Final Evaluation of the Digital Tourism Business Framework (Executive Summary)

Llywodraeth Cymru
Welsh Government

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In September 2014, Miller Research Ltd was commissioned by the Welsh Government to undertake a final evaluation of the Digital Tourism Business Framework (DTBF) programme; a £9 million European Regional Development Fund (ERDF) supported programme delivered by Visit Wales. The Programme's vision was: *'to move Wales' tourism from relative E business immaturity firmly into the digital business age[1]'*

The long-term aim of the DTBF was that by the end of 2014, the tourism sector in Wales would be more conversant in the use of ICT for business promotion, and provide a better experience for the visitor.

Three main activities supported the delivery of this vision:

- Business engagement via an ICT diagnostic and the www.sharewales.com website, developed to share learning across the industry.

- Grant funding – available to individuals or groups to deliver improved business performance through new ICT developments for tourism.

- All Wales digital marketing activities relating to the creation, development and use of the new Visit Wales website and marketing techniques.

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Evaluation Approach

The evaluation was based on a standard UK Treasury Magenta Book approach, informed by a mix of primary and secondary research including reviews of monitoring data and documentation and metrics relating to digital marketing as well as interviews with the following:

- Eight members of the DTBF delivery team, two members of staff involved in delivery of digital marketing activity and one member of the steering group;
- A sample of 10 ICT diagnostics beneficiaries in order to verify a survey carried out separately to this evaluation by an external consultant (recipients were selected on the basis they reported significant business growth as a result of the ICT diagnostic);
- A further 6 recipients of ICT diagnostics in order to enable an in depth exploration of impacts and outcomes;
- 34 recipients of full grant funding and 12 recipients of feasibility study funding (of these projects, 12 were selected for the development of case studies reflective of type of project, output and region);
- Seven projects which were either rejected or did not proceed with

funding following submission of an Expression of Interest (EOI) (these were used to inform the establishment of a counterfactual).

The research builds on an earlier (2013) mid-term report, which focused on the delivery aspects of the programme, whilst acknowledging the good progress made up to that point.

Programme Management and Delivery

The Programme was overseen by a Steering Group comprising nine members with various interests in the tourism sector. This group also acted as an appraisal panel for the grants programme.

A programme management and strategic integration / delivery team was recruited to oversee and deliver the programme with other core funded Visit Wales staff also supporting or overseeing elements of activity. There were some issues of staff turnover and delays in recruiting a team at the outset, which was a challenge in terms of delivering continuity across the programme. However, the management arrangements had stabilised towards the end of the programme and were considered to be providing a good level of support. Regional Strategists were widely praised for providing high levels of support to individual projects, although it was felt that more

could have been done to encourage innovation by networking across projects. The grant funded projects were subjected to 100% checks on claims for support and this was onerous to both recipients and support teams.

ICT Diagnostics

The diagnostic element of the programme was developed to address concerns regarding the variation in the ICT competence of small tourism businesses. The programme, with a final budget of £562,000, successfully assisted 738 businesses through ICT diagnostics, along with a further 60 engagements at roadshows and at the Digital Exhibition, against a final target of 750. Delivery of the Diagnostics was undertaken by a number of consultants who had previously been appointed via a competitive tendering process. A total of 83 per cent of beneficiaries surveyed found the ICT diagnostics process to be a positive one, 68 per cent found that the diagnostic was beneficial in helping their business grow and 79 per cent stated the diagnostic had improved efficiency in business. Fifty five per cent of diagnostic beneficiaries implemented recommendations arising from the diagnostics, with a further six per cent in the process of implementation.

An e-business maturity ladder was developed in the early stages of the programme as a basis for measuring the progress of participants. At the time of the diagnostic, the majority of businesses were assessed to be at level 2, or a "passive user of IT in business". Post diagnostic, 57 per cent of businesses surveyed were now either at Step 3 or above on the maturity ladder and 64 per cent had progressed at least one 'step' further in their e-maturity, against a target of 12.5%. This element of the project was clearly a success and reflects the achievement of one of the integral aims of the overall DTBF programme.

In terms of future delivery, 20 per cent of beneficiary businesses surveyed reported that they would be prepared to pay for a similar service in future.
The wider impacts of the ICT diagnostic have been significant, with 54 jobs created and many recipients reporting business growth.

Grant Funding

Grant funded activity was originally split into two streams; creating digital tourism communities and piloting innovative approaches to using digital technologies for tourism business. However these were consolidated into a single programme focussing on implementation and roll-out

projects, encompassing mobile web sites, apps and e-trails. The final total budget for grant funded activity was £3,120,000, split between feasibility grants of up to £15,000 (100 per cent); and full grants of up to 53 per cent of project costs.

Staffing comprised a finance manager, two grant monitoring officers and three regional strategists.

