

Item: 9

Development and Infrastructure Committee: 5 June 2018.

Orkney Marketing – Proposed Programme of Activities and Budget.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To consider a funding contribution towards the Orkney Marketing programme.

2. Recommendations

The Committee is invited to note:

2.1.

That, during 2017 to 2018, significant developments and external factors have continued to influence the marketing of Orkney, resulting in further revision of the required marketing activities recommended by the Orkney Marketing Advisory Group in support of Orkney's key industry sectors.

2.2.

That, following the first meeting of the Destination Orkney Strategic Partnership Group on 28 May 2018, a new partnership approach to destination management and marketing will require a period of organisational development and transition.

2.3.

That significant additional Digital Media Marketing activity attracted LEADER Programme funding that will run until 31 December 2019.

2.4.

That, despite external funding for digital marketing projects, traditional marketing activities, still valued by Orkney's industry sectors, are ineligible for LEADER programme funding.

2.5.

That industry partners continue to steer towards further integration of Orkney's marketing activities, particularly recognising Tourism and an ongoing positioning of the destination at the heart of the Orkney brand, which has led Orkney Marketing Advisory Group to endorse a programme of activities for 2018 to 2019, amounting to a total budget of £121,000.

2.6.

That the proposed Orkney Marketing programme for 2018 to 2019 recognises current timing and planning issues and seeks to accommodate a more

comprehensive review with the new stakeholder structure evolving under Destination Orkney.

2.7.

The proposal that the programme budget, referred to at paragraph 2.5 above, be jointly funded by the Council and Highlands and Islands Enterprise as follows:

- Council contribution – 60% of total costs up to a maximum sum of £72,600.
- Highlands and Islands Enterprise contribution – 40% of total costs up to a maximum sum of £48,400.

It is recommended:

2.8.

That, subject to approval of the contribution from Highlands and Islands Enterprise referred to at paragraph 2.7 above, a budget allocation of 60% of total costs, up to a maximum sum of £72,600, to be met from the Economic Development Grants budget, be awarded towards the marketing activities of Orkney Marketing for financial year 2018 to 2019.

3. Background

3.1.

A successful application, made by the Council in partnership with Highlands and Islands Enterprise, accessed significant additional European funding through the current LEADER programme. This supported the launch of the Digital Media Orkney project in January 2017, ending in December 2019. This provides considerable resource and support to the Orkney Marketing Programme. Certain ongoing, but valued, marketing activities were ineligible for that LEADER funding and thus not included in that project and so these activities continue to inform the currently proposed programme.

3.2.

Significant work with industry partners has enabled increased integration of marketing activities. This particularly recognises the ongoing development and establishment of Destination Orkney as a stakeholder partnership approach to Tourism and destination management and marketing. This integration will help align activities under the proposed Orkney Marketing programme with the fully funded Digital Media project and the activities funded under the Council's Tourism Marketing budget. It is expected that the new Destination Orkney Strategic Partnership will play a significant role in endorsing future integrated marketing plans. During this important and continued development and transition phase, the currently proposed programme seeks to sustain momentum and build on existing marketing activities. Strategic input from stakeholders will be required during the coming year to determine an optimal model of future funding, resourcing and delivery.

3.3.

The private sector contributes to the cost of events and trade shows and, as evaluated by sector leaders in Orkney Marketing Advisory Group, continues to recognise the significant benefits and value of the public assistance provided for Orkney.com, exhibitions and the ongoing value of the overarching Orkney brand.

4. Industry Update

4.1.

A report on the marketing programme activities undertaken during the period 2017 to 2018 is attached as Appendix 1 to this report.

4.2.

The proposed events programme, outlined at section 5 below, reflects the exhibitions prioritised in the short to medium term, attendance at which remains highly valued by the sectors represented on the Orkney Marketing Advisory Group. Support for these events maintains continuity, keeps 'Orkney' brand awareness to the fore, and enables individual businesses to realise valuable new sales and explore new markets.

4.3.

The Orkney Marketing Advisory Group has prioritised the need to build on cross-sectoral, joint marketing opportunities and has confirmed overwhelming support for the social and digital media opportunities that have been promoted using the programme's LEADER funded Digital Media Orkney resource. This collective industry aspiration aims to further build on the foundation of the newly integrated Orkney.com (the Council and HIE jointly funded Orkney portal website). This digital marketing approach has been strongly supported by each sector.

5. Programme and Budget

5.1.

Following consideration by the Orkney Marketing Advisory Group on 9 May 2018, the draft programme detailed below is submitted to the funding partners for consideration:

Proposed Projects.	2018 to 2019.
Digital Assets.	
<p>Ongoing hosting and maintenance of Orkney.com: Adding further customer interface to the newly integrated site (with Visitorkney.com). Additional mapping and trails and dynamic functionality to enhance user experience. Enhanced Analytics.</p>	£11,000.
Sectoral Events.	
<p>Craft Sector: Likely to be - Country Living, Glasgow, November 2018. Scotland's International Trade Fair, Glasgow, January 2019.</p>	£25,000.
<p>Food and Drink Sector: Likely to be - Country Living, Glasgow 2018 (jointly with Orkney Crafts Association). Speciality Food Show in SECC Glasgow, January 2019. International Food Exhibition, London, March 2019.</p>	£25,000.
<p>Energy Sector: For 2018 - 2019: Marine Renewables – All Energy, Glasgow: May 2019. Supply Chain directory and flexible marketing and event materials. Additional events responding to industry demand and priorities.</p>	£25,000.
<p>Orkney 'Showcase' event 11 and 12 September 2018: Additional buyer and journalist opportunities. Scoping International buyer opportunities.</p>	£10,000.

