
The Economic Impact of Tourism on Canterbury 2006

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TOURISM
SOUTH EAST

CONTENTS

| | |
|---|---|
| Glossary of terms | 1 |
| 1. Summary of Results | 3 |
| 2. Table of Results | |
| Tables 1: Staying trips by accommodation type | 5 |
| Tables 2: Staying nights by accommodation type | 5 |
| Tables 3: Staying spend by accommodation type | 5 |
| Tables 4: Tourism day trips & spend | 6 |
| Tables 5: Sector breakdown of trip expenditure | 6 |
| Tables 6: Breakdown of other trip related expenditure | 6 |
| Tables 7: Income for local businesses | 6 |
| Tables 8: Local employment supported | 7 |
| Tables 9: Tourism jobs as proportion of total jobs | 7 |
| 3. Appendix: Summary methodology | 8 |

Glossary of terms

Staying trips

Staying trips comprise a visit which involves a stay away from home of at least one night. The study measures trips, rather than visitors as one visitor may make multiple trips to an area in a given period.

Tourism day trips

Day trips are defined as a visit to and from home for leisure purposes, undertaken on an irregular basis and lasting a minimum of three hours. The report excludes trips undertaken for business or study purposes, as these are not covered by the Leisure Day Visits Survey methodology. The definition of day trips adopted by this study is that used by the Department of Culture, Media and Sport.

VFR Trips

VFR trips are defined as a visit where the main purpose is visiting friends and relatives. Whilst many trips to visit friends and relatives will be accommodated in the homes of these friends/ relatives, some will make use of other forms of accommodation. It should be also noted that other forms of trip, for instance for holiday or business purposes may stay with friends and relatives rather than in commercial accommodation.

'Other' Expenditure

Apart from the spending associated with the individual trips, additional spending by non-visitors, e.g. friends and relatives with whom the visitor is visiting and/or staying with will also take place. Moreover, owners of second homes/boats will spend some money on maintenance, repair.

Economic multiplier

Multipliers are used to estimate the economic impact of visitor expenditure. Visitor expenditure produce three effects. Direct effects are changes in the business sector directly receiving visitor expenditure. For instance, visitors staying in a hotel will directly increase revenue and the number of jobs in the hotel sector. Indirect effects are the changes in supplier businesses. For example, these indirect effects would be hotels purchasing more linen from local suppliers as a result of increased business. Induced effects are changes in local economic activity resulting from household spending. For instance, employees of the hotel and linen supplier spend their wages in the local area, resulting in more sales, income and jobs in the area.

Full Time Equivalent Jobs (FTE)

For the purposes of the Model, a FTE is defined by the average annual salary plus employment costs in the sector concerned.

Direct jobs

Jobs directly generated in those local businesses in which visitors spend money, i.e. hotels, catering establishments.

Indirect jobs

Jobs created locally due to the purchases of goods and services by businesses benefiting from visitor expenditure, i.e. jobs with local suppliers.

Induced jobs

Jobs created throughout the local economy because employees employed due to visitor expenditure spend their wages locally on goods and services such as food, clothing and housing.

Actual Jobs

Many jobs are seasonal or part-time in their nature in the tourism sector, so an adjustment is made to calculate the actual number of jobs from the number of FTEs. The adjustment made is based on the findings of surveys of tourism related businesses, and national employment surveys.

United Kingdom Tourism Survey (UKTS)

The United Kingdom Tourism Survey is undertaken by BRMB for VisitBritain and is based on 1,000 telephone interviews per week (50,000 annually). It provides basic headline data on the volume and value of domestic tourism at a national, regional and county level.

International Passenger Survey (IPS)

The International Passenger Survey is conducted by Office for National Statistics and is based on face-to-face interviews with a sample of passengers travelling via the principal airports, sea routes and the Channel Tunnel, together with visitors crossing the land border into Northern Ireland. Around 210,000 interviews are undertaken each year. IPS provides headline figures, based on the county or unitary authority, for the volume and value of overseas trips to the UK.

United Kingdom Day Visits Survey (UKDVS)

The leisure day visits survey was last conducted in 2002/3 and covered approximately 5,000 respondent interviews. Unlike the IPS and UKTS, this survey is not undertaken on an ongoing basis and thus adjustments are made in the model to account for annual increments in the value and volume based on trends observed in 2002/3.