A target of 50 enterprises supported was largely achieved, with 45 financially supported. However, it was widely acknowledged that this target overlooked the main areas of impact, the substantial development of the knowledge-base within Welsh companies being one such impact. A number of developers reported that the applications they had developed had a significant impact on the growth of their businesses and had led to expansion or development of their portfolio within the tourism sector. Beneficiary businesses expressed the intention to further develop their digital offer, through both expansion of successful elements of their projects and through adaptations to target audiences of different ages and interests.

Specifically, the feasibility studies were reported to have significantly increased confidence in projects and encouraged investment of time and money to develop them fully. Grant funded projects probably

had the greatest impact on beneficiary businesses through the experience gained through developing and delivering projects, which had in some cases led to further work in similar areas. The impacts and outcomes of grant funded projects on visitor numbers and experience were reported to be much stronger when linked to specific attractions and destinations, rather than more generic pan-Wales projects. However, there is as yet no cohesive dataset to demonstrate the overall impact of projects on visitor numbers or diversity of visitor groups. There is however, some evidence of increased web and social media traffic from projects improving their online presence as a result of investment.

Counterfactual
Interviews were conducted with applicants who had not been accepted past EOI stage (for a number of different reasons including duplication or lack of innovation). Of those interviewed, none had gone on to develop the project in the absence of DTBF funding and the majority of successful grant beneficiary interviewees also suggested that their project would not have gone ahead without support.

Future development and priority areas
Whilst grant recipients have a strong sense of the need to improve and roll out projects, specific future development needs will to some extent depend on wider technological advances and social trends. Beneficiaries were aware of the need to identify wider sources of funding and investment to support development.

Specific priorities for the future included educating the sector as a whole about the importance of digital technology, improving digital branding and taking a more strategic approach to co-ordinating projects.

Digital Marketing
The third main strand of the DTBF programme was digital marketing activity which centred on the development of a new Visit Wales website, along with a package of initiatives to build an open platform infrastructure and associated ecosystem development. Digital marketing activity had a total budget of approximately £3 million, the majority of which (approximately £600,000 per annum), was spent on activity relating to driving demand.

After some initial difficulties negotiating an agreed platform, the new Visit Wales site was launched in July 2013. It features extensive rich media and social media content. Wider digital marketing includes

integrated and thematic content led campaigns and CRM / database driven marketing has drawn extensively on content from the dedicated Flickr group https://www.flickr.com/groups/sharewales/ .

There is a consensus amongst industry commentators that the site has been very successful and is viewed as a market leader, influencing competitors outside Wales and regional partners within Wales. Web analytics show that site traffic has grown dramatically with the new site attracting almost 3.5m sessions in 2013/14, against 1.6m for the previous sites in 2010/11. Using Visit Wales' own approach to assessing added value, we estimate approximately £137.5m was added through web visitors in 2013. In terms of social media, Facebook likes have grown from 207,000 to 460,000 between early 2012 and end of 2014, with Twitter followers increasing six fold over the period to 61,800. Twenty-one e-mail campaigns have been delivered, with an increasing response rate.

The Share Wales site was launched in 2011, initially as a single subject site to inform and support the Share Wales Flickr group and users, before being widened to cover the whole of the DTBF programme. By September 2014, the site incorporated 42 individual pages, 122 blog posts and

over 180 news stories covered since May 2012, which have been linked with videos and fact sheets. Around 40 case study videos of grant funded projects and ICT diagnostic beneficiaries and 20 'how to guides' were hosted on the site at this point.

In total DTBF have developed some 40 individual bilingual 'How To Guides' and 'Grab and Go' sheets, the content of which subsequently ISBN published, as the 'Digital Tourism – How To Guide' (in hard and electronic form for Digital Tourism Exhibition) and 'Digital Tourism – How To Guide Part II' (in electronic form only – post reporting). It has also created 57 videos including case studies and event edits, which are hosted on the Share Wales YouTube Channel. As of November 2014, there are 12,373 photos shared by 524 photographers which provide an invaluable resource in terms of filling the gaps in content not covered by Wales on View4

Impacts and outcomes
There was a broad consensus that the site had been successful in generating and sharing content, although more could be done to promote its usage by the industry.

Conclusions and Recommendations

Digital technologies are acknowledged to be increasingly important to the tourism sector and contemporary destination marketing. This programme represented a ground breaking initiative and Welsh Government should be commended for responding to a clear need across the tourism sector for support to improve ICT awareness and maturity and ultimately improve visitor awareness and experience.

Inputs
While the Programme's indicator targets relate to satisfying WEFO requirements, they do not capture the additional impacts and outcomes resulting from DTBF activity. However, indicator targets have been set at appropriate levels and there has been a degree of flexibility around funding re-profiling reflecting external factors (e.g. decreasing cost of digital technologies).

It is possible that the Share Wales website could have been enhanced with additional funding, leading to greater awareness and adoption amongst the industry. In addition, funding for post diagnostic support and funding may have facilitated more businesses up the e-maturity ladder

Staffing resources have been adequate and the requirement for greater support for the administration of grants could not have been foreseen.

