the seasonality of tourism employment and make the tourism sector a more attractive and sustainable employment option and career for local residents.

However, some stakeholders questioned whether the level of impact is felt equally along the whole NC500 route or whether the impact is proportionately greater in existing tourism 'honeypots' (e.g. Applecross) and/or in the settlements marketed as overnight stopovers in the NC500 suggested itineraries. To help spread the benefits, some stakeholders suggested that alternative itineraries (including business working

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[7] https://www.calmac.co.uk/corporate/carrying-statistics

[8] http://www.wearegIm.com/project/redevelopment-of-john-o-groats/

collaboratively to develop joint itineraries[9]) and alternative NC500 entry points (e.g. from Lochaber) could be more strongly marketed to visitors as these would potentially lead to different overnight stopover locations.

Opportunities from the NC500

Stakeholders were aware that tourism businesses were becoming increasingly attuned to the opportunities of the NC500. Examples they gave included:

- High Life Highland partnering with NC500 to offer the primary 'NC500 user' free use of High Life Highland's leisure facilities. While uptake of facilities is understood to be limited to date (partly due to Thurso and Wick's leisure centres being closed for refurbishment in 2016), the rationale for this arrangement is that fellow visitors of the primary NC500 user will use and pay for the facilities, while the increased number of users will spillover to increased café and vending machine revenue.
- The NC500 increasing business confidence leading to some businesses investing in extended and upgraded tourism facilities (see Box 2.3 above).
- The NC500 creating opportunities for new tourism ventures – e.g. tours, guides and experiential businesses.
- Future opportunities for 'local producers' to diversify their business and also become visitor attractions. These include businesses in the:
    - Food and drink sector.
    - Creative industries (e.g. galleries, jewellery, crafts).

In addition to the opportunities for tourism businesses, stakeholders also reported examples of the NC500 impacting positively on other sectors of the economy – albeit it is difficult to quantify the impact. Examples included:

- Increased business for local shops and retailers.
- Increased business for supply chain businesses – e.g. food and drink suppliers to tourism businesses.
- Opportunities to develop marina sites and connect with the marine leisure sector.

In the longer term, some stakeholders believed that people's experience of the NC500 could in time lead to more people considering living, working and/or starting a business in the North Highlands – so boosting the local population and business base.

Implications of the NC500

The NC500 has brought business opportunities but the increased visitor numbers have also placed and/or exacerbated pressures on some businesses. Stakeholders reported:

- Higher demand for 1-night stays as opposed to longer 3-day or 7-day stays. This has led to accommodation providers having to revise their business model to cater for higher volumes of short-term stays and higher visitor turnover. Examples include:
    - Some businesses setting a 2-night minimum stay policy in the high season.
    - One of the businesses interviewed as part of this research changing from self-catering to B&B. It has seen improved bookings as a consequence.
- Increased demands for diverse accommodation types (from camping and bunk houses to glamping pods and hotels) to meet the different users of the NC500.

[9] A good example of businesses working together is the plan among the 9-hole golf courses to market a '9-hole ticket' which would give discounted entry to all nine courses along the NC500.

- Increased demand for year-round opening and longer daily opening and/or serving hours, which some businesses do not have the capacity, business model or desire to provide.
- Increased (and potentially unwanted) pressures on lifestyle accommodation businesses who were content with smaller volumes of longer-stay visitors rather than daily business demands.
- Challenges meeting the (increasing) demand for labour. In some locations there are already difficulties housing staff, while Brexit may in the future limit opportunities to recruit migrant labour.
- Some stakeholders noted that the NC500 (like Scotland's tourism offer as a whole) is not a cheap holiday destination and so there is a need to ensure that:
  - The quality of products and services (including food and drink) are high and meet visitor expectations.
  - The tourism workforce (and indeed all tourist-facing positions such as shops and transport operators) have the skills to provide a high quality visitor experience.

  By doing so the reputation of the NC500 is maintained and/or enhanced.

Chapter Summary

While there is limited 2016 data to evidence the Year 1 impact, the indications are that the NC500 has had a very positive impact on visitor numbers to the North Highlands. For example, between 2015 and 2016:

- The four Visit Scotland i-Centres along the NC500 experienced an average 26% increase in use, compared to a 6% increase across the Highlands' i-Centres.
- The research's 15 business interviews along the NC500 identified a 15%-20% increase in trade in 2016.
- The NC500 Business Survey data indicates a 10%-20% increase in business trade in 2016, with an anticipated increase of 200 jobs in 2017 across the businesses responding to the survey.

Collectively, these point towards a 10%-20% increase in trade among North Highlands tourism businesses which, set against early indications that tourism levels across the Highlands (and Scotland) increased by 5%, means the NC500's additional impact in terms of visitor numbers to the North Highlands between 2015 and 2016 is in the region of 5% to 15%.

Related to the increased visitor numbers, businesses and stakeholders reported a number of wider benefits for the North Highlands tourism sector that has been driven (at least in part) by the increased business confidence generated by the NC500. These include:

- Extending of the tourism season.
- Increase in opening hours.
- Increase in the awareness and profile of the business and the North Highlands as a tourist destination.
- Opportunities for businesses to invest in the expansion, upgrading or diversification of their businesses.
- Opportunities for supply chain businesses – e.g. food and drink suppliers.

Few business-related challenges were identified by the businesses and stakeholders interviewed but where raised these typically related to the increased demand for one-night stays, having the capacity to respond to increased tourism volumes and changing demands, and recruiting and retaining staff.

3. NC500 IMPACT ON NORTH HIGHLAND'S TRANSPORT AND ROAD INFRASTRUCTURE

Introduction

This chapter sets out the available statistics and wider evidence gathered on the impact that the NC500 has had on the North Highlands transport and road infrastructure. It is organised around the following sub-headings:

- NC500 Impact Measurement Framework Data.
- NC500 Visitor Survey.
- Stakeholder views.

NC500 Impact Measurement Framework Data

As part of the NC500 Impact Measurement Framework, ***traffic count*** data from the UK Department for Transport (for trunk roads) and Highland Council (for the minor, non-trunk roads) has been collated. Specifically, annual average daily count flow data has been collated for nine different count points along the NC500, with these count points permanently fixed so allowing a robust analysis of traffic flows over time to be made. The data is presented in Figure 3.1 and shows:

- ***In the year prior to the NC500's launch*** (i.e. between 2014 and 2015), traffic volumes along the NC500 route had increased in the range of 3-5%.
- ***In Year 1 of the NC500*** (i.e. between 2015 and 2016), and with the caveat that only Highland Council data for 2016 is currently available, the data shows that traffic volumes along the NC500 route had increased by around 10% (noting that the A836 between Dounreay and Thurso appears to have seen an increase of just 2%).