United Kingdom Occupancy Survey (UKOS)

As part of the EU Directive on Tourism Statistics adopted in 1995, the UK must report regularly on a specified range of statistics to Eurostat, the official statistical office of the European Union. Included in these statistics are monthly occupancy rates for UK serviced accommodation. The responsibility for providing this data lies with the four National Tourist Boards, and across England the survey is undertaken by the Regional Tourist Boards. A sample of establishments are recruited to the survey and asked to complete a data form each month, giving details of their nightly occupancy. The data form is processed and analysed to produce monthly occupancy rates for the whole of the area and for specific categories of type, size, location etc.

New Earnings Survey (NES)

The New Earnings Survey provides information on wage levels by industry sector and occupation. The main strength of the NES is its large sample size. It is based on a 1% sample of employees who are members of PAYE. The coverage of full-time adult employees is virtually complete, and consequently the survey is representative of hours worked for full-time employees on adult rates of pay (although the survey is currently not weighted). The coverage of part-time employees is not comprehensive, as some part-time workers will have earnings below the income tax threshold. The NES is the best source for estimating full time earnings and the 2001 edition has been used.

Labour Force Survey (LFS)

The LFS is a household panel survey, continuous since 1992, with results produced each quarter. It has a sample of approximately 60,000 households. The LFS is the government's largest continuous household survey and participation in the survey is voluntary. LFS data is weighted to enable the population estimates to be produced. The weighting also attempts to compensate for differential non-response among different subgroups in the population. LFS is designed to provide information on the UK labour market that can be used to develop, manage and evaluate labour market policies.

Tourism Economic Impact Estimates

1. Summary of results

1.1 Key headline figures for Canterbury for 2006

- ◆ 596,430 staying trips
- ◆ 2,460,639 staying visitor nights
- ◆ £105,814,998 spent by staying visitors on their trip
- ◆ 5,839,353 tourism day trips
- ◆ £198,012,456 spent by tourism day visitors on their trip
- ◆ In total £304,760,229 was spent by all visitors on their trip
- ◆ In addition, expenditure by friends and relatives on visitors, and visitors spend on second homes (i.e. maintenance) generates a further £11,534,000.
- ◆ With the addition of other expenditure tourism activity generated £315,361,454 expenditure.
- ◆ Of this expenditure, £298,905,000 translates into direct income for local business; and a further £59,781,000 of income is generated through indirect and induced effects (a total of £358,686,000 business turnover.)
- ◆ This income supported 5,393 FTE jobs and 7,376 Actual jobs

1.2 Volume and value of trips

- ◆ It is estimated that around 596,430 overnight tourism staying trips were made to Canterbury in 2006. Of these trips, domestic visitors made 76% of trips (451,120) and overseas visitors made 24% of trips (145,310).
- ◆ Of all commercial accommodation available to visitors, serviced accommodation (hotels, guest houses and B&Bs) was the most popular choice among domestic visitors (22%) whereas groups/campus was the most popular choice with overseas visitors (33%). Around 16% used touring caravan or camping accommodation and a further 4% of all staying visitors used self-catering accommodation.
- ◆ Over a third of domestic visitors were accommodated in the homes of friends and family during their trip to Canterbury (37%) but only 18% of overseas visitors stayed with friends and family.
- ◆ In total, it is estimated that around £105,814,998 was spent by staying visitors on their trip to Canterbury in 2006. Of this expenditure, 52% was spent by domestic visitors and 48% by overseas visitors.
- ◆ It is estimated that around 5.8 million tourism day trips were made to Canterbury in 2006, generating a further £198,012,456 trip expenditure.
- ◆ In total, around £304,760,229 was spent on trips to Canterbury in 2006 by staying and day visitors. 18% of this expenditure was made by domestic staying visitors; 17% by overseas staying visitors and 65% by day visitors.
- ◆ It is estimated that 11% of total trip expenditure went towards the cost of accommodation. Approximately a third of total trip expenditure (33%) was spent in catering establishments and 31%

was spent in the retail sector. Approximately 11% of total trip expenditure went on visits to attractions and other entertainment. Finally, the remaining 14% of total trip expenditure was spent in the transport sector.