Outputs

The Programme met its target to develop 5 initiatives to address barriers to ICT uptake. It exceeded targets relating to new or improved products, processes or services launched and DTBF SMEs at Step 3 or above progressed one step up the e-business maturity ladder. The Programme was close to meeting its targets relating to enterprises assisted or financially supported.

Activity has contributed to the Programme's vision to move Wales' tourism from relative e business immaturity firmly into the digital business age. There is sufficient evidence to suggest that tourism businesses have been made aware and adopted ICT measures to improve efficiencies in their business with some already reporting growth as a result. Grant funded activity has supported the adoption of innovative technology products by tourism organisations that have both increased awareness of the opportunities of digital tools and are also anticipated to have benefitted from significant impacts on visitor numbers and experience. Digital marketing activity has resulted in increased awareness of the Visit Wales website and while some activity has not been delivered, its purpose has partially been picked up by the wider improvements to the content and function of the Visit Wales website.

Delivery

While the individual elements of the Programme have performed well, the programme as a whole could have benefited from greater horizontal collaboration and links into other Welsh Government support.

Outcomes and impacts

The key impacts and outcomes delivered by the Programme include:

- increased visitor awareness of Wales;
- increased visitor numbers and stay;
- enhanced visitor experience;
- tourism business and organisation capacity building.

DTBF activity has resulted in some significant outcomes in terms of business growth for some grant and ICT diagnostic recipients, along with beneficiary reports of private sector investment leveraged. Digital marketing activity has increased Visit Wales' profile on social media and encouraged more visitors to the Visit Wales website resulting in an increased added value figure in terms of visitor spend.

In terms of long-term impacts there is evidence that: most recipients will attempt to implement the recommendations in their diagnostic; grant funded activity contributed

towards a significant degree of digital capacity building with most recipients seeing the opportunities for digital marketing and planning to develop their DTBF project in the future; the Visit Wales website is fit for purpose for at least five years with on-going maintenance activity absorbed into core funded activities. As an indication of the Programme's success and originality, the DTBF was recognised as one of only twenty cases of innovation and good practice enhancing the competitiveness of tourism in the EU.

Recommendations and priority areas for future programmes

Given that the Programme was designed to be a pilot, it is important that lessons learnt are taken into account in developing future Programmes:

- Be explicit about the theory of change underpinning the intervention in order to develop output target indicators that adequately reflect the scope of programme activity.
- Consider promoting individual open calls for specific solutions or projects restricted by defined criteria and deadlines for receipt of applications in order to ensure best fit with strategic aims.

- Build in evaluation from the outset in order to ensure identification of key performance indicators, adequate emphasis on impacts and outcomes and to ensure monitoring systems are in place and collecting the right information at the right time.
- Facilitate stronger governance in order to ensure that the strategic vision is met and that activity is being scrutinised.
- Include a project set up phase to: enable the recruitment and training of staff; ensure systems and process are in place and fit for purpose and that staff understand them; and enable a sufficient period for marketing. These activities may reduce delays in delivery caused by poorly designed and understood processes, ensure staff are sufficiently knowledgeable to be able to support delivery and reduce the frustrations experienced by beneficiaries around reporting and claims processes.
- Consider comprehensive advice and support in the delivery of projects as well as

funding if they are to encourage organisations to adopt new or innovative technologies. Advice and support should be extended to support projects that have completed to ensure on-going sustainability. On-going advice and support provision may look at how projects can be supported to develop their product once the formal funding period is over, how to access additional funding and measure impacts and outcomes (the collection of robust data on the impacts and outcomes of a project may provide a powerful evidence base for identifying gaps in the organisation's digital offer and accessing future funding).

- Consider a higher intervention rate. Many high quality feasibility projects did not proceed due to lack of match funding. Other WEFO grants schemes offer up to an 80 per cent intervention rate. Welsh Government should consider the benefits of funding fewer but high quality projects that will result in more significant impacts and outcomes for the tourism sector as whole rather than just individual grant beneficiary organisations.

- Ensure more strategic delivery of grant funded projects to link up with other relevant regional activities (e.g. other funded projects, destination marketing plans).

- Retain the Regional Strategist role, ensuring its scope is extended to brokering networking, collaboration and sharing of best practice across the sector as well as advice and support for grant holders.

- Consider the value of continuing the tourism specific diagnostic consultancy support. However the appropriateness of the generic Welsh Government ICT diagnostic should be evaluated and opportunities for developing a more tourism specific element of this existing activity explored. Resources need to be allocated to accessing and promoting the benefit of the diagnostic to 'hard to reach' businesses.

- Explore the opportunities for providing further support for diagnostic beneficiaries in terms of funding ICT

developments and additional consultancy and advice to implement recommendations.

- Consider the development of a platform, such as Share Wales, for businesses and organisations to access ideas, learning and support should be considered. However any future platform needs improved marketing and promotion with clearer links made for how businesses/ organisations can benefit from its content.