Figure 3.1: NC500 Traffic Counts

	2014	2015	2016	% Change	
				2014-15	2015-16
Department for Transport counts					
A9 Brora (code: 30721)	2,697	2,768	NA	3	NA
A836 Tongue (code: 50938)	479	492	NA	3	NA
A837 Lochinver (code: 50936)	726	746	NA	3	NA
A832 Achnasheen (code: 40933)	1,427	1,470	NA	3	NA
Highland Council counts					
A832 Gairloch to Poolewe	1,061	1,068	1,180	1	10
A832 Dundonnell to Braemare Junction	604	606	686	0	13
A832 Gorston to Achnasheen	1,630	1,731	1,937	6	12
A836 Dounreay to Thurso	2,384	2,476	2,533	4	2
A838 Laxford Bridge to Rhiconish	451	479	NA	6	NA

Source: Department for Transport; Highland Council

North Coast 500 Visitor Survey

The North Coast 500 Visitor Survey was developed by NC500 Ltd to gain a better understanding of the visitor profile and their experiences of visiting the NC500. It was distributed in mid-September 2016 via its own Facebook site and two other independent, NC500-focused Facebook sites. A full summary of the survey results is presented in Appendix 1 but outlined below are the results of the transport-related questions.

Of the 819 responses to the survey, the results show that in terms of their travel itineraries:

- ***By direction of travel***, travelling in a clockwise direction (i.e. West first) was marginally more popular.
  - 57% of visitor parties travelled clockwise.
  - 43% of visitor parties travelled anti-clockwise.
- ***By length of journey***, trips/holidays of 5 or more days were most common. For context, the average trip duration to the Highlands is 4 nights[10].
  - 36% of visitor parties spent 1 week or more travelling the NC500.
  - 30% of visitor parties spend 5-6 days travelling the NC500.
  - 26% of visitor parties spend 3-4 days travelling the NC500.
  - 9% of visitor parties spend 1-2 days travelling the NC500.
- ***By type of vehicle***, cars are used by half of visitor parties but a quarter of visitors are travelling by motorhome or campervan.
  - Car – 54%.
  - Motorhome / campervan – 26%.
  - Motorcycle – 11%.
  - Bicycle – 6%.
  - Van – 3%.
  - Bus / coach – 1%.

The NC500 Visitor Survey then asked respondents for their views on the traffic levels on the NC500 and the condition of the roads.

- Beginning with their views of the ***traffic levels*** while travelling around the NC500, their responses were:
  - 84% of visitor parties did not come across any congestion or delays.
  - 14% of visitor parties reported there was some congestion or delays.
  - 2% of visitor parties reported there was significant congestion or delays.
- Rating the ***conditions of the roads*** around the NC500, their responses were:
  - Excellent – 13%.
  - Good – 51%.
  - Average – 27%.
  - Poor – 7%.
  - Very Poor – 1%.

Stakeholder Views

Road traffic volume is widely reported by stakeholders to have increased along the NC500. This is an inevitable consequence of the success of the NC500 and the increased number of visitors to the North Highlands. However, a number of stakeholders did raise concerns about the increased traffic volume – and these are summarised below organised under short-term and longer-term impacts.

- ***In the short-term***, stakeholders are reporting (based on their own experiences and those expressed by local businesses and residents):
  - Increased travel times due to increased traffic.
  - Accelerated deterioration of road surfaces and verges on the minor roads managed by Highland Council. This is caused by verges being used instead of passing places and the increased road use by larger vehicles (particularly motorhomes).
  - Poor or inexperienced driver behaviour – for example, inexperienced use of passing places.
  - Pressures on car parking provision in towns, villages and at stopping/ photo points along the route.
  - Increased instances of speeding (but it is important to state here that Police Scotland have no data that supports this claim and, in reality, the

[10] Visit Scotland (2016) *Tourism in Scotland's Regions*.

increased traffic volumes along the NC500 appears to have reduced average speeds and the number of road traffic incidents).

- ***In the longer-term***, stakeholders were concerned around:
  - How to finance the maintenance and upkeep of the NC500 route – and potentially upgrade the roads in the future. Referring here to the minor roads managed by Highland Council[11], stakeholders noted the difficulties in managing the increasing traffic volumes, changes in vehicle type (e.g. more motorhomes), and the ever-increasing pressures on public sector budgets.
  - The supporting infrastructure that helps to ensure that the NC500 is a high quality visitor experience – for example, public toilets, waste facilities (particularly for motorhomes), and car parking.

Closely related to the increased traffic volumes, some stakeholders highlighted the need to consider the ***environmental impact of the NC500***. While no notable negative impacts had been identified to date, some stakeholders recognised the importance of considering:

- The environmental dilemma of promoting carbon emissions through increased vehicle emissions and increased laundry (brought about through more 1-night stays).
- The increased levels of waste and litter – with the available waste facilities potentially not always sufficient in coping with the increased volume of waste. The disposal of chemical toilets is a particular issue.
- Overnight camping / stays in unofficial sites.
- The need to maintain and protect the National Scenic Areas, Sites of Special Scientific Interest and Special Areas of Conservation along the NC500 route.

Chapter Summary

The main source of data to evidence the impact of the NC500 is the traffic count data provided by Highland Council and the Department for Transport. Only the Highland Council traffic count data for 2016 is currently available to assess the Year 1 impact and it indicates a 10% increase in traffic volume between 2015 and 2016.

Traffic volumes along the NC500 therefore appear to have increased and this has led to stakeholders reporting some concerns about poor and/or inexperienced driver behaviour, increasing pressures being placed on the supporting road infrastructure (e.g. parking, waste facilities and public toilets), and the condition of some stretches of the NC500 route.

Getting data that directly responds to these concerns is difficult but one source of data that could be collated in future years comes from the NC500 Visitor Survey which found that:

- 84% of NC500 visitors reported that they did not come across any congestion or delays.
- 64% of NC500 visitors rated the conditions of the roads as ‘excellent’ or ‘good’.

[11] No concerns were reported to date by Transport Scotland relating to the NC500 trunk roads.

4. NC500 IMPACT ON NORTH HIGHLAND'S PLACE AWARENESS AND MARKETING

Introduction

This chapter sets out the available statistics and wider evidence gathered on the impact that the NC500 has had around place marketing and awareness. It is organised around the following sub-headings:

- NC500 Impact Measurement Framework Data.
- NC500 Visitor Survey.
- Stakeholder views.

NC500 Impact Measurement Framework Data

As part of the NC500 Impact Measurement Framework, data has been collected for the:

- NC500 website.
- NC500 Facebook page.
- Other NC500 social media – Twitter, Instagram and YouTube.

In all cases, 2016 data is available only.

Another source of data that can potentially be added to the NC500 Impact Measurement Framework in future years is that provided through MeltWater, which is a media analysis tool that can identify the use of key terms (e.g. NC500) across different media types. NC500 Ltd have recently subscribed to MeltWater and data has started to be captured from January 2017.

Beginning with the ***NC500 website*** Google Analytics data, the key findings to take from Figure 4.1 are:

- 78% of sessions are from the UK.
- 54% of sessions are from people aged 45 or above.
- 62% of sessions are from males.

Figure 4.1: NC500 Website

	1 Jan – 31 Dec 2016
Total Sessions	777,310
Total Page Views	2,402,252
COUNTRY	
UK Sessions (%)	78%
Non-UK Sessions (%)	22%
AGE	
18-24 Year Old Sessions (%)	7%
25-34 Year Old Sessions (%)	21%
35-44 Year Old Sessions (%)	19%
45-54 Year Old Sessions (%)	23%
55-64 Year Old Sessions (%)	19%
65+ Year Old Sessions (%)	12%
GENDER	
Male Sessions (%)	62%
Female Sessions (%)	38%

Source: NC500

The ***NC500 Facebook*** page data presented in Figure 4.2 show:
- 86% of fans are from the UK.
- 46% of fans are from people aged 45 or above.
- 52% of fans are from males.