1.3 Economic impact

- ◆ In addition to the £304,760,229, further additional expenditure spent by visitors on second homes and by friends and relatives, who visitors are staying with or visiting, needs also to be accounted for as this represents a significant additional source of income for local businesses. It is estimated that this 'additional' expenditure generated a further £11,534,000 of direct turnover for local businesses.
- ◆ Visitor expenditure and additional expenditure generated £315,361,454
- ◆ Of the £315,361,454 estimated to have been spent by visitors on their trip, around £298,905,000 directly benefited local businesses from hotels and restaurants to cafes, shops and attractions in Canterbury. Adjustments have been made to recognise that some spending on retail and food and drink will fall within attractions or accommodation establishments. Furthermore, it is assumed that 40% of travel spend will take place at the origin of the trip rather than at the destination.
- ◆ In addition to the business turnover generated in those businesses directly receiving visitor income, successive rounds of expenditure, that is spending by these businesses on local supplies and spending by employers in the local area, is estimated to have generated a further £59,781,000 to the local economy.
- ◆ Drawing together direct business turnover, supplier and income induced expenditure, and the additional expenditure spent on second homes and by friends and relatives, the total value of tourism activity in Canterbury in 2006 is estimated to have been around £358,686,000.
- ◆ This income to the local economy is estimated to have supported around 5,393 Full-Time Equivalent Jobs and 7,376 Actual Jobs (with the addition of seasonal and part-time employment).
- ◆ Overall it is estimated that tourism expenditure supported 13% of local employment.

2. Tables of Results

2.1 Overnight trips by accommodation

| | UK | % | Overseas | % | Total | % |
|----------------------------|---------|------|----------|------|---------|------|
| Serviced | 101,097 | 22% | 36,248 | 25% | 137,345 | 23% |
| Self catering | 13,378 | 3% | 1,711 | 1% | 15,089 | 3% |
| Caravan / tents | 89,106 | 20% | 7,302 | 5% | 96,408 | 16% |
| Group / campus | 57,351 | 13% | 48,617 | 33% | 105,968 | 18% |
| Second homes | 3,885 | 1% | 1,347 | 1% | 5,232 | 1% |
| Boat moorings ¹ | 0 | 0% | 0 | 0% | 0 | 0% |
| Other/mixed ² | 20,048 | 4% | 6,588 | 5% | 26,636 | 4% |
| Paying guests | | 0% | 16,937 | 12% | 16,937 | 3% |
| SFR | 166,257 | 37% | 26,560 | 18% | 192,817 | 32% |
| Total | 451,120 | 100% | 145,310 | 100% | 596,430 | 100% |
| 2003 | 440,000 | | 140,000 | | 580,000 | |
| % change | 3% | | 4% | | 3% | |

| | UK | % | Overseas | % | Total | % |
|------------------|-----------|------|-----------|------|-----------|------|
| Serviced | 239,755 | 18% | 90,269 | 8% | 330,024 | 13% |
| Self catering | 54,501 | 4% | 32,706 | 3% | 87,207 | 4% |
| Caravans / tents | 349,234 | 26% | 29,010 | 3% | 378,244 | 15% |
| Group / campus | 113,309 | 9% | 511,505 | 45% | 624,814 | 25% |
| Second homes | 11,412 | 1% | 16,675 | 1% | 28,087 | 1% |
| Boat moorings | 0 | 0% | 0 | 0% | 0 | 0% |
| Other | 49,709 | 4% | 12,029 | 1% | 61,738 | 3% |
| Paying guests | 0 | 0% | 199,129 | 17% | 199,129 | 8% |
| Staying with SFR | 500,464 | 38% | 250,932 | 22% | 751,396 | 31% |
| Total | 1,318,385 | 100% | 1,142,254 | 100% | 2,460,639 | 100% |
| 2003 | 1,269,000 | | 1,086,000 | | 2,355,000 | |
| % change | 4% | | 5% | | 4% | |

| | UK | % | Overseas | % | Total | % |
|------------------|-------------|------|-------------|------|--------------|------|
| Serviced | £20,618,944 | 37% | £8,394,974 | 16% | £29,013,918 | 28% |
| Self catering | £2,071,021 | 4% | £1,386,177 | 3% | £3,457,198 | 3% |
| Caravans / tents | 12,223,200 | 22% | 898,564 | 2% | £13,121,764 | 12% |
| Group / campus | £3,625,892 | 7% | £23,169,068 | 46% | £26,794,960 | 25% |
| Second homes | £513,555 | 1% | £1,567,407 | 3% | £2,080,962 | 2% |
| Boat moorings | £0 | 0% | £0 | 0% | £0 | 0% |
| Other | £1,143,312 | 2% | £240,581 | 0% | £1,383,893 | 1% |
| Paying guests | £0 | 0% | £7,144,809 | 14% | £7,144,809 | 7% |
| Staying with SFR | £14,513,468 | 27% | £8,304,024 | 16% | £22,817,492 | 22% |
| Total | £54,709,392 | 100% | £51,105,606 | 100% | £105,814,998 | 100% |
| 2003 | £51,380,000 | | £49,797,000 | | £101,177,000 | |
| % change | 6% | | 3% | | 5% | |

SFR = staying with friends/relatives

¹ Information on boat use is not available for overseas tourists.