Development.	
Social Media boosting activity: Provision of responsive media content to support integrated digital campaign work. Run product and recruitment focussed digital campaigns.	£20,000.
Run product and recruitment focussed digital campaigns.	
'Orkney Brand' Guideline development: For use across marketing and key sector platforms.	£5,000.
Total.	£121,000.

5.2.

The proposed one-year programme reflects the traditional marketing activities prioritised by Orkney Marketing Advisory Group and will be supported and supplemented by the Digital Media Orkney project referred to at section 3.1 above. In addition, as marketing significantly adopts digital and social media methods, there has been increased opportunity to integrate and align Tourism marketing activities. Individual aspects of the above programme and its wider integration are further detailed in Appendix 2.

5.3.

Specific to the events proposed, each Industry sector represented on the Orkney Marketing Advisory Group recommends a schedule of events that best meets the needs of its members. Feedback and evaluation from each event is captured which seeks to influence future decisions and determine priorities for industry attendance.

5.4.

Following Council approval of the programme each year, the Orkney Marketing Manager, within Highlands and Islands Enterprise, is required to seek project by project approval from their organisation and then procure and contract as appropriate. This necessarily must recognise the difficulty in predicting the level of industry buy-in to the proposed events for each sector. There is therefore some level of flexibility built into the programme particularly for sectoral events. This is regularly overseen by the Orkney Marketing Advisory Group and monitored to inform planning each year with the aim of providing equal levels of assistance to each sector. Despite these complications the Council's financial contributions between 2014 and 2018 have been fully drawn down as programmed.

5.5.

Resulting from early success and industry feedback on the Digital Media Orkney project, two elements of marketing activity are proposed by Orkney Marketing Advisory Group for inclusion in the programme:

- To enhance and support the various planned digital campaigns by boosting and creating responsive media.
- To ensure consistency in the collective use of the Orkney brand across the sector groups and determine impartial expert evaluation of performance.

5.6.

The direct commercial value to each business benefiting from collective Orkney marketing remains hard to evaluate but there is very strong and positive industry demand to support the 'Orkney presence' at shows. Feedback from attendees during 2017 to 2018 indicate that the shows generated in excess of £500,000 in actual or potential sales. This estimate is considered a minimum as, more often than not, the lead time to orders can be two or more years after an event. It should also be stressed that attendance at the specific consumer events is more about raising awareness, market research and influencing trade buyers than sales figures per se.

5.7.

The programme previously funded a stand branding and management contract with industry feedback confirming a great enhancement of overall quality, functionality and presence for Orkney businesses. Without the high-quality brand and unified presence at the events listed above, awareness in the market of Orkney's businesses and their products would be compromised with negative impacts on businesses, employment and the Orkney economy.

6. State Aid

Branding and non-commercial digital media developments on behalf of Orkney are not considered to constitute state aid. Although there are state aid implications from any financial support made available for individual businesses to attend trade shows, this is covered under the appropriate exemption scheme under the management of the programme by Highlands and Islands Enterprise.

7. Budget and Administration

7.1.

It is proposed that programme costs of £121,000 be jointly funded by Highlands and Islands Enterprise at £48,400 (40%) and the Council at £72,600 (60%) respectively. This maintains an increased percentage contribution from Highlands and Islands Enterprise but also reflects the ongoing arrangement whereby programme activity is procured, commissioned and project managed by Highlands and Islands Enterprise. Highlands and Islands Enterprise Orkney expects the programme to be formally approved on an ongoing project by project basis throughout the one-year project period.

7.2.

The proposed programme represents a lower than normal request for annual budget. This is due to the benefit of securing temporary external funding, an increased level of integrated and locally driven marketing activity and contracts procured by

Highlands and Islands Enterprise that do not require funding this financial year. The outputs and outcomes, however, remain as for previous years, which are focussed on accessing new market opportunities for Orkney's producers, enhancing the quality of the collective offer and ultimately driving increased sales that will support the growth of local businesses.

7.3.

Careful consideration will have to be made during the current year as to how evaluation and longer-term planning might impact on the ongoing demands on the Orkney Marketing programme and for this budget going forward.

8. Links to Council Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Enterprising Communities.

9. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of A Vibrant Community.

10. Financial Implications

10.1.

The provision of financial support to businesses under delegated schemes of assistance, and other forms of financial assistance provided to economic and community development projects requires to be met from the Committee's annual revenue budget.

10.2.

An Economic Development Grants revenue budget of £499,900 was approved for the financial year 2018 to 2019, which includes the capability to over-commit by 20%.

10.3.

The recommended allocation to the Orkney Marketing programme of up to £72,600 represents 60% of the total costs of £121,000 for 2018 to 2019.

11. Legal Aspects

If grant assistance is to be provided by the Council, a legally-binding agreement will require to be entered into between the Council and the recipient setting out the terms on which the funding is being provided.

12. Contact Officers

Gavin Barr, Executive Director of Development and Infrastructure, extension 2301, Email gavin.barr@orkney.gov.uk.

Roddy Mackay, Head of Planning, Development and Regulatory Services, extension 2530, Email rodny.mackay@orkney.gov.uk.

Jackie Thomson, Development and Regeneration Manager, extension 2507, Email jackie.thomson@orkney.gov.uk.

Stuart Allison, Economic Development Manager, extension 2514, Email stuart.allison@orkney.gov.uk.

Morag Robertson, Economic Development Officer, extension 2852, Email morag.robertson@orkney.gov.uk.

13. Appendices

Appendix 1: Orkney Marketing Programme update 2017 to 2018.

Appendix 2: Proposed Orkney Marketing activities for 2018 to 2019.