Figure 4.2: NC500 Facebook

	1 Jan – 31 Dec 2016
Impressions	6,878,097
Post Engagements	86,387
Link Clicks	57,035
Total Fans	29,034
COUNTRY	
UK Fans (%)	86%
Non-UK Fans (%)	14%
AGE OF FANS	
18-24 Year Old Fans (%)	6%
25-34 Year Old Fans (%)	23%
35-44 Year Old Fans (%)	26%
45-54 Year Old Fans (%)	28%
55-64 Year Old Fans (%)	13%
65+ Year Old Fans %)	5%
GENDER OF FANS	
Male Fans (%)	52%
Female Fans (%)	48%

Source: NC500

The other social media statistics in Figure 4.3 are presented for baseline purposes.

Figure 4.3: NC500 Other Social Media

	As of 31 Dec 2016
Twitter Followers	7,500
Instagram Followers	10,100
YouTube Channel Subscribers	640
YouTube Channel Views	26,000

Source: NC500

NC500 Visitor Survey

Figures 4.1 to 4.3 help to show the social media reach of the NC500 with key patterns being that its reach is greater with males, people aged 45 or over, and people from the UK. The NC500 Visitor Survey (see Appendix 1 for full summary of survey results) provides an indication of whether the social media profile is reflected in those actually visiting the NC500. NC500 visitors by gender, age and country of residence are all presented below.

- ***By gender***, there are a higher proportion of males who have visited the NC500.

- 61% of visitors were male.
- 39% of visitors were female.
- ***By age***, the NC500 attracts an older demographic profile with 60% of visitors aged 45 or above. This is marginally older that the age profile of visitors to Scotland as a whole, which is reported to be 55% aged 45 or above[12].
  - 4% of visitors were aged under 18.
  - 4% of visitors were aged 18-24.
  - 15% of visitors were aged 25-34.
  - 16% of visitors were aged 35-44.
  - 32% of visitors were aged 45-54.
  - 22% of visitors were aged 55-64.
  - 6% of visitors were aged 65 or above.
- ***By country of residence***, the UK provides over 90% of NC500 visitors. In interpreting this data, one must appreciate that international visitors may be less prepared to complete an English-language e-survey. For the Highlands as a whole, 77-78% of visitors are from Great Britain[13].
  - 50% of visitor parties came from Scotland.
  - 40% of visitor parties came from England.
  - 2% of visitor parties came from the USA.
  - 1% of visitor parties came from Wales.
  - 1% of visitor parties came from Germany.
  - 1% of visitor parties came from the Netherlands.

The last question presented in this section is that asking about ***how visitors first heard about the NC500***. The responses show that social media was the main mechanism (though an important caveat is that the NC500 Visitor Surveys were posted on Facebook sites – so potentially skewing the responses to this question).

- Social media – 37%.
- Word of mouth – 20%.
- Television – 9%.
- Other website – 8%.
- Newspaper – 8%.
- NC500 website – 7%.
- Magazine – 4%.
- Local / previous visitor – 4%.
- Radio – 1%.

Stakeholder Views

For stakeholders, the effectiveness of the NC500's marketing and social media profile is seen to have been central to the success of the NC500 and the increasing visitor numbers to the North Highlands. Key accolades that the NC500 have helped bring about include being named:

- Number 2 of the '101 Reasons to Travel Now' (*National Geographic Traveller*).
- Number 2 in the World's Top 10 Road Trips (*CNN*).
- Number 1 of the six best road trips in the UK (*Rough Guides*).
- One of the top five coastal touring routes in the world (*The Times* Travel section).

Furthermore, not only has the NC500's marketing and social media profile increased awareness of the North Highlands, but it is also seen to have benefited the Highlands and Scotland as a whole – as evidenced by the Rough Guide naming Scotland as the 2nd top country to visit in 2017, with the NC500 featuring heavily in the reasons for visiting Scotland.

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[12] Visit Scotland (2016) *Scotland: The Key Facts on Tourism in 2015*.

[13] Visit Scotland (2016) *Tourism in Scotland's Regions*.

The challenge lies in keeping the NC500 brand 'fresh' and ensuring that the actual visitor experience meets the expectations generated by the marketing.

Chapter Summary

The place awareness and marketing data presented in this chapter mainly draws on the reach and user profile of the NC500 website and social media. These sources indicate that awareness and interest in the NC500 is greatest among UK residents aged 45 or above, with males more aware than females. This pattern is then reflected in the results of the NC500 Visitor Survey and closely align with the '*Engaged Sightseers*' market segment identified in Visit Scotland's market segmentation research[14], followed by '*Natural Advocates*' and (to a lesser extent) '*Food-Loving Culturalists*'.

More generally, stakeholders and businesses noted that the NC500 has raised the awareness and profile of the North Highlands (and the Highlands and Scotland) as a world-leading tourism destination.

[14] Visit Scotland (2014) *An Overview of Our Target Segments*.

5. ESTIMATES OF NC500 IMPACT ON TOURISM NUMBERS, SPEND AND EMPLOYMENT

Introduction

This chapter draws on the data presented in Chapters 2 to 4, along with other data collated within the NC500 Impact Measurement Framework, to provide baseline and Year 1 estimates of the number of visitors to the North Highlands, total visitor spend in the North Highlands, and the number of tourism jobs in the North Highlands. For each measure, the figures presented are estimates and should be interpreted with caution. It is for this reason that the methodology and assumptions made in arriving at each of the estimates are fully articulated.

Estimated Number of North Highlands Visitors

Visit Scotland[15] report that in 2015 the Highlands had 2,259,000 tourist trips (1,751,000 from GB tourists and 508,000 from overseas tourists). North Highlands data is not available.

To estimate North Highlands visitor numbers, there are ***two options*** from the available statistics that can be used:

- ***i-Centre visitor numbers***:
  - The four NC500 i-Centres had 93,439 visitors in 2015 and Highlands i-Centres had 743,915 visitors.
  - This equates to the four NC500 i-Centres attracting 13% of the Highlands total.
  - Applying the 13% to the 2,259,000 total Highlands visitors equates to the North Highlands attracting 294,000 visitors in 2015.
- ***Visitor attraction data***:
  - The 24 NC500 visitor attractions had 485,630 visitors in 2015 and the Highlands' visitor attractions as a whole had 3,704,773.
  - This equates to the 24 NC500 visitor attractions attracting 13% of the Highlands total.
  - Applying the 13% to the 2,259,000 total Highlands visitors equates to the North Highlands attracting 294,000 visitors in 2015.

The two sources therefore both indicate that the ***North Highlands attracted 13% or 294,000 of the Highlands' visitors in 2015***.

Using this baseline figure, there are three available sources that provide data that is of relevance to the Year 1 impact of the NC500. These are:

- Visitor numbers to the four NC500 i-Centres showed an average increase of 26%. Across the Highlands, the increase was 6%.
- Businesses – via the research interviews and NC500 business survey data – indicated an increase in trade of 10-20%.
- Highland Council traffic count data indicate a 10% increase in traffic along the NC500.