² Trips which involve staying in more than one type of accommodation over the duration of the trip. For overseas trips these also include nights spent in transit, in lorry cabs and other temporary accommodation.

2.2 Tourism day trips

| | Trips | | Spend | |
|----------|-----------|--|--------------|--|
| Total | 5,839,353 | | £198,012,456 | |
| 2003 | 5,588,785 | | £156,357,000 | |
| % change | 4% | | 27% | |

2.3 Sector breakdown of visitor expenditure

| | Domestic | | Overseas | | Day | | Total | |
|---------------|-------------|------|-------------|------|--------------|------|--------------|------|
| Accommodation | £18,542,981 | 34% | £16,055,148 | 31% | | 0% | £34,598,129 | 11% |
| Retail | £7,668,084 | 14% | £14,735,867 | 28% | £71,413,906 | 36% | £93,817,857 | 31% |
| Catering | £12,115,313 | 22% | £10,841,383 | 21% | £76,757,327 | 39% | £99,714,023 | 33% |
| Attractions | £6,170,285 | 11% | £5,680,040 | 11% | £21,305,255 | 11% | £33,155,580 | 11% |
| Travel | £10,212,730 | 19% | £4,725,944 | 9% | £28,535,969 | 14% | £43,474,643 | 14% |
| Total | £54,709,392 | 100% | £52,038,381 | 100% | £198,012,456 | 100% | £304,760,229 | 100% |

2.4 Other trip related expenditure

| | |
|--|--------------|
| Second homes | £392,000 |
| Boats | £0 |
| Friends and relatives | £11,142,000 |
| Total 2006 | £11,534,000 |
| Total 2003 | £10,972,000 |
| % change | 5% |
| Total trip expenditure added to additional expenditure | £315,361,454 |

2.5 Business turnover derived from tourism and related expenditure

| | |
|-----------------------------|--------------|
| Direct | £298,905,000 |
| Supplier and income induced | £59,781,000 |
| Total 2006 | £358,686,000 |
| Total 2003 | £333,657,500 |
| % change | 8% |

2.6 Employment supported by tourism and related expenditure

| | |
|-------------|-------|
| | |
| FTE | 5,393 |
| Actual 2006 | 7,376 |
| Actual 2003 | 7,025 |
| % change | 5% |

| | |
|--------------------|--------|
| | |
| Total employment | 57,000 |
| Tourism employment | 7,376 |
| Tourism proportion | 13% |

3. Methodology

The Cambridge Model

The Cambridge Model is essentially a computer-based spreadsheet model that produces estimates from existing national and local information (e.g. accommodation stocks, inbound trips) of the level of tourism activity within a given local area. The volume of visits are translated into economic terms by estimating the amount of spending by visitors based on their average spend per trip. In turn, the impact of that spending can be translated to estimate the effects in terms of business turnover and jobs.

The standard measures generated in this Model are: the total amount spent by visitors, the amount of income for local residents and businesses created by this spending, and the number of jobs supported by visitor spending.

As the Model utilises a standard methodology capable of application throughout the UK, it offers the potential for direct comparisons with similar destinations throughout the country.

The basic process of estimation used can be divided into three parts:

- visitor trips and visitor spending at a regional/county level derived from national survey sources (county/City)
- local supply data on accommodation, attractions and other factors specific to the City.
- the use of multipliers derived from business surveys in England to estimate full time equivalent and actual jobs generated by visitor spending in the area.

In its standard form, the Cambridge Model uses a range of local data including details of accommodation stock, local occupancy rates, population, employment, local wage rates and visits to attractions. It applies this locally sourced information to regional estimates of tourism volume and expenditure derived from the following national surveys:

- United Kingdom Tourism Survey (UKTS)
- International Passenger Survey (IPS)
- United Kingdom Day Visits Survey (UKDVS)
- Visits to Attractions Survey
- New Earnings Survey
- Census of Employment
- Census of Population
- Labour Force Survey

The sophistication of the economic impact estimates will depend on the availability of detailed reliable local information to supplement national and regional data sources. Where such data is available from local surveys, then local variations can be explicitly included.