|  |  |
| --- | --- |
| HIGH LIFE HIGHLAND  REPORT TO BOARD OF DIRECTORS  14 DECEMBER 2016 | AGENDA ITEM 10  REPORT No HLH28/16 |

## **ANCESTRAL TOURISM PROJECT UPDATE - Report by Chief Executive**

|  |
| --- |
| **Summary** The purpose of this report is to update Directors on the proposed next steps of the ‘International High Life’ ancestral tourism product/service.  It is recommended that Directors note:   1. the position adopted at the Trading Board meeting on 23 August 2016; and 2. the amended position of the Trading Board since the meeting;   It is further recommended that Directors agree:   1. the principles around the development of the ‘International High Life’ ancestral tourism product/service, utilising the next 12 months as direct market testing; and 2. agree to release up to £35K from the charity reserves towards the salary/backfill costs of a dedicated member of staff specifically on the development of ‘International High Life’ product/services for an initial period of one year. |

|  |  |
| --- | --- |
| **1.** | **Business Plan Contribution** |
| 1.1 | This report supports the highlighted Business Outcomes from the High Life Highland (HLH) Business Plan:   1. **To advance sustainable growth and financial sustainability** 2. Deliver the Service Delivery Contract with THC 3. **Improving staff satisfaction** 4. **Improving customer satisfaction** 5. **A positive company image** 6. **Services designed around customers and through market opportunities** 7. Sustain a good health and safety performance 8. A trusted partner |
| **2.** | **Background** |
| 2.1 | The Trading Company Board received a report on 23 August 2016 on Ancestral Tourism and Directors:   1. noted the findings of the Ancestral Tourism staff working group; 2. agreed to the principles of the ‘International High Life’ ancestral tourism product/service; 3. agreed to support funding being sought from external agencies such as Highlands & Islands Enterprise, Business Gateway, Inverness & Loch Ness Tourism BID; and 4. agreed to present the recommendations of the Trading Board to the main Charity Board of Directors seeking approval to release £35K of reserves as High Life Highland’s contribution towards the development and international marketing of the new product/service. |
| 2.2 | Following discussions introduced at the meeting, further meetings have taken place between the Chair, new Director Freda Newton and the Head of Development to continue these discussions and to further explore the opportunities around developing the ‘International High Life’ model. Trading Board Vice Chair, Ken Nicol has also been apprised of the subsequent discussions.  As a result, an alternative proposal has emerged which suggests a practical method of market testing prior to any major investments being made by HLH. This revised approach has now been approved by the Directors of the Trading Board. |
| 2.3 | The revised recommendations suggest the proposed £35K funding be utilised internally to identify a new or existing member of staff to work directly with the Marketing and Archive Teams to develop a pilot product that could be ‘market tested’ on visitors to the area.  The pilot product would include:   * Creating an ancestral tourism package that could be sold (face-to-face) to customers visiting the area * Create a suite of product options that would be made available to customers * Testing price sensitivities of the product(s), i.e. how much are visitors to the area willing to pay for the ‘ancestral tourism’ product offered by High Life Highland? * Development of bespoke ‘promotional’ presentations about Highland History to international guests residing in Inverness that would allow HLH test uptake in the products offered * Develop and nurture relationships with international tour operators (particularly from Canada, USA and Australia) in order that High Life Highland’s product/activity offering was potentially promoted to their customers.   In addition the pilot would also consider ways in which HLH could:   * Offer promotional materials to visitors prior to their arrival in Inverness in order that bespoke product development will generate increased interest/demand during initial pilot period * Make products available in individual currencies (US$, Can$, Aus$) and ensuring that HLH complied with any international charging and shipping regulations * Promote and market the pilot scheme online. (NB – this may not be directly attached to highlifehighland.com). |
| 2.4 | The pilot proposal allows for HLH to research, test and measure the following key areas:   * Is there a viable product that could be developed into a subscription based model in the future? * Pricing points for the product being offered * Is the Charity able to resource the service requirements of delivering a potentially ‘high-end’ product? * The ability of existing staff to promote and sell the developed product. |
| 2.5 | It is proposed the pilot will be taken forward in two ways:   1. offering the product to international customers at Kingsmills Hotel, Inverness; and 2. offering the product to international tour operators working with Jacobite Cruises.   Directors should note that the above businesses are owned/operated by Directors of the Trading Company however there, are no financial benefits anticipated for either business as a result of the proposed pilot partnership with HLH. Kingsmills Hotel is offering HLH access to international visitors during the 2017/18 season throughout the pilot period and Jacobite Cruises, is offering introductions to a number of international tour operators with a specific core business of bringing international tourists to the Highlands. |
| **3.** | **The new product** |
| 3.1 | The new ‘International High Life’ product would initially focus on family history. |
| 3.2 | A product range would be developed in consultation with the Ancestral Tourism group of HLH staff that met to consider the original product. |
| 3.3 | The actual structure of product, pricing range, competitor analysis has yet to be finalised. This will be confirmed by the Ancestral Tourism Working Group utilising any pre-sale market research already undertaken. |
| 3.4 | At time of writing this report, a further meeting with the Ancestral Tourism Working Group has been arranged to create a marketing survey which will be circulated to key tour operators (via introductions from Jacobite Cruises). It is hoped the survey will be circulated to the tour operator’s international customer database(s) and will commence the process of pre-market research to the product being outlined in this report. |
| 3.5 | The pilot scheme will place HLH in a stronger position to establish what products are most desirable to the international customer as well as obtaining other information such as; the charging price-point ‘test’ customers deem as acceptable/affordable. |
| **4.** | **Staffing resources** |
| 4.1. | As outlined, Directors of the Trading Board are seeking approval from the Board to utilise £35K of reserves in order to fund the recruit/second/backfill a member of staff. |
| 4.2 | The appointed member of staff would be contracted for an initial period of 12 months as part of the Marketing Team to work with the Head of Development and Marketing and Communications Manager to develop the pilot ‘international product’.  All work will be undertaken in liaison with Archive Centre colleagues as well as with the existing working group which will continue throughout the duration of the project development pilot. |
| 4.3 | The appointee will:   * Work to develop the final product to be released to the international visitor during the pilot * Work with colleagues to develop sales/promotions presentations for international visitors * Work with the Marketing and Communications Manager to create marketing and promotional material for distribution (before, during and after) any face-to-face contacts with international visitors * Undertake the physical presentations to international visitors and conduct sales discussions with prospective customers * Ensure follow-up with key clients (where a relationship has been developed as a result of the pilot) enabling extension and ‘up-selling’ of the product * Monitor and manage the progress of the pilot with regular update reports to Senior Management and the Trading Board. |
| 4.4 | It is envisaged that while working on developing/creating the product the member of staff would be expected to generate a modest level of agreed revenue that would be used to offset the salary costs. |
| **Recommendation** It is recommended that Directors note:   1. the position adopted at the Trading Board meeting on 23 August 2016; 2. the amended position of the Trading Board since the meeting;   It is further recommended that Directors agree:   1. the principles around the development of the ‘International High Life’ ancestral tourism product/service, utilising the next 12 months as direct market testing; and 2. agree to release up to £35K from the charity reserves towards the salary/backfill costs of a dedicated member of staff specifically on the development of ‘International High Life’ product/services for an initial period of one year. | |

Designation: Chief Executive

Date: 28 November 2016