Reading across these different measures, the data indicates that there has been an increase in the number of North Highlands visitors of between 10% and 20% from 2015 to 2016. At the same time, early indications suggest that tourism levels across the Highlands (and Scotland) increased by 5%[16].

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[15] Visit Scotland (2016) *Tourism in Scotland's Regions 2015*.

[16] Tourism Scotland (2017) Scotland's Tourism Performance Quarter 3 / 2016 http://www.visitscotland.org/pdf/2016%20Q3%20Stats%20Summary.pdf; and Visit Scotland i-Centre data for Highlands

This would mean that the ***NC500's additional impact in terms of visitor numbers to the North Highlands between 2015 and 2016 is in the region of 5% to 15%*** (i.e. 10-20% minus 5% increase across the Highlands and Scotland). Taking these as the low and high case scenarios, the estimated additional increase in North Highlands visitors would be:

- 5% low case scenario equates to 15,000 additional visitors.
- 10% mid case scenario equates to 29,000 additional visitors.
- 15% high case scenario equates to 44,000 additional visitors.

The visitor increase calculated above refers to the local North Highlands impact and does not take into account the potential displacement of visitors from other parts of Scotland to the North Highlands. However, given the NC500's international profile, it is also possible that other parts of Scotland benefit from the NC500 through its value as a marketing tool for Scotland as a whole.

In summary, it is estimated that there were ***294,000 visitors to the North Highlands in 2015***. Using the mid case scenario, the ***available supporting evidence indicates that the NC500 has attracted around 29,000 additional visitors in Year 1***.

Estimated Spend of North Highlands Visitors

Visit Scotland[17] report that in 2015 GB tourists to the Highlands spent £536 million (or £306 per person) and overseas tourists to the Highlands spent £170m (or £335 per person). Visit Scotland also report that 77-78% of tourist trips to the Highlands are made by GB tourists.

To estimate the North Highlands spend for 2015, the Highlands spend per head figures can be applied to the estimated number of visitors. In doing so, we assume that 80% of visitors are from GB and 20% are from overseas[18].

- If 80% or 235,000 of the estimated 294,000 North Highlands visitors are from GB, the £306/person spend equates to £72 million.
- If 20% or 59,000 of the estimated 294,000 North Highlands visitors are from overseas, the £335/person spend equates to £20 million.

Adding these together, the ***total estimated visitor spend in the North Highlands in 2015 was £92 million***.

To estimate the additional North Highlands spend generated by the NC500, the Highlands spend per head figures can be applied to the estimated additional number of visitors. In doing so, we maintain the ratio that 80% of visitors are from GB and 20% are from overseas.

- Applying the £306/person spend to the estimated additional GB visitors:
  - Low case scenario: 12,000 additional GB visitors equates to a spend of £4 million.
  - Mid case scenario: 23,000 additional GB visitors equates to a spend of £7 million.
  - High case scenario: 35,000 additional GB visitors equates to a spend of £11 million.
- Applying the £335/person spend to the estimated additional overseas visitors:
  - Low case scenario: 3,000 additional overseas visitors equates to a spend of £1 million.
  - Mid case scenario: 6,000 additional overseas visitors equates to a spend of £2 million.

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[17] Visit Scotland (2016) *Tourism in Scotland's Regions 2015.*

[18] It should be noted that the NC500 evidence indicates that the breakdown in the North Highlands may be nearer to 85-90% GB visitors and 10-15% overseas visitors.

- High case scenario: 9,000 additional overseas visitors equates to a spend of £3 million.

Adding the GB and overseas estimated together, the estimated additional North Highlands spend generated from the NC500 is:

- Low case scenario: £5 million.
- Mid case scenario: £9 million.
- High case scenario: £14 million.

In summary, it is estimated that the ***total visitor spend in the North Highlands in 2015 was £92 million***. Using the mid case scenario, the ***available supporting evidence indicates that the NC500 has generated around £9 million additional visitor spend in Year 1***.

Estimated Tourism Employment

For employment data, Chapter 2 set out the BRES ***estimate of 4,200 tourism jobs in the North Highlands in 2015*** – noting that we do not know whether these are full-time or part-time jobs, nor whether they are permanent or temporary contracts.

BRES data for 2016 is not yet available and will be published in September 2017. In the interim period before the BRES data is released, the evidence from the businesses interviewed (see Chapter 2) indicates that the employment impact of the NC500 in 2016 (Year 1) was small because businesses tried to meet the additional tourism demand through their existing staffing capacity. In light of this, it is therefore ***recommended that the 2015 employment estimate is maintained for 2016*** (i.e. 4,200 tourism jobs in the North Highlands).

Looking to tourism employment in 2017, the NC500 Business Survey (see Chapter 2) found that tourism businesses were anticipating an increase employment of around 16% in 2017, although again we do not know whether these are full-time or part-time jobs, nor whether they are permanent or temporary contracts.

Tourism employment in the North Highlands is therefore likely to increase and a more robust approach to assess how many jobs (and specifically full-time equivalent FTE jobs) will be created is to use the tourism FTE employment to turnover ratio calculated from the STEAM Highland Council report[19]. It reports that £50,000 turnover will support 1 FTE job (inclusive of multipliers). Applying this ratio to the additional spend generated in Year 1 (and with the assumption that this increase is replicated in Year 2, i.e. 2017, and noting there may be some displacement of jobs in other parts of Scotland) would lead to between 100 and 280 additional FTE jobs (inclusive of multipliers) in the North Highlands in 2017.

- Low case scenario of £5 million ÷ £50,000 turnover/job = 100 additional FTE jobs.
- Mid case scenario: £9 million ÷ £50,000 turnover/job = 180 additional FTE jobs.
- High case scenario: £14 million ÷ £50,000 turnover/job = 280 additional FTE jobs.

In summary, it is ***estimated that there were 4,200 tourism jobs in the North Highlands in 2015 and 2016***. The number of tourism jobs is expected to increase in 2017 but the level of increase cannot be confidently estimated. However, using the STEAM turnover:employment ratio indicates that ***the tourism employment increase will be in the range of 100 to 280 additional FTE jobs in 2017***. For the North Highlands labour market, this is a large volume of jobs and it is important that employers and partners work together to help meet the employment and skills

[19] Global Tourism Solutions (UK) Ltd (2016) *STEAM Final Trend Report for 2009-2015 – Highland Council*.

demand given that recruitment and retention difficulties are already reported by some employers.

Chapter Summary

This chapter has used the available data to provide estimates of the impact that the NC500 has had on visitor numbers, total visitor spend and tourism employment in the North Highlands.

Each estimate presented must be interpreted with caution but, based on the methodologies and data used, the estimates indicate a very positive impact on the North Highlands economy.

- There were estimated to be 294,000 visitors to the North Highlands in 2015. Using the mid case (10% impact) scenario, the available supporting evidence indicates that the NC500 attracted around 29,000 additional visitors to the North Highlands in Year 1.
- The 294,000 visitors generated an estimated total visitor spend in the North Highlands of £92 million in 2015. Using the mid case (10% impact) scenario and the 29,000 visitor increase, the available supporting evidence indicates that the NC500 generated around £9 million additional visitor spend in the North Highlands in Year 1.
- The North Highlands is estimated to have 4,200 tourism jobs in 2015 and 2016. Looking forward to 2017, the number of tourism jobs in the North Highlands is expected to increase in the range of 100 to 280 additional FTE jobs.

6. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This research was tasked with producing an economic baseline against which the impact of the NC500 on the North Highlands can be measured over the medium- to longer-term. Notwithstanding the data limitations set out in Chapter 1, this has been achieved through the development of the ***NC500 Impact Measurement Framework*** (see Appendices 2 and 3) which combines nationally published datasets and data held by NC500 Working Group partners to provide evidence of the NC500 impact on the tourism sector, transport and road infrastructure, social media, and wider areas of impact.

A related objective of the research was to assess the impact of the NC500 to date. This has proved more challenging as the timing of this research means that only baseline (2015) data is currently available for the majority of the indicators within the NC500 Impact Measurement Framework. However, 2016 data is available for some of the framework's indicators and these indicate that the NC500 has had a very positive impact on visitor numbers to the North Highlands. For example, between 2015 and 2016:

- The four Visit Scotland i-Centres along the NC500 experienced an average 26% increase in use, compared to a 6% increase across the Highlands' i-Centres.
- The Highland Council traffic counts on the NC500 route indicate a 10% increase in traffic volume.

In addition to this data, the research has:

- Interviewed 15 businesses along the NC500 and these identified an average 15%-20% increase in trade in 2016.
- Analysed the NC500 Visitor and Business surveys that were developed and distributed by NC500 Ltd in mid-September 2016. The NC500 Business Survey data is particularly valuable here with the results indicating:
  - A 10%-20% increase in business trade in 2016.
  - An increase of 200 jobs in 2017 across the businesses responding to the survey.

The data and evidence collected by the research are therefore extremely positive and point towards a 10%-20% increase in trade among North Highlands tourism businesses which, set against early indications that tourism levels across the Highlands (and Scotland) increased by 5%[20], means the ***NC500's additional impact in terms of visitor numbers to the North Highlands between 2015 and 2016 is in the region of 5% to 15%.*** Taking the 10% midpoint, it is estimated that an ***additional 29,000 visitors*** have been attracted to and an additional ***£9 million visitor spend*** generated for the North Highlands in Year 1. This level of impact is significant given that:

- The North Highlands has struggled historically to attract large volumes of visitors, even when Scotland and the Highlands as a whole have had good tourism years.
- The positive impacts of the NC500 have been reported across all parts of the North Highlands and across different business types.

The challenge lies in ensuring the sustainability of the Year 1 impact over the medium- to longer-term. The upkeep and ongoing development of the NC500 Impact Measurement Framework is important here but, above all, there is a need for

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[20] Tourism Scotland (2017) Scotland's Tourism Performance Quarter 3 / 2016 http://www.visitscotland.org/pdf/2016%20Q3%20Stats%20Summary.pdf; and Visit Scotland i-Centre data for Highlands

partners to come together, working collaboratively with the communities and businesses along the NC500, to agree and resource actions that respond to the issues identified as part of this research (and others that may emerge in the future). These challenges include maintaining the condition of some stretches of the NC500 route, ensuring the supporting road infrastructure is of sufficient capacity (e.g. parking, waste facilities and public toilets), continued efforts are made to encourage better driving standards, and meeting the increased demand for labour generated by the success of the NC500 (with potentially 100-280 additional FTE jobs created in 2017). If this is done, one can be optimistic that the tourism success of the NC500 can be maintained over the longer term alongside the preservation and considerate development of the North Highlands' communities, landscape and environment.

Recommendations

The research's recommendations focus on how to enhance the NC500 Impact Measurement Framework so that it continues to provide the NC500 Working Group and wider stakeholders a robust evidence base that can inform the strategic development and management of the NC500.

1. Resource the Updating of the NC500 Impact Measurement Framework

It is important that the NC500 Working Group partners agree to the updating of the NC500 Impact Measurement Framework. This requires:

- Partners taking collective responsibility for collating updated annual statistics and adding these to the accompanying Microsoft Excel workbook.
- Partner organisations that hold NC500-relevant datasets sharing updated data with the organisation above. Partners that have provided data for this research are Visit Scotland, Highland Council, and NC500 Ltd.

2. Review Opportunities to Enhance the NC500 Impact Measurement Framework

The NC500 Impact Measurement Framework that has been developed as part of this research and is presented in Appendix A.1 (with supporting data in the Microsoft Excel workbook) should be taken as a starting point. On an ongoing basis partners should consider what other sources of data could be added to the NC500 Impact Measurement Framework to provide a more comprehensive resource. In particular, and drawing on some of the challenges discussed in this report, data relating to the following themes would be of value:

- ***Road conditions survey data*** – which would ideally include assessment of road verges and supporting road infrastructure.
- ***Attractions and accommodation 'quality' data***, e.g. Trip Advisor data, that assesses whether quality of products and services have been maintained (and even increased) in the context of the increasing number of visitors to the North Highlands.
- ***Environmental/ecological indicators*** that assess what impact the increased number of visitors to the North Highlands is having on the landscape and environment.
- ***NC500 marketing reach*** data which helps to evidence the national and/or global awareness of the NC500. The Melt Water media analysis tool outlined in Chapter 4 could be a useful resource here.

3. Hold Annual NC500 Impact Review Meeting

It is important that partners dedicate time to reflect on, discuss and agree on the implications arising from the data collated in the NC500 Impact Measurement Framework. Our recommendation is that an NC500 Working Group meeting is convened annually to specifically focus on the impact data – with this best scheduled in the tourism 'low season' (e.g. late November/early December) to reflect on the previous year and to help plan for the year ahead. As part of this, partners should consider what information can be published as local communities, businesses, and wider stakeholders have shown interest in understanding the impact of the NC500.

APPENDIX 1: NORTH COAST 500 VISITOR SURVEY

Introduction

In mid-September 2016, NC500 Ltd distributed the North Coast 500 Visitor Survey that it had developed to gain a better understanding of the visitor profile and their experiences of visiting the NC500. It was distributed via its own Facebook site and two other independent, NC500-focused Facebook sites.

The survey attracted ***819 responses and, in these 819 parties, there were a total of 2,604 visitors***. This is a large sample size and the results can therefore be interpreted with some confidence. However, because the size of the total NC500 visitor base is not known, the survey's proportion of the visitor base cannot be calculated. Furthermore, the sample is based on respondents who were self-selecting.

Characteristics of NC500 Visitors

Reviewing the characteristics of the 819 visitor parties, and noting that these accounted for 2,604 visitors in total, Figure 2.6 shows the ***number of people in each party***.

- By breakdown by party size, 64% are two-person parties.
- By breakdown of visitor numbers, two-person parties remain the largest (40%) but other sizes of groupings are more prominent in this analysis – for example:
  - 13% of visitors are in parties of between 5 and 9 people.
  - 12% of visitors are in parties of 50 or more people.

Figure A1.1: Size of Visitor Party

	Number of Parties		Number of Visitors	
	Number	**%**	**Number**	**%**
1 person	79	10	79	3
2 people	524	64	1,048	40
3 people	71	9	213	8
4 people	66	8	264	10
5 to 9 people	52	6	329	13
10 to 14 people	13	2	156	6
15 to 19 people	5	1	82	3
20 to 24 people	4	0	87	3
25 to 49 people	1	0	26	1
50+ people	4	0	320	12
Total	**819**	**100**	**2,604**	**100**

Source: NC500 Visitor Survey

By gender, and with the data available for the total number of visitors, there are a higher proportion of males who have visited the NC500.

- 61% of visitors were male.
- 39% of visitors were female.

By age, and again with the data available for the total number of visitors, the NC500 clearly attracts an older demographic profile with 60% of visitors aged 45 or above.

- 4% of visitors were aged under 18.
- 4% of visitors were aged 18-24.

- 15% of visitors were aged 25-34.
- 16% of visitors were aged 35-44.
- 32% of visitors were aged 45-54.
- 22% of visitors were aged 55-64.
- 6% of visitors were aged 65 or above.

By country of residence, and with the data available for the 819 parties rather than for each individual visitor, the UK provides over 90% of NC500 visitors. In interpreting this data, one must appreciate that international visitors may be less prepared to complete an English-language e-survey.

- 50% of visitor parties came from Scotland.
- 40% of visitor parties came from England.
- 2% of visitor parties came from the USA.
- 1% of visitor parties came from Wales.
- 1% of visitor parties came from Germany.
- 1% of visitor parties came from the Netherlands.

NC500 Visitor Itineraries

With the caveat that the survey was distributed in mid-September and so later visitors may have been less likely to complete the survey, Figure A1.2 shows that the ***most popular months for visiting the NC500*** were:

- August – 27%.
- September – 20%.
- July – 17%.
- June – 13%.

Figure A1.2: Month of NC500 Journey

	Number	%
January	6	1
February	3	0
March	19	2
April	48	6
May	88	11
June	108	13
July	134	17
August	215	27
September	163	20
October	12	1
November	5	1
December	0	0
Total	**801**	**100**

Source: NC500 Visitor Survey

By direction of travel, travelling in a clockwise direction (i.e. West first) was marginally more popular:

- 57% of visitor parties travelled clockwise.
- 43% of visitor parties travelled anti-clockwise.

By length of journey, trips/holidays of 5 or more days were most common.

- 36% of visitor parties spent 1 week or more travelling the NC500.
- 30% of visitor parties spend 5-6 days travelling the NC500.

- 26% of visitor parties spend 3-4 days travelling the NC500.
- 9% of visitor parties spend 1-2 days travelling the NC500.

By type of vehicle, the breakdown of the visitor parties was:
- Car – 54%.
- Motorhome / campervan – 26%.
- Motorcycle – 11%.
- Bicycle – 6%.
- Van – 3%.
- Bus / coach – 1%.

By type of accommodation used, and noting that some visitor parties would have used more than one accommodation type, the breakdown was:
- Motorhome / camping – 51%.
- Guest House / B&B – 37%.
- Hotel – 32%.
- Self-catering – 8%.
- Hostel / bunkhouse – 7%.
- Friends / family house – 2%.

NC500 Satisfaction Levels

Overall, the visitor parties' ***satisfaction levels with their NC500 experience were very high***. The results were:
- Very satisfied – 87%.
- Somewhat satisfied – 11%.
- Somewhat dissatisfied – 2%.
- Very dissatisfied - <1%.

Reflecting the very high satisfaction levels with the NC500, Figure A1.3 shows whether the visitor parties would do the NC500 again in the future and/or recommend it to others. On both measures, the NC500 gets very positive responses.

Figure A1.3: Doing the NC500 Again and Recommend to Others (%)

	Do the NC500 Again	Recommend NC500 to Others
Yes – Definitely	70	92
Yes – Probably	24	6
No – Probably Not	6	2
No – Definitely Not	1	1

Source: NC500 Visitor Survey

APPENDIX 2: PROPOSED NC500 IMPACT MEASUREMENT FRAMEWORK

Geographies

The proposed NC500 impact measurement framework involves collecting annual data for the following geographies (where available):

- **NC500 route** – using the 107 datazones which the NC500 passes through or adjoins but excluding Inverness' datazones because:
  - Including Inverness could skew the data and 'hide' the impact of the NC500 on the North Highlands.
  - Any impacts on Inverness would likely be identified in the analysis of the Inner Moray Firth and Highland Council local authority area.
- **Key settlements** – with the proposed settlements at different stages along the route and of sufficient scale where there is more than one datazone in the settlement (e.g. Ullapool is the smallest settlement with two datazones).
  - Dingwall.
  - Thurso.
  - Wick
  - Ullapool.
- **HIE Areas**:
  - Caithness and Sutherland.
  - Inner Moray Firth
  - Lochaber, Skye and Wester Ross.
- **Highland Council local authority area**.
- **Highlands and Islands**.
- **Scotland**.

The proposed geographies and the geographical units for each of these are set out in Figure A2.1.

Indicators

The proposed NC500 impact measurement framework involves collating data for 25 different indicators spanning six themes – **tourism, transport/road use, social media, economy/ GVA, population,** and **employment**. Figure A.2 provides detail on each of these indicators – including which geographies and years the data is available for.

Figure A2.1: Proposed Geographies

Area	Geographical Units	Definition
NC500 Route	2011 Datazones	2011 Datazones = 107 Datazones (note: Highland Council area composed of 312 datazones) See Excel spreadsheet for specific datazones
Key Settlements • Dingwall • Thurso • Wick • Ullapool	2011 Datazones	See Excel spreadsheet for specific datazones
HIE Areas • Caithness and Sutherland • Inner Moray Firth • Lochaber, Skye and Wester Ross	2011 Datazones	See Excel spreadsheet for specific datazones
Highland Council Area	Local Authority Area	Highland Council area
Highlands and Islands	Local Authority Areas	Aggregation of 6 local authority areas: • Argyll and Bute • Eilean Siar • Highland • Moray • Orkney • Shetland
Scotland	Scotland	Scotland

Figure A2.2: Proposed Indicators

THEME	INDICATOR	SOURCE	DATA RELEASE	AVAILABILITY BY AREA AND DATES			
				2011 Datazones	**Local Authority**	**Scotland**	**Other**
TOURISM	Number of customers using Visit Scotland Information Centres • Durness • Lochinver • Thurso • Ullapool	Visit Scotland	Annual	No	No	No	Visit Scotland Information Centres – 2014 to 2016

	Number of visitors by attraction • Attadale Gardens, Strathcarron • Caithness Broch Centre, Wick • Caithness Horizons, Thurso • Clynelish Visitor Centre, Brora • Corrieshalloch Gorge, Ullapool • Cromarty Courthouse Museum, Cromarty • Dunrobin Castle, Golpsie • Gairloch Heritage Museum • Glenmorangie Distillery, Tain • Historylinks Museum, Dornoch • Hugh Miller's Cottage, Cromarty • Inverewe Garden, Poolewe • Knockan Crag Visitor Centre, Ullapool • Laidhay Croft Museum, Dunbeath • Lybster Harbour Visitor Centre • Orcadian Stone Company Ltd, Golspie • Pulteney Distillery, Wick • Rogie Falls, Strathpeffer • Seadrift, Dunnet • St Fergus Gallery, Wick • Tain Through Time, Tain • Tarbat Discovery Centre, Tain • Timespan Heritage Centre, Helmsdale • Torridon Countryside Centre	Visitor Attraction Monitor (Moffat Centre, Glasgow Caledonian University) – provided by Highland Council	Annual	No	Yes – 2014 to 2015	Yes – 2014 to 2015	Attractions in North Highlands
	GB Tourist Trips	Visit Scotland	Annual	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	Seasonality of GB Tourist Trips (by month)	Visit Scotland	Annual	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)

	Average Trip Duration of GB Tourist Trips	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	GB Tourist Spend	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	Overseas Tourist Trips	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	Average Trip Duration of Overseas Tourist Trips	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	Overseas Tourist Spend	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	Hotel Occupancy Rates (by month)	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	Guest House and B&Bs Occupancy Rates (by month)	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	Self-Catering Occupancy Rates (by month)	Visit Scotland	Annua l	No	No	Yes – up to 2015	Highlands area (Highland and Moray local authority area)
	'Sustainable Tourism' employment	Business Register and Employment Survey (NOMIS)	Annua l	Yes – 2015 data (but 2009 to 2014 data provided using 2001-constructed datazones)	Yes – 2009 to 2015 data	Yes – 2009 to 2015 data	
TRANSPORT / ROAD USE	Traffic counts – 206 count points in Highland Council area. Propose following for NC500: • A9 Brora (code: 30721) • A836 Tongue (code: 50938) • A837 Lochinver (code: 50936) • A832: Achnasheen (code: 40933)	Department for Transport	Annua l	No	Yes – 2000 to 2015	Yes – 2000 to 2015	206 count points in Highland Council area

	Traffic counts • A832 Gairloch to Poolewe • A832 Dundonnell to Braemare Junction • A832 Gortson to Achnasheen • A836 Dounreay to Thurso • A838 Laxford Bridge to Rhiconish	Highland Council	Annua l	No	No	No	Five traffic count points – 2011 to 2015
	Ullapool-Stornoway Ferry – Total Cars	Calmac Annual Carrying Statistics	Annua l	No	No	No	Ullapool-Stornoway route: 2007 to 2015 data
	Stromness-Scrabster Ferry – Total Cares	NorthLink Annual Carrying Statistics	Annua l	No	No	No	Stromness-Scrabster route: 2013 to 2015 data
SOCIAL MEDIA	Number of NC500 website users • Total Users • UK Users • Non-UK Users	NC500 – Google Analytics	Annua l	No	No	No	NC500 website
	NC500 Facebook page users • Total Fans • Total Impressions • Total Engagements	NC500 Facebook Page Report	Annua l	No	No	No	NC500 Facebook page
	NC500 Twitter followers	NC500	Annua l	No	No	No	NC500 Twitter
	NC500 Instagram followers	NC500	Annua l	No	No	No	NC500 Instagram
	NC500 YouTube • Subscribers • Video Shows	NC500	Annua l	No	No	No	NC500 YouTube
ECONOM Y/ GROSS VALUE ADDED	GVA	Regional Gross Value Added ONS	Annua l	No	No	Yes – up to 2015	Caithness & Sutherland and Ross & Cromarty NUTS 3 area Inverness & Nairn and Moray, Badenoch and Strathspey NUTS 3 area Highlands and Islands NUTS 2 area
POPULAT ION	Total population	Mid-year population estimates (National Records of Scotland)	Annua l	Yes – 2011 to 2015	Yes – up to 2015	Yes – up to 2015	

	16-64 population	Mid-year population estimates (National Records of Scotland)	Annual	Yes – 2011 to 2015	Yes – up to 2015	Yes – up to 2015	
EMPLOYMENT	Total employment (employees and working proprietors)	Business Register and Employment Survey (NOMIS)	Annual	Yes – 2015 data (but 2009 to 2014 data provided using 2001-constructed datazones)	Yes – 2009 to 2015 data	Yes – 2009 to 2015 data	
	Employment by sector – e.g.: • Retail • Accommodation and food service activities • Arts, entertainment and recreation	Business Register and Employment Survey (NOMIS)	Annual	Yes – 2015 data (but 2009 to 2014 data provided using 2001-constructed datazones)	Yes – 2009 to 2015 data	Yes – 2009 to 2015 data	

APPENDIX 3 – DATAZONES USED FOR GEOGRAPHIES

NC500 (EXCLUDING INVERNESS)	NC500 (INCLUDING INVERNESS)	DINGWALL	CAITHNESS SUTHERLAND	LOCHABER SKYE WESTER ROSS	INNER MORAY FIRTH
S01010686	S01010556	S01010695	S01010757	S01010504	S01010531
S01010687	S01010557	S01010712	S01010758	S01010505	S01010532
S01010688	S01010558	S01010713	S01010759	S01010506	S01010533
S01010689	S01010559	S01010714	S01010760	S01010507	S01010534
S01010690	S01010560	S01010715	S01010761	S01010508	S01010535
S01010691	S01010561	S01010716	S01010763	S01010509	S01010536
S01010692	S01010562	S01010717	S01010764	S01010510	S01010537
S01010693	S01010563	S01010718	S01010765	S01010511	S01010538
S01010694	S01010564	**THURSO**	S01010766	S01010512	S01010539
S01010695	S01010565	S01010794	S01010767	S01010513	S01010540
S01010696	S01010566	S01010797	S01010768	S01010514	S01010541
S01010697	S01010567	S01010799	S01010769	S01010515	S01010542
S01010698	S01010568	S01010800	S01010770	S01010516	S01010543
S01010699	S01010569	S01010801	S01010771	S01010517	S01010544
S01010700	S01010570	S01010802	S01010772	S01010518	S01010545
S01010701	S01010571	S01010803	S01010773	S01010519	S01010546
S01010702	S01010572	S01010804	S01010774	S01010520	S01010547
S01010703	S01010573	S01010805	S01010775	S01010521	S01010548
S01010704	S01010574	S01010806	S01010776	S01010522	S01010549
S01010705	S01010575	S01010807	S01010777	S01010523	S01010550
S01010706	S01010576	S01010808	S01010778	S01010524	S01010551
S01010707	S01010577	S01010809	S01010779	S01010525	S01010552
S01010708	S01010578	**WICK**	S01010780	S01010526	S01010553
S01010709	S01010579	S01010775	S01010781	S01010527	S01010554
S01010710	S01010580	S01010776	S01010782	S01010528	S01010555
S01010711	S01010581	S01010777	S01010783	S01010529	S01010556
S01010712	S01010582	S01010778	S01010784	S01010530	S01010557
S01010713	S01010583	S01010779	S01010785	S01010669	S01010558
S01010714	S01010584	S01010780	S01010786	S01010670	S01010559
S01010715	S01010585	S01010781	S01010787	S01010671	S01010560
S01010716	S01010586	S01010782	S01010788	S01010672	S01010561
S01010717	S01010587	S01010783	S01010789	S01010673	S01010562
S01010718	S01010588	S01010784	S01010790	S01010674	S01010563
S01010732	S01010589	S01010785	S01010791	S01010675	S01010564
S01010733	S01010590	S01010786	S01010792	S01010676	S01010565
S01010734	S01010591	S01010788	S01010793	S01010677	S01010566

S01010735	S01010592	**ULLAPOOL**	S01010794	S01010678	S01010567
S01010736	S01010593	S01010692	S01010795	S01010679	S01010568
S01010737	S01010594	S01010690	S01010796	S01010680	S01010569
S01010738	S01010595		S01010797	S01010681	S01010570
S01010739	S01010596		S01010798	S01010682	S01010571
S01010740	S01010597		S01010799	S01010683	S01010572
S01010741	S01010598		S01010800	S01010684	S01010573
S01010742	S01010599		S01010801	S01010685	S01010574
S01010743	S01010600		S01010802	S01010686	S01010575
S01010744	S01010601		S01010803	S01010687	S01010576
S01010745	S01010602		S01010804	S01010688	S01010577
S01010746	S01010603		S01010805	S01010689	S01010578
S01010747	S01010604		S01010806	S01010690	S01010579
S01010749	S01010605		S01010807	S01010691	S01010580
S01010752	S01010606		S01010808	S01010692	S01010581
S01010753	S01010607		S01010809	S01010693	S01010582
S01010754	S01010608		S01010810	S01010694	S01010583
S01010755	S01010609		S01010811		S01010584
S01010756	S01010610		S01010812		S01010585
S01010758	S01010611		S01010813		S01010586
S01010761	S01010612		S01010814		S01010587
S01010762	S01010613		S01010815		S01010588
S01010764	S01010614				S01010589
S01010765	S01010615				S01010590
S01010766	S01010616				S01010591
S01010767	S01010617				S01010592
S01010768	S01010618				S01010593
S01010769	S01010619				S01010594
S01010770	S01010620				S01010595
S01010771	S01010621				S01010596
S01010772	S01010622				S01010597
S01010773	S01010623				S01010598
S01010774	S01010624				S01010599
S01010775	S01010625				S01010600
S01010776	S01010626				S01010601
S01010777	S01010627				S01010602
S01010778	S01010628				S01010603
S01010779	S01010629				S01010604
S01010780	S01010630				S01010605
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APPENDIX 4: PROFILE OF NC500 BUSINESS SURVEY COMPLETERS

The survey was completed by 221 businesses. ***By type of business*** (and noting that some businesses have more than one business activity) Figure A.3 shows the main business types responding to the survey were:

- B&Bs and Guest Houses – 71 businesses.
- Self-catering accommodation – 61 businesses.

Figure A4.1: Business Type of Respondents

	Number	%
B&B / Guest House	71	32
Self-catering	61	28
Food and Drink	38	17
Hotel	31	14
Retail	28	13
Activity	20	9
Visitor Attraction	16	7
Campsite	8	4
Hostel / Bunkhouse	5	2
Other	2	1

By location of business, Figure A4.2 provides two different types of analysis.

- First, it shows whether the business is ***located 'on' or 'off' the NC500*** (with the businesses that stated they were 'just off' the route included in the 'on NC500' cohort). The analysis shows:
  - 145 (or 65% of) businesses were located on or 'just off' the NC500 route.
  - 76 (or 35% of) businesses were located off the NC500 route.
- Second, it categorises the businesses according to their ***location in the North Highlands*** – i.e. East (from Dingwall to Wick), North (from John O'Groats to Durness), West (from Kinlochbervie to Achnasheen), or Inverness-based. The analysis shows:
  - 107 (or 48% of) businesses were located in the West.
  - 58 (or 26% of) businesses were located in the North.
  - 42 (or 19% of) businesses were located in the East.
  - 14 (or 6%) were located in Inverness.

Figure A4.2: Location of Respondents

	Number	%
On (or ‘just off’) NC500	145	65
Off NC500	76	35
East	58	26
North	42	19
West	107	48
Inverness	14	6
Total	221	100

APPENDIX 5: REVIEW OF SIMILAR ECONOMIC IMPACT STUDY METHODOLOGIES

	John Muir Coast to Coast Trail	Jurassic Coast, Dorset	Mull Long-Distance Route
Type of Route	• 134 mile walking route	• 95 miles of coastline	• Walking route
Year Established	• 2010	• Designated as a World Heritage Site in 2001	• Not yet established
Evidence of Impact – Name of Study	• Glamis Consultancy Ltd and Campbell Macrae Associates (2012) John Muir Coast to Coast Trail: Economic Benefit Study. Scottish Natural Heritage Commissioned Report No. 508.	• Ash Futures (2015) Dorset's Environmental Economy – Placing an Economic Value on the Jurassic Coast	• SNH (2014) Mull Long Distance Route: A Socio-Economic Study
Purpose of Study	• To understand/estimate economic impact of the JMC2C route	• To estimate the economic impact of the Jurassic Coast World Heritage Site on the wider Dorset area	• Feasibility study to appraise the economic impact of the proposed Mull long distance route
Impact Indicators / Measures Used	• Route counters and user surveys to estimate number of users • Estimates of number of businesses close to the route • Number of attractions • Estimated spend using tourism multiplier values (taken from Scottish Government Tourism Multipliers for 2007 report) • Estimated economic impact (using GVA Rations Data taken from Scottish Enterprise's 2010 Destination Baseline Study) • Estimated employment impact • Datasets used include: – Scottish Tourism Economic Activity Monitor (STEAM) data – Census data – Scottish Recreation Survey	• Identify Jurassic Coast 'area of influence' – i.e. localities that Jurassic Coast has an economic impact on • Employment in local area (using BRES) • Economic output in local area (applying output estimates against local employment profile) • Triangulation of results from: – Visitor survey – with 146 completions – Resident survey – with 319 completions – Business survey – 155 completions • Surveys included questions around placing a value on the environmental quality of the Jurassic Coast, use of the Jurassic Coast brand and how it influenced their decision making	• Desk-based research on existing visitor profile, spend and trends • Calculation of additional income per annum based on average spend estimates of users

	North Sea Cycle Route (NSCR)	Southern Upland Way	Tyndrum to Oban path
Type of Route	• 3,700 mile European cycling route spanning England, Scotland, Norway, Sweden, Denmark, Germany, Netherlands and Belgium	• 212 mile walking route	• 47 mile walking route
Year Established	• 2001	• 1984	• Not yet established
Evidence of Impact – Name of Study	• Lumsdon, L., Downward, P. and Cope, A., 2004. Monitoring of cycle tourism on long distance trails: the North Sea Cycle Route. *Journal of Transport Geography, 12*(1), pp.13-22.	• Crichton Tourism Research Centre (2004) Southern Upland Way User Survey.	• EKOS and Tourism Resources Company (2012) Potential Tyndrum to Oban Path – Assessment of the Economic Benefits.
Purpose of Study	• To capture data on numbers of users, user characteristics, views of cycling experience, duration of journey, and spend activity	• To capture data on numbers of users and the economic benefit of the SUW for local businesses	• Feasibility study to appraise the economic impact of the proposed Tyndrum to Oban Path
Impact Indicators / Measures Used	• Cycle counters installed to capture data on route usage • Intercept survey to capture data on numbers, characteristics, purpose of journey, place of origin • Travel diary for cyclists to record duration of journey, income levels and spending activity	• Face-to-face intercept surveys of SUW users • Self-administered questionnaires completed by SUW userS and service providers • Local business focus groups and interviews • Automated counters on route • Analysis of bothy books	• Scottish Tourism Economic Activity Monitor (STEAM) data • Scottish Recreation